

**Comprehensive Annual
Financial Report**

of

**Little Egg Harbor
Municipal Utilities Authority**

For the Years Ended June 30, 2020 and 2019

Prepared By

The Little Egg Harbor Municipal Utilities Authority

Finance Department

**LITTLE EGG HARBOR
MUNICIPAL UTILITIES AUTHORITY**

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MUNICIPAL UTILITIES AUTHORITY**

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INTRODUCTORY SECTION



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Executive Director – Earl F. Sutton JR.

April 30, 2021

To the Board of Commissioners
Little Egg Harbor Municipal Utilities Authority

The comprehensive annual financial report (CAFR) of the Little Egg Harbor Municipal Utilities Authority (Authority) for the year ended June 30, 2020, is submitted herewith. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation including all disclosures, rests with the management of the Authority. I believe that the data presented is accurate in all material respects; that the report is presented in a manner designed to fairly set forth the results of operations of the Authority as measured by the financial activity of its funds; that the report fairly presents the net position of the Authority for the year then ended; and that all disclosures necessary to enable the reader to gain a maximum understanding of the Authority's financial activities have been included.

This CAFR is presented in four main sections:

1. **Introductory Section** provides information on the contents of the report; this transmittal letter and the Authority's organizational structure.
2. **Financial Section** includes the auditor's opinion on the financial statements and supplementary information, management discussion and analysis, basic financial statements and other supplementary information.
3. **Single Audit Section** includes the auditor's opinion on internal control over financial reporting and on compliance and other matters and the opinion on compliance with requirements applicable to major state programs and internal control over compliance, the schedule of expenditures of state financial assistance, notes to the schedule and the schedule of findings and questioned costs.
4. **Statistical Section** includes selected economic and demographic information, financial trends, and the fiscal capacity of the Authority, generally presented on a multi-year basis.

Profile of the Government

The Little Egg Harbor Municipal Utilities Authority (the "Authority") was created by the Township of Little Egg Harbor (the "Township") by ordinance 72-2 on January 17, 1972, under Chapter 183 of P.L. 1957 of the State of New Jersey. The Township Committee and the Authority entered into a Service Contract by ordinance and resolution, respectively, on October 19, 1976. The Authority's service area is co-terminus with the Township. A potable water supply and distribution system and a wastewater collection system are both owned and operated by the Authority.

Organization and Structure

The Authority consists of (5) five-regular and (2) two-alternate Commissioners who are appointed by the Township Committee to staggered terms of five years.

The Chairperson, or in his or her absence, the Vice-Chairperson presides over the meetings. The Secretary is responsible for the execution, witnessing and certification of various Authority documents. (See Appendix A for current list of Commissioners.)

The Authority Commissioners are responsible for setting the policy of the Authority. The Commissioners also appoint an Executive Director who acts as Chief Administrator to carry out the rules and policies enacted by the Commissioners. The Executive Director is responsible for the day-to-day affairs of the Authority and is responsible to the Commissioners for administering the policies established by them. (See Appendix B for current list of Management.)

The Commissioners are also responsible for annually appointing an Authority attorney, auditor and engineer, along with any other special counsels or consultants as deemed appropriate and necessary. These professionals report both to the Commissioners and the Executive Director. (See Appendix C for current list of Consultants.)

Within the Authority, there are two divisions, the Administrative Division and the Operations Division. The Administrative Division is responsible for the preparation of all necessary Authority paperwork and documents, along with the day-to-day finances of the Authority and its purchasing. Within the administrative division an Administrative Assistant is also responsible for attending the Authority's meetings and recording the minutes. Also, there is an Executive Secretary responsible for the preparation of Authority documents as they pertain to the processing and payment of bills, payroll and the receipt of monies due the Authority and proper disposition. These individuals report directly to the Executive Director.

The operations division is responsible for the day-to-day operation and maintenance of the physical plant. The operations division is headed by the Superintendent, who reports directly to the Executive Director. (Please refer to Appendix D Little Egg Harbor Municipal Utilities Authority's Organization Chart.)

Local Economy

The Authority's service area, the southern most part of Ocean County, is bordered on the east by Little Egg Harbor and Great Bays, on the south by Atlantic County, on the west by Burlington County and on the northeast by Stafford and Eagleswood Townships. Over the past 70 years, Ocean County was the fastest growing county in the state.

Ocean County is located in the Atlantic Coastal Plain in Central New Jersey. The County's total land area is 638.10 square miles, of which Little Egg Harbor occupies 47.4 square miles making it the fourth largest community in the County in terms of area. Table 1 provides a comparison of the annual population estimates for the years 2005, 2010 and 2015 and indicates that based on 2015 estimates, Little Egg Harbor ranked tenth in population out of the County's 33 municipalities.

Located amid the natural beauty of Great Bay, just 30 miles north of Atlantic City and a convenient fifteen-minute drive to the famous Jersey Shore beaches of Long Beach Island, the Township of Little Egg Harbor truly is a **"Little Treasure by the Bay."**

Upon your arrival you will quickly note that our community is growing by leaps and bounds. But Little Egg Harbor Township continues to boast about its respected school district, recreational opportunities for all ages, convenience to Atlantic City, Philadelphia and New York City, and a positive vision for the future.

Table 1: Population, 2005, 2010 and 2015

	<u>2005</u>	<u>2010</u>	<u>2015</u>
State of New Jersey	8,717,925	8,799,446	8,867,949
County of Ocean	558,341	577,564	587,091
Township of Little Egg Harbor	19,739	20,115	20,565

With a 19.3% increase in the number of working County residents from 2000 to 2018, the Township is hosting an increasing number of jobs. The Township hosted 2.7% of the in county jobs in 2000 and 3.4% of those jobs in 2018.

Table 2: At Place Employment, 2000 and 2018

	<u>2000</u>	<u>2018</u>
County of Ocean	120,741	148,295
Township of Little Egg Harbor	3,231	5,019

The median household income in the Authority's service area can be seen in the following table:

Table 3: Median Household Income, 2000 and 2018

	<u>2000</u>	<u>2018</u>
County of Ocean	\$46,443.00	\$ 60,293.00
Township of Little Egg Harbor	45,628.00	64,995.00

Major Initiatives by Year**2020-21**

Holly Lake Water Tower	\$ 675,000.00
Infrastructure Replacement 2020-21 Projects	7,300,000.00

2021 & Beyond

Infrastructure Replacement 2021-22 Projects	5,000,000.00
Infrastructure Replacement 2022-23 Projects	4,700,000.00
Infrastructure Replacement 2023-24 Projects	4,000,000.00
Sea Oaks Water Tower	700,000.00
Infrastructure Replacement 2024-25 Projects	5,000,000.00

Financial Information**Internal Controls**

In developing and evaluating the Authority's accounting system, an important consideration is the overall adequacy of internal controls. Internal controls are designed to provide Authority management with reasonable (but not absolute) assurance regarding (a) the safeguarding of assets against loss from unauthorized use or disposition; and (b) the overall reliability of the financial records for preparing financial statements and for maintaining accountability and control over the Authority's assets.

The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Financial Information (Continued)

Budgetary Control

Annually, appropriations are established by the Board of Commissioners to record the current year's fiscal requirements of the Authority. Portions of these appropriations are encumbered as purchase orders and/or contracts are awarded. No commitment is authorized, nor any expenditure incurred, until it is determined that adequate appropriation balances exist for that purpose. To facilitate this determination, the Authority accounting records are delineated by function and specific activity.

Financial Operating Results

The management discussion and analysis that follows, summarizes and reviews the changes of the Authority's financial operations.

Cash and Investment Administration

The Authority's investment policy is to minimize risks while maintaining a competitive yield on its portfolio. During 2020, the Authority continues to invest in the same type of investments as in prior years. All investments are made in accordance with permitted investment vehicles as determined by the State of New Jersey.

Risk Management

The Authority continues to look to the New Jersey Utilities Authority Joint Insurance Fund (NJUAJIF), for its property and casualty insurance coverage. This fund has provided comprehensive and reliable coverage for many years. The relationship has also resulted in thousands of dollars in cost savings on premiums, plus many annual dividends being paid to the Authority.

The NJUAJIF also covers the Employment Practices Liability (EPL), Public Officials Liability (POL) and New Jersey Environmental Joint Insurance Fund (NJEJIF).

A comprehensive listing of the Insurance Coverage can be found on file in the Authority's offices.

Other Information

Independent Audit

The Authority is required to have an annual audit of the books of account, financial records and transactions conducted by independent certified public accountants selected by the Board of Commissioners. This requirement has been complied with. The independent auditor's report on the 2019 financial statements of the Authority has been included in the financial section of this report.

Acknowledgement

The preparation of this report on a timely basis was made possible with the assistance of the following people:

Nicole Princiotti, Executive Secretary/QPA
Robert J. Butvilla, CPA
Brian K. Logan, CPA

Acknowledgement (Continued)

In addition, the following references were used in compiling the report:

U.S Census Bureau, Ocean County Data Book and the Official Website of Little Egg Harbor Township, New Jersey.

In closing, preparation of the report would not have been possible without the leadership and support of the Board of Commissioners.

Sincerely,



Earl F. Sutton, Jr., Executive Director

Appendix A

2020

Little Egg Harbor Municipal Utilities Authority

Commissioners, Terms of Office

	<u>Title</u>	<u>From</u>	<u>Expires</u>	<u>Term</u>
Joseph P. Koptic	Chairman	2-01-16	1-31-21	5
Margaret DePergola	Vice-Chairwoman	2-01-20	1-31-25	5
Earl Miller	Secretary	2-01-18	1-31-23	5
Marie Skelly	Treasurer	2-01-19	1-31-24	5
Kenneth Miller	Commissioner	8-01-19	1-31-22	2

Alternates

Kenneth Laney	Commissioner	2-01-19	1-31-22	3
Peter Cicco	Commissioner	2-01-19	1-31-21	2

Appendix B

2020

Little Egg Harbor Municipal Utilities Authority

Management

<u>Name</u>	<u>Title</u>
Earl F. Sutton, Jr.	Executive Director
Michael S. DiFrancia	Superintendent
Nicole M. Princiotti	Executive Secretary/QPA

Appendix C

2020

Little Egg Harbor Municipal Utilities Authority

Consultants

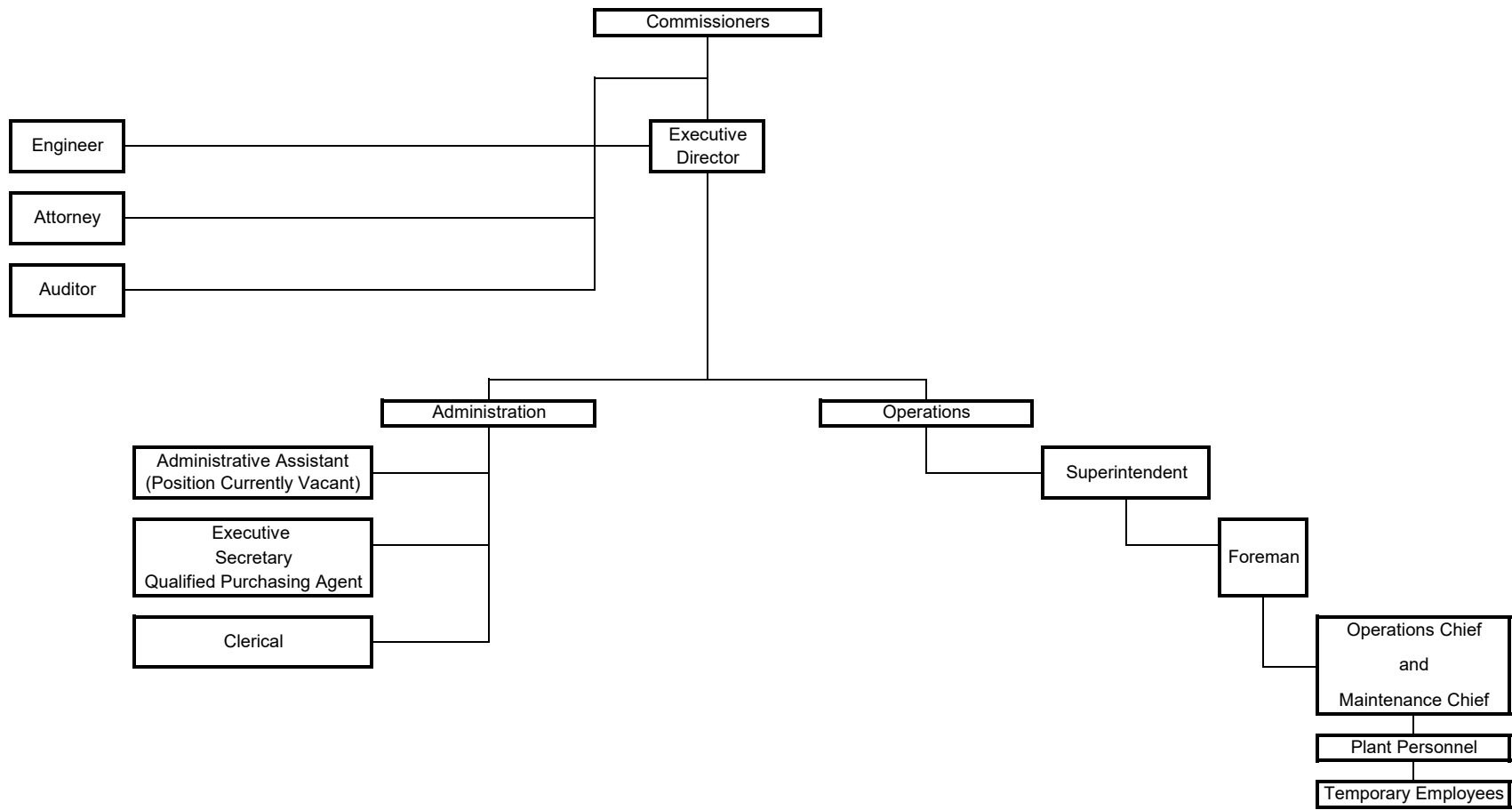
Debra H. Rumpf	Attorney
Suplee, Clooney & Company	Auditor
DeCotiis, Fitzpatrick, Cole & Giblin	Bond Counsel
Edmunds and Associates	Computer Consultant
Remington and Vernick	Engineer
Kleinfelder	Engineer for Special Projects
Acacia Financial	Financial Advisors
Conner, Strong & Buckelew Co., Inc.	Risk Management Consultant
TD Bank, NA	Trustee

Appendix D

2020

Little Egg Harbor Municipal Utilities Authority

Organization Chart



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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners
Little Egg Harbor Municipal Utilities Authority
823 Radio Road
Little Egg Harbor, New Jersey 08087

Report on the Financial Statements

We have audited the accompanying financial statements of the Little Egg Harbor Municipal Utilities Authority, as of and for the years ended June 30, 2020 and 2019, 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, the audit requirements of the State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards and provisions 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 entity'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 entity'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.

