Annual
Financial Report

of the

Union County Utilities Authority

For the Years Ended December 31, 2019 and 2018

Prepared By

Union County Utilities Authority

Finance Department

UNION COUNTY UTILITIES AUTHORITY

I N D E X

FINANCIAL SECTION

SUPLEE, CLOONEY & COMPANY
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INDEPENDENT AUDITOR'S REPORT

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

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, 2019 and 2018, 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, 2019 and 2018, 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 23, 2020 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 23, 2020

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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, 2019, 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 23, 2020.

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.

Suplee, Clooney & Company

July 23, 2020

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, 2019 and 2018. 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, 2019 and 2018. 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 and deferred outflows at year-end were $107.3 million. Total liabilities and deferred inflows were $191.0 million.

Operating revenues totaled $43.5 million which is an increase of $93 thousand or 0.2% from the prior year operating revenue of $43.4 million.

The major source of revenue is from Tipping Fees which totaled $33.9 million. This represents an increase of $110 thousand from 2018 tipping fees of $33.8 million. Another major source of revenue is from the Facility Lease which totaled $9.5 million which is a decrease of $19 thousand from the 2018 revenues of $9.5 million.

Operating expenses were $34.9 million which is a decrease of $1.3 million or 3.7% over prior year expenses of $36.2 million. Total expenses budgeted for 2019 were $39.6 million.

Interest expense for 2019 was $9.0 million which is a decrease of $65 thousand from 2018 expense of $9.1 million.

Cash and Investments of $40.7 million increased $1.1 million or 2.7% from prior year's total of $39.6 million.

Bonds Payable of $178.9 million decreased $3.9 million or 2.1% from prior year's total of $182.8 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 $2,404,742, shown within non-current liabilities, is a significant amount at December 31, 2019. 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 108.52 in 2019.

For 2019, the revenues brought in through the new program were as follows:

1. UCRRF		140,192	Tons	$15,023,664	Revenue
	Total	140,192	Total Tons	$15,023,664	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 $449,414 in 2019 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 12/31/2018	$182,800,000
New Bonds Issued	
Scheduled Bond Retirements	(3,925,000)
Bonds Payable at 12/31/2019	$178,875,000

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		
	2019	2018	Dollars	%	2017
Assets					
Cash and Investments	$ 40,682,607	$ 39,620,012	$ 1,062,595	2.7%	$ 44,904,233
Accounts Receivable	6,682,883	6,815,075	(132,192)	-1.9%	10,187,963
Property, Plant and Equipment - Net	58,376,195	64,914,631	(6,538,436)	-10.1%	71,456,856
Other Assets			0	#DIV/0!	1,452,179
Deferred Outflows	1,542,853	1,977,885	(435,032)	-22.0%	2,138,481
Total Assets and Deferred Outflows	$ 107,284,538	$ 113,327,603	$ (6,043,065)	-5.3%	$ 130,139,712
Liabilities					
Current Liabilities	$ 4,444,698	$ 4,299,481	$ 145,217	3.4%	$ 4,131,392
Deferred Inflows	2,683,646	2,929,620	(245,974)	-8.4%	2,893,756
Prepaid Rent	2,576,168	2,430,347	145,821	100.0%	2,292,780
Net Pension Liability	2,404,742	2,603,996	(199,254)	-7.7%	2,868,788
Bonds Payable	178,875,000	182,800,000	(3,925,000)	-2.1%	191,000,000
Total Liabilities	190,984,254	195,063,444	(4,079,190)	-2.1%	203,186,716
Net Position					
Restricted - Deficit	(83,699,716)	(81,735,841)	(1,963,875)	2.4%	(73,047,004)
Total Net Position	(83,699,716)	(81,735,841)	(1,963,875)	2.4%	(73,047,004)
Total Liabilities, Deferred Inflows and Net Position	$ 107,284,538	$ 113,327,603	$ (6,043,065)	-5.3%	$ 130,139,712

