



MIDDLESEX COUNTY UTILITIES AUTHORITY

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2019 AND 2018

AND

INDEPENDENT AUDITORS' REPORT

MIDDLESEX COUNTY UTILITIES AUTHORITY

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners of
Middlesex County Utilities Authority
Sayreville, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Middlesex County Utilities Authority ("Authority"), which comprise the statements of net position as of December 31, 2019 and 2018, and the statements of revenues and expenses, and cash flows for the years then ended 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards and requirements 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of December 31, 2019 and 2018, and the respective changes in financial 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 management's discussion and analysis, schedule of changes in net OPEB liability, schedule of the Authority's OPEB contributions, schedule of the Authority's proportionate share of the net pension liability-PERS and schedule of the Authority's contributions-PERS, as 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information, on pages 12 through 22 and pages 65 through 96, and the schedules of expenditures of federal awards and state financial assistance as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information such as the schedule of rates, roster of officials and general comments and recommendations are presented for purposes of additional analysis and are not a required part of the basic financial statements. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than present the financial position, changes in financial position and cash flows of the individual Divisions.

The supplementary information identified above is the responsibility of management and was derived from and relates 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, on pages 12 through 22 and pages 65 through 96, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of rates, roster of officials and general comments and recommendations have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2020 on our consideration of the 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 solely 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 the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.



WISS & COMPANY, LLP

Florham Park, New Jersey
August 19, 2020

MIDDLESEX COUNTY UTILITIES AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's discussion and analysis of the Middlesex County Utilities Authority's ("Authority") financial condition and activities for the years ended December 31, 2019 and 2018.

This information should be read in conjunction with the basic financial statements and accompanying notes to the basic financial statements, which immediately follow this section.

Management's Discussion and Analysis ("MD&A") is Required Supplementary Information specified in the Governmental Accounting Standards Board's ("GASB") Statement No. 34, *Basic Financial Statements-Management's Discussion and Analysis for Local Governments*. Certain comparative information between the current fiscal year and the prior two fiscal years are presented in the MD&A as required by GASB Statement No. 34.

Overview of the Financial Statements

The Middlesex County Utilities Authority is a body politic and corporate and an instrumentality of the State of New Jersey and operates two divisions. The Wastewater Division is supported by user fees from its participants which consisted of 23 municipalities and 4 commercial industries during the year ended December 31, 2019. The Wastewater Division supplies secondary wastewater treatment to Middlesex County and parts of Union and Somerset Counties. The Solid Waste Division is supported by tipping fees from waste generated and disposed of in Middlesex County.

The financial statements report information using full accrual accounting methods. The Authority is subject to GAAP (generally accepting accounting principles) as promulgated by GASB; hence the depreciation and amortization schedules are an integral part of the financial statements enumerated below.

The **Statements of Net Position** present the financial position of the Authority on a full accrual historical cost basis. The statements of net position present information on all of the Authority's assets, deferred inflows and outflows of resources, and liabilities, with the difference reported as net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the Authority is improving or deteriorating.

The **Statements of Revenues and Expenses and the Statement of Changes in Net Position** present the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The **Statements of Cash Flows** present changes in cash and cash equivalents, resulting from operational, capital and non-capital financing, and investing activities. These statements present cash receipt and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

MIDDLESEX COUNTY UTILITIES AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

Supplementary Information comparing the budget to actual expenses, as well as important cash, cash equivalent and investment and debt coverage data, is provided.

The basic financial statements were prepared by the Authority's staff from the detailed books and records of the Authority. The basic financial statements were audited by the independent external audit process.

Financial Condition

Statements of Net Position

The Authority's total assets and deferred outflows of resources increased by \$56,909,529 mainly due to an overall increase in capital assets due to an increase in construction in progress as a result of the construction of wastewater facilities and pump stations, and an increase in the deferral of other post-employment benefits. This was offset by a decrease in grants receivable. Total liabilities and deferred inflows of resources increased by \$5,519,388, mainly due to an increase in other post-employment benefits (OPEB) deferrals. This was offset by a decrease in accounts payable and bonds payable. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$368,732,934. This compares to 2018 where assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$317,342,793.

The Authority's Net Position of \$368,732,934 is comprised of the following:

1. Net investment in capital assets of \$509,846,025, as shown below, includes land, construction in progress, property plant and equipment, net of accumulated depreciation, and net of long-term debt related to the purchase or construction of capital assets. Net investment in capital assets increased by \$67,581,268 from the prior year.