SUPLEE, CLOONEY & COMPANY

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the Little Egg Harbor Municipal Utilities Authority at June 30, 2020 and 2019, and the changes in net position and cash flows thereof 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, budgetary comparison information, the schedules related to accounting and reporting for pensions in Schedules R-1 through R-3 and the schedules related to accounting and reporting for postemployment benefits other than pensions in Schedules S-1 through S-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 Little Egg Harbor Municipal Utilities Authority's basic financial statements. The supplementary information and data and the schedule of expenditures of state financial assistance as required by New Jersey OMB 15-08 as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and data and the schedule of expenditures of state financial assistance as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 information and data are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

SUPLEE, CLOONEY & COMPANY

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2021 on our consideration of the Little Egg Harbor Municipal 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 Little Egg Harbor Municipal Utilities Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The script is cursive and fluid, with the ampersand clearly visible between the last names.

April 30, 2021

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MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis is designed to provide an analysis of the Authority's financial condition and operating results and to also inform the reader on Authority financial issues and activities.

The Management's Discussion and Analysis (MD&A) should be read in conjunction with the Transmittal Letter (beginning on page 1) and the Authority's basic financial statements.

USING THIS ANNUAL REPORT

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. As enterprise funds, the Authority's basic financial statements include:

- **Statements of Net Position** – reports the Authority's current financial resources (short-term spendable resources) with capital assets and long-term obligations.
- **Statements of Revenues, Expenses and Changes in Net Position** – reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- **Statements of Cash Flows** – reports the Authority's cash flows from operating and non-operating activities, capital and related financing activities and investing activities.

STATEMENTS OF NET POSITION

Years Ended June 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets:			
Current Assets	\$ 7,951,701.00	\$ 8,292,268.00	\$ 7,159,320.00
Non-Current Assets	242,837.00	400,780.00	996,257.00
Capital Assets (Net)	<u>42,855,017.00</u>	<u>39,292,442.00</u>	<u>39,874,708.00</u>
Total Assets	<u>\$ 51,049,555.00</u>	<u>\$ 47,985,489.00</u>	<u>\$ 48,030,285.00</u>
Deferred Outflows of Resources:			
Pension Outflows	\$ 715,645.00	\$ 1,181,229.00	\$ 1,682,528.00
OPEB Outflows	<u>166,978.00</u>	<u>180,841.00</u>	<u>103,941.00</u>
Total Deferred Outflows of Resources	<u>\$ 882,623.00</u>	<u>\$ 1,362,070.00</u>	<u>\$ 1,786,469.00</u>
Liabilities:			
Current Liabilities	\$ 2,714,960.00	\$ 2,784,397.00	\$ 2,976,381.00
Non-Current Liabilities	<u>15,568,848.00</u>	<u>13,453,938.00</u>	<u>15,832,312.00</u>
Total Liabilities	<u>\$ 18,283,808.00</u>	<u>\$ 16,238,335.00</u>	<u>\$ 18,808,693.00</u>
Deferred Inflows of Resources:			
Pension Inflows	\$ 1,542,179.00	\$ 1,398,337.00	\$ 954,100.00
OPEB Outflows	<u>3,437,124.00</u>	<u>2,820,229.00</u>	<u>1,460,416.00</u>
Total Deferred Inflows of Resources	<u>\$ 4,979,303.00</u>	<u>\$ 4,218,556.00</u>	<u>\$ 2,414,516.00</u>

STATEMENTS OF NET POSITION (CONTINUED)

Net Position:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Investment in Capital Assets Net of Related Debt	\$ 33,927,231.00	\$ 34,012,883.00	\$ 34,432,033.00
Current Debt Service	228,062.00	225,744.00	164,411.00
Future Debt Service	45,105.00	45,105.00	241,576.00
Renewal and Replacement	194,000.00	194,000.00	194,000.00
Unrestricted	(5,725,332.00)	(5,587,074.00)	(6,442,475.00)
Total Net Position	<u>\$ 28,669,067.00</u>	<u>\$ 28,890,658.00</u>	<u>\$ 28,593,545.00</u>

The net position of the Authority decreased by \$221,591 during fiscal year 2019-20, and the net position of the Authority increased by \$297,113 during fiscal year 2018-19. During fiscal year 2017-18 there was a decrease in net position amounting to \$7,730,534 taking into account the effects of the Un-cancelled Portion of the Authority's Community Disaster Loan and the Adoption GASB 75.

REVIEW OF REVENUES

Years Ended June 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Revenues:			
Service Fees	\$ 6,898,808.00	\$ 6,632,732.00	\$ 6,498,559.00
Connection Fees and Other Operating Revenues	92,713.00	117,260.00	272,626.00
Total Operating Revenues	<u>6,991,521.00</u>	<u>6,749,991.00</u>	<u>6,771,185.00</u>
Non-Operating Revenues:			
Interest	13,817.00	13,289.00	9,854.00
Other Non-Operating Revenues	204,708.00	563,295.00	39,893.00
Total Non-Operating Revenues	<u>218,525.00</u>	<u>576,584.00</u>	<u>49,747.00</u>
Total Revenues	<u>\$ 7,210,046.00</u>	<u>\$ 7,326,575.00</u>	<u>\$ 6,820,932.00</u>

The base water rate was held flat from 2017 to 2018 and then increased by approximately 2% for 2019 and approximately 6% for 2020. The excess water rate was held flat from 2017 to 2020. The base sewer rate was held flat from 2017 to 2018 and then increased by approximately 2% for 2019 and approximately 3% for 2020. The excess sewer rate for commercial customers remained unchanged for 2017, 2018, 2019 and 2020. The water customer base expanded by approximately one quarter of 1% over the three-year period. The sewer customer base expanded in a similar way over the three-year period. Consumption and flows, the new rate structures put in place, a 3.70% increase in water connection fees and a 6.25% increase in sewer connection fees in 2020 and variations in other operating revenues appear to be the driving force behind the fluctuation in operating revenues. Service fee revenue increased an average of 2.0% from 2018 to 2020. Connection fees and other operating revenues averaged \$160,866 for the three-year period. This connection fee trend is not expected to continue as is evidenced by the decrease in the years from 2018 to 2020. Non-operating revenues increased from 2018 to 2019 and decreased from 2019 to 2020 but this was due to the receipt FEMA monies from an outstanding project worksheet that was closed out during the 2019 cycle. While investment interest has been relatively low over the three-year

REVIEW OF REVENUES (CONTINUED)

period, it has begun to increase in 2018, 2019 and 2020 due to having more cash invested and due to improving market conditions. Other non-operating revenues increased significantly from 2018 to 2019 and then decreased in 2020 mostly due to the receipt of the FEMA monies.

REVIEW OF EXPENDITURES

Years Ended June 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Expenses:			
Administration	\$ 1,771,494.00	\$ 1,753,057.00	\$ 1,833,323.00
Cost of Providing Service	4,005,423.00	3,886,493.00	4,050,151.00
Accumulated Depreciation (Net)	2,021,213.00	1,521,014.00	1,687,716.00
Total Operating Expenses	<u>7,798,130.00</u>	<u>7,160,564.00</u>	<u>7,571,190.00</u>
Non-Operating Expenses:			
Total Interest Payments on Bonds	<u>68,069.00</u>	<u>79,601.00</u>	<u>18,175.00</u>
Total Expenses	<u>\$ 7,866,199.00</u>	<u>\$ 7,282,058.00</u>	<u>\$ 7,589,365.00</u>

Administrative expenses decreased approximately 5.5% from 2018 to 2019 and then increased by about 1.1% from 2019 to 2020. Overall, administration is down by about 3.4% over the three year period due to a variety of factors including, but not limited to changes in the administrative salary structure and an overall increase in other expenses. Cost of providing service decreased and then increased over the three-year period also due to a variety of factors. Increases in amounts expended for plant salaries in 2020 and costs of chemicals & supplies combined with offsetting changes in sewerage disposal costs and increased/decreased capital outlays were the major contributing factors for 2018 to 2020.

The primary factor in the fluctuation of non-operating expenses over the three year period is an increase in interest payments on the Authority's bonded indebtedness as a result of the closing on two new Environmental Infrastructure Trust/Fund Loans in 2017-18.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets, net of depreciation

In 2020, capital assets had a net increase (additions, disposals and depreciation) of \$3,562,575. In 2019, capital assets had a net decrease of \$582,266.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Capital Assets:			
Land	\$ 276,051.94	\$ 276,051.94	\$ 276,051.94
Buildings and Improvements	1,501,020.74	1,501,020.74	1,501,020.74
Water System	37,855,068.19	32,622,929.87	32,017,381.69
Sewer System	23,644,422.04	23,327,780.36	23,123,324.88
Office Equipment and Furnishing	213,419.65	202,609.65	202,609.65
Equipment	278,772.03	267,068.97	172,321.33
Vehicles	1,430,943.88	1,418,448.88	1,384,452.88
	<u>\$ 65,199,698.47</u>	<u>\$ 59,615,910.41</u>	<u>\$ 58,677,163.11</u>
Less: Accumulated Depreciation	<u>22,344,681.22</u>	<u>20,323,468.64</u>	<u>18,802,455.02</u>
Capital Assets, Net	<u>\$ 42,855,017.25</u>	<u>\$ 39,292,441.77</u>	<u>\$ 39,874,708.09</u>

DEBT OUTSTANDING

The Authority's outstanding debt was \$8,927,786, \$5,279,559 and \$5,442,675 in 2020, 2019 and 2018 respectively.

FINANCIAL CONTACT

The Authority's financial statements are designed to present users (water-sewer users, ratepayers and creditors) with a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have any questions about the report or need additional financial information, please contact the Executive Director, Little Egg Harbor Municipal Utilities Authority, P.O. Box 660, Little Egg Harbor, NJ 08087.

