Annual
Financial Report

of the

Union County Utilities Authority

For the Years Ended December 31, 2018 and 2017

Prepared By

Union County Utilities Authority

Finance Department

UNION COUNTY UTILITIES AUTHORITY

INDEX

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Union County Utilities Authority
1499 Routes 1 & 9 North
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Report on the Financial Statements

We have audited the accompanying financial statements of the Union County Utilities Authority, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Union County Utilities Authority at December 31, 2018 and 2017, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to accounting and reporting for pensions in Schedules R-1 through R-3 identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Union County Utilities Authority's basic financial statements. The supplementary data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary data schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 17, 2019 on our consideration of the Union County Utilities Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Union County Utilities Authority's internal control over financial reporting and compliance.

Suplee, Clooney & Company

July 17, 2019

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Union County Utilities Authority
1499 Routes 1 & 9 North
Rahway, New Jersey 07065

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Union County Utilities Authority as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Union County Utilities Authority's financial statements, and have issued our report thereon dated July 17, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Union County Utilities Authority's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Union County Utilities Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Union County Utilities Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union County Utilities Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

July 17, 2019

Suplee, Clooney & Company

MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
Unaudited

In this section of the annual report, management of the Union County Utilities Authority (the "Authority") presents a narrative discussion and analysis of the Authority's financial activities for the years ended December 31, 2018 and 2017. This section of the report should be read in conjunction with the Authority's audited financial statements and supplementary information for the years ended December 31, 2018 and 2017. The Authority's audited financial statements are presented in conformity with U.S. generally accepted accounting principles.

Audit Assurance

The unmodified opinion of our independent auditors, Suplee Clooney & Company is included in this report.

Financial Highlights

Total assets at year-end were $113.3 million. Total liabilities were $195.1 million.

Operating revenues totaled $43.4 million which is a decrease of $3.2 million or 6.9% from the prior year operating revenue of $46.6 million.

The major source of revenue is from Tipping Fees which totaled $33.8 million. This represents an increase of $489 thousand from 2017 tipping fees of $33.3 million. Another major source of revenue is from the Facility Lease which totaled $9.5 million which is unchanged from 2017 revenues of $9.5 million.

Operating expenses were $36.2 million which is an increase of $752 thousand or 2.1% over prior year expenses of $35.5 million. Total expenses budgeted for 2018 were $39.2 million.

Interest expense for 2018 was $9.1 million which is a decrease of $388 thousand from 2017 expense of $9.5 million.

Cash and Investments of $39.6 million decreased $5.3 million or 11.8% from prior year's total of $44.9 million.

Bonds Payable of $182.8 million decreased $8.2 million or 4.3% from prior year's total of $191.0 million.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's budget, and bond resolutions and other management tools were used for this analysis.

The financial statements report information about the Authority using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; and notes to the financial statements.

The Statement of Net Position presents the financial position of the Authority on a full accrual historical cost basis. This statement presents information on all of the Authority's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position is one indicator of whether the financial position of the Authority is improving or deteriorating.

While the Statement of Net Position provides information about the nature and amount of resources and obligations at year-end, the Statement of Revenues, Expenses and Changes to Net Position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

In 2015, the Government Accounting Standards Board (GASB) Statement 68 requires state and local governmental entities to disclose their unfunded pension liabilities. The Authority participates in the pension plan sponsored by the State of New Jersey, which has a publicized, large unfunded liability. Although the Authority is not responsible for making pension payments to employees when they retire, GASB 68 dictates that the pro-rata share represented by Authority employees participating in PERS (Public Employee Retirement System) be reported in the audited financial statements to promote better financial clarity. Understandably, the net pension liability of $2,603,996, shown within non-current liabilities, is a significant amount at December 31, 2018. Notes to the Financial Statements No. 2, 7, 8 and 14 explain pension plan accounting in greater detail.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Summary of Organization and Business

The Union County Utilities Authority (UCUA) is a public body corporate and politic organized and existing under the Municipal and County Utilities Authorities Law. Pursuant to the Municipal and County Utilities Authorities Law constituting Chapter 183 of the pamphlet laws of 1957 of the State of New Jersey, the Authority was created by virtue of an ordinance adopted by the Board of Chosen Freeholders of the County of Union, New Jersey on June 5, 1986, as amended December 11, 1986.

The Authority has entered into a lease agreement with Covanta of Union, Inc. for the lease of the facility and facility site. In addition, the Authority entered into a waste disposal agreement with the Company for the disposal of waste by the Authority.

Other agreements entered into by the Authority include a landfill agreement with Alliance Sanitary Landfill, Inc. for the disposal of ash and bypass waste, local waste disposal agreements with 14 municipalities and the County of Union, and a county deficiency agreement with the County of Union.

The Authority receives rental payments under the lease agreement for its facilities. In addition, the Authority receives tipping fees and landfill service fees for the disposal of solid waste. Revenues for services provided but not yet billed are accrued for in the financial statement presentation.

The major activity in Calendar Year 2018 involved the UCUA's procurement and designation of disposal sites for the remainder of the Union County solid waste streams not already under an existing flow control program or pursuant to a long-term contract with the UCUA. This flow control program over 1D-10 and 1D-25 was done by way of a Solid Waste Plan Amendment, pursuant to the Solid Waste Management Act, N.J.S.A. 13:IE-1, *et seq*.

This action was taken to allow the UCUA to collect sufficient revenues to pay the remainder of the debt and related expenses, associated with the design, permitting and construction of the Union County Resource Recovery Facility (UCRRF). The UCUA had previously attempted to impose an Environmental Investment Charge (EIC) to collect these needed revenues; however, on June 22, 2000 the New Jersey Supreme Court ruled that the EIC was not a legally valid method to collect this remaining stranded debt resulting from the Atlantic Coast court decision.

The UCUA estimated the ID-10 and ID-25 waste stream in the system, which was to be subject to the new flow control program, to be approximately 150,000 tons. As a result of a non-discriminatory procurement process, Covanta Energy Company, the lowest responsible bidder, was awarded the disposal contract effective July 21, 2008. This procurement enabled the UCUA to direct all Type 10 Program Waste to the UCRRF.

An overall rate of $102.40 per ton was established to provide the monies required by the UCUA. The procurement and rate were approved and certified by the New Jersey Department of Environmental Protection (NJDEP). The plan was formally implemented on July 21, 2003. The rate has increased to 107.00 in 2018.