	<u>Wastewater Division</u>	<u>Solid Waste Division</u>	<u>Total</u>
Capital Assets - Net	\$ 553,507,266	\$ 72,897,940	\$ 626,405,206
Cash held with bond trustee	4,308,502	-	4,308,502
	<u>557,815,768</u>	<u>72,897,940</u>	<u>630,713,708</u>
Less:			
Bonds payable, including unamortized bond premiums	110,378,078	8,812,109	119,190,187
Deferred gain on defeasance of debt	1,542,111	135,385	1,677,496
	<u>111,920,189</u>	<u>8,947,494</u>	<u>120,867,683</u>
Net Investment in Capital Assets	<u>\$ 445,895,579</u>	<u>\$ 63,950,446</u>	<u>\$ 509,846,025</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS

2. Wastewater Division net position of \$7,450,056, designated for future debt service, was reduced by payment of bonds in 2019.
3. Solid Waste Division net position of \$21,896,411, restricted for environmental self-insurance, increased by \$1,263,868 from the prior year due to interest earned on the restricted funds.
4. Wastewater Division net position of \$200,000 is designated for operations.
5. Wastewater Division net position of \$3,698,355 designated for future reconstruction and replacement increased \$588,025 from the prior year. This is mostly attributable to a budget designation of \$500,000. Solid Waste Division net position of \$2,608,070 designated for future reconstruction and replacement increased \$512,025 from the prior year is mostly attributable to a budget designation of \$500,000.
6. Wastewater Division net position of \$1,146 designated for construction remained the same as the prior year.
7. Wastewater Division net position of \$2,255,888 designated for liability insurance increased by \$1,237 from the prior year due to interest income earned in 2019. Solid Waste Division net position of \$2,849,747 designated for liability insurance increased by \$43,686 from the prior year due to interest earned in 2019.
8. Wastewater Division net position of \$299,071 designated for auto insurance increased by \$6,604 from the prior year due to interest income earned in 2019. Solid Waste Division net position of \$197,273 designated for auto insurance increased by \$2,814 from the prior year due to interest income earned in 2019.
9. Wastewater Division net position of \$123,083 designated for unemployment claims increased by \$2,718 from the prior year due to interest earned in 2019.
10. Solid Waste Division net position of \$19,879,000 designated for land acquisition and improvements increased by \$342,506 from the prior year. This increase is mostly attributable to interest income.
11. Solid Waste Division net position of \$2,024,417 designated for future contingencies increased by \$8,094 as a result of interest earned in 2019.
12. Solid Waste Division net position of \$2,042,688 designated for public liability insurance increased by \$8,498 as a result of interest earned in 2019.
13. Wastewater Division unrestricted, undesignated net position (deficit) of (\$191,847,267) represents the portion available to maintain the Wastewater Division's continuing obligations to the contractual customers of its service area, its creditors and for its current liabilities. Solid Waste Division unrestricted, undesignated net position (deficit) of (\$14,791,029) represents the portion available to maintain the Solid Waste Division's continuing obligations to the contractual customers of its service area, its creditors and for its current liabilities.

MIDDLESEX COUNTY UTILITIES AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

14. Unrestricted undesignated net position decreased by \$14,133,320 mainly due to an increase in the OPEB liability and the related increases in deferred outflows of resources stemming from the OPEB liability. In addition, there was an increase in deferred outflows of resources stemming from the net pension liability. This was offset by a decrease in the net pension liability.

Condensed Statements of Net Position

	December 31, 2019			
	Wastewater Division	Solid Waste Division	Eliminations	Total
Total unrestricted current assets	\$ 33,027,743	\$ 26,010,550	\$ (101,438)	\$ 58,936,855
Total restricted current assets	51,110,984	73,969,538	(15,424,137)	109,656,385
Total restricted non current assets	-	45,184,636	-	45,184,636
Deferred outflows of resources	26,340,220	4,648,272	-	30,988,492
Capital assets, net	<u>553,507,266</u>	<u>72,897,940</u>	<u>-</u>	<u>626,405,206</u>
Total assets and deferred outflows of resources	<u>\$ 663,986,213</u>	<u>\$ 222,710,936</u>	<u>\$ (15,525,575)</u>	<u>\$ 871,171,574</u>
Total current liabilities payable from unrestricted assets	\$ 17,945,008	\$ 5,360,444	\$ (653,416)	\$ 22,652,036
Total current liabilities payable from restricted assets	13,251,051	1,846,613	-	15,097,664
Long term liabilities payable from restricted assets	331,776,993	109,171,152	(14,872,159)	426,075,986
Deferred inflows of resources	<u>32,937,250</u>	<u>5,675,704</u>	<u>-</u>	<u>38,612,954</u>
Total liabilities and deferred inflows of resources	<u>395,910,302</u>	<u>122,053,913</u>	<u>(15,525,575)</u>	<u>502,438,640</u>
Total Net Position	<u>\$ 268,075,911</u>	<u>\$ 100,657,023</u>	<u>\$ -</u>	<u>\$ 368,732,934</u>