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

	December 31		Variance		
	2019	2018	Dollars	%	2017
Operating Revenues:					
Facility Lease Revenue	$ 9,500,000	$ 9,518,619	$ (18,619)	-0.2%	$ 9,502,859
Landfill Service Fees			0	0.0%	3,658,332
Tipping Fees	15,023,664	14,412,442	611,222	4.2%	13,690,485
Program EIC	8,966,433	8,855,581	110,852	1.3%	9,072,242
Program Tipping Fees	9,875,137	10,486,383	(611,246)	-5.8%	10,502,606
Miscellaneous	169,733	168,861	872	0.5%	213,707
Total Operating Revenues	43,534,967	43,441,886	93,081	0.2%	46,640,231
Operating Expenses:					
Operations and Maintenance	28,345,839	29,689,975	(1,344,136)	-4.5%	28,950,771
Depreciation	6,544,057	6,543,495	562	0.0%	6,530,357
Total Operating Expenses	34,889,896	36,233,470	(1,343,574)	-3.7%	35,481,128
Operating Income	8,645,071	7,208,416	1,436,655	19.9%	11,159,103
Non Operating (Revenues) Expenses	(10,608,946)	(15,897,253)	5,288,307	-33.3%	(11,726,272)
Change in Net Position	(1,963,875)	(8,688,837)	6,724,962	-77.4%	(567,169)
Net Position, Beginning of Year	(81,735,841)	(73,047,004)	(8,688,837)	11.9%	(72,479,835)
Net Position, End of Year	$ (83,699,716)	$ (81,735,841)	$ (1,963,875)	2.4%	$ (73,047,004)

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)
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
2019	540,239 Tons	192,605 Tons

(a) 14 Contracted Union County Municipalities & Union County

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

2015	146,047 Tons
2016	157,307 Tons
2017	155,427 Tons
2018	152,169 Tons
2019	140,192 Tons

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

Ash Tonnage Delivered to the Waste Management Landfill in Pennsylvania:

2015	122,481 Tons
2016	111,361 Tons
2017	111,422 Tons
2018	119,157 Tons
2019	110,986 Tons

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

2015	119,188 Tons
2016	149,048 Tons
2017	108,327 Tons
2018	106,277 Tons
2019	119,462 Tons

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BASIC FINANCIAL STATEMENTS

EXHIBIT "A"
SHEET #1

UNION COUNTY UTILITIES AUTHORITY

STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
Assets		
Assets:		
Revenue Account:		
Cash and Cash Equivalents:		
Revenue	$ 3,947,386	$ 4,648,652
Unemployment Reserve	112,611	112,611
Environmental Investment Charge Reserve	3,298,074	3,238,637
Accounts Receivable	5,977,749	6,109,941
Lease Payments Receivable	705,134	705,134
Operating Account:		
Cash and Cash Equivalents	6,606,002	5,379,750
Bond Reserve Account:		
Cash and Cash Equivalents	7,805,058	8,271,316
Investments	16,428,663	15,533,248
Debt Service Account:		
Cash and Cash Equivalents	1	10
Working Capital Account:		
Cash and Cash Equivalents	2,476,651	2,428,661
Project Account:		
Cash and Cash Equivalents	7,267	7,127
Revenue Account:		
Cash and Cash Equivalents	888	
Clearing Account:		
Cash and Cash Equivalents	6	
Total Assets	47,365,490	46,435,087
Fixed Assets:		
Land-Facility	3,610,128	3,610,128
Resource Recovery Facility	240,878,951	240,878,951
Vehicles	214,450	214,450
Equipment	175,263	175,263
Furniture and Fixtures	40,026	34,405
	244,918,818	244,913,197
Less: Accumulated Depreciation	186,542,623	179,998,566
Net Fixed Assets	58,376,195	64,914,631
Deferred Outflows:		
Pension Related	651,890	1,012,675
Premiums on Debt	890,963	965,210
	1,542,853	1,977,885
Total Other Assets	1,542,853	1,977,885
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 107,284,538	$ 113,327,603