For 2018, the revenues brought in through the new program were as follows:

1. UCRRF		152,169	Tons	$5,760,109	Revenue
	Total	152,169	Total Tons	$5,760,109	Total Revenue

In order to ensure compliance with the new system, the County of Union (County) and the UCUA arranged for the transfer of the solid waste enforcement program from the County to the UCUA. This transfer occurred on May 1, 2003. Thereafter, additional enforcement staff was hired by the UCUA to deal with the added solid waste enforcement responsibilities. The additional administrative cost to the UCUA resulting from this action was $470,684 in 2018 net of enforcement revenue, fines and penalties collected. It is anticipated that the on-going enforcement costs to the UCUA will be reduced by enforcement revenue, fines and penalties derived from violation of the plan.

Financial Analysis

The following comparative condensed financial statements and other selected information serve as key financial data and indicators for management, monitoring and planning:

Bonds Payable

The Authority issues bonds to finance its major projects and improvements. A summary of the Bonds Payable activity for the year is as follows:

Bonds Payable at 12/31/2017	$191,000,000
New Bonds Issued	
Scheduled Bond Retirements	(8,200,000)
Bonds Payable at 12/31/2018	$182,800,000

Capital Plan

The Union County Utilities Authority does not anticipate any capital improvements in the next calendar year.

Contacting the Authority's Management

Any questions about the Authority's report or if additional information is needed, please contact the Executive Director of the Union County Utilities Authority at 1499 Routes 1 and 9 North, Rahway, New Jersey 07065.

Union County Utilities Authority

Condensed Financial Statements

Condensed Statement of Net Position

	December 31		Variance		
	2018	2017	Dollars	%	2016
Assets					
Cash and Investments	$ 39,620,012	$ 44,904,233	$ (5,284,221)	-11.8%	$ 46,420,335
Accounts Receivable	6,815,075	10,187,963	(3,372,888)	-33.1%	9,604,546
Property, Plant and Equipment - Net	64,914,631	71,456,856	(6,542,225)	-9.2%	77,908,508
Other Assets		1,452,179	(1,452,179)	-100.0%	2,964,679
Deferred Outflows	1,977,885	2,138,481	(160,596)	-7.5%	2,200,555
Total Assets	$ 113,327,603	$ 130,139,712	$ (16,812,109)	-12.9%	$ 139,098,623
Liabilities					
Current Liabilities	$ 4,299,481	$ 4,131,392	$ 168,089	4.1%	$ 4,877,677
Deferred Inflows	2,929,620	2,893,756	35,864	1.2%	2,576,676
Prepaid Rent	2,430,347	2,292,780	137,567	100.0%	2,163,000
Net Pension Liability	2,603,996	2,868,788	(264,792)	-9.2%	3,271,105
Bonds Payable	182,800,000	191,000,000	(8,200,000)	-4.3%	198,690,000
Total Liabilities	195,063,444	203,186,716	(8,123,272)	-4.0%	211,578,458
Net Position					
Restricted - Deficit	(81,735,841)	(73,047,004)	(8,688,837)	11.9%	(72,479,835)
Total Net Position	(81,735,841)	(73,047,004)	(8,688,837)	11.9%	(72,479,835)
Total Liabilities and Net Position	$ 113,327,603	$ 130,139,712	$ (16,812,109)	-12.9%	$ 139,098,623

Condensed Statement of Revenue, Expenses, and Changes in Net Position

	December 31		Variance		
	2018	2017	Dollars	%	2016
Operating Revenues:					
Facility Lease Revenue	$ 9,518,619	$ 9,502,859	$ 15,760	0.2%	$ 11,460,751
Landfill Service Fees		3,658,332	(3,658,332)	-100.0%	4,738,813
Tipping Fees	14,412,442	13,690,485	721,957	5.3%	13,355,234
Program EIC	8,855,581	9,072,242	(216,661)	-2.4%	10,192,105
Program Tipping Fees	10,486,383	10,502,606	(16,223)	-0.2%	10,531,821
Miscellaneous	168,861	213,707	(44,846)	-21.0%	211,267
Total Operating Revenues	43,441,886	46,640,231	(3,198,345)	-6.9%	50,489,991
Operating Expenses:					
Operations and Maintenance	29,689,975	28,950,771	739,204	2.6%	28,419,814
Depreciation	6,543,495	6,530,357	13,138	0.2%	6,562,614
Total Operating Expenses	36,233,470	35,481,128	752,342	2.1%	34,982,428
Operating Income	7,208,416	11,159,103	(3,950,687)	-35.4%	15,507,563
Non Operating (Revenues) Expenses	(15,897,253)	(11,726,272)	(4,170,981)	35.6%	(13,922,878)
Change in Net Position	(8,688,837)	(567,169)	(8,121,668)	1432.0%	1,584,685
Net Position, Beginning of Year	(73,047,004)	(72,479,835)	(567,169)	0.8%	(74,064,520)
Net Position, End of Year	$ (81,735,841)	$ (73,047,004)	$ (8,688,837)	11.9%	$ (72,479,835)

Union County Utilities Authority

Waste Flow (Tonnage)

Tonnage Delivered to the Union County Resource Recovery Facility (UCRRF):

	Total Delivered Tons	Total Contract Delivered Tons (a)
2014	536,687 Tons	168,335 Tons
2015	547,466 Tons	172,123 Tons
2016	541,215 Tons	178,010 Tons
2017	547,447 Tons	181,743 Tons
2018	545,619 Tons	188,926 Tons

(a) 14 Contracted Union County Municipalities & Union County

Union County Program Type 10 Tonnage Delivered to the UCRRF (b):

2014	134,067 Tons
2015	146,047 Tons
2016	157,307 Tons
2017	155,427 Tons
2018	152,169 Tons

(b) Non-Contracted Waste Generated in Union County Under Flow Control

Ash Tonnage Delivered to the Waste Management Landfill in Pennsylvania:

2014	115,144 Tons
2015	122,481 Tons
2016	111,361 Tons
2017	111,422 Tons
2018	119,157 Tons

Type 13 & 27 waste delivered to the NJSEA and Waste Management Inc.:

2014	60,277 Tons
2015	119,188 Tons
2016	149,048 Tons
2017	108,327 Tons
2018	106,277 Tons

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BASIC FINANCIAL STATEMENTS

EXHIBIT "A"
SHEET #1

UNION COUNTY UTILITIES AUTHORITY

STATEMENTS OF NET POSITION
DECEMBER 31, 2018 AND 2017

Assets	2018	2017
Assets:		
Revenue Account:		
Cash and Cash Equivalents:		
Revenue	$ 4,648,652	$ 6,309,759
Unemployment Reserve	112,611	112,611
Environmental Investment Charge Reserve	3,238,637	3,179,648
Accounts Receivable	6,109,941	5,143,609
Lease Payments Receivable	705,134	5,044,354
Operating Account:		
Cash and Cash Equivalents	5,379,750	5,036,274
Bond Reserve Account:		
Cash and Cash Equivalents	8,271,316	5,121,774
Investments	15,533,248	18,949,145
Debt Service Account:		
Cash and Cash Equivalents	10	3,794,744
Working Capital Account:		
Cash and Cash Equivalents	2,428,661	2,393,253
Project Account:		
Cash and Cash Equivalents	7,127	7,025
Total Assets	46,435,087	55,092,196
Fixed Assets:		
Land-Facility	3,610,128	3,610,128
Resource Recovery Facility	240,878,951	240,878,951
Vehicles	214,450	305,089
Equipment	175,263	184,929
Furniture and Fixtures	34,405	41,173
	244,913,197	245,020,270
Less: Accumulated Depreciation	179,998,566	173,563,414
Net Fixed Assets	64,914,631	71,456,856
Other Assets:		
Landfill Service Fees		1,452,179
Deferred Outflows:		
Pension Related	1,012,675	1,099,024
Premiums on Debt	965,210	1,039,457
	1,977,885	2,138,481
Total Other Assets	1,977,885	3,590,660
TOTAL ASSETS	$ 113,327,603	$ 130,139,712

The accompanying Notes are an integral part of these financial statements.

EXHIBIT "A"
SHEET #2

UNION COUNTY UTILITIES AUTHORITY

STATEMENTS OF NET POSITION
DECEMBER 31, 2018 AND 2017

LIABILITIES AND NET POSITION	2018	2017
Current Liabilities:		
Accounts Payable - Operating	$ 3,134,173	$ 2,934,575
Deposits Payable	299,835	201,472
Accrued Interest Payable on Project Bonds	627,611	770,840
Accrued Expenses	237,862	224,505
Deferred Rent	2,430,347	2,292,780
Project Bonds Payable - Current Maturities	3,925,000	8,200,000
Total Current Liabilities	10,654,828	14,624,172
Long-Term Liabilities Payable from Restricted Assets:		
Project Bonds Payable	178,875,000	182,800,000
Net Pension Liability	2,603,996	2,868,788
Total Liabilities	192,133,824	200,292,960
Deferred Inflows:		
Pension Related	1,066,109	886,898
Deferred Gain on Refunding	1,863,511	2,006,858
	2,929,620	2,893,756
Net Position:		
Net Investment in Capital Assets	(117,885,369)	(118,090,965)
Restricted		
Bond Reserve Account	23,804,564	24,070,919
Debt Service Account	10	3,794,744
Working Capital Account	2,428,661	2,393,253
Project Account	7,127	7,025
Unrestricted	9,909,166	14,778,020
Total Net Position	(81,735,841)	(73,047,004)
TOTAL LIABILITIES AND NET POSITION	$ 113,327,603	$ 130,139,712

The accompanying Notes are an integral part of these financial statements.

EXHIBIT "B"

UNION COUNTY UTILITIES AUTHORITY

STATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Revenue:		
Facility Lease Revenue	$ 9,518,619	$ 9,502,859
Landfill Service Fees		3,658,332
Tipping Fees-Resource Recovery	14,412,442	13,690,485
Miscellaneous Income	168,861	213,707
Program EIC	8,855,581	9,072,242
Program Tipping Fees	10,486,383	10,502,606
Total Operating Revenues	43,441,886	46,640,231
Cost of Providing Services:		
Operating Expenses	29,689,975	28,950,771
Depreciation	6,543,495	6,530,357
Total Operating Expenses	36,233,470	35,481,128
Operating Income	7,208,416	11,159,103
Non Operating Revenues (Expenses):		
Interest Income	564,983	886,060
Unrealized Gain (Loss) on Investments	(232,583)	(406,996)
Rahway Host Fee	(1,817,327)	(1,756,945)
County of Union	(1,000,000)	(1,000,000)
Other Expense	(4,352,227)	
Interest Expense	(9,060,099)	(9,448,391)
Net Income	(8,688,837)	(567,169)
Net Position, Beginning of Year	(73,047,004)	(72,479,835)
Net Position, End of Year	$ (81,735,841)	$ (73,047,004)

The accompanying Notes are an integral part of these financial statements.

EXHIBIT "C"

UNION COUNTY UTILITIES AUTHORITY

STATEMENTS OF CASH FLOWS FOR THE YEARS
ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities:		
Receipts from Facility Lease	$ 13,857,839	$ 9,236,422
Receipts for Landfill Service Fees	(2,900,047)	5,170,831
Receipts for Tipping Fees	32,788,074	32,948,354
Miscellaneous Receipts	168,861	213,707
Payments to Suppliers	(27,987,353)	(28,217,554)
Payments to Employees	(1,253,738)	(1,174,293)
Net Cash Provided by Operating Activities	14,673,636	18,177,467
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	(1,269)	(78,705)
Principal Payments on Long-Term Debt	(8,200,000)	(7,690,000)
Rahway Host Fee	(1,817,327)	(1,756,945)
County of Union	(1,000,000)	(1,000,000)
Interest Paid on Bonds	(9,272,428)	(9,646,983)
Net Cash Used in Capital and Financing Activities	(20,291,024)	(20,172,633)
Cash Flows from Investing Activities:		
Interest Received	564,983	886,060
Unrealized/Realized Gain (Loss) on Investments	(231,815)	(136,507)
Purchase (Sale) of Investments	3,415,896	
Net Cash Provided (Used) by Investing Activities	3,749,064	749,553
Net Increase (Decrease) in Cash and Cash Equivalents	(1,868,324)	(1,245,613)
Cash and Cash Equivalents, Beginning of Year	25,955,088	27,200,701
Cash and Cash Equivalents, End of Year	$ 24,086,764	$ 25,955,088
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income:	$ 7,208,416	$ 11,159,103
Depreciation	6,543,495	6,530,357
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(966,332)	(316,980)
Lease Payments Receivable	(13,006)	(266,437)
Deposit on Landfill	1,452,179	1,512,500
Accounts Payable	199,598	(559,695)
Deferred Rent	137,567	129,780
Deposits Payable	98,363	(18,263)
Accrued Expenses	13,356	7,102
Net Cash Provided by Operating Activities	$ 14,673,636	$ 18,177,467

The accompanying Notes are an integral part of these financial statements.