	December 31, 2018			
	Wastewater Division	Solid Waste Division	Eliminations	Total
Total unrestricted current assets	\$ 36,945,688	\$ 22,852,074	\$ (110,542)	\$ 59,687,220
Total restricted current assets	63,461,748	68,143,773	(15,695,629)	115,909,892
Total restricted non current assets	2,200,000	45,832,655	-	48,032,655
Deferred outflows of resources	11,182,891	1,973,451	-	13,156,342
Capital assets, net	<u>508,461,820</u>	<u>69,014,116</u>	<u>-</u>	<u>577,475,936</u>
Total assets and deferred outflows of resources	<u>\$ 622,252,147</u>	<u>\$ 207,816,069</u>	<u>\$ (15,806,171)</u>	<u>\$ 814,262,045</u>
Total current liabilities payable from unrestricted assets	\$ 20,269,527	\$ 4,741,880	\$ (254,311)	\$ 24,757,096
Total current liabilities payable from restricted assets	24,127,563	8,213,423	-	32,340,986
Long term liabilities payable from unrestricted assets	313,312,757	104,996,846	(15,551,860)	402,757,743
Deferred inflows of resources	<u>31,547,269</u>	<u>5,516,158</u>	<u>-</u>	<u>37,063,427</u>
Total liabilities and deferred inflows of resources	<u>389,257,116</u>	<u>123,468,307</u>	<u>(15,806,171)</u>	<u>496,919,252</u>
Total Net Position	<u>\$ 232,995,031</u>	<u>\$ 84,347,762</u>	<u>\$ -</u>	<u>\$ 317,342,793</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS

Total unrestricted current assets decreased mainly as a result of a decrease in grants receivable.

Total deferred outflows of resources increased as a result of decreases in the pension deferrals as determined by the State of New Jersey, Division of Pensions and Benefits offset by increases in the OPEB deferrals as determined by the Authority's actuary.

Capital assets, net increased as a result of capital asset acquisitions and construction in progress exceeding depreciation expense.

Total current liabilities payable from unrestricted assets has decreased, mainly due to a decrease in accounts payable and accrued expenses.

Total current liabilities payable from restricted assets decreased mainly due to a decrease in the current portion of bonds payable.

Long term liabilities payable have increased mainly as a result of principal payments on bonds, decrease in the net pension liability and an increase in the liability for other post-employment benefits.

Condensed Statements of Revenues, Expenses and Changes in Fund Net Position

Wastewater Division 2019 operating revenues remained consistent with 2018 levels. Total Wastewater Division operating expenses increased from 2018, mainly due to central treatment plant expenses, and unanticipated costs to overhaul the steam turbine.

Solid Waste Division 2019 operating revenues increased from 2018 levels, mainly due to an increase in collections from the soil program. Total Solid Waste Division operating expenses increased in 2019, mainly due to an increase in landfill expenses.

Total operating revenues less total operating expenses resulted in 2019 operating income of \$8,040,173 for the Wastewater Division, which is a decrease from operating income in 2018 of \$15,048,414. This decrease is mostly the result of operating revenues remaining consistent with 2018 and expenses increasing in 2019 exceeding revenues.

Total operating revenues less total operating expenses resulted in 2019 operating income of \$13,666,910 for the Solid Waste Division, which is an increase from the Solid Waste Division operating income in 2018 of \$3,902,760. This increase is mostly the result of an increase in tipping fees and soil program income offset by an increase in landfill expense.

Excluding depreciation and amortization, operating income was \$51,862,271 and \$54,308,439 for 2019 and 2018, respectively. This represents a decrease of \$2,446,168, or 4.5%, which is mainly the result of an increase in tonnage accepted and soil revenue from year to year offset by an increase in central treatment plant expenses.

MIDDLESEX COUNTY UTILITIES AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Total Net Position as of December 31, 2019 increased \$51,390,141 from 2018's Total Net Position, as is depicted below.