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, 2019 AND 2018

LIABILITIES AND NET POSITION	2019	2018
Current Liabilities:		
Accounts Payable - Operating	$ 3,316,916	$ 3,134,173
Deposits Payable	256,317	299,835
Accrued Interest Payable on Project Bonds	619,455	627,611
Accrued Expenses	252,010	237,862
Deferred Rent	2,576,168	2,430,347
Project Bonds Payable - Current Maturities	4,050,000	3,925,000
Total Current Liabilities	11,070,866	10,654,828
Long-Term Liabilities Payable from Restricted Assets:		
Project Bonds Payable	174,825,000	178,875,000
Net Pension Liability	2,404,742	2,603,996
Total Liabilities	188,300,608	192,133,824
Deferred Inflows:		
Pension Related	963,482	1,066,109
Deferred Gain on Refunding	1,720,164	1,863,511
	2,683,646	2,929,620
Net Position:		
Net Investment in Capital Assets	(120,498,805)	(117,885,369)
Restricted		
Bond Reserve Account	24,233,721	23,804,564
Debt Service Account	1	10
Working Capital Account	2,476,651	2,428,661
Project Account	7,267	7,127
Revenue Account	888	
Clearing Account	6	
Unrestricted	10,080,555	9,909,166
Total Net Position	(83,699,716)	(81,735,841)
TOTAL LIABILITIES, DEFFERRED INFLOWS AND NET POSITION	$ 107,284,538	$ 113,327,603

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, 2019 AND 2018

	2019	2018
Revenue:		
Facility Lease Revenue	$ 9,500,000	$ 9,518,619
Tipping Fees-Resource Recovery	15,023,664	14,412,442
Miscellaneous Income	169,733	168,861
Program EIC	8,966,433	8,855,581
Program Tipping Fees	9,875,137	10,486,383
Total Operating Revenues	43,534,967	43,441,886
Cost of Providing Services:		
Operating Expenses	28,345,839	29,689,975
Depreciation	6,544,057	6,543,495
Total Operating Expenses	34,889,896	36,233,470
Operating Income	8,645,071	7,208,416
Non Operating Revenues (Expenses):		
Interest Income	1,120,192	564,983
Unrealized Gain (Loss) on Investments	66,641	(232,583)
Rahway Host Fee	(1,808,820)	(1,817,327)
County of Union	(1,000,000)	(1,000,000)
Other Expense		(4,352,227)
Pension Related	7,737	
Interest Expense	(8,994,696)	(9,060,099)
Net Income	(1,963,875)	(8,688,837)
Net Position, Beginning of Year	(81,735,841)	(73,047,004)
Net Position, End of Year	$ (83,699,716)	$ (81,735,841)

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, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities:		
Receipts from Facility Lease	$ 9,500,000	$ 13,857,839
Receipts for Landfill Service Fees		(2,900,047)
Receipts for Tipping Fees	33,997,426	32,788,074
Miscellaneous Receipts	169,733	168,861
Payments to Suppliers	(26,812,772)	(28,056,453)
Payments to Employees	(1,295,236)	(1,253,738)
Net Cash Provided by Operating Activities	15,559,151	14,604,536
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	(5,621)	(1,269)
Principal Payments on Long-Term Debt	(3,925,000)	(8,200,000)
Rahway Host Fee	(1,808,820)	(1,817,327)
County of Union	(1,000,000)	(1,000,000)
Interest Accrued on Deferred/Prepaid Rent Reserve	(145,821)	(137,567)
Interest Paid on Bonds	(8,864,768)	(9,065,761)
Net Cash Used in Capital and Financing Activities	(15,750,030)	(20,221,924)
Cash Flows from Investing Activities:		
Interest Received	1,120,192	564,983
Unrealized/Realized Gain (Loss) on Investments	66,641	(231,815)
Purchase (Sale) of Investments	(828,774)	3,415,896
Net Cash Provided (Used) by Investing Activities	358,059	3,749,064
Net Increase (Decrease) in Cash and Cash Equivalents	167,180	(1,868,324)
Cash and Cash Equivalents, Beginning of Year	24,086,764	25,955,088
Cash and Cash Equivalents, End of Year	$ 24,253,944	$ 24,086,764
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income:	$ 8,645,071	$ 7,208,416
Depreciation	6,544,057	6,543,495
Deferred/Prepaid Rent Reserve	145,821	137,567
Deferred Gain on Refunding	(143,347)	(143,347)
Premium and Costs on Issuance of Debt	74,247	74,247
Changes in Operating Assets and Liabilities:		
Accounts Receivable	132,192	(966,332)
Deposit on Landfill		1,452,179
Accounts Payable	190,480	186,592
Deposits Payable	(43,518)	98,363
Accrued Expenses	14,148	13,356
Net Cash Provided by Operating Activities	$ 15,559,151	$ 14,604,536