FINANCIAL STATEMENTS

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

STATEMENTS OF NET POSITION

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	JUNE 30	
	2020	2019
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents		
Unrestricted	\$ 7,539,776.98	\$ 7,849,734.32
Restricted	38,950.74	38,996.43
Receivables	331,132.44	362,273.24
Prepaid Expenses	41,840.87	41,263.51
Total Current Assets	<u>7,951,701.03</u>	<u>8,292,267.50</u>
Non-Current Assets:		
Restricted		
Cash and Cash Equivalents	242,837.11	295,838.04
NJEIT Loans Receivable		104,942.00
	<u>242,837.11</u>	<u>400,780.04</u>
Capital Assets:		
Land	276,051.94	276,051.94
Buildings and Improvements	1,501,020.74	1,501,020.74
Water System	37,855,068.19	32,622,929.87
Sewer System	23,644,422.04	23,327,780.36
Office Equipment and Furnishings	213,419.65	202,609.65
Equipment	278,772.03	267,068.97
Vehicles	1,430,943.88	1,418,448.88
	<u>65,199,698.47</u>	<u>59,615,910.41</u>
Less: Accumulated Depreciation	22,344,681.22	20,323,468.64
Capital Assets, Net	<u>42,855,017.25</u>	<u>39,292,441.77</u>
Total Non-Current Assets	<u>43,097,854.36</u>	<u>39,693,221.81</u>
Total Assets	<u>51,049,555.39</u>	<u>47,985,489.31</u>
Deferred Outflows of Resources:		
Deferred Pension Outflows	715,645.00	1,181,229.00
Deferred OPEB Outflows	166,978.00	180,841.00
Total Deferred Outflows of Resources	<u>882,623.00</u>	<u>1,362,070.00</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 51,932,178.39</u>	<u>\$ 49,347,559.31</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

STATEMENTS OF NET POSITION

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>JUNE 30</u>	
	<u>2020</u>	<u>2019</u>
<u>Liabilities</u>		
Current Liabilities:		
Accounts Payable	\$ 416,901.38	\$ 518,824.28
Advanced Revenue	1,902,342.02	1,905,342.02
Compensated Absences	167,654.38	134,487.18
Accrued Interest Payable	48,632.69	51,478.37
Current Maturities of Long - Term Debt	179,429.69	174,265.61
Total Current Liabilities	<u>2,714,960.16</u>	<u>2,784,397.46</u>
Non-Current Liabilities:		
Net Pension Liability	3,023,391.00	3,616,226.00
Net OPEB Liability	3,754,971.00	4,689,489.00
Prepaid Connection Fees	42,130.00	42,930.00
Long - Term Debt	8,748,356.20	5,105,292.89
Total Non-Current Liabilities	<u>15,568,848.20</u>	<u>13,453,937.89</u>
Total Liabilities	<u>18,283,808.36</u>	<u>16,238,335.35</u>
Deferred Inflows of Resources:		
Deferred Pension Inflows	1,542,179.00	1,398,337.00
Deferred OPEB Inflows	3,437,124.00	2,820,229.00
Total Deferred Inflows of Resources	<u>4,979,303.00</u>	<u>4,218,566.00</u>
<u>Net Position</u>		
Net Investment in Capital Assets	33,927,231.36	34,012,883.27
Restricted for:		
Current Debt Service	228,062.38	225,743.98
Future Debt Service	45,105.19	45,105.19
Renewal and Replacement	194,000.00	194,000.00
Unrestricted (Deficit)	<u>(5,725,331.90)</u>	<u>(5,587,074.48)</u>
Total Net Position	<u>28,669,067.03</u>	<u>28,890,657.96</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 51,932,178.39</u>	<u>\$ 49,347,559.31</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

STATEMENTS OF REVENUES, EXPENSES

AND CHANGES IN FUND NET POSITION

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>JUNE 30</u>	
	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Service Fees	\$ 6,898,808.45	\$ 6,632,731.51
Connection Fees and Other Operating Revenues	92,713.03	117,259.65
Total Operating Revenues	<u>6,991,521.48</u>	<u>6,749,991.16</u>
Operating Expenses:		
Personnel Services	2,075,898.68	2,089,021.53
Other Operating Expenses	3,178,003.40	3,354,377.79
Depreciation	2,021,212.58	1,521,013.62
Total Operating Expenses	<u>7,275,114.66</u>	<u>6,964,412.94</u>
Operating Income (Loss)	<u>(283,593.18)</u>	<u>(214,421.78)</u>
Non-Operating Revenues (Expenses):		
Interest	13,816.92	13,288.84
Interest on Long - Term Debt	(68,068.56)	(79,601.49)
Amortization of Debt Issuance Costs		5,552.00
Other Non-Operating Revenues (Expenses)	204,708.39	563,295.42
Accounts Payable (Additional) / Canceled	16,487.50	
Total Non-Operating Revenues (Expenses)	<u>166,944.25</u>	<u>502,534.77</u>
Income (Loss) Before Adjustments	(116,648.93)	288,112.99
Loan Receivable Cancelled	(104,942.00)	
Long - Term Debt Cancelled		9,000.00
Change in Net Position	<u>(221,590.93)</u>	297,112.99
Net Position July 1	<u>28,890,657.96</u>	<u>28,593,544.97</u>
Net Position June 30	<u>\$ 28,669,067.03</u>	<u>\$ 28,890,657.96</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30 2020 AND 2019

	<u>JUNE 30</u>	
	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 7,024,144.47	\$ 6,765,624.92
Cash Paid to Suppliers and Employees	(5,489,961.41)	(5,680,919.28)
Net Cash Provided (Used) by Operating Activities	<u>1,534,183.06</u>	<u>1,084,705.64</u>
Cash Flows from Non-Operating Activities:		
Prepaid Connection Fees		(3,000.00)
Other Non-Operating Revenues	204,708.39	563,155.42
Engineer/Developer Fees, Escrow Deposits and Performance Guarantees	(127,028.93)	17,362.48
Advanced Revenue	(3,000.00)	(3,000.00)
Net Cash Provided (Used) by Non-Operating Activities	<u>74,679.46</u>	<u>574,517.90</u>
Cash Flows from Capital and Related Financing Activities:		
New Jersey Environmental Infrastructure Interim Financing	4,141,062.00	
Capital Charges - Budget Expenditures	(235,845.48)	(238,043.63)
Capital Charges - Non-Budget Expenditures	(5,347,942.58)	(90,517.41)
Principal Payments on Debt Service in Lieu of Depreciation	(492,834.61)	(154,116.73)
Bond Interest Expenses Paid	(50,122.73)	(42,417.36)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,985,683.40)</u>	<u>(525,095.13)</u>
Cash Flows from Investing Activities:		
Investment Income - Received	13,816.92	13,288.84
Net Cash Provided (Used) by Investing Activities	<u>13,816.92</u>	<u>13,288.84</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(363,003.96)	1,147,417.25
Cash and Cash Equivalents at Beginning of Year	<u>8,184,568.79</u>	<u>7,037,151.54</u>
Cash and Cash Equivalents at End of Year	<u>\$ 7,821,564.83</u>	<u>\$ 8,184,568.79</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30 2020 AND 2019

	JUNE 30	
	2020	2019
Operating Income (Loss)	\$ <u>(283,593.18)</u>	\$ <u>(214,421.78)</u>
Adjustments to Reconcile Net Income (Loss) to Net Cash		
Provided by Operating Activities:		
Depreciation	2,021,212.58	1,521,013.62
(Increase) Decrease in:		
Accounts Receivable	31,140.80	15,493.76
Prepaid Expenses	(577.36)	(1,763.50)
Increase (Decrease) in:		
Accounts Payable - Operating	(267,166.98)	(222,649.69)
Compensated Absences	33,167.20	(12,966.77)
Total Adjustments	<u>1,817,776.24</u>	<u>1,299,127.42</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>1,534,183.06</u>	\$ <u>1,084,705.64</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(1) REPORTING ENTITY

The Authority, a public body corporate and politic of the Township of Little Egg Harbor, County of Ocean, State of New Jersey was organized and exists under the Municipal and County Utilities Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1957 of the State of New Jersey and the acts amendatory and supplementary thereto. The Authority was created by ordinance 72-2 of the Township of Little Egg Harbor on January 17, 1972. The Authority members are appointed by the Township Committee for terms of five years.

GASB Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. In accordance with this statement the Authority is a component unit of the Township and should be reported in the financial statements of the Township. However, the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs ("DCA"), State of New Jersey requires that the financial statements of the Authority and Township be reported separately.

(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 accounting policies are described below.

Cash Equivalents

Cash equivalents are stated at cost which approximates market. The Authority considers investments with maturities of three months or less to be cash equivalents.

Inventory

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

Compensated Absences

Vacation and sick pay accrue to the benefit of employees on a calendar year basis. Employees are not permitted to accumulate vacation and sick pay beyond calendar year end. Because the Authority prepares its financial statements on a fiscal year basis, an accrued liability of \$167,654 existed as of June 30, 2020. Accordingly, the Statement of Net Position as of June 30, 2020 reflects an accrued liability of the aforementioned amount.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Authority's billing practices include billing its customers based upon meter readings. Quarterly billings are made for water and sewer in accordance with the approved rate schedule in effect for the period under audit. All water customers are billed quarterly at a base rate of \$56.00 for the first 15,000 gallons of water and an additional \$5.00 for each 1,000 gallons in excess of 15,000 gallons. All sewer customers are billed quarterly at a rate of \$101.00. Further, commercial sewer customers are billed an additional \$6.00 for each 1,000 gallons in excess of 15,000 gallons. An allowance for doubtful accounts has not been established; past due amounts are submitted to the Township for inclusion in their Annual Tax Sale.

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 in the Statements of Net Position. Net Position (totals assets and deferred outflows net of total liabilities and deferred inflows) are segregated into invested in capital assets, restricted and unrestricted components.

Restricted Assets

In accordance with the 1977 Bond Resolution, and the 1977, 1987, 1992, 1997, 2002 and 2012 Supplemental Bond Resolutions, the Authority has established the following cash and investment accounts for deposit, in the priority of the order listed, of all revenue received by the Authority.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets (Continued)

<u>Accounts</u>	<u>Amount</u>	<u>Use for Which Restricted</u>
Revenue	All revenues received by the Authority, except those designated for construction.	Authorized operating expenses and, as of the first day of each month, transfers to the various accounts described below.
Construction	Proceeds of debt issued Construction grants-in-aid and contributed capital.	Construction costs of the system.
Bond Service	Amount needed to equal the bond service requirements as defined by the resolution.	Principal and interest on the bonds.
Bond Reserve	Amount needed to equal the greatest amount of debt service due in any year.	Transfers to meet minimum levels required in the bond service. Any excess may be transferred as described by the resolution.
Renewal and Replacement	Amount needed to increase the balance to equal the renewal and replacement requirements as defined by the resolution.	Transfers to meet minimum levels required in the bond service, or major repairs, renewals and extensions of the system.
General	Any extent.	Authorized expenditures and transfers to the various funds.

Income Taxes

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

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.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

- 1) Invested 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 resolution), 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 "invested in capital assets."

Capital Assets

Property, plant and equipment is stated at cost which includes construction costs and other expenditures related to construction. System construction costs are charged to construction in progress until such time as given segments of the system are completed and put into operation. Depreciation is determined on a straight-line basis, for all plant and equipment. Depreciation is provided for over the following estimated useful lives:

Buildings	40 years
Sewer System	75 years
Water System	75 years
Other Improvements	5-10 years
Machinery and Equipment	5-10 years
Computer Equipment	5-10 years
Furniture and Fixtures	5-10 years
Vehicles	5-10 years

During 2019-20 the following changes occurred in the fixed assets of the Authority:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Net</u> <u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2020</u>
Capital Assets:				
Property, Plant and Equipment	<u>\$59,615,910</u>	<u>\$5,583,788</u>	<u>\$</u>	<u>\$65,199,698</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2020 are recorded as prepaid expenses.

Rules and Regulations

Rate schedules for user fees, connection fees, lateral installations and other matters under the jurisdiction of the Authority are established in accordance with the Rules and Regulations of the Authority as adopted and amended.

Accounting and Financial Reporting for Pensions

The Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement 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.

GASB approved 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.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

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.

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 the Statements of Net Position and the Statements of Revenues, Expenses, Changes in Fund Net Position and in the 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 Non-Current Liabilities area of the Statements of Net Position.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, *“Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions”*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for post-employment 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 the Statements of Net Position (balance sheets), the Statements of Revenues, Expenses, Changes in Net Position and in the 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 Non-Current Liabilities area of the Statements of Net Position.

(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) 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.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(4) CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are summarized as follows:

	<u>Unrestricted</u>	<u>Restricted</u>
June 30, 2020:		
Cash and Cash Equivalents	<u>\$7,539,777</u>	<u>\$ 281,788</u>
June 30, 2019:		
Cash and Cash Equivalents	<u>\$7,849,734</u>	<u>\$ 334,834</u>

Cash on deposit is partially insured by the Federal Deposit Insurance Corporation in the amount of \$250,000 in each bank depository. Balances above the federal depository insurance amount are insured by the State of New Jersey Governmental Unit Deposit Protection Act (NJGUDPA).

Custodial Credit Risk – 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 June 30, 2020, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk.

At year-end the carrying amount of the Authority's deposits was \$7,821,565 and the bank balance amount was \$7,778,495. Of this amount \$500,000 was covered by Federal depository insurance, \$2,572,504 was guaranteed by the United States Government, and \$4,512,519 was covered by a collateral pool maintained by the banks as required by New Jersey statutes. An amount of \$193,472 was on deposit in the name of various developers for escrow and is either insured by federal depository insurance or uninsured depending on the deposits of the individual developer in the escrow depository. The net increase in the fair value of cash equivalents that would otherwise qualify as investments except for the maturity or the withdrawal provisions of their deposit at June 30, 2020 was \$-0-.

(5) INVESTMENTS

The Authority's investment policy principally permits the investing of funds in the following types of investments:

Bonds, debentures, notes or other evidences of indebtedness issued by any agency or instrumentality of the United States or by any corporation chartered by the United States to the extent that such obligations are guaranteed by the United States or by another such agency and Defeasance Securities.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(5) INVESTMENTS (CONTINUED)

Negotiable or nonnegotiable certificates of deposit issued by any bank, trust company, or national banking associations which certificates of deposits shall be continuously secured by obligations described in the first paragraph above.

Deposits in the NJ Cash Management Fund and other deposits defined in the Authority's Bond Resolution.