	Year ended December 31, 2019			
	Wastewater Division	Solid Waste Division	Eliminations	Total
Total operating revenues	\$ 97,706,964	\$ 50,507,600	\$ (2,175,375)	\$ 146,039,189
Total operating expenses	89,666,791	36,840,690	(2,175,375)	124,332,106
Operating income	8,040,173	13,666,910	-	21,707,083
Nonoperating revenues (expenses) - net	27,040,707	1,526,480	-	28,567,187
Net increase in the fair value of investments	-	1,115,871	-	1,115,871
Change in net position	35,080,880	16,309,261	-	51,390,141
Total net position - beginning	232,995,031	84,347,762	-	317,342,793
Total net position - ending	\$ 268,075,911	\$ 100,657,023	\$ -	\$ 368,732,934

	Year ended December 31, 2018			
	Wastewater Division	Solid Waste Division	Eliminations	Total
Total operating revenues	\$ 97,973,134	\$ 45,683,811	\$ (2,047,513)	\$ 141,609,432
Total operating expenses	82,924,720	35,919,661	(2,047,513)	116,796,868
Operating income	15,048,414	9,764,150	-	24,812,564
Nonoperating revenues (expenses) - net	25,319,578	2,047,948	-	27,367,526
Net (decrease) in the fair value of investments	-	(275,219)	-	(275,219)
Change in net position	40,367,992	11,536,879	-	51,904,871
Total net position - beginning, as restated	192,627,039	72,810,883	-	265,437,922
Total net position - ending	\$ 232,995,031	\$ 84,347,762	\$ -	\$ 317,342,793

Capital Assets

At the end of the fiscal years ended December 31, 2019 and 2018, the Wastewater Division had \$553,507,266 and \$508,461,820, respectively, invested in land, construction in progress, buildings and improvements, other improvements, machinery and equipment, furniture and fixtures, and landfill gas collection facility and equipment, net of accumulated depreciation and amortization. The increase in net capital assets is due to current year capital asset additions and construction in progress related to the ongoing the renovations and construction of the Sayreville and Edison pumping stations exceeding current year depreciation expense.

At the end of the fiscal years ended December 31, 2019 and 2018, the Solid Waste Division had \$72,897,940 and \$69,014,116, respectively, invested in land, construction in progress, buildings and improvements, landfill and landfill expansion, other improvements, machinery and equipment, net of accumulated depreciation and amortization. The increase in net capital assets is due to current year capital asset additions exceeding current year depreciation expense.

MIDDLESEX COUNTY UTILITIES AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS

Amortization for the landfill itself is based on estimated "air space" remaining before the landfill has to be closed and capped.

See Note 5 to the financial statements for additional information.

Debt Administration

As of December 31, 2019, the Wastewater Division had \$110,378,077 of outstanding bonds, including unamortized premiums on bonds. As of December 31, 2018, the Wastewater Division had \$117,308,174 of outstanding debt, including unamortized premiums on bonds. Bond principal payments of \$23,119,556 were made in accordance with the amortization schedules.

As of December 31, 2019, the Solid Waste Division had \$8,812,109 of outstanding bonds, including unamortized premiums on bonds. As of December 31, 2018, the Solid Waste Division had \$16,863,083 of outstanding debt, including unamortized premiums on bonds. Bond principal payments of \$7,977,629 were made in accordance with the amortization schedules.

See Note 7 to the financial statements for additional information.

Other Financial Information

Wastewater Division:

- Funding from the Federal Emergency Management Agency ("FEMA") is helping to offset the costs associated with clean-up, repairs and replacement of assets damaged or destroyed by Hurricane Sandy. Mitigation of incurred damage will likely continue through 2020. FEMA has approved several significant project worksheets, including grant proceeds of approximately \$66,830,000 to help fund the replacement costs for the Sayreville Pumping Station and grant proceeds of approximately \$19,500,000 to help fund replacement costs for the Edison Pumping Station.
- Construction of the Edison Pumping Station was substantially complete in April 2020. Substantial completion of the Sayreville Pumping Station project is expected in November 2020.

Solid Waste Division:

- Tipping fees increased 0.71%, mainly due to an increase in tonnage of waste received.
- Soil program revenue increased 58% due to an increase in the amount of soil delivered to the landfill in 2019.

MIDDLESEX COUNTY UTILITIES AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Contact