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:

	2019	2018
2011A Facility Lease	$5,793,969	$5,630,977
2011B Facility Lease	2,206,031	2,387,642
Lease Extension Payment	1,500,000	1,500,000
	$9,500,000	$9,518,619

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. This statement is effective for periods beginning after June 15, 2014.

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.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, authorities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 two items that qualifies for reporting in this category, deferred amounts related to pensions and premium and costs on issuance of debt.

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.

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 $118,129 and $100,773 at December 31, 2019 and 2018, respectively.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

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

	2019	2018
Land	$ 3,610,128	$ 3,610,128
Resource Recovery Facility	240,878,951	240,878,951
Vehicles	214,450	214,450
Equipment	175,263	175,263
Furniture and Fixtures	40,026	34,405
	244,918,818	244,913,197
Less: Accumulated Depreciation	186,542,623	179,998,566
Net Fixed Assets	$ 58,376,195	$ 64,914,631

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.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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."

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets (Continued)

FUND	AMOUNT	USE FOR WHICH RESTRICTED
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, 2019 and 2018, amounted to $8,869,317 and $9,134,861, 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:

2020	$ 4,050,000
2021	4,185,000
2022	4,345,000
2023	4,545,000
2024	4,765,000
Thereafter	156,985,000
Total	178,875,000
Less: Current Portion	4,050,000
Long Term Portion	$174,825,000

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

	2019	2018
2011 Facility Lease Revenue Bonds	$6,175,672	$6,243,130
2011 Solid Waste System Bonds	2,673,203	2,667,069
1998 Landfill Taxable Revenue Bonds		12,333
	$8,848,875	$8,922,532

(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) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION PLAN

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrprts.shtml.

Public Employees' Retirement System *(PERS)* - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS 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 pension fund or local jurisdiction's pension fund.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit; in which case, benefits would begin the first day of the month after the member attains normal retirement age.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP. Employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 7.5% of their base salary and employers contribute 3.0%.

(7) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION PLAN (CONTINUED)

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2019, PERS provides for employee contributions of 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

Certain portions of the cost are contributed by the employees. The Authority's share of pension costs, which is based upon the annual billings received from the State, amounted to December 31, 2019 and 2018, the Authority was required to contribute \$129,817 and \$131,549 respectively.

Information as to the comparison of the actuarially computed value of vested benefit with the system's assets is not available from the State Retirement System and, therefore, is not presented.

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

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 local government unit as of December 31, 2019. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

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 local government unit, 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, 2019.

Public Employees Retirement System (PERS)

At June 30, 2019, the State reported a net pension liability of \$2,404,742 for the Authority’s proportionate share of the total net pension liability. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Authority's proportion of the net pension liability was based on a projection of the local government unit’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the local government unit’s proportion was 0.0133459725 percent, which was an increase of 0.0001206725 percent from its proportion measured as of June 30, 2018.

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

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2019, the State recognized an actuarially determined pension expense of $122,801 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, 2019 billing was $131,549.

At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 43,162	$ 10,623
Changes of assumptions	240,122	834,678
Net difference between projected and actual earnings on pension plan investments		37,960
Changes in proportion and differences between Authority contributions and proportionate share of contributions	303,698	80,221
Authority contributions subsequent to the measurement date	64,908	
	$651,890	$963,482

The $651,890 reported as deferred outflows of resources related to pension resulting from Authority's contributions subsequent to the measurement date (i.e. for the year ending June 30, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the pension liability in the year ended June 30, 2020

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
2020	$ (24,743)
2021	(180,560)
2022	(156,445)
2023	(49,750)
2024	34,997
	$(376,501)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. These actuarial valuations used the following assumptions:

	June 30, 2019	June 30, 2018
Inflation	2.25 Percent	2.25 Percent
Salary Increases (Based on Age)		
Though 2026	2.00-6.00 Percent	1.65-4.15 Percent
Thereafter	3.00-7.00 Percent Based on Years of Service	2.65-5.15 Percent Based on Age
Investment Rate of Return	7.00 Percent	7.00 Percent

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2019 and June 30, 2018) 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, 2019 are summarized in the following table:

Assets Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

(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 6.28% and 5.66% as of June 30, 2019 and June 30, 2018, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% for June 30, 2019 and June 30, 2018 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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 Authority's proportionate share of the net pension liability of the participating employers as of June 30, 2019 respectively, calculated using the discount rate as disclosed above as well as what the Authority's proportionate share of the 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, 2019		
	1% Decrease 5.28%	At Current Discount Rate 6.28%	1% Increase 7.28%
Authority's proportionate share of the pension liability	$3,058,711	$2,404,742	$1,884,506

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

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. Net OPEB liability obligations are non-pension benefits that the Authority has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the Authority is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the Authority is not required to recognize any long-term obligations resulting from the net OPEB liability on their financial statements.

Plan Description and Benefits Provided

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 drug coverage to retirees and their covered dependents of the employers. 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. There is currently two (2) retirees who meets this requirement and is receiving benefits.

Contributions

The Authority’s contributions to the plan for the years ended December 31, 2019, 2018 and 2017 were $38,612, $21,061 and $21,061, 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:

	2019	2018
Cash and Cash Equivalents - Restricted	$24,253,944	$24,086,764

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:

	2019	2018
U.S. Government Agency Bonds and Corporate Bonds	$16,428,663	$15,533,248

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, 2019, 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:

	BALANCE JANUARY 1, 2019	ADDITIONS (DISPOSALS)	BALANCE DECEMBER 31, 2019
Fixed Assets:			
Land-Facility	$ 3,610,128		$ 3,610,128
Resource Recovery Facility	240,878,951		240,878,951
Vehicles	214,450		214,450
Equipment	175,263		175,263
Furniture and Fixtures	34,405	$ 5,621	40,026
	244,913,197	5,621	244,918,818
Less: Accumulated Depreciation	179,998,566	$6,544,057	186,542,623
Net Fixed Assets	$ 64,914,631	$6,538,436	$ 58,376,195

(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 $-0- and $1,452,179 in 2019 and 2018, respectively.

During 2019 and 2018, actual tonnage delivered to the landfill was -0- tons and 119,157 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 23, 2020, 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.

Subsequent to the date of these Financial Statements the COVID-19 Corona Virus spread across the State of New Jersey and the Nation as a whole. The impact of this virus on the Authority's operations in 2020 cannot be reasonably estimated at this time but could negatively affect revenues

(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 2019 and 2018, 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, 2019, 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%	47.93%
2016	0.0110446396%	$ 3,271,105	$ 837,771	390.45%	40.14%
2017	0.0123238167%	$ 2,868,788	$ 899,422	318.96%	48.10%
2018	0.0132253000%	$ 2,603,996	$ 956,554	272.23%	53.60%
2019	0.0133459725%	$ 2,404,742	$ 987,239	243.58%	56.27%

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

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	$ 131,549	$ 131,549	-0-	$ 956,554	13.75%
2019	$ 129,817	$ 129,817	-0-	$ 987,239	13.15%

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, 2019

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 (3.87%) to the current measurement date (3.50%), resulting in a change in the discount rate from 5.66% to 6.28%. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