(6) DEBT OBLIGATIONS

A. New Jersey Environmental Infrastructure Program

The Authority has eight loans with the New Jersey Environmental Infrastructure Program to fund water and sewer system improvements. The first four loans were issued during fiscal year ended June 30, 2010 and the second four during fiscal year ended June 30, 2018. The balance as of June 30, 2020 for the Trust and Fund Loans was \$1,319,691 and \$3,467,033, respectively. The Trust and Fund Loans are payable semi-annually until fiscal year ending 2048 with interest from 0.00% to 5.0% for the Trust Loan and no interest for the Fund Loan. Any funds which are not borrowed will result in a decrease to the funds due back to the New Jersey Environmental Infrastructure Program. The aggregate long-term debt service requirements during the next fiscal years and thereafter (subject to change if all available funds are not borrowed) are as follows:

<u>Year</u>	<u>Infrastructure Trust</u>		<u>Infrastructure Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 35,726.44	\$ 48,632.69	\$ 143,703.25	\$ -0-
2022	39,906.26	46,846.22	143,703.25	-0-
2023	40,099.39	44,944.14	143,703.25	-0-
2024	45,310.43	42,900.03	143,703.25	-0-
2025	45,537.60	40,715.49	143,703.25	-0-
2026-30	224,110.97	172,064.19	642,268.72	-0-
2031-35	204,000.00	134,571.25	599,857.01	-0-
2036-40	225,000.00	99,456.23	594,627.70	-0-
2041-45	270,000.00	57,225.00	594,627.70	-0-
2046-48	190,000.00	10,150.00	317,135.42	-0-
Rounding	-0-	-0-	-0-	-0-
	<u>\$ 1,319,691.09</u>	<u>\$ 697,505.24</u>	<u>\$ 3,467,032.80</u>	<u>\$ None</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(6) DEBT OBLIGATIONS (CONTINUED)

A. New Jersey Environmental Infrastructure Program (Continued)

Interim financing in the amount of \$4,750,000 for the Water Treatment Plant at Mathistown Road was secured through a zero percent note dated July 31, 2019. Through June 30, 2020, \$4,188,092 has been drawn against this note.

Interim financing in the amounts of \$1,095,374 and \$1,797,091 has also been secured through zero percent notes dated June 25, 2020 for the Water Main Project and Sewer Main Project. Through June 30, 2020, \$10,846 and 17,793 respectively has been drawn against these notes.

Interim financing's are expected to go to permanent financing in May or June of 2021.

B. Changes in Outstanding Debt

During 2019-20 the following changes occurred in the outstanding debt of the Authority.

	Balance <u>June 30, 2019</u>	Issued in <u>2019-20</u>	Cancelled Decreased or Retired in <u>2019-20</u>	Balance <u>June 30, 2020</u>
NJ EIT Loans	<u>\$ 4,960,989.50</u>	<u>\$ 4,141,062.00</u>	<u>\$ 174,265.61</u>	<u>\$ 8,927,789.89</u>

C. Community Disaster Loan

The Authority had made application to and was approved for participation in the Community Disaster Loan Program which offers low interest loans in amounts of up to 25% of the Authority's operating budget for the fiscal year of the disaster.

The loan term is for five (5) years and may be extended for an additional five (5) years if FEMA finds the Governments fiscal situation warrants the extension. For Budget Years 2013 and 2014, the Authority drew \$718,714 to fund current operations and drew an additional \$619,212.00 for Budget Year 2016. The amounts anticipated and the amounts drawn varied depending upon whether other Authority revenues met or exceed targets. There is a possibility of loan forgiveness if the Authority incurs a cumulative operating deficit and a revenue loss equal to the amount of the loan for the three (3) full years after the disaster. A final determination has been made as to loan forgiveness. FEMA has determined that of the \$1,337,926.00 drawn, \$1,019,357.00 qualified for cancellation and the remaining \$318,569.00 will be required to be returned to FEMA by the Authority. The Authority has, during the period under audit, paid the balance of this loan in full.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(7) SERVICE AGREEMENT WITH OCEAN COUNTY UTILITIES AUTHORITY

The service agreement providing for treatment and disposal of sewerage flow from the Little Egg Harbor Municipal Utilities Authority's collection system by facilities of the Ocean County Utilities Authority ("O.C.U.A.") requires the O.C.U.A. to establish its annual charge in January each year, payable quarterly, based on an estimated sewerage discharge. In addition, a deficiency notification, an adjustment of the prior year's estimated to actual discharge, is included in the first quarter billing.

The O.C.U.A. annual charge for 2019 was \$4,039 per million gallons.

The annual charge established by O.C.U.A. for 2020 remained unchanged from 2019's amount. The 2021 charge is being held flat at \$4,039 per million gallons.

(8) PENSION PLANS

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 is available online at www.nj.gov/treasury/pensions/annrpts.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.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(8) PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. 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 vested 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 vested. 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 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group life insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2019, PERS provides for employee contributions of 7.50% of employees' base salary.

The Authority's share of pension, which is based upon the annual billings received from the state, amounted to \$163,214 for 2020, \$182,685 for 2019 and \$177,492 for 2018.

Certain Authority employees are also covered by the Federal Insurance Contribution Act.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(8) PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

Public Employees Retirement System (PERS)

At June 30, 2019, the State reported a net pension liability of \$3,023,391 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 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, 2019, the Authority's proportion was 0.0167793860 percent, which was an increase of 0.0183662700 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the State recognized an actuarially determined pension expense of \$160,335 for the Authority's proportionate share of the total pension expense. The pension expense recognized in the Authority's financial statements based on the April 1, 2019 billing was \$182,685.

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

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$ 13,356.00	\$ 54,266.00
Changes of assumptions	1,049,409.00	301,897.00
Net difference between projected and actual earnings on pension plan investments	47,725.00	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	431,689.00	196,268.00
Authority contributions subsequent to the measurement date	<u> </u>	<u>163,214.00</u>
	\$ <u>1,542,179.00</u>	\$ <u>715,645.00</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(8) PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68 (Continued)

Public Employees Retirement System (PERS) (Continued)

The \$163,214.00 reported as deferred outflows of resources related to OPEB resulting from Authority 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 OPEB 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 <u>June 30,</u>	<u>Amount</u>
2020	(\$134,386.20)
2021	(330,289.20)
2022	(299,970.20)
2023	(165,827.20)
2024	<u>(59,275.20)</u>
	<u><u>(\$989,748.00)</u></u>

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:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.75%	2.25%
Salary Increases		
Through 2026	2.00-6.00%	1.65-4.15%
Thereafter	3.00-7.00%	2.65-5.15%
	Based on	Based on
	Years of Service	Age
Investment Rate of Return	7.00%	7.00%

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

8) PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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.

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:

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(8) PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%

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.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(8) PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

Sensitivity of the District's proportionate share of net pension liability to changes in the discount rate

The following presents the District'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 District'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%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>5.28%</u>	<u>6.28%</u>	<u>7.28%</u>
Authority's proportionate share of the pension liability	\$4,154,120.00	\$3,023,391.00	\$2,590,395.00

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) RISK MANAGEMENT

The Authority participates in the New Jersey Utility Authorities Joint Insurance Fund, established effective August 21, 1991 pursuant to N.J.S.A. 40A:10-36. The law permits utility authorities to join together to form a joint insurance fund. The Authority is exposed to various risks of loss related to torts, theft of, damage to property, destruction of assets, automobile accidents and workers' compensation. The Authority is insured against the perils or liability of the said risks and the Authority may derive benefit from the insurance policy to the extent determined by the fund.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(10) 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. OPEB obligations are non-pension benefits that the municipality 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 municipality 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 municipality is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(10) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52: 14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Contributions

The District's annual contributions to the Plan for retirees were \$97,855 for 2020, \$101,579 for 2019 and \$102,907 for 2018 which equaled the required contributions for that year.

Total Net OPEB Liability

At June 30, 2019, the Plan reported a liability of \$3,754,971.00 for the District's proportionate share of the collective net OPEB liability. The total Net OPEB Liability measured as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The District's proportion of the Net OPEB Liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(10) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Total Net OPEB Liability (Continued)

At June 30, 2019, the District's proportion was 0.027720 percent, which was a decrease of 0.002213 percent from its proportion measured as of June 30, 2018. For the year ended June 30, 2019, the State reported OPEB benefit of (\$199,301). This OPEB expense was based on the OPEB plans June 30, 2019 measurement date. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	-	\$1,098,100
Changes of assumptions	-	1,330,678
Net difference between projected and actual earnings on OPEB plan investments	\$3,093	-
Changes in proportion	66,030	1,008,346
Authority contributions subsequent to the measurement date	<u>97,855</u>	<u> </u>
	<u>\$166,978</u>	<u>\$3,437,124</u>

Other local amounts reported by the State as the District's proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the State's actuarially calculated pension (benefit)/expense as follows:

Year Ended	
<u>June 30,</u>	<u>Amount</u>
2020	(\$583,529)
2021	(583,529)
2022	(583,771)
2023	(584,163)
2024	(584,521)
Total Thereafter	<u>(448,487)</u>
	<u>(\$3,368,001)</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

10) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>2019</u>	<u>2018</u>
Inflation rate	2.50%	2.50%
Salary Increases:		
Public Employees Retirement System (PERS):		
Initial Fiscal Year Applied		
Rate Through 2026	2.00% to 6.00%	
Rate Thereafter	3.00% to 7.00%	
Police and Firemen's Retirement System (PFRS):		
Rate for All Future Years	3.25% to 15.25%	
All Pensions:		
Rate Through 2026		1.65% to 8.98%
Rate Thereafter		2.65% to 9.98%
Mortality:		
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2019	
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2019	

*Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(10) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability associated with the District as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the Net OPEB 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:

	<u>June 30, 2019</u>		
	<u>1.00% Decrease (2.50%)</u>	<u>At Discount Rate (3.50)</u>	<u>1.00% Increase (4.50%)</u>
Authority's proportionate share of the Net OPEB Liability	\$4,341,702	\$3,754,971	\$3,278,175

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(10) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Trends

The following presents the total Net OPEB Liability associated with the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	1.00%	Healthcare Cost	1.00%
	<u>Decrease</u>	<u>Trend Rate</u>	<u>Increase</u>
Authority's proportionate share			
of the Net OPEB Liability	\$3,168,733	\$3,754,971	\$4,502,816

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. 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>.

(11) NET POSITION UNRESTRICTED

Net Position unrestricted consists of two component parts:

Designated – amounts designed by resolution of the governing body for specific purposes. Although these amounts are designated for a particular purpose, they are still considered to be unrestricted because at the discretion of the Authority, these amounts could be designated for other purposes or cancelled to undesignated altogether.

No amounts were designated by the Board of Commissioners at June 30, 2020.

Undesignated – not designated for any particular purpose.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(12) AMOUNTS REQUIRED BY BOND RESOLUTIONS

The following cash accounts are required by the Bond Resolutions of 1977, 1987, 1992, 1997, 2002 and 2012. The net cash excesses, or deficiencies shown, if any, are represented by inter-account entries at June 30, 2020 and will be adjusted by Trustee transfer to unrestricted cash in 2020-21 if necessary:

Current Debt Service	\$	228,062.38
Cash on Hand		38,950.74
Deficit	\$	<u>189,111.64</u>
Future Debt	\$	45,105.19
Service		
Cash on Hand		47,300.88
Excess	\$	<u>2,195.69</u>
Renewal and Replacement	\$	194,000.00
Cash on Hand		195,536.23
Excess	\$	<u>1,536.23</u>

(13) PREPAID CONNECTION FEES

The Authority previously required all new developments to pre-pay water connection fees as a condition of final approval. Old subdivisions requiring water also had to pre-pay the water connection fee prior to issuance of a building permit. While not required to do so, some customers have elected to pre-pay their sewer connection fees. These fees relate to properties for which a building permit has been issued but no connection to the system has yet occurred.

Prepaid connection fees are a liability to the Authority until the customer connects to the system. Upon connection to the system, they become earned revenue and the liability is reduced.

Listed below is a summary of the prepaid connection fee balances at year end.

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance June 30, 2020	<u>\$33,880</u>	<u>\$8,250</u>	<u>\$42,130</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(14) DEFERRED COMPENSATION

The Authority's Deferred Compensation Program (the "Plan") is offered to all eligible Authority employees. The program was created in accordance with Section 457 of the Internal Revenue Code (the "Code"). The program is offered by the Authority through a program administrator.

The Small Business Job Protection Act of 1996 amended Section 457 of the Code to require that assets and income under the Plan be held in trust, in annuity contracts or in one or more custodial accounts for the exclusive benefit of Plan participants and their beneficiaries.

In accordance with this amendment, all amounts now or hereafter held under any and all annuity contracts issued in connection with the Plan shall be treated (and such contracts shall be construed) in a manner consistent with the requirements of Section 457(g) and the terms of the Plan, as amended.

(15) COMMITMENTS AND CONTINGENCIES

Commitments

The Authority has committed design and construction contracts outstanding at June 30 as follows:

	<u>2020</u>	<u>2019</u>
Construction	\$2,130,997.00	\$2,621,700.00
Engineering	<u>434,144.00</u>	<u>209,736.00</u>
	<u>\$2,565,141.00</u>	<u>\$2,831,436.00</u>

(16) PENDING LITIGATION

It is the opinion of Authority officials that there is no litigation threatened or pending that would materially affect the financial position of the Authority or adversely affect the Authority to levy, collect and enforce the collection of user charges or other revenue for the payment of its bonds or other obligations.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(17) CORONA VIRUS PANDEMIC

During the period under audit and 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 operations in 2019-20 cannot be reasonably estimated at this time but could negatively affect revenues.

(18) SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after the financial statement date through April 30, 2021 which is the date the financial statements were available to be issued. Based on this evaluation, the Authority has determined that other than the effects on the financial statements of the event described in Note 17, there are no subsequent events which require disclosure in the financial statements.