The Authority's financial statements are designed to present users (citizens, taxpayers, investors and creditors) with a general overview of the Authority's finances and to demonstrate the Authority's accountability for its resources. If you have questions about this report or need additional information, contact the Authority's Treasurer/Comptroller at Middlesex County Utilities Authority, P.O. Box 159, 2571 Main Street, Sayreville, New Jersey 08872.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Unrestricted Current Assets				
Cash and cash equivalents	\$ 3,988,347	\$ 22,647,188	\$ -	\$ 26,635,535
Investments	10,050,056	-	-	10,050,056
Annual charges receivable	6,224,106	-	-	6,224,106
Accounts receivable	-	3,363,362	-	3,363,362
Grants receivable	10,949,999	-	-	10,949,999
Due from Solid Waste Division	101,438	-	(101,438)	-
Other charges receivable	1,064,340	-	-	1,064,340
Prepaid expenses	598,618	-	-	598,618
Interest receivable	50,839	-	-	50,839
Total unrestricted current assets	<u>33,027,743</u>	<u>26,010,550</u>	<u>(101,438)</u>	<u>58,936,855</u>
Restricted Current Assets				
Cash and cash equivalents	24,622,384	11,531,566	-	36,153,950
Investments	5,301,000	46,167,103	-	51,468,103
Note receivable, Wastewater Division	-	11,953,000	(11,953,000)	-
Due from Wastewater Division	-	2,919,159	(2,919,159)	-
Trust accounts	122,734	-	-	122,734
Interest receivable	143,778	846,732	-	990,510
Interest receivable - Wastewater Division	-	551,978	(551,978)	-
Due from NJIB	16,612,586	-	-	16,612,586
Cash held with bond trustee	4,308,502	-	-	4,308,502
Total restricted current assets	<u>51,110,984</u>	<u>73,969,538</u>	<u>(15,424,137)</u>	<u>109,656,385</u>
Restricted Non Current Assets				
Investments	-	45,184,636	-	45,184,636
Total restricted non current assets	<u>-</u>	<u>45,184,636</u>	<u>-</u>	<u>45,184,636</u>
Deferred Outflows of Resources				
Pension deferrals	6,493,924	1,145,985	-	7,639,909
Other post employment benefits deferrals	19,846,296	3,502,287	-	23,348,583
Total deferred outflows of resources	<u>26,340,220</u>	<u>4,648,272</u>	<u>-</u>	<u>30,988,492</u>
Capital Assets				
Depreciable assets	800,520,891	264,131,544	-	1,064,652,435
Less: accumulated depreciation and amortization	(407,561,123)	(259,012,265)	-	(666,573,388)
	<u>392,959,768</u>	<u>5,119,279</u>	<u>-</u>	<u>398,079,047</u>
Non-depreciable assets:				
Land	8,401,828	55,366,747	-	63,768,575
Construction in progress	152,145,670	12,411,914	-	164,557,584
Capital assets, net	<u>553,507,266</u>	<u>72,897,940</u>	<u>-</u>	<u>626,405,206</u>
Total assets and deferred outflows of resources	<u>\$ 663,986,213</u>	<u>\$ 222,710,936</u>	<u>\$ (15,525,575)</u>	<u>\$ 871,171,574</u>

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current Liabilities Payable from Unrestricted Assets				
Accounts payable - operations and payroll	\$ 13,186,469	\$ 3,838,145	\$ -	\$ 17,024,614
Accrued expenses	3,512,183	278,484	-	3,790,667
Due to Wastewater Division	-	101,438	(101,438)	-
Refunds due participants	694,378	-	-	694,378
Unearned service revenue	-	-	-	1,142,377
Interest payable - Solid Waste Division	551,978	1,142,377	-	-
Total current liabilities payable from unrestricted assets	17,945,008	5,360,444	(551,978)	22,652,036
Current Liabilities Payable from Restricted Assets				
Contractors' retainages	164,166	-	-	164,166
Bonds payable - current portions	12,177,862	1,768,829	-	13,946,691
Liabilities for early retirement incentives - current portions	122,892	-	-	122,892
Accrued interest payable on bonds and notes	786,131	77,784	-	863,915
Total current liabilities payable from restricted assets	13,251,051	1,846,613	-	15,097,664
Long-Term Liabilities Payable from Restricted Assets				
Bonds payable, net	98,200,215	7,043,280	-	105,243,495
Net pension liability	31,022,179	5,474,502	-	36,496,681
Accrued closure and post-closure care liabilities	-	68,518,218	-	68,518,218
Note payable, Solid Waste Division	11,953,000	-	(11,953,000)	-
Due to Solid Waste Division	2,919,159	-	(2,919,159)	-
Liability for other post employment benefits	149,193,884	26,328,333	-	175,522,217
NJIB construction loan	10,018,681	-	-	10,018,681
NJIB State Assistance Infrastructure Loans	25,832,772	-	-	25,832,772
Liabilities for early retirement incentives	1,564,005	-	-	1,564,005
Funds held in escrow	153,915	1,366,519	-	1,520,434
Reserve for workers' compensation insurance claims	796,449	440,300	-	1,236,749
CPS/MCUA trust account	122,734	-	-	122,734
Total long-term liabilities payable from restricted assets	331,776,993	109,171,152	(14,872,159)	426,075,986
Total liabilities	362,973,052	116,378,209	(15,525,575)	463,825,686
Deferred Inflows of Resources				
Pension deferrals	11,394,439	2,010,783	-	13,405,222
Other post employment benefits deferrals	20,000,700	3,529,536	-	23,530,236
Deferred gain on defeasance of debt	1,542,111	135,385	-	1,677,496
Total deferred inflows of resources	32,937,250	5,675,704	-	38,612,954
Net Position				
Net investment in capital assets	445,895,579	63,950,446	-	509,846,025
Restricted:	-	21,896,411	-	21,896,411
Restricted for environmental self-insurance	-	21,896,411	-	21,896,411
Total Restricted	-	21,896,411	-	21,896,411
Unrestricted - designated:	7,450,056	-	-	7,450,056
Designated for future debt service	200,000	-	-	200,000
Designated for operations	3,698,355	2,608,070	-	6,306,425
Designated for future reconstruction and replacement	1,146	-	-	1,146
Designated for construction	2,255,888	2,849,747	-	5,105,635
Designated for liability insurance	299,071	197,273	-	496,344
Designated for auto insurance	123,083	-	-	123,083
Designated for unemployment claims	-	19,879,000	-	19,879,000
Designated for land acquisition and improvements	-	2,024,417	-	2,024,417
Designated for future contingencies	-	2,042,688	-	2,042,688
Designated for public liability insurance	-	-	-	-
Unrestricted undesignated (deficit)	(191,847,267)	(14,791,029)	-	(206,638,296)
Total net position	(177,819,668)	14,810,166	-	(163,009,502)
Total net position	268,075,911	100,657,023	-	368,732,934
Total liabilities, deferred inflows of resources and net position	\$ 663,986,213	\$ 222,710,936	\$ (15,525,575)	\$ 871,171,574