(1) GENERAL

The Union County Utilities Authority is a public body corporate and politic, organized and existing under the municipal and county utilities authorities law, constituting Chapter 183 of the pamphlet laws of 1957, of the State of New Jersey, as amended and supplemented and was created by virtue of an ordinance of the Board of Chosen Freeholders of the County of Union, New Jersey finally adopted June 5, 1986, as amended December 11, 1986.

The Authority has been designated by the County of Union as the official implementation agency of the County's solid waste management plan. The Authority is empowered to plan, design, construct, acquire and operate facilities for processing, disposal or recycling of solid waste in an environmentally sound manner, throughout the County of Union, New Jersey.

As part of the solid waste management plan, the Authority has contracted with Ogden Martin Systems, Inc. for the construction and operation of a mass-burn, waste-to-energy, resource recovery facility. Income is primarily derived from facility lease revenue payments, tipping fees from the processing of solid waste and service fees from the dumping of residual ash.

Resource Recovery Facility Lease

In 1998, the Authority agreed to lease the facility and facility site to Covanta Union, Inc. (the “Company”). In 2011, the Authority amended the lease with the refunding of the Solid Waste Senior Lease Revenue Bonds and Solid Waste Subordinate Lease Revenue Bonds.

Pursuant to the agreement, the Company is required to make rental payments in amounts sufficient to pay the debt service on the Resource Recovery Facility Lease Revenue Refunding Bonds and the Resource Recovery Facility Lease Revenue Bonds.

Lease revenue earned for the years ended December 31 consisted of:

	2018	2017
2011A Facility Lease	$5,630,977	$5,927,509
2011B Facility Lease	2,387,642	2,075,349
Lease Extension Payment	1,500,000	1,500,000
	$9,518,619	$9,502,858

In 2016, the lease was amended extending the term of the lease to 2053. Under the terms of the amended lease, the Authority and the Company have entered a revenue sharing agreement based on the actual gross revenues for the Company from 2027 to 2053.

During the period of the lease, the Company is required to pay all operating, maintenance and repair costs of the facility, except where such repairs or maintenance are a result of Authority fault.

(1) GENERAL (CONTINUED)

Waste Disposal Agreement

In 1998, the Authority entered into the waste disposal agreement with Covanta of Union, Inc. (the "Company"). In 2011, the Authority amended the 1998 agreement with the refunding of the Solid Waste Senior Lease Revenue Bonds and Solid Waste Subordinate Lease Revenue Bonds.

Pursuant to the waste disposal agreement, the Company is required to accept and dispose of all acceptable waste delivered to the facility by or on behalf of the Authority. In 2016, the waste disposal agreement was amended reducing the guaranteed tonnage. The Authority is required to deliver an amount of acceptable waste, at least equal to the guaranteed tonnage of 330,000 tons.

In the event the Authority fails to deliver the guaranteed tonnage amount, they are obligated to make shortfall payments to the Company; however, the Company is required to mitigate any shortfall deliveries of the solid waste on behalf of the Authority.

Landfill Agreement

In 1998, the Authority entered into the landfill agreement with Alliance Sanitary Landfill, Inc. under the terms of the landfill agreement, the Authority paid Alliance $30,250,000.00 for the right to dispose of 2,500,000 tons of bypassed waste and residue for a period of 20 years. The Authority's rights under this agreement have been assigned to Ogden Martin Systems of Union, Inc.

Local Waste Agreements

In order to satisfy its obligation under the waste disposal agreement, the Authority has entered into local waste agreements with 14 municipalities and the County of Union. These agreements require the contracting participants to deliver, or cause to be delivered, all acceptable waste generated within the geographic boundaries that is collected by the participant, or on its behalf, but in no less than the participants' guaranteed tonnage. The Authority, in turn, is required to dispose of this waste in accordance with the waste disposal agreements. The Authority has executed local waste agreements providing for delivery of acceptable waste to the facility, in an aggregate amount that is at least equal to 149,100 tons.

In the event contracting municipalities fail to deliver their guaranteed tonnage amount, they are obligated to make shortfall payments to the Authority.

In July 2003, the Authority re-established regulatory flow control over all non-contract solid waste type 10 and 25 generated in Union County to provide the delivery of an additional 70,000 tons to the facility.

(1) GENERAL (CONTINUED)

County Deficiency Agreement

In 1998, the Authority entered into the county deficiency agreement with the County of Union (the "County"). In 2011, the Authority amended the 1998 agreement with the refunding of the Solid Waste Senior Lease Revenue Bonds and Solid Waste Subordinate Lease Revenue Bonds.

The agreement provides that, in the event of a shortfall in an amount necessary to pay the service charge or any other amount due the Company, the County of Union is obligated pursuant to the Limited Deficiency Agreement to make a Disposal Fee Shortfall Payment in the amount of such a shortfall.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the GASB's accounting policies are described below.

Reporting Entity

The Authority's financial statements include the operations and management of the solid waste management plan for which the Union County Utilities Authority has financial accountability. The Board members are appointed to five-year terms by The Board of Chosen Freeholders. There are no additional entities required to be included in the reporting entity and the Authority is not included in any other reporting entity.

Basis of Accounting

The financial statements of the Authority have been prepared on the accrual basis and in accordance with generally accepted accounting principles applicable to enterprise funds of state and local governments. An enterprise fund is used to account for operations: (i) that are financed primarily through user charges, or (ii) where the governing body has decided that determination of net income is appropriate.