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SUPPLEMENTARY INFORMATION

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

COMBINING STATEMENT OF NET POSITION

FOR THE YEAR ENDED JUNE 30, 2020

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents			
Unrestricted	\$ 1,640,442.85	\$ 5,899,334.13	\$ 7,539,776.98
Restricted	38,950.74		38,950.74
Receivables	114,269.77	216,862.67	331,132.44
Prepaid Expenses	20,920.38	20,920.49	41,840.87
Total Current Assets	<u>1,814,583.74</u>	<u>6,137,117.29</u>	<u>7,951,701.03</u>
Non-Current Assets:			
Restricted			
Cash and Cash Equivalents	<u>164,622.61</u>	<u>78,214.50</u>	<u>242,837.11</u>
Capital Assets:			
Land	220,079.34	55,972.60	276,051.94
Buildings and Improvements	753,727.40	747,293.34	1,501,020.74
Water System	37,855,068.19		37,855,068.19
Sewer System		23,644,422.04	23,644,422.04
Office Equipment and Furnishings	141,208.82	72,210.83	213,419.65
Equipment	117,279.04	161,492.99	278,772.03
Vehicles	556,400.36	874,543.52	1,430,943.88
	<u>39,643,763.15</u>	<u>25,555,935.32</u>	<u>65,199,698.47</u>
Less: Accumulated Depreciation	<u>14,057,370.71</u>	<u>8,287,310.51</u>	<u>22,344,681.22</u>
Capital Assets, Net	<u>25,586,392.44</u>	<u>17,268,624.81</u>	<u>42,855,017.25</u>
Total Non-Current Assets	<u>25,751,015.05</u>	<u>17,346,839.31</u>	<u>43,097,854.36</u>
Total Assets	<u>27,565,598.79</u>	<u>23,483,956.60</u>	<u>51,049,555.39</u>
Deferred Outflows of Resources:			
Deferred Pension Outflows	357,822.50	357,822.50	715,645.00
Deferred OPEB Outflows	83,489.00	83,489.00	166,978.00
Total Deferred Outflows of Resources	<u>441,311.50</u>	<u>441,311.50</u>	<u>882,623.00</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 28,006,910.29</u>	<u>\$ 23,925,268.10</u>	<u>\$ 51,932,178.39</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

COMBINING STATEMENT OF NET POSITION

FOR THE YEAR ENDED JUNE 30, 2020

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts Payable	\$ 251,439.29	\$ 165,462.09	\$ 416,901.38
Advanced Revenue	1,902,342.02		1,902,342.02
Compensated Absences	83,827.18	83,827.20	167,654.38
Accrued Interest Payable	25,532.69	23,100.00	48,632.69
Current Maturities of Long - Term Debt	100,165.45	79,264.24	179,429.69
Total Current Liabilities	<u>2,363,306.63</u>	<u>351,653.53</u>	<u>2,714,960.16</u>
Non-Current Liabilities:			
Net Pension Liability	1,511,695.50	1,511,695.50	3,023,391.00
Net OPEB Liability	1,877,485.50	1,877,485.50	3,754,971.00
Prepaid Connection Fees	33,880.00	8,250.00	42,130.00
Long - Term Debt	6,409,642.92	2,338,713.28	8,748,356.20
Total Non - Current Liabilities	<u>9,832,703.92</u>	<u>5,736,144.28</u>	<u>15,568,848.20</u>
Total Liabilities	<u>12,196,010.55</u>	<u>6,087,797.81</u>	<u>18,283,808.36</u>
Deferred Inflows of Resources:			
Deferred Pension Inflows	771,089.50	771,089.50	1,542,179.00
Deferred OBEB Outflows	1,718,562.00	1,718,562.00	3,437,124.00
Total Deferred Inflows of Resources	<u>2,489,651.50</u>	<u>2,489,651.50</u>	<u>4,979,303.00</u>
<u>Net Position</u>			
Net Investment in Capital Assets	19,076,584.07	14,850,647.29	33,927,231.36
Restricted for:			
Current Debt Service	125,698.14	102,364.24	228,062.38
Future Debt Service	45,105.19		45,105.19
Renewal and Replacement	116,400.00	77,600.00	194,000.00
Unrestricted (Deficit)	<u>(6,042,539.16)</u>	<u>317,207.26</u>	<u>(5,725,331.90)</u>
Total Net Position	<u>13,321,248.24</u>	<u>15,347,818.79</u>	<u>28,669,067.03</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 28,006,910.29</u>	<u>\$ 23,925,268.10</u>	<u>\$ 51,932,178.39</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

COMBINING STATEMENT OF REVENUES, EXPENSES

AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2020

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
Operating Revenues:			
Service Fees	\$ 2,729,288.39	\$ 4,169,520.06	\$ 6,898,808.45
Connection Fees and Other Operating Revenues	<u>52,505.23</u>	<u>40,207.80</u>	<u>92,713.03</u>
Total Operating Revenues	<u>2,781,793.62</u>	<u>4,209,727.86</u>	<u>6,991,521.48</u>
Operating Expenses:			
Personnel Services	1,046,678.03	1,029,220.65	2,075,898.68
Other Operating Expenses	873,534.59	2,304,468.81	3,178,003.40
Depreciation	<u>1,263,375.08</u>	<u>757,837.50</u>	<u>2,021,212.58</u>
Total Operating Expenses	<u>3,183,587.70</u>	<u>4,091,526.96</u>	<u>7,275,114.66</u>
Operating Income (Loss)	<u>(401,794.08)</u>	<u>118,200.90</u>	<u>(283,593.18)</u>
Non-Operating Revenues (Expenses):			
Interest	7,821.32	5,995.60	13,816.92
Interest on Long - Term Debt	(38,540.93)	(29,527.63)	(68,068.56)
Other Non-Operating Revenues (Expenses)	132,849.63	71,858.76	204,708.39
Accounts Payable (Additional) / Canceled	<u>16,322.50</u>	<u>165.00</u>	<u>16,487.50</u>
Total Non-Operating Revenues (Expenses)	<u>118,452.52</u>	<u>48,491.73</u>	<u>166,944.25</u>
Income (Loss) Before Adjustments	(283,341.56)	166,692.63	(116,648.93)
Loan Receivable Cancelled	<u>(22,939.00)</u>	<u>(82,003.00)</u>	<u>(104,942.00)</u>
Change in Net Position	(306,280.56)	84,689.63	(221,590.93)
Net Position July 1	<u>13,627,528.80</u>	<u>15,263,129.16</u>	<u>28,890,657.96</u>
Net Position June 30	<u>\$ 13,321,248.24</u>	<u>\$ 15,347,818.79</u>	<u>\$ 28,669,067.03</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	WATER FUND	SEWER FUND	TOTAL
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 2,810,177.12	\$ 4,213,967.35	\$ 7,024,144.47
Cash Paid to Suppliers and Employees	(2,167,628.80)	(3,322,332.61)	(5,489,961.41)
Net Cash Provided (Used) by Operating Activities	<u>642,548.32</u>	<u>891,634.74</u>	<u>1,534,183.06</u>
Cash Flows from Non-Operating Activities:			
Other Non-Operating Revenues	132,849.63	71,858.76	204,708.39
Engineer/Developer Fees, Escrow Deposits and Performance Guarantees	(65,238.56)	(61,790.37)	(127,028.93)
Advanced Revenue	(3,000.00)		(3,000.00)
Net Cash Provided (Used) by Non-Operating Activities	<u>64,611.07</u>	<u>10,068.39</u>	<u>74,679.46</u>
Cash Flows from Capital and Related Financing Activities:			
New Jersey Environmental Infrastructure Interim Financing	4,141,062.00		4,141,062.00
Capital Charges - Budget Expenditures	(50,836.50)	(185,008.98)	(235,845.48)
Capital Charges - Non-Budget Expenditures	(5,192,954.32)	(154,988.26)	(5,347,942.58)
Principal Payments on Debt Service in Lieu of Depreciation	(198,515.37)	(294,319.24)	(492,834.61)
Bond Interest Expense Paid	(26,415.47)	(23,707.26)	(50,122.73)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,327,659.66)</u>	<u>(658,023.74)</u>	<u>(1,985,683.40)</u>
Cash Flows from Investing Activities:			
Investment Income - Received	7,821.32	5,995.60	13,816.92
Net Cash Provided (Used) by Investing Activities	<u>7,821.32</u>	<u>5,995.60</u>	<u>13,816.92</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(612,678.95)	249,674.99	(363,003.96)
Cash and Cash Equivalents at Beginning of Year	<u>2,456,695.15</u>	<u>5,727,873.64</u>	<u>8,184,568.79</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,844,016.20</u>	<u>\$ 5,977,548.63</u>	<u>\$ 7,821,564.83</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	WATER FUND	SEWER FUND	TOTAL
Operating Income (Loss)	\$ <u>(401,794.08)</u>	\$ <u>118,200.90</u>	\$ <u>(283,593.18)</u>
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	1,263,375.08	757,837.50	2,021,212.58
(Increase) Decrease in:			
Accounts Receivable	29,143.50	1,997.30	31,140.80
Prepaid Expenses	(288.63)	(288.73)	(577.36)
Increase (Decrease) in:			
Accounts Payable - Operating	(264,471.19)	(2,695.79)	(267,166.98)
Compensated Absences	16,583.64	16,583.56	33,167.20
Total Adjustments	<u>1,044,342.40</u>	<u>773,433.84</u>	<u>1,817,776.24</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>642,548.32</u></u>	\$ <u><u>891,634.74</u></u>	\$ <u><u>1,534,183.06</u></u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITYPUBLIC EMPLOYEES RETIREMENT SYSTEMLAST TEN YEARS

53	Measurement Date Ending <u>June 30.</u>	Authority's Proportion of the Net Pension <u>Liability (Asset)</u>		Authority's Proportionate Share of the Net Pension <u>Liability (Asset)</u>	Authority's Covered-Employee <u>Payroll</u>	Authority's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered- <u>Employee Payroll</u>	Plan Fiduciary Net Position as a percentage of the total <u>Pension Liability</u>
	2014	0.0164317528%	\$	3,076,474	\$ 1,202,074	255.93%	52.08%
	2015	0.0181477525%		4,073,807	1,242,650	327.83%	47.92%
	2016	0.0176854487%		5,237,923	1,265,549	413.89%	40.14%
	2017	0.0191594670%		4,460,018	1,304,762	341.83%	48.10%
	2018	0.0183662651%		3,616,226	1,346,626	268.54%	53.60%
	2019	0.0167793860%		3,023,391	1,360,793	222.18%	56.27%

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

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST TEN YEARS

54

Fiscal Year Ending <u>June 30,</u>		Contractually Required <u>Contribution</u>		Contributions in Relation to the Contractually Required <u>Contributions</u>		Contribution Deficiency (<u>Excess</u>)		Authority's Covered- Employee <u>Payroll</u>	Contributions as a Percentage of Covered- Employee <u>Payroll</u>
2014	\$	135,461	\$	135,461	\$	-0-	\$	1,202,074.00	11.27%
2015		156,022		156,022		-0-		1,242,650.00	12.56%
2016		157,115		157,115		-0-		1,265,549.00	12.41%
2017		177,492		177,492		-0-		1,304,762.00	13.60%
2018		182,685		182,685		-0-		1,346,626.00	13.57%
2019		163,214		163,214		-0-		1,360,793.00	11.99%

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

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

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

NOTE TO RSI III

FOR THE YEAR ENDED JUNE 30, 2020

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.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

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

STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

LAST TEN YEARS

	Fiscal Year Ended June 30,		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's proportion of the Net OPEB Liability	0.027720%	0.029933%	0.029547%
Authority's proportionate share of the net OPEB Liability (asset)	\$ 3,754,971	\$ 4,689,489	\$ 6,032,253
Authority's covered-employee payroll	\$ 1,360,793	\$ 1,346,626	\$ 1,304,762
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	275.94%	348.24%	462.33%
Plan fiduciary net position as a percentage of the total OPEB liability	1.98%	1.97%	1.03%

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

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR

SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS

STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

LAST TEN YEARS

	Fiscal Year Ended June 30,		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 101,579	\$ 102,907	\$ 107,502
Contributions in relation to the contractually required contribution	<u>101,579</u>	<u>102,907</u>	<u>107,502</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
Authority's covered-employee payroll	\$ 1,360,793	\$ 1,346,626	\$ 1,304,762
Contributions as a percentage of covered-employee payroll	7.46%	7.64%	8.24%

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

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OPEB (GASB 75)

NOTE TO RSI III

FOR THE YEAR ENDED JUNE 30, 2020

STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

Change in benefit terms:

None

Change in assumptions:

The discount rate changed from 3.87% to 3.50% as of
June 30, 2019.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