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Unrestricted Current Assets				
Cash and cash equivalents	\$ 9,611,293	\$ 21,005,488	\$ -	\$ 30,616,781
Annual charges receivable	7,081,258	-	-	7,081,258
Accounts receivable	-	1,846,586	-	1,846,586
Grant receivable	19,016,452	-	-	19,016,452
Due from Solid Waste Division	110,542	-	(110,542)	-
Other charges receivable	673,537	-	-	673,537
Prepaid expenses	450,695	-	-	450,695
Interest receivable	1,911	-	-	1,911
Total unrestricted current assets	<u>36,945,688</u>	<u>22,852,074</u>	<u>(110,542)</u>	<u>59,687,220</u>
Restricted Current Assets				
Cash and cash equivalents	8,101,525	41,730,360	-	49,831,885
Investments	27,637,562	10,618,342	-	38,255,904
Note receivable, Wastewater Division	-	11,953,000	(11,953,000)	-
Due from Wastewater Division	-	3,598,860	(3,598,860)	-
Trust accounts	120,110	-	-	120,110
Interest receivable	112,788	99,442	-	212,230
Interest receivable - Wastewater Division	-	143,769	(143,769)	-
Due from NJIB	26,499,494	-	-	26,499,494
Cash held with bond trustee	990,269	-	-	990,269
Total restricted current assets	<u>63,461,748</u>	<u>68,143,773</u>	<u>(15,695,629)</u>	<u>115,909,892</u>
Restricted Non Current Assets				
Investments	<u>2,200,000</u>	<u>45,832,655</u>	<u>-</u>	<u>48,032,655</u>
Total restricted non current assets	<u>2,200,000</u>	<u>45,832,655</u>	<u>-</u>	<u>48,032,655</u>
Deferred Outflows of Resources				
Pension deferrals	8,202,438	1,447,489	-	9,649,927
Other post employment benefits deferrals	2,980,453	525,962	-	3,506,415
Total deferred outflows of resources	<u>11,182,891</u>	<u>1,973,451</u>	<u>-</u>	<u>13,156,342</u>
Capital Assets				
Depreciable assets	780,041,739	259,679,099	-	1,039,720,838
Less: accumulated depreciation and amortization	(383,363,340)	(253,054,860)	-	(636,418,200)
	<u>396,678,399</u>	<u>6,624,239</u>	<u>-</u>	<u>403,302,638</u>
Non-depreciable assets:				
Land	8,401,828	55,366,747	-	63,768,575
Construction in progress	103,381,593	7,023,130	-	110,404,723
Capital assets, net	<u>508,461,820</u>	<u>69,014,116</u>	<u>-</u>	<u>577,475,936</u>
Total assets and deferred outflow of resources	<u>\$ 622,252,147</u>	<u>\$ 207,816,069</u>	<u>\$ (15,806,171)</u>	<u>\$ 814,262,045</u>