The accounting and financial reporting applied by the Authority is determined by its measurement focus. The financial statements are reported using the economic measurement focus and the accrual basis of accounting. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Position. Net Position (totals assets and deferred outflows net of total liabilities and deferred inflows) are segregated into investment in capital assets, restricted and unrestricted components.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions

The Authority implemented GASB 68 in the Year 2015. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The Authority has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

At transition to Statement 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or non-employer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, Authorities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Liabilities area of the balance sheet.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Authority has only one item that qualifies for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies in this category, deferred amounts related to pension.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash equivalents are stated at cost which approximates market. The Authority considers all monies in banks and highly liquid investments with maturity dates of less than three months to be cash equivalents.

Investments

Investments in marketable securities and debt securities in the statement of financial position are valued at their fair values based on quoted market prices or prices which are provided by investment managers that are obtained from independent sources they believe to be reliable. Realized and unrealized gains and losses are included in the statement of activities.

Inventory

Inventory of supplies is recorded as an expense when purchased and accordingly, is not included in the statements of net assets.

Accounts Receivable

The Authority has determined that substantially all amounts recorded as tipping fees accounts receivable will be collected and, accordingly, a provision for bad debts is not necessary.

Compensated Absences

Based upon the Authority's policies regarding compensated absences, there was an accrued liability of $100,773 and $92,114 at December 31, 2018 and 2017, respectively.

Income Taxes

No provision for income taxes has been made as the Authority is exempt from Federal and State income taxes.

Fixed Assets

Fixed Assets are stated at cost which includes direct construction costs and other expenditures related to construction and certain professional costs. Construction costs are aggregated by individual project and charged to construction-in-progress until such time as projects are completed and put into operation. Depreciation is determined on a straight-line basis over various economic lives, which are fixed by management.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets (Continued)

Depreciation expense related to assets acquired through debt financing is charged to operations.

Details of fixed assets as of December 31 are as follows:

	2018	2017
Land	$ 3,610,128	$ 3,610,128
Resource Recovery Facility	240,878,951	240,878,951
Vehicles	214,450	305,089
Equipment	175,263	184,929
Furniture and Fixtures	34,405	41,173
	244,913,197	245,020,270
Less: Accumulated Depreciation	179,998,566	173,563,414
Net Fixed Assets	$ 64,914,631	$ 71,456,856

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position

Equity is classified as net position and displayed in three components:

1) Net Investment in Capital Assets - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that are attributable to the acquisition, construction, or improvement of those assets.

2) Restricted - when constraints placed on net position are either a) externally imposed by creditors (such as the bond indenture), grantors, or laws or regulations of other governments or b) imposed by law.

3) Unrestricted - any other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

In accordance with the bond resolutions securing the 2011 Resource Recovery Facility Lease Bonds, the 1998 Solid Waste Landfill Bonds and the 2011 Solid Waste System Bonds, the Authority has established various cash and investment accounts with a trustee. In addition, the bond resolutions provide restrictions on the use of funds in the accounts.

FUND	AMOUNT	USE FOR WHICH RESTRICTED
Revenue	Operating revenues received by the Authority	Transfers to various accounts described below
Operating	Transfers from Revenue Fund	Operating Expenses
Bond Reserve Accounts	As outlined in the bond agreements	Provide additional security to bondholders
Debt Service	Amount needed for principal and interest on the Authority's bonds	Compliance with bond resolutions
General Account	Excess revenues after other accounts have required amounts by the bond resolution	For any lawful purpose of the Authority, provided certain requirements are met
Rebate Account	Funds subject to rebate to the United States Government pursuant to the Internal Revenue Code and Arbitrage Regulations	Required Rebates, as applicable
Project Account	Funds received for payment of costs of the project	Project costs
Working Capital	Transfers as needed	Service charges and disposal shortfall payments

(3) BUDGETARY PROCEDURES

The Authority follows these procedures in establishing the Operating Fund budget:

The annual budget for each fiscal year of the Authority is introduced by resolution passed by not less than a majority of the governing body. Copies are submitted to the Director of the Division of Local Government Services Director (Director) prior to the beginning of the Authority's fiscal year for approval prior to its adoption.

The budget must comply with the terms and provisions of loan agreements, and is to be in such form and detail as to items of revenue, expenses and other contents as required by law or by rules and regulations of the Local Finance Board.

No authority budget can be finally adopted until the Director has approved the budget.

Public hearings are conducted to obtain citizen comments on the proposed budget.

Operating expense appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

The level at which expenditures cannot exceed the budget is at the total budget level.

The budget may be increased after adoption when an item of revenue has been made available after the adoption date.

(4) SUPPLEMENTARY CASH FLOW INFORMATION

Interest paid in the years ended December 31, 2018 and 2017, amounted to $9,134,861 and $9,517,203, respectively.

(5) SOLID WASTE BONDS

In 1998, the Authority issued $323,727,990.00 of Solid Waste Bonds to provide funds to retire the 1991 Solid Waste System Bonds and to finance the restructuring of the Solid Waste System.

In 2011, the Authority issued $228,985,000.00 of Solid Waste and System Bonds to provide funds to retire the 1998 Lease Revenue and County Deficiency Bonds.

Principal payments due on the bonds for the next five years are as follows:

2019	$ 3,925,000
2020	4,050,000
2021	4,185,000
2022	4,345,000
2023	4,545,000
Thereafter	161,750,000
Total	182,800,000
Less: Current Portion	3,925,000
Long Term Portion	$178,875,000

(5) SOLID WASTE BONDS (CONTINUED)

Interest expense incurred for the year ended December 31 consisted of the following:

	2018	2017
2011 Facility Lease Revenue Bonds	$6,243,130	$6,299,845
2011 Solid Waste System Bonds	2,667,069	2,711,585
1998 Landfill Taxable Revenue Bonds	12,333	307,181
	$8,922,532	$9,318,611

(6) ADVANCE REFUNDINGS – 1998 AND 2011

In 1998, the Authority issued $323,727,990.00 of Solid Waste Bonds for the purpose of advance refunding a portion of the 1991 bonds. The proceeds of this issue were to establish an Irrevocable Escrow Account to pay the principal and interest on the 1991 bonds as they become due.

The portions of the 1991 bonds that are to be paid from this escrow are not reflected in these statements due to the creation of this Irrevocable Escrow Account.