UNION COUNTY UTILITIES AUTHORITY

SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED
BY OPERATING REVENUES COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 BUDGET	2019 ACTUAL	2018 ACTUAL
REVENUE			
Tipping Fees: Resource Recovery Facility	$ 14,172,850	$ 15,023,664	$ 14,412,442
Program Waste	24,365,200	18,841,570	19,341,964
Reserve Operating Fund			
Other	3,702,280	9,500,000	9,518,619
	42,240,330	43,365,234	43,273,025
Interest Income	15,000	1,120,192	564,983
Miscellaneous Income		169,733	168,861
	15,000	1,289,925	733,844
TOTAL REVENUE	$ 42,255,330	$ 44,655,159	$ 44,006,869
APPROPRIATIONS			
Administration:			
Salaries and Wages	$ 1,198,866	$ 1,165,782	$ 1,114,783
Fringe Benefits	270,351	398,449	367,226
Pension Assessment (PERS)	125,000	138,211	139,975
	1,594,217	1,702,442	1,621,984
Other Expenses:			
Accounting	31,000	31,900	31,000
ADP Processing Fees	22,100	14,476	15,529
Advertising	2,000	524	2,046
Auto Gas, Repairs and Maintenance	13,000	11,360	14,172
Trustee Fees	6,000	12,000	6,000
Bank Fees	1,000		363
Computer Consultant	125,000	63,007	109,392
Oversite Services - County of Union	142,000	153,921	145,020
Dues and Subscriptions	6,500	8,385	5,432
Financial Consultant	12,000	8,829	9,997
Host Community Fee	2,800,000	1,808,820	1,817,327
General Counsel	325,000	81,922	112,283
Engineering	145,000	130,220	97,756
Insurance	44,000	42,305	42,244
Insurance Consultant	1,000	1,000	1,000
Miscellaneous Office Expense	35,000	11,042	12,809
Office Equipment, Copiers and Pagers	13,000	10,353	11,584
Office, Park and Property Maintenance	20,000	25,284	19,367
Permits and Fees	75,000	84,386	7,528
Postage and Delivery	5,000	3,814	4,018
Printing and Office Supplies	3,000	6,162	6,343
Public Relations	6,000		
Safety and First Aid Equipment	2,400		
Landfill Disposal Costs			1,452,179
Service Fee - Covanta	13,031,400	9,875,139	13,006,567
Service Fee - Covanta - Program 10	10,566,000	13,552,665	10,487,324
Service Fee - Covanta - NJMC Type 13	5,758,000		
Tipping Fee Reimbursement to Towns	2,100,000	2,474,962	2,427,642
Deferred Rent - Covanta		145,821	137,567
Interlocal Agreement - County of Union	1,000,000	1,000,000	1,000,000
Telephone	22,000	11,932	14,514
Utilities		9,884	9,813
Travel, Seminars, and Conferences	6,000	4,726	5,513
Uniforms and Equipment	7,000	9,563	8,378
UCUA Meetings	3,000	3,635	3,151
Total Other Expenses	36,328,400	29,598,037	31,023,858
Total Expenses	37,922,617	31,300,479	32,645,842
Issuance of Debt			
Principal Payments on Debt Service in Lieu of Depreciation	1,630,000	3,925,000	8,200,000
TOTAL OPERATING APPROPRIATIONS	39,552,617	35,225,479	40,845,842
Non Operating Appropriations:			
Interest Expense	2,702,713	8,994,696	9,060,099
Unreserved Retained Earnings Utilized			
Total Non Operating Appropriations	2,702,713	8,994,696	9,060,099
TOTAL COST FUNDED BY OPERATIONS	$ 42,255,330	$ 44,220,175	$ 49,905,941

SCHEDULE 2
SHEET #1

UNION COUNTY UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - DECEMBER 31, 2019

1998 SOLID WASTE LANDFILL TAXABLE REVENUE BONDS, SERIES A

YEAR OF MATURITY	SERIES A INTEREST RATE	PRINCIPAL
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, 2019

2011B RESOURCE RECOVERY FACILITY LEASE REVENUE BONDS

YEAR OF MATURITY	SERIES B INTEREST RATE	PRINCIPAL
2020	3.31%	$ 2,365,000
2021	3.52%	1,885,000
TOTAL BONDS PAYABLE		$ 4,250,000

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, 2019

2011A SOLID WASTE SYSTEM BONDS

YEAR OF MATURITY	SERIES A INTEREST RATE	PRINCIPAL
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, 2019

2011B SOLID WASTE SYSTEM BONDS

YEAR OF MATURITY	SERIES B INTEREST RATE	PRINCIPAL
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		$ 11,650,000

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

UNION COUNTY UTILITIES AUTHORITY

DECEMBER 31, 2019

GENERAL COMMENTS AND RECOMMENDATIONS

NONE