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current Liabilities Payable from Unrestricted Assets				
Accounts payable - operations and payroll	\$ 17,288,519	\$ 2,848,079	\$ -	\$ 20,136,598
Accrued expenses	1,439,136	831,077	-	2,270,213
Due to Wastewater Division	-	110,542	(110,542)	-
Refunds due participants	874,950	-	-	874,950
Unearned service revenue	-	952,182	-	952,182
Interest payable - Solid Waste Division	143,769	-	(143,769)	-
Other liability - current portion	523,153	-	-	523,153
Total current liabilities payable from unrestricted assets	20,269,527	4,741,880	(254,311)	24,757,096
Current Liabilities Payable from Restricted Assets				
Contractors' retainages	160,551	-	-	160,551
Bonds payable - current portions	23,013,624	8,050,977	-	31,064,601
Liabilities for early retirement incentives - current portions	106,980	-	-	106,980
Accrued interest payable on bonds and notes	846,408	162,446	-	1,008,854
Total current liabilities payable from restricted assets	24,127,563	8,213,423	-	32,340,986
Long-Term Liabilities Payable from Restricted Assets				
Bonds payable, net	94,294,550	8,812,106	-	103,106,656
Net pension liability	32,697,537	5,770,153	-	38,467,690
Accrued closure and post-closure care liabilities	-	66,135,287	-	66,135,287
Note payable, Solid Waste Division	11,953,000	-	(11,953,000)	-
Due to Solid Waste Division	3,598,860	-	(3,598,860)	-
Liability for other post employment benefits	127,638,661	22,524,470	-	150,163,131
NJET State Assistance Infrastructure Loan	40,691,843	-	-	40,691,843
Liabilities for early retirement incentives	1,686,896	-	-	1,686,896
Funds held in escrow	149,130	1,479,756	-	1,628,886
Reserve for workers' compensation insurance claims	482,170	275,074	-	757,244
CPS/MCUA trust account	120,110	-	-	120,110
Total long-term liabilities payable from restricted assets	313,312,757	104,996,846	(15,551,860)	402,757,743
Total liabilities	357,709,847	117,952,149	(15,806,171)	459,855,825
Deferred Inflows of Resources				
Pension deferrals	10,930,238	1,928,865	-	12,859,103
Other post employment benefits deferrals	18,848,013	3,326,120	-	22,174,133
Deferred gain on defeasance of debt	1,769,018	261,173	-	2,030,191
Total deferred inflows of resources	31,547,269	5,516,158	-	37,063,427
Net Position				
Net investment in capital assets	390,374,897	51,889,860	-	442,264,757
Restricted:				
Restricted for future debt service	12,287,938	-	-	12,287,938
Restricted for environmental self-insurance	-	20,632,543	-	20,632,543
Total Restricted	12,287,938	20,632,543	-	32,920,481
Unrestricted - designated:				
Designated for operations	200,000	-	-	200,000
Designated for future reconstruction and replacement	3,110,330	2,096,045	-	5,206,375
Designated for construction	1,146	-	-	1,146
Designated for liability insurance	2,254,651	2,806,061	-	5,060,712
Designated for auto insurance	292,467	194,459	-	486,926
Designated for unemployment claims	120,365	-	-	120,365
Designated for land acquisition and improvements	-	19,536,494	-	19,536,494
Designated for future contingencies	-	2,016,323	-	2,016,323
Designated for public liability insurance	-	2,034,190	-	2,034,190
Unrestricted undesignated (deficit)	(175,646,763)	(16,858,213)	-	(192,504,976)
Total net position	232,995,031	84,347,762	-	317,342,793
Total liabilities, deferred inflows of resources and net position	\$ 622,252,147	\$ 207,816,069	\$ (15,806,171)	\$ 814,262,045