In 2011, The Authority issued $228,985,000 of Solid Waste Bonds for the purpose of advance refunding a portion of the 1998 bonds. The proceeds of this issue were to establish an Irrevocable Escrow Account to pay the principal and interest on the 1998 bonds as they become due.

The portions of the 1998 bonds that are to be paid from this escrow are not reflected in these statements due to the creation of this Irrevocable Escrow Account.

(7) PENSION AND RETIREMENT PLAN

All required full-time employees of the Authority are covered by the Public Employees' Retirement System which has been established by state statute and is administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or online at www.state.nj.ustreasury/pensions.

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

(7) PENSION AND RETIREMENT PLAN (CONTINUED)

The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials and part-time employees, effective July 1, 2007. Part-time employees that earn an annual salary of at least $5,000 and work less than 35 hours per week are eligible to enroll in the New Jersey Defined Contribution Plan (DCRP). The DCRP is offered through the Prudential Retirement Insurance and Annuity Company. Employees contribute 7.5% of salary and the Authority contributes 3% of salary, for a total contribution of 10.5%. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the PERS system.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS was changed. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30-year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30-year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20-year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions

The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

(7) PENSION AND RETIREMENT PLAN (CONTINUED)

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for PERS.

Employers are required to contribute at an actuarially determined rate for PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution requirements of plan members and the Authority are established and may be amended by the PERS Board of Trustees. For the years ended December 31, 2017 and 2016, the Authority was required to contribute $114,167 and $98,119 respectively.

Contribution Requirements:

Five Year Trend Information for PERS

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2018	$131,549	100%	$131,549
2017	$114,167	100%	$114,167
2016	$ 98,119	100%	$ 98,119
2015	$101,235	100%	$101,235
2014	$103,855	100%	$103,855

(8) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating authority as of December 31, 2018. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

(8) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the authority, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2018

At June 30, 2018, the State reported a net pension liability of $2,603,996 for the Authority's proportionate share of the total net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Authority's proportion 0.0132253000 percent, which was an increase of 0.0009014833 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of $149,699 for the Authority's proportionate share of the total pension expense. The pension expense recognized in the Authority's financial statement based on the April 1, 2018 billing was $114,167.

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Inflow of Resources	Deferred Outflow of Resources
Differences between expected and actual experience	$ 13,427	$ 49,659
Changes of assumptions	832,619	429,095
Net difference between projected and actual earnings on pension plan investments	24,426	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	195,637	402,372
	$1,066,109	$881,126

(8) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Other local amounts reported by the State as the Authority's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended June 30	Amount
2019	$ 59,420
2020	16,325
2021	(138,084)
2022	(114,187)
2023	(8,457)
	$(184,983)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. These actuarial valuations used the following assumptions:

	June 30, 2018	June 30, 2017
Inflation	2.25 Percent	2.25 Percent
Salary Increases (based on age):		
Though 2026	1.65-4.15 Percent	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent	7.00 Percent

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

(8) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and 7.00 at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

	6/30/2018	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Fund	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Market Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

(8) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00 as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% for June 30, 2018 and June 30, 2017 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2018 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease 4.66%	At Current Discount Rate 5.66%	1% Increase 6.66%
Authority's proportionate share of the pension liability	$3,274,224	$2,603,996	$2,041,717

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295:

http://www.state.nj.us/treasury/pensions

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - GASB 75

In November 2017, the Governmental Accounting Standards Board (GASB) approved a final Implementation Guide related to Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The plan is administered through the County of Union who is liable for the Authorities liability related to these benefits. No amounts have been recorded for the liability for these benefits.

The Authority provides post-retirement health benefits to employees who retire with 25 years or more of service in PERS with a minimum of five years with the Authority. Employees who retire on a disability pension may also qualify for benefits under the Plan. There is currently one (1) retiree who meets this requirement and is receiving benefits.

Plan Description. The Authority participates in a cost-sharing, defined benefit post-employment healthcare plan currently administered by Horizon Blue Cross Blue Shield. The Plan provides medical and prescription drugs to retirees and their covered dependents.

Funding Policy. Contributions to pay for the health premiums of participating employees in the Plan are billed to the Authority on a monthly basis. The Authority's contributions to the Plan for the years ended December 31, 2018 and 2017 were $247,944 and $237,615, respectively, which equaled the required contributions for each year.

(10) CASH AND INVESTMENTS

At December 31, cash and cash equivalents of the Authority consisted of the following:

	2018	2017
Cash and Cash Equivalents - Restricted	$24,086,764	$25,955,088

Deposits

New Jersey statutes require that authorities deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Authorities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

(10) CASH AND INVESTMENTS (CONTINUED)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depositor insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.

Investments

N.J.S.A. 40A:5-15.1 provides that public funds may be invested in the following types of securities when authorized by resolution adopted by a majority vote of all its members:

a. Bonds or other obligations of the United States of America or obligation guaranteed by the United States of America, including securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the "Investment Company Act of 1940", 54 Stat. 847 (16 U.S.C. 80a-1 et seq.), purchase and redeemed only through the use of National or State banks located within this State, if the portfolio of that investment company or investment trust is limited to bonds or other obligations of the United States of America, bonds or other obligations guaranteed by the United States of America and repurchase agreements fully collateralized by bonds or other obligations guaranteed by the United States of America, which collateral shall be delivered to or held by the investment company or investment trust, either directly or through an authorized custodian;

b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal Land Bank, Federal National Mortgage Associates or of any United States Bank for Cooperatives which have a maturity date not greater than 12 months from the date of purchase.

c. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part of within which the school district is located;

d. Bonds or other obligations, having a maturity date not more than 12 months from the date of purchase, approved by the Division of Investment of the Department of the Department of Treasury for investment by local units.

N.J.S.A. 52:18A-90.4 provides that the Director of the Division of Investment may, subject to the approval of the State Investments Council and the State Treasurer, establish, maintain and operate a common trust fund to be known as the State of New Jersey Cash Management Fund in which may be deposited the surplus public moneys of the state, its counties, municipalities and school districts and the agencies or authorities created by any of these entities. This fund shall be considered a legal depositor for public moneys.

(10) CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

At December 31, investments of the Authority at market value consisted of the following:

	2018	2017
U.S. Government Agency Bonds and Corporate Bonds	$15,533,248	$18,949,145

Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Authority does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2018, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balances was exposed to custodial credit risk.