SCHEDULE OF REVENUE, EXPENSES AND CHANGES
 IN NET POSITION - RESERVED AND UNRESERVED
JUNE 30, 2020

	INVESTMENT IN CAPITAL ASSETS NET OF <u>RELATED DEBT</u>	CURRENT DEBT <u>SERVICE</u>	FUTURE DEBT <u>SERVICE</u>	RENEWAL AND REPLACEMENT <u>ACCOUNT</u>	UNRESTRICTED <u>ACCOUNT</u>	<u>TOTAL</u>
Operating Revenues:						
Service Fees	\$	\$	\$	\$	\$ 6,898,808.45	\$ 6,898,808.45
Connection Fees and Other Operating Revenues					92,713.03	92,713.03
<u>Total Operating Revenues</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,991,521.48</u>	<u>6,991,521.48</u>
Operating Expenses:						
Personnel Services					2,075,898.68	2,075,898.68
Other Operating Expenses					3,178,003.40	3,178,003.40
Depreciation					2,021,212.58	2,021,212.58
<u>Total Operating Expenses</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,275,114.66</u>	<u>7,275,114.66</u>
Operating Income (Loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(283,593.18)</u>	<u>(283,593.18)</u>
Non-Operating Revenues (Expenses):						
Interest		59.38	235.94	488.90	13,032.70	13,816.92
Interest on Long - Term Debt					(68,068.56)	(68,068.56)
Other Non-Operating Revenues (Expenses)					204,708.39	204,708.39
Accounts Payable (Additional) / Canceled					16,487.50	16,487.50
Total Non-Operating Revenues (Expenses):	<u>-</u>	<u>59.38</u>	<u>235.94</u>	<u>488.90</u>	<u>166,160.03</u>	<u>166,944.25</u>
Net Income (Loss) Before Adjustments	<u>-</u>	<u>59.38</u>	<u>235.94</u>	<u>488.90</u>	<u>(117,433.15)</u>	<u>(116,648.93)</u>
Adjustments:						
Loan Receivable Cancelled					(104,942.00)	(104,942.00)
Transfers:						
Interest Income		(59.38)	(235.94)	(488.90)	784.22	
Interfunds	(85,651.91)	2,318.40			83,333.51	
Increase (Decrease) in Net Position	(85,651.91)	2,318.40	-	-	(138,257.42)	(221,590.93)
Net Position, Beginning of Year	<u>34,012,883.27</u>	<u>225,743.98</u>	<u>45,105.19</u>	<u>194,000.00</u>	<u>(5,587,074.48)</u>	<u>28,890,657.96</u>
Net Position, End of Year	<u>\$ 33,927,231.36</u>	<u>\$ 228,062.38</u>	<u>\$ 45,105.19</u>	<u>\$ 194,000.00</u>	<u>\$ (5,725,331.90)</u>	<u>\$ 28,669,067.03</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>TOTAL</u>	<u>UNRESTRICTED ACCOUNT</u>	<u>BOND SERVICE ACCOUNT</u>	<u>BOND RESERVE ACCOUNT</u>	<u>RENEWAL AND REPLACEMENT ACCOUNT</u>
Balance, June 30, 2019	\$ 8,184,568.79	\$ 7,849,734.32	\$ 38,996.43	\$ 100,790.71	\$ 195,047.33
Increased by:					
Service Fees	6,922,002.69	6,922,002.69			
Connection Fees and Other Operating Revenues	100,659.59	100,659.59			
Interest	13,816.92	13,032.70	59.38	235.94	488.90
Other Non-Operating Revenues	204,708.39	204,708.39			
Payroll Liabilities	2,184,092.64	2,184,092.64			
Engineer/Developer Fees, Escrow Deposits and Performance Guarantees	6,921.63	6,921.63			
New Jersey Environmental Infrastructure Interim Financing	4,141,062.00	4,141,062.00			
Transfers	96,209.72	53,785.15	42,424.57		
	<u>13,669,473.58</u>	<u>13,626,264.79</u>	<u>42,483.95</u>	<u>235.94</u>	<u>488.90</u>
Total	21,854,042.37	21,475,999.11	81,480.38	101,026.65	195,536.23
Decreased by:					
Prepaid Expenses	612,751.11	612,751.11			
Accounts Payable	55,638.78	55,638.78			
Advanced Revenue	3,000.00	3,000.00			
Compensated Absences	170,394.85	170,394.85			
Payroll Liabilities	2,160,360.66	2,160,360.66			
Engineer/Developer Fees, Escrow Deposits and Performance Guarantees	133,950.56	133,950.56			
Budget Expenditures	4,907,471.94	4,906,696.88	775.06		
Capital Charges - Non-Budget Expenditures	5,347,942.58	5,347,942.58			
Principal Payments on Debt Service in Lieu of Depreciation	493,834.61	458,494.54	35,340.07		
Bond Interest Expense Paid	50,122.73	43,767.60	6,355.13		
Prepaid Connection Fees	800.00	800.00			
Transfers	96,209.72	42,424.57	59.38	53,725.77	
Total	<u>14,032,477.54</u>	<u>13,936,222.13</u>	<u>42,529.64</u>	<u>53,725.77</u>	<u>-</u>
Balance, June 30, 2020	\$ <u>7,821,564.83</u>	\$ <u>7,539,776.98</u>	\$ <u>38,950.74</u>	\$ <u>47,300.88</u>	\$ <u>195,536.23</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

SCHEDULE OF WATER REVENUES AND APPROPRIATIONS

COMPARED TO BUDGET

YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

(NON-GAAP BUDGETARY BASIS)

	2020		2019
	MODIFIED BUDGET	ACTUAL	ACTUAL
Operating Revenues:			
Service Fees	\$ 3,033,160.00	\$ 2,729,288.39	\$ 2,638,561.71
Connection Fees and Other Operating Revenues	338,000.00	52,505.23	64,285.74
Total Operating Revenues	<u>3,371,160.00</u>	<u>2,781,793.62</u>	<u>2,702,847.45</u>
Non-Operating Revenues:			
Interest	2,400.00	7,821.32	7,666.28
Other Non-Operating Revenues	53,000.00	132,849.63	75,835.01
Total Non-Operating Revenues	<u>55,400.00</u>	<u>140,670.95</u>	<u>83,501.29</u>
Total Revenues	<u>3,426,560.00</u>	<u>2,922,464.57</u>	<u>2,786,348.74</u>
Operating Appropriations:			
Administration:			
Salaries and Wages	359,305.00	349,765.25	324,416.34
Fringe Benefits	66,395.00	59,231.53	60,462.51
Other Expenses	646,537.00	505,559.62	522,336.77
Total Administration	<u>1,072,237.00</u>	<u>914,556.40</u>	<u>907,215.62</u>
Cost of Providing Service:			
Salaries and Wages	553,195.00	546,503.40	503,528.37
Fringe Benefits	102,205.00	91,177.85	96,333.84
Other Expenses	1,340,325.70	562,395.97	612,679.89
Total Cost of Providing Service	<u>1,995,725.70</u>	<u>1,200,077.22</u>	<u>1,212,542.10</u>
Total Principal Payments on Debt Service in Lieu of Depreciation	<u>320,056.37</u>	<u>320,056.37</u>	<u>100,001.37</u>
Total Operating Appropriations	<u>3,388,019.07</u>	<u>2,434,689.99</u>	<u>2,219,759.09</u>
Non-Operating Appropriations:			
Total Interest Payments	<u>38,540.93</u>	<u>38,540.93</u>	<u>42,790.14</u>
Total Non-Operating Appropriations	<u>38,540.93</u>	<u>38,540.93</u>	<u>42,790.14</u>
Total Operating and Non-Operating Appropriations	<u>3,426,560.00</u>	<u>2,473,230.92</u>	<u>2,262,549.23</u>
Unreserved Retained Earnings to Balance Budget	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Appropriations and Unreserved Retained Earnings	<u>3,426,560.00</u>	<u>2,473,230.92</u>	<u>2,262,549.23</u>
Excess (Deficiency) of Revenues over Appropriations	<u>\$</u>	<u>\$ 449,233.65</u>	<u>\$ 523,799.51</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

SCHEDULE OF WATER REVENUES AND APPROPRIATIONS

COMPARED TO BUDGET

YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

(NON-GAAP BUDGETARY BASIS)

	2020		2019
	MODIFIED BUDGET	ACTUAL	ACTUAL
Administration:			
Salaries and Wages:			
Office Salaries	\$ 87,500.00	\$ 84,509.39	\$ 66,843.40
Administrative Salaries	210,000.00	209,237.13	204,337.65
Authority Members Salaries	17,500.00	15,937.38	15,562.38
Vacation and Sick Pay	44,305.00	40,081.35	37,672.91
Total Salaries and Wages	359,305.00	349,765.25	324,416.34
Fringe Benefits:			
Public Employees' Retirement System	35,440.00	32,588.14	35,609.45
Social Security Tax	29,535.00	25,549.24	23,629.13
Unemployment Compensation Insurance	1,420.00	1,094.15	1,223.93
Total Fringe Benefits	66,395.00	59,231.53	60,462.51
Other Expenses:			
Office Costs/Supplies	30,200.00	29,822.64	26,255.23
Licenses and Taxes	48,000.00	33,764.77	42,446.63
Insurance	355,000.00	306,732.02	325,920.25
Legal	22,500.00	13,021.10	16,199.95
Engineering	62,500.00	12,122.91	14,828.56
Accounting	22,500.00	19,387.50	17,593.75
Trustee	4,500.00	2,400.00	2,400.00
Telephone	17,500.00	14,201.63	17,249.40
Advertising	7,000.00	6,817.52	4,395.54
Dues and Publications	2,500.00	2,237.50	637.00
Repairs and Maintenance	20,000.00	19,996.02	15,583.29
Computer Equipment	13,300.00	13,063.69	26,645.39
Computer Consultants	6,700.00	382.00	1,276.87
Equipment Rental	300.00	110.00	151.96
Contracted Services	24,604.26	22,067.58	3,508.86
Sundry	9,432.74	9,432.74	7,244.09
Total Other Expenses	646,537.00	505,559.62	522,336.77
Total Administration	\$ 1,072,237.00	\$ 914,556.40	\$ 907,215.62

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

SCHEDULE OF WATER REVENUES AND APPROPRIATIONS

COMPARED TO BUDGET

YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

(NON-GAAP BUDGETARY BASIS)

	2020		2019
	MODIFIED BUDGET	ACTUAL	ACTUAL
Cost of Providing Service:			
Salaries and Wages:			
Plant Salaries	\$ 485,000.00	\$ 484,803.78	\$ 443,501.83
Vacation and Sick Pay	68,195.00	61,699.62	60,026.54
Total Salaries and Wages	<u>553,195.00</u>	<u>546,503.40</u>	<u>503,528.37</u>
Fringe Benefits:			
Public Employees' Retirement System	54,560.00	50,169.97	56,733.53
Social Security Tax	45,465.00	39,329.47	37,654.93
Unemployment Compensation Insurance	2,180.00	1,678.41	1,945.38
Total Fringe Benefits	<u>102,205.00</u>	<u>91,177.85</u>	<u>96,333.84</u>
Other Expenses:			
Chemicals and Supplies	278,000.00	230,344.39	161,231.75
Laboratory Tests	45,000.00	24,214.66	18,390.00
Vehicle Maintenance	12,900.00	12,848.10	11,741.50
Repairs and Maintenance	38,000.00	35,927.26	50,681.22
Uniforms	10,000.00	6,376.12	5,490.06
Light, Power and Gas	182,000.00	177,771.68	176,473.06
Equipment Rental	100.00		
Consultants and Training	7,394.00	6,425.26	2,107.51
Other	900.00		
Meters	34,000.00	32,986.00	44,434.48
Capital Outlays	732,031.70	35,502.50	142,130.31
Total Other Expenses	<u>1,340,325.70</u>	<u>562,395.97</u>	<u>612,679.89</u>
Total Cost of Providing Service	<u>\$ 1,995,725.70</u>	<u>\$ 1,200,077.22</u>	<u>\$ 1,212,542.10</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

SCHEDULE OF WATER REVENUES AND APPROPRIATIONS

COMPARED TO BUDGET

YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

(NON-GAAP BUDGETARY BASIS)

	<u>2020</u>	<u>2019</u>
	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Reconciliation of Net Income:</u>		
Reconciliation to Net Income:		
Excess/(Deficit) from Above - Budgetary Basis	\$ 449,233.65	\$ 523,799.51
Adjustments to Budgetary Basis:		
Depreciation	(1,263,375.08)	(925,542.12)
Amortization of Debt Issuance Costs		5,552.00
Principal Redemption of Long-Term Debt	320,056.37	100,001.37
Capital Charges - Budget Expenditures	50,836.50	178,845.87
Accounts Payable (Additional) / Canceled	16,322.50	
GASB 68 Pension Adjustment	(8,295.50)	(50,872.00)
GASB 75 Pension Adjustment	151,880.00	29,925.50
	<u>\$ (283,341.56)</u>	<u>\$ (138,289.87)</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

SCHEDULE OF SEWER REVENUES AND APPROPRIATIONS

COMPARED TO BUDGET

YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

(NON-GAAP BUDGETARY BASIS)