Based upon the limitation set forth by New Jersey Statutes and existing investment practices, the Authority is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

The fair-value hierarchy of inputs the Authority uses to value an asset or liability. The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices for identical instruments in active markets. Assets utilizing Level 1 inputs are marketable securities and other investments that are actively traded and provide the basis for fair value measurement.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly. Currently, the Authority does not have any Level 2 financial instrument inputs.

Level 3 – Significant inputs to the valuation model are unobservable. Currently, the Authority does not have any Level 3 financial instrument inputs.

(11) FIXED ASSETS

The following is a summary of the changes in fixed assets for the year ending December 31, 2018:

	BALANCE JANUARY 1, 2018	ADDITIONS (DISPOSALS)	BALANCE DECEMBER 31, 2018
Fixed Assets:			
Land-Facility	$ 3,610,128		$ 3,610,128
Resource Recovery Facility	240,878,951		240,878,951
Vehicles	305,089	$ (90,639)	214,450
Equipment	184,929	(9,666)	175,263
Furniture and Fixtures	41,173	(6,768)	34,405
	245,020,270	(107,073)	244,913,197
Less: Accumulated Depreciation	173,563,414	$6,435,152	179,998,566
Net Fixed Assets	$71,456,856	$6,542,225	$ 64,914,631

(12) OTHER ASSETS

The Authority has entered into an agreement with Alliance Sanitary Landfill, Inc. for the acquisition of certain easement and landfill license rights. Under the terms of this agreement, the Authority has paid Alliance a fee of $30,250,000 for the right to dispose of 2,500,000 tons of ash. This fee is being amortized at $12.10 per 125,000 tons annually resulting in expenses of $1,452,179 and $1,512,500 in 2018 and 2017, respectively.

During 2018 and 2017, actual tonnage delivered to the landfill was 119,157 tons and 111,422 tons, respectively.

(13) RISK MANAGEMENT

The Authority is a member of the New Jersey Utility Authorities Joint Insurance Fund (JIF).

The Fund was created on September 15, 1991, in accordance with P.L. 1983, C.372, entitled "An act concerning joint insurance funds for local units of government, and supplementing Chapter 10 of Title 40A of the New Jersey statutes." The Fund is both an insured and self-administered group of utility authorities established for the purpose of providing low cost insurance coverage and safety programs for the member utility authorities in order to keep insurance premiums, claims and administrative costs at a minimum.

The following coverages are offered by the Fund to its members:

a. Worker's Compensation and Employer's Liability
b. Liability other than Motor Vehicles
c. Property Damage other than Motor Vehicles
d. Motor Vehicle
e. Environmental Liability

The Joint Insurance Fund is also a member of The Municipal Excess Liability Joint Insurance Fund which provides excess insurance for worker's compensation and employer's liability.

(14) SUBSEQUENT EVENTS

The Authority evaluated subsequent events occurring after the financial statement date through July 17, 2019, which is the date the financial statements were available to be issued. Based on this evaluation, the Authority has determined that no subsequent events have occurred which require disclosure in the financial statements.

(15) SHARED SERVICES AGREEMENT

In August 2013, the Authority entered into a six month Shared Services Agreement with the Union County Improvement Authority. Under the terms of this agreement the Authority will be paid the sum of $15,000 per month for providing to the Union County Improvement Authority Executive Director Services, Office Space and Staff Services. The agreement was renewed for an additional six-month term in 2014.

In August 2014, the Authority's governing body voted to extend the Shared Services Agreement per a period of five years, through August 1, 2019. The Authority will receive $6,340.34 per month. In 2018 and 2017, the Authority received $-0- and $-0-, respectively, under this agreement.

(16) LITIGATION, CLAIMS AND CONTINGENT LIABILITIES

In the ordinary conduct of its business, the Authority may be a party to litigation. At December 31, 2018, in the opinion of management based upon consultation with legal counsel, there were no matters pending or threatened which would have a material adverse effect on the financial position of the Authority.

SUPPLEMENTARY INFORMATION

SCHEDULE R-1

UNION COUNTY UTILITIES AUTHORITY

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PUBLIC EMPLOYEES RETIREMENT SYSTEM LAST TEN YEARS

Fiscal Year Ending June 30,	Authority's Proportion Share of the Net Pension Liability (Asset)	Authority's Proportionate Share of the Net Pension Liability (Asset)	Authority's Covered Employee Payroll	Authority's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2014	0.0137833862%	$ 2,016,840	$ 787,228	256.20%	52.08%
2015	0.0117751838%	$ 2,643,293	$ 765,366	345.36%	47.92%
2016	0.0110446396%	$ 3,271,105	$ 837,771	390.45%	40.13%
2017	0.0123238167%	$ 2,868,788	$ 899,422	318.96%	48.10%
2018	0.0132253000%	$ 2,603,996	$ 956,554	272.23%	46.40%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SCHEDULE R-2

UNION COUNTY UTILITIES AUTHORITY

SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS

PUBLIC EMPLOYEES RETIREMENT SYSTEM LAST TEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Authority's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2014	$ 103,855	$ 103,855	-0-	$ 787,228	13.19%
2015	$ 101,235	$ 101,235	-0-	$ 765,366	13.23%
2016	$ 98,119	$ 98,119	-0-	$ 837,771	11.71%
2017	$ 114,167	$ 114,167	-0-	$ 899,422	12.69%
2018	$ 114,167	$ 131,549	-0-	$ 956,554	13.75%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

UNION COUNTY UTILITIES AUTHORITY

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

NOTE TO RSI III
FOR THE YEAR ENDED DECEMBER 31, 2018

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms	None
Change in assumptions	The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.58%) to the current measurement date (3.87%), resulting in a change in the discount rate from 5.00% to 5.66%. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

SCHEDULE 1

UNION COUNTY UTILITIES AUTHORITY

SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED
BY OPERATING REVENUES COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 BUDGET	2018 ACTUAL	2017 ACTUAL
REVENUE			
Tipping Fees: Resource Recovery Facility	$ 13,056,200	$ 14,412,442	$ 13,690,485
Program Waste	17,120,000	19,341,964	19,574,848
Reserve Operating Fund	248,712		
Other	11,479,300	9,518,619	13,161,191
	41,904,212	43,273,025	46,426,524
Interest Income	15,000	564,983	886,060
Miscellaneous Income		168,861	213,707
	15,000	733,844	1,099,767
TOTAL REVENUE	$ 41,919,212	$ 44,006,869	$ 47,526,291
APPROPRIATIONS			
Administration:			
Salaries and Wages	$ 1,163,869	$ 1,114,783	$ 1,055,090
Fringe Benefits	259,152	367,226	342,824
Pension Assessment (PERS)	105,000	139,975	105,235
	1,528,021	1,621,984	1,503,149
Other Expenses:			
Accounting	31,000	31,000	31,000
ADP Processing Fees	11,250	15,529	
Advertising	2,000	2,046	950
Auto Gas, Repairs and Maintenance	13,000	14,172	11,873
Trustee Fees	21,000	6,000	22,500
Bank Fees	12,000	363	19,791
Computer Consultant	114,000	109,392	105,572
Oversite Services - County of Union	142,000	145,020	142,177
Dues and Subscriptions	6,500	5,432	5,303
Financial Consultant	25,000	9,997	18,840
Host Community Fee	2,800,000	1,817,327	1,756,945
General Counsel	325,000	112,283	111,353
Engineering	145,000	97,756	82,323
Insurance	44,000	42,244	42,227
Insurance Consultant	1,000	1,000	
Miscellaneous Office Expense	35,000	12,809	12,244
Office Equipment, Copiers and Pagers	13,000	11,584	10,296
Office, Park and Property Maintenance	20,000	19,367	16,508
Permits and Fees	75,000	7,528	88,243
Postage and Delivery	6,500	4,018	6,956
Printing and Office Supplies	3,000	6,343	5,979
Public Relations	6,000		
Safety and First Aid Equipment	2,400		
Landfill Disposal Costs		1,452,179	1,512,500
Service Fee - Covanta	12,405,000	13,006,567	12,268,568
Service Fee - Covanta - Program 10	11,027,200	10,487,324	10,503,778
Service Fee - Covanta - NJMC Type 13	5,645,200		
Tipping Fee Reimbursement to Towns	2,100,000	2,427,642	2,335,447
Deferred Rent - Covanta			129,780
Interlocal Agreement - County of Union	1,000,000	1,000	1,000,000
Telephone	6,000	14,514	7,283
Utilities		9,813	9,832
Travel, Seminars, and Conferences	6,000	5,513	2,579
Uniforms and Equipment	7,000	8,378	8,033
UCUA Meetings	3,000	3,151	3,483
Total Other Expenses	36,053,050	29,887,291	30,272,363
Total Expenses	37,581,071	31,509,275	31,775,512
Issuance of Debt			
Principal Payments on Debt Service in Lieu of Depreciation	1,585,000	8,200,000	7,690,000
TOTAL OPERATING APPROPRIATIONS	39,166,071	39,709,275	39,465,512
Non Operating Appropriations:			
Interest Expense	2,753,141	9,060,099	9,448,391
Unreserved Retained Earnings Utilized			
Total Non Operating Appropriations	2,753,141	9,060,099	9,448,391
TOTAL COST FUNDED BY OPERATIONS	$ 41,919,212	$ 48,769,374	$ 48,913,903

SCHEDULE 2
SHEET #1

UNION COUNTY UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - DECEMBER 31, 2018

1998 SOLID WASTE LANDFILL TAXABLE REVENUE BONDS, SERIES A

YEAR OF MATURITY	SERIES A INTEREST RATE	PRINCIPAL
2019		
2020		
2021	3.31%	$ 560,000
2022	3.31%	2,540,000
2023	3.31%	2,670,000
2024	3.31%	2,810,000
2025	3.31%	2,950,000
2026	3.31%	2,700,000
2027	3.31%	4,550,000
2028	3.31%	4,750,000
2029	3.31%	4,950,000
2030	3.31%	5,150,000
2031	3.31%	82,100,000
TOTAL BONDS PAYABLE		$ 115,730,000

NOTE: The Bonds pay interest June 1 and December 1
Principal is paid June 1

UNION COUNTY UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - DECEMBER 31, 2018

2011B RESOURCE RECOVERY FACILITY LEASE REVENUE BONDS

YEAR OF MATURITY	SERIES B INTEREST RATE	PRINCIPAL
2019	3.10%	$ 2,295,000
2020	3.31%	2,365,000
2021	3.52%	1,885,000
TOTAL BONDS PAYABLE		$ 6,545,000

NOTE: The Bonds pay interest June 1 and December 1
Principal is paid June 1

SCHEDULE 2
SHEET #3

UNION COUNTY UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - DECEMBER 31, 2018

2011A SOLID WASTE SYSTEM BONDS

YEAR OF MATURITY	SERIES A INTEREST RATE		PRINCIPAL
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026	4.00%	$	1,580,000
2027	4.00%		2,220,000
2028	4.00%		2,310,000
2029	4.00%		2,400,000
2030	4.00%		2,495,000
2031	4.00%		2,595,000
2032	4.00%		2,700,000
2033	5.00%		2,805,000
2034	5.00%		2,945,000
2035	5.00%		3,095,000
2036	5.00%		3,250,000
2037	5.00%		3,410,000
2038	5.00%		3,585,000
2039	5.00%		3,760,000
2040	5.00%		3,950,000
2041	5.00%		4,145,000
TOTAL BONDS PAYABLE		$	47,245,000

NOTE: The Bonds pay interest June 1 and December 1
Principal is paid June 1

SCHEDULE 2
SHEET #4

UNION COUNTY UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - DECEMBER 31, 2018

2011B SOLID WASTE SYSTEM BONDS

YEAR OF MATURITY	SERIES B INTEREST RATE	PRINCIPAL
2019	3.28%	$ 1,630,000
2020	3.50%	1,685,000
2021	3.71%	1,740,000
2022	3.92%	1,805,000
2023	4.23%	1,875,000
2024	4.33%	1,955,000
2025	4.53%	2,040,000
2026	4.74%	550,000
TOTAL BONDS PAYABLE		$ 13,280,000

NOTE: The Bonds pay interest June 1 and December 1
Principal is paid June 1

UNION COUNTY UTILITIES AUTHORITY

DECEMBER 31, 2018

GENERAL COMMENTS AND RECOMMENDATIONS

NONE