	2020		2019
	MODIFIED BUDGET	ACTUAL	ACTUAL
Operating Revenues:			
Service Fees	\$ 3,885,076.00	\$ 4,169,520.06	\$ 3,994,169.80
Connection Fees and Other Operating Revenues	174,000.00	40,207.80	52,973.91
Total Operating Revenues	<u>4,059,076.00</u>	<u>4,209,727.86</u>	<u>4,047,143.71</u>
Non-Operating Revenues:			
Interest	2,600.00	5,995.60	5,622.56
Other Non-Operating Revenues	49,000.00	71,858.76	487,460.41
Total Non-Operating Revenues	<u>51,600.00</u>	<u>77,854.36</u>	<u>493,082.97</u>
Total Anticipated Revenues	<u>4,110,676.00</u>	<u>4,287,582.22</u>	<u>4,540,226.68</u>
Operating Appropriations:			
Administration:			
Salaries and Wages	359,305.00	346,820.12	324,416.85
Fringe Benefits	66,395.00	58,229.84	60,462.70
Other Expenses	611,285.00	451,887.32	460,961.90
Total Administration	<u>1,036,985.00</u>	<u>856,937.28</u>	<u>845,841.45</u>
Cost of Providing Service:			
Salaries and Wages	553,195.00	534,534.82	521,322.79
Fringe Benefits	102,205.00	89,635.87	96,334.13
Other Expenses	2,624,490.13	2,181,174.97	2,056,293.86
Total Cost of Providing Service	<u>3,279,890.13</u>	<u>2,805,345.66</u>	<u>2,673,950.78</u>
Total Principal Payments on Debt Service in Lieu of Depreciation	<u>172,778.24</u>	<u>172,778.24</u>	<u>74,264.24</u>
Total Operating Appropriations	<u>4,489,653.37</u>	<u>3,835,061.18</u>	<u>3,594,056.47</u>
Non-Operating Appropriations:			
Total Interest Payments	<u>29,527.63</u>	<u>29,527.63</u>	<u>36,811.35</u>
Total Non-Operating Appropriations	<u>29,527.63</u>	<u>29,527.63</u>	<u>36,811.35</u>
Total Operating and Non-Operating Appropriations	<u>4,519,181.00</u>	<u>3,864,588.81</u>	<u>3,630,867.82</u>
Unreserved Retained Earnings to Balance Budget	<u>408,505.00</u>	<u>408,505.00</u>	<u>339,985.00</u>
Total Appropriations and Unreserved Retained Earnings	<u>4,110,676.00</u>	<u>3,456,083.81</u>	<u>3,290,882.82</u>
Excess (Deficiency) of Revenues over Appropriations	\$ <u> </u>	\$ <u>831,498.41</u>	\$ <u>1,249,343.86</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

SCHEDULE OF SEWER REVENUES AND APPROPRIATIONS

COMPARED TO BUDGET

YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

(NON-GAAP BUDGETARY BASIS)

	2020		2019
	MODIFIED BUDGET	ACTUAL	ACTUAL
Administration:			
Salaries and Wages:			
Office Salaries	\$ 87,500.00	\$ 81,564.02	\$ 66,843.58
Administrative Salaries	210,000.00	209,237.21	204,337.74
Authority Members Salaries	17,500.00	15,937.50	15,562.50
Vacation and Sick Pay	44,305.00	40,081.39	37,673.03
Total Salaries and Wages	<u>359,305.00</u>	<u>346,820.12</u>	<u>324,416.85</u>
Fringe Benefits:			
Public Employees' Retirement System	35,440.00	32,588.17	35,609.45
Social Security Tax	29,535.00	24,547.39	23,629.21
Unemployment Compensation Insurance	1,420.00	1,094.28	1,224.03
Total Fringe Benefits	<u>66,395.00</u>	<u>58,229.84</u>	<u>60,462.70</u>
Other Expenses:			
Office Costs/Supplies	29,000.00	28,642.52	24,961.59
Licenses and Taxes	12,000.00	11,299.86	9,478.50
Insurance	355,000.00	306,732.03	325,920.34
Legal	22,500.00	13,021.14	15,801.49
Engineering	62,500.00	4,902.50	5,866.63
Accounting	22,500.00	19,387.50	17,593.75
Trustee	4,500.00	2,400.00	2,400.00
Telephone	17,500.00	14,156.82	16,681.31
Advertising	7,000.00	6,817.54	4,395.55
Dues and Publications	2,500.00	487.50	
Repairs and Maintenance	17,500.00	14,515.04	15,423.32
Computer Equipment	13,000.00	12,663.71	13,270.46
Computer Consultants	7,000.00	382.00	1,276.88
Equipment Rental	1,500.00	110.00	151.96
Contracted Services	29,552.15	8,636.31	3,533.99
Sundry	7,732.85	7,732.85	4,206.13
Total Other Expenses	<u>611,285.00</u>	<u>451,887.32</u>	<u>460,961.90</u>
Total Administration	<u>\$ 1,036,985.00</u>	<u>\$ 856,937.28</u>	<u>\$ 845,841.45</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

SCHEDULE OF SEWER REVENUES AND APPROPRIATIONS

COMPARED TO BUDGET

YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

(NON-GAAP BUDGETARY BASIS)

	2020		2019
	MODIFIED BUDGET	ACTUAL	ACTUAL
Cost of Providing Service:			
Salaries and Wages:			
Plant Salaries	\$ 485,000.00	\$ 472,835.13	\$ 461,296.06
Vacation and Sick Pay	68,195.00	61,699.69	60,026.73
Total Salaries and Wages	<u>553,195.00</u>	<u>534,534.82</u>	<u>521,322.79</u>
Fringe Benefits:			
Public Employees' Retirement System	54,560.00	50,170.01	56,733.53
Social Security Tax	45,465.00	37,787.26	37,655.06
Unemployment Compensation Insurance	2,180.00	1,678.60	1,945.55
Total Fringe Benefits	<u>102,205.00</u>	<u>89,635.87</u>	<u>96,334.13</u>
Other Expenses:			
Ocean County Utilities Authority	1,825,000.00	1,823,779.81	1,844,655.00
Chemical and Supplies	110,000.00	91,891.27	69,422.27
Vehicle Maintenance	12,970.00	12,968.56	11,720.72
Repairs and Maintenance	50,000.00	14,556.58	49,186.49
Uniforms	10,000.00	6,425.24	5,470.19
Light, Power and Gas	58,000.00	40,735.33	38,560.11
Equipment Rental	30.00		
Consultants and Training	7,394.00	625.26	507.76
Other	600.00		
Capital Outlays	550,496.13	190,192.92	36,771.32
Total Other Expenses	<u>2,624,490.13</u>	<u>2,181,174.97</u>	<u>2,056,293.86</u>
Total Cost of Providing Service	<u>\$ 3,279,890.13</u>	<u>\$ 2,805,345.66</u>	<u>\$ 2,673,950.78</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)
SCHEDULE OF SEWER REVENUES AND APPROPRIATIONS
COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)
(NON-GAAP BUDGETARY BASIS)

	<u>2020</u> <u>ACTUAL</u>	<u>2019</u> <u>ACTUAL</u>
Reconciliation of Net Income:		
Reconciliation to Net Income:		
Excess/(Deficit) from Above - Budgetary Basis	\$ 831,498.41	\$ 1,249,343.86
Adjustments to Budgetary Basis:		
Net Position Appropriated	(408,505.00)	(339,985.00)
Depreciation	(757,837.50)	(595,471.50)
Principal Redemption of Long-Term Debt	172,778.24	74,264.24
Capital Charges - Budget Expenditures	185,008.98	59,197.76
Accounts Payable (Additional)/Cancelled	165.00	
GASB 68 Pension Adjustment	(8,295.50)	(50,872.00)
GASB 75 Pension Adjustment	151,880.00	29,925.50
	<u>\$ 166,692.63</u>	<u>\$ 426,402.86</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

SUMMARY SCHEDULE OF LOANS PAYABLE

PURPOSE	DATE OF ISSUE	MATURITIES OF LOANS OUTSTANDING JUNE 30, 2020		INTEREST RATE	BALANCE JUNE 30, 2019	INCREASED	DECREASED	BALANCE JUNE 30, 2020
		DATE	AMOUNT					
TRUST LOANS:								
New Jersey Environmental Infrastructure Trust - Water Main Installation	2010	See Schedule 9		Various	\$ 49,253.45		\$ 5,562.36	\$ 43,691.09
New Jersey Environmental Infrastructure Trust - New Test Well #12	2010	See Schedule 9		Various	101,000.00		5,000.00	96,000.00
New Jersey Environmental Twin Lakes Boulevard Water Replacement	5/22/2018	See Schedule 9		Various	550,000.00		10,000.00	540,000.00
New Jersey Environmental Twin Lakes Boulevard Sewer Replacement	5/22/2018	See Schedule 9		Various	650,000.00		10,000.00	640,000.00
FUND LOANS:								
New Jersey Environmental Infrastructure Fund - Water Main Installation	2010	See Schedule 10		0.00%	110,028.67		16,934.20	93,094.47
New Jersey Environmental Infrastructure Fund New Test Well #12	2010	See Schedule 10		0.00%	91,507.92		7,843.51	83,664.41
New Jersey Environmental Twin Lakes Boulevard Water Replacement	5/22/2018	See Schedule 10		0.00%	1,566,957.70		54,661.30	1,512,296.40
New Jersey Environmental Twin Lakes Boulevard Sewer Replacement	5/22/2018	See Schedule 10		0.00%	1,842,241.76		64,264.24	1,777,977.52
Community Disaster Loan	10/29/2012	Paid in Full in 2019-20			318,569.00		318,569.00	
New Jersey Environmental Infrastructure Interim Financing	2019-20	Interim Note		0.00%		4,141,062.00		4,141,062.00
					<u>\$ 5,279,558.50</u>	<u>\$ 4,141,062.00</u>	<u>\$ 492,834.61</u>	<u>\$ 8,927,785.89</u>
Current Portion					\$ 174,265.61			\$ 179,429.69
Long Term Portion					<u>5,105,292.89</u>			<u>8,748,356.20</u>
					<u>\$ 5,279,558.50</u>			<u>\$ 8,927,785.89</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF LOANS OUTSTANDING JUNE 30, 2020		INTEREST RATE	BALANCE JUNE 30, 2019	DECREASED	BALANCE JUNE 30, 2020
			DATE	AMOUNT				
Water Main Installation	2010	\$ 113,355.69	7/1/2020	5,726.44	3.140%			
			7/1/2021	5,906.26	3.270%			
			7/1/2022	6,099.39	3.460%			
			7/1/2023	6,310.43	3.600%			
			7/1/2024	6,537.60	3.700%			
			7/1/2025	6,779.49	3.800%			
			7/1/2026	6,331.48	3.900%	\$ 49,253.45	\$ 5,562.36	\$ 43,691.09
New Test Well No. 12	2010	145,000.00	7/1/2020	5,000.00	5.000%			
			7/1/21-26	9,000.00	Various			
			7/1/2027	10,000.00	4.500%			
			7/1/2028-30	9,000.00	Various	101,000.00	5,000.00	96,000.00
Twin Lakes Boulevard Water Replacement	5/22/2018	550,000.00	8/1/2020-22	10,000.00	5.000%			
			8/1/2023-27	15,000.00	5.000%			
			8/1/2028-31	15,000.00	3.000%			
			8/1/2032-33	20,000.00	3.125%			
			8/1/2034-35	20,000.00	3.250%			
			8/1/2036-39	20,000.00	3.375%			
			8/1/2040-44	25,000.00	3.500%			
			8/1/2045-47	30,000.00	3.500%	550,000.00	10,000.00	540,000.00
Twin Lakes Boulevard Sewer Replacement	5/22/2018	650,000.00	8/1/2020-26	15,000.00	5.000%			
			8/1/2027	20,000.00	5.000%			
			8/1/2028-31	20,000.00	3.000%			
			8/1/2032-33	20,000.00	3.125%			
			8/1/2034-35	25,000.00	3.250%			
			8/1/2036-39	25,000.00	3.375%			
			8/1/2040	25,000.00	3.500%			
			8/1/2041-45	30,000.00	3.500%			
			8/1/2046-47	35,000.00	3.500%	650,000.00	10,000.00	640,000.00
						<u>\$ 1,350,253.45</u>	<u>\$ 30,562.36</u>	<u>\$ 1,319,691.09</u>
Current Portion						\$ 30,562.36		\$ 35,726.44
Long Term Portion						<u>1,319,691.09</u>		<u>1,283,964.65</u>
						<u>\$ 1,350,253.45</u>		<u>\$ 1,319,691.09</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FUND LOANS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF LOANS OUTSTANDING JUNE 30, 2020</u>		<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2019</u>	<u>DECREASED</u>	<u>BALANCE JUNE 30, 2020</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Water Main Installation	2010	\$ 321,750.00	7/1/2020-24	\$ 16,934.20	0.00%			
			7/1/2025	8,423.47	0.00%	\$ 110,028.67	\$ 16,934.20	\$ 93,094.47
New Test Well No. 12	2010	154,256.00	7/1/2020-29	7,843.51	0.00%			
			7/1/2030	5,229.31	0.00%	91,507.92	7,843.51	83,664.41
Twin Lakes Boulevard Water Replacement	5/22/2018	1,621,619.00	8/1/2020-46	36,440.87	0.00%			
			2/1/2021-47	18,220.43	0.00%			
			8/1/2047	36,441.30	0.00%	1,566,957.70	54,661.30	1,512,296.40
Twin Lakes Boulevard Sewer Replacement	5/22/2018	1,906,506.00	8/1/2020-46	42,842.83	0.00%			
			2/1/2021-47	21,421.41	0.00%			
			8/1/2047	42,843.04	0.00%	1,842,241.76	64,264.24	1,777,977.52
						<u>\$ 3,610,736.05</u>	<u>\$ 143,703.25</u>	<u>\$ 3,467,032.80</u>
Current Portion						\$ 143,703.25		\$ 143,703.25
Long Term Portion						<u>3,467,032.80</u>		<u>3,323,329.55</u>
						<u>\$ 3,610,736.05</u>		<u>\$ 3,467,032.80</u>

SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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**

Members of the Board of Commissioners
Little Egg Harbor Municipal Utilities Authority
823 Radio Road
Little Egg Harbor, New Jersey 08087

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 the Little Egg Harbor Municipal Utilities Authority as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Little Egg Harbor Municipal Utilities Authority's financial statements, and have issued our report thereon dated April 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Little Egg Harbor Municipal 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 the Little Egg Harbor Municipal Utilities Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Little Egg Harbor Municipal 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 entity'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.

SUPLEE, CLOONEY & COMPANY

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Little Egg Harbor Municipal Utilities Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The script is cursive and fluid, with the company name written in a single line.

April 30, 2021



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO MAJOR
STATE FINANCIAL ASSISTANCE PROGRAMS AND
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
NEW JERSEY OMB CIRCULAR 15-08**

Members of the Board of Commissioners
Little Egg Harbor Municipal Utilities Authority
823 Radio Road
Little Egg Harbor, New Jersey 08087

Report on Compliance for Each Major State Program

We have audited the Little Egg Harbor Municipal Utilities Authority's compliance with the types of compliance requirements described in the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Little Egg Harbor Municipal Utilities Authority's major state programs for the year ended June 30, 2030. The Authority's major and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Little Egg Harbor Municipal Utilities Authority's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and New Jersey OMB Circular 15-08. Those standards, and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Little Egg Harbor Municipal Utilities Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Little Egg Harbor Municipal Utilities Authority's compliance.

SUPLEE, CLOONEY & COMPANY

Opinion on Each Major State Program

In our opinion, the Little Egg Harbor Municipal Utilities Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Little Egg Harbor Municipal Utilities Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Little Egg Harbor Municipal Utilities Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Little Egg Harbor Municipal Utilities Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



April 30, 2021

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT AWARD AMOUNT	GRANT PERIOD		2020 FUNDS RECEIVED	2020 EXPENDITURES	CUMULATIVE
			FROM	TO			EXPENDITURES JUNE 30, 2020
<u>Department of Environmental Protection:</u>							
<u>Direct Programs:</u>							
Capitalization Grants for Drinking Water State							
Revolving Fund							
Water Treatment Plant at Mathistown Road	707-042-4840-003-802300	\$ 4,750,000.00	07/31/19	Till Finished	\$ 4,188,092.00	\$ 4,197,856.33	\$ 4,395,155.41
Water Mains	707-042-4840-003-802300	1,095,374.00	06/25/20	Till Finished	10,846.00	162,334.99	285,177.88
Sewer Mains	711-042-4860-012-702228	1,797,091.00	06/25/20	Till Finished	17,793.00	169,282.00	284,152.60
Total Environmental Protection					4,216,731.00	4,529,473.32	4,964,485.89
Total State Assistance					\$ 4,216,731.00	\$ 4,529,473.32	\$ 4,964,485.89

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1: GENERAL

The accompanying Schedule of Expenditures of State Financial Assistance (SESFA) presents the activity of all state financial awards of the Little Egg Harbor Municipal Utilities Authority, County of Ocean, New Jersey. All state financial awards received directly from state agencies or passed through other government agencies are included on the Schedule of Expenditures of State Financial Assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance are presented using the accrual basis of accounting.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Authority's basic financial statements.

NOTE 4: RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

Revenues:

State

Unrestricted Account \$4,216,731.00

Expenditures:

State

Unrestricted Account \$4,529,473.32

NOTE 5 OTHER

Matching contributions expended by the Authority in accordance with terms of the various grants are not reported in the accompanying schedule.

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
COUNTY OF OCEAN, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

- (1) Type of Auditor's Report Issued: Unmodified
- (2) Internal Control Over Financial Reporting:
- (a) Material weaknesses identified? No
- (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (3) Noncompliance material to the financial statements noted during the audit? No

Federal Programs(s) - Not Applicable

State Program(s)

- (1) Internal Control Over Major State Programs:
- (a) Material weaknesses identified? No
- (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor's Report issued on compliance for major State program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 15-08 and listed in Section III of this schedule? No

(4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Type</u>	<u>Award Amount</u>	<u>Amount Expended in 2020</u>
Water Treatment Plant at Mathistown Road	707-042-4840	2019-20	A	\$4,750,000.00	\$4,197,856.33
Water Mains	707-042-4840	2020-21	A	\$1,095,374.00	\$ 162,334.99
Sewer Mains	711-042-4860	2020-21	B	\$1,797,091.00	\$ 169,282.00

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
COUNTY OF OCEAN, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results (Continued)

State Program(s) (Continued)

(5) Program Threshold Determination:

Type A State Program Threshold \geq \$750,000.00

Type B State Program Threshold \leq \$187,500.00

(6) Auditee qualified as a low-risk auditee under NJ OMB Circular 15-08? No

Section II - Financial Statement Audit - Reported Findings Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III - Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs - Not Applicable

State Programs - None Reported

Status of Prior Year Audit Findings - Not Applicable

COMMENTS AND RECOMMENDATIONS SECTION

LITTLE EGG HARBOR
MUNICIPAL UTILITIES AUTHORITY

JUNE 30, 2020

GENERAL COMMENTS AND RECOMMENDATIONS

NONE

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STATISTICAL SECTION

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

OPERATING REVENUES BY SOURCE

FOR THE YEARS ENDED JUNE 30, 2020 THROUGH 2011

	JUNE 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Revenues:										
Service Fees	\$ 6,898,808.45	\$ 6,632,731.51	\$ 6,498,559.05	\$ 6,525,862.00	\$ 5,844,553.49	\$ 5,700,077.77	\$ 5,499,001.64	\$ 5,397,868.02	\$ 5,232,107.30	\$ 5,354,829.76
Connection Fees and Other Operating Revenues	92,713.03	117,259.65	272,626.45	402,972.23	123,233.68	428,274.53	148,561.06	97,376.15	117,105.16	125,415.56
Total Operating Revenues	<u>\$ 6,991,521.48</u>	<u>\$ 6,749,991.16</u>	<u>\$ 6,771,185.50</u>	<u>\$ 6,928,834.23</u>	<u>\$ 5,967,787.17</u>	<u>\$ 6,128,352.30</u>	<u>\$ 5,647,562.70</u>	<u>\$ 5,495,244.17</u>	<u>\$ 5,349,212.46</u>	<u>\$ 5,480,245.32</u>

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

OPERATING EXPENSES

FOR THE YEARS ENDED JUNE 30, 2020 THROUGH 2011

	JUNE 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Appropriations:										
Administration	\$ 1,771,493.68	\$ 1,753,057.07	\$ 1,833,322.65	\$ 1,674,542.40	\$ 1,776,250.36	\$ 1,617,834.81	\$ 1,630,581.18	\$ 1,602,202.74	\$ 1,485,089.52	\$ 1,499,447.11
Cost of Providing Service	4,005,422.88	3,886,492.88	4,050,151.37	3,254,645.88	3,783,463.19	3,541,688.48	3,565,796.06	3,370,849.74	3,185,312.94	3,142,219.69
Total Operating Appropriations	5,776,916.56	5,639,549.95	5,883,474.02	4,929,188.28	5,559,713.55	5,159,523.29	5,196,377.24	4,973,052.48	4,670,402.46	4,641,666.80
Depreciation	2,021,212.58	1,521,013.62	1,687,715.95	1,365,758.85	1,287,794.84	1,186,237.07	1,165,844.80	1,182,223.68	1,190,433.45	1,141,844.43
Total Operating Expenses	\$ 7,798,129.14	\$ 7,160,563.57	\$ 7,571,189.97	\$ 6,294,947.13	\$ 6,847,508.39	\$ 6,345,760.36	\$ 6,362,222.04	\$ 6,155,276.16	\$ 5,860,835.91	\$ 5,783,511.23

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

SERVICE FEES (RATES)

FOR THE YEARS ENDED JUNE 30, 2020 THROUGH 2011

	JUNE 30									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Water</u>										
Minimum per quarter (all customers)	\$ 56.00	\$ 53.00	\$ 52.00	\$ 52.00	\$ 46.00	\$ 46.00	\$ 40.00	\$ 34.00	\$ 30.00	\$ 30.00
Excess per 1,000 gallons in excess of 15,000 per quarter (all customers)	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	3.75	3.75
<u>Sewer</u>										
Minimum per quarter (all customers)	101.00	98.00	96.00	96.00	90.00	90.00	90.00	90.00	90.00	90.00
Excess per 1,000 gallons in excess of 15,000 per quarter (commercial customers only)	6.00	6.00	6.00	6.00	6.00	6.00	6.00			
Excess per 1,000 gallons in excess of 17,000 per quarter (commercial customers only)								5.41	5.41	5.41

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

CONNECTION FEES (RATES)

FOR THE YEARS ENDED JUNE 30, 2020 THROUGH 2011

	JUNE 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Water Connection Fee	\$ 2,800.00	\$ 2,700.00	\$ 2,500.00	\$ 2,500.00	\$ 2,400.00	\$ 2,400.00	\$ 2,300.00	\$ 2,200.00	\$ 2,200.00	\$ 2,000.00
Sewer Connection Fee	1,700.00	1,600.00	1,400.00	1,400.00	1,400.00	1,400.00	1,300.00	1,200.00	1,200.00	1,200.00

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

NUMBER OF WATER AND SEWER CUSTOMERS

FOR THE YEARS ENDED JUNE 30, 2020 THROUGH 2011

	JUNE 30									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Water Customers	10,062	10,052	10,042	10,023	10,013	9,958	9,911	9,850	9,803	9,760
Sewer Customers	9,746	9,736	9,726	9,714	9,937	9,888	9,848	9,787	9,742	9,701

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

TEN LARGEST WATER-SEWER USERS

FOR THE YEAR ENDED JUNE 30, 2020

<u>NAME</u>	<u>DESCRIPTION</u>	<u>BILLING</u>
Seacrest Nursing Home	Nursing Home	\$ 74,524.00
Ninth Avenue Nursing Home	Nursing Home	53,380.00
Wal-Mart	Retail Store	42,744.00
The Terraces	Assisted Living/Nursing Home	32,419.00
Pinelands High School	High School	28,260.00
Bonphil Inc	Shopping Center	24,499.00
Tuckerton Mall	Shopping Center	23,034.00
George Mitchell	Elementary School	14,748.00
Four Seasons - Harbor Bay	Community Center, Irrigation	13,452.00
Four Seasons - Sea Oaks	Community Center, Irrigation	13,183.00

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

GENERAL TAX RATE

FOR THE YEARS ENDED DECEMBER 31, 2020 THROUGH 2011

	DECEMBER 31									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015**</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Little Egg Harbor Township	2.585	2.480	2.335	2.300	2.319	2.349	1.862	1.804	1.738	1.680

* Revaluation Year

** Reassessment Year

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

RATIO OF ANNUAL DEBT SERVICE TO

TOTAL OPERATING EXPENSES

FOR THE YEARS ENDED JUNE 30, 2020 THROUGH 2011

YEAR	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	EXPENSES	RATIO OF DEBT SERVICE TO TOTAL OPERATING EXPENSE
2020	\$ 492,834.61	\$ 68,068.56	\$ 560,903.17	\$ 7,798,129.14	0.072
2019	154,116.73	79,601.49	233,718.22	7,160,563.57	0.033
2018	35,055.55	18,174.55	53,230.10	7,571,189.97	0.007
2017	779,937.90	7,452.77	787,390.67	6,294,947.13	0.125
2016	764,839.70	31,498.92	796,338.62	6,847,508.39	0.116
2015	744,762.44	52,972.06	797,734.50	6,345,760.36	0.126
2014	719,705.76	76,681.89	796,387.65	6,362,222.04	0.125
2013	399,663.74	93,634.84	493,298.58	6,155,276.16	0.080
2012	644,633.64	182,411.68	827,045.32	5,860,835.91	0.141
2011	570,644.73	211,031.70	781,676.43	5,783,511.23	0.135

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

POPULATION 2015, 2010, AND 2005 CENSUS ESTIMATES

	<u>2015</u>	<u>2010</u>	<u>2005</u>
Little Egg Harbor Township	20,565	20,115	19,739

LITTLE EGG HARBOR MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LITTLE EGG HARBOR)

MUNICIPAL LABOR FORCE ESTIMATES 2020 THROUGH 2011

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Little Egg Harbor Township:										
Potential Labor Force	*	9,684	9,378	9,460	9,334	9,379	9,202	9,238	9,489	8,764
Number of Residents Employed	*	9,226	8,862	8,879	8,740	8,624	8,381	8,222	8,248	7,740
Unemployment	*	458	516	581	594	755	821	1,016	1,241	1,023
Unemployment Rate	*	4.7%	5.5%	6.1%	6.4%	8.0%	8.9%	11.0%	13.1%	11.7%

* Municipal labor force information for the year 2020 was not yet available.