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY
STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	
Operating Revenues				
Annual charges	\$ 90,423,513	\$ -	\$ -	\$ 90,423,513
Tipping fees	-	38,796,776	-	38,796,776
Soil program income	-	9,497,153	-	9,497,153
Treatment of septic tank waste	332,112	-	-	332,112
Service fees, review of plans, etc.	3,050	-	-	3,050
Permit fees, industrial pretreatment	27,300	-	-	27,300
Service fee income	-	1,848,255	-	1,848,255
Management fees	1,712,400	-	(1,712,400)	-
Sampling and lab fees	22,208	-	-	22,208
Analytical services	22,585	-	-	22,585
Groundwater discharge fees	1,053,260	-	-	1,053,260
Sale of synthetic soil	462,975	-	(462,975)	-
Penalty assessments	35,200	-	-	35,200
Praxair - sale of oxygen	128,233	-	-	128,233
Praxair - sale of nitrogen	1,107,978	-	-	1,107,978
Praxair - water usage	38,354	-	-	38,354
Praxair - fixed gas	876,604	-	-	876,604
PSE&G - REC credit income	516,969	-	-	516,969
Effluent reuse sales	762,382	-	-	762,382
Miscellaneous income	181,841	365,416	-	547,257
Total operating revenues	97,706,964	50,507,600	(2,175,375)	146,039,189
Operating Expenses				
Salaries and wages	15,213,856	3,131,587	-	18,345,443
Administration	20,557,228	10,460,242	(1,712,400)	29,305,070
Landfill	-	16,601,753	(462,975)	16,138,778
Central treatment plant	27,006,614	-	-	27,006,614
Sayreville pumping station	1,304,050	-	-	1,304,050
Edison pumping station	277,327	-	-	277,327
Bound Brook pumping station	62,722	-	-	62,722
Green Brook pumping station	93,681	-	-	93,681
South Amboy pumping station	122,038	-	-	122,038
Lines, meters and small pumping stations	552,934	-	-	552,934
WWT - administrative fee	278,558	131,235	-	409,793
Closure reserve fees	-	558,468	-	558,468
Depreciation	24,197,783	5,957,405	-	30,155,188
Total operating expenses	89,666,791	36,840,690	(2,175,375)	124,332,106
Operating income	8,040,173	13,666,910	-	21,707,083
Nonoperating Revenues (Expenses)				
Interest on investments and deposits	239,623	1,616,451	(326,423)	1,529,651
Interest on investments (reconstruction and replacement)	74,745	-	-	74,745
Interest on investments (other restricted accounts)	750,202	-	-	750,202
Amortization of gain on defeasance	226,907	125,789	-	352,696
Amortization of original issue premium on bonds	315,421	73,345	-	388,766
Hurricane loss	(12,758)	-	-	(12,758)
Interest on bonds and notes	(2,301,645)	(289,105)	-	(2,590,750)
Bond issuance costs	(30,158)	-	-	(30,158)
Other interest expense	(130,666)	-	-	(130,666)
Related party interest	(326,423)	-	326,423	-
FEMA grant revenue	28,085,459	-	-	28,085,459
Homeland Security grant	150,000	-	-	150,000
Total nonoperating revenues (expenses), net	27,040,707	1,526,480	-	28,567,187
Change in net position prior to net increase in fair value of investments	35,080,880	15,193,390	-	50,274,270
Net increase in the fair value of investments	-	1,115,871	-	1,115,871
Change in net position	\$ 35,080,880	\$ 16,309,261	\$ -	\$ 51,390,141

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY
STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	
Operating Revenues	\$ 90,366,121	\$ -	\$ -	\$ 90,366,121
Annual charges	-	-	-	-
Tipping fees	-	38,524,927	-	38,524,927
Soil program income	-	6,010,167	-	6,010,167
Treatment of septic tank waste	384,560	-	-	384,560
Service fees, review of plans, etc.	3,550	-	-	3,550
Permit fees, industrial pretreatment	24,400	-	-	24,400
Service fee income	-	1,121,757	-	1,121,757
Management fees	1,660,020	-	(1,660,020)	-
Sampling and lab fees	25,884	-	-	25,884
Analytical services	22,959	-	-	22,959
Groundwater discharge fees	934,307	-	-	934,307
Sale of synthetic soil	387,493	-	(387,493)	-
Penalty assessments	21,000	-	-	21,000
Praxair - sale of oxygen	893,143	-	-	893,143
Praxair - sale of nitrogen	836,201	-	-	836,201
Praxair - water usage	35,770	-	-	35,770
Praxair - fixed gas	851,068	-	-	851,068
PSE&G - REC credit income	523,814	-	-	523,814
Effluent reuse sales	741,038	-	-	741,038
Sale of plans and specifications	9,350	-	-	9,350
Miscellaneous income	252,456	26,960	-	279,416
Total operating revenues	97,973,134	45,683,811	(2,047,513)	141,609,432
Operating Expenses				
Salaries and wages	14,202,598	2,920,275	-	17,122,873
Administration	18,908,969	9,909,643	(1,660,020)	27,158,592
Landfill	-	16,524,253	(387,493)	16,136,760
Central treatment plant	22,510,948	-	-	22,510,948
Sayreville pumping station	1,479,163	-	-	1,479,163
Edison pumping station	310,340	-	-	310,340
Bound Brook pumping station	41,698	-	-	41,698
Green Brook pumping station	110,275	-	-	110,275
South Amboy pumping station	135,348	-	-	135,348
Lines, meters and small pumping stations	1,458,603	-	-	1,458,603
WWT - administrative fee	272,565	131,235	-	403,800
DEP fees	7,031	-	-	7,031
Closure reserve fees	-	425,562	-	425,562
Depreciation	23,487,182	6,008,693	-	29,495,875
Total operating expenses	82,924,720	35,919,661	(2,047,513)	116,796,868
Operating income	15,048,414	9,764,150	-	24,812,564
Nonoperating Revenues (Expenses)				
Interest on investments and deposits	97,748	800,025	(339,130)	558,643
Interest on investments (reconstruction and replacement)	26,136	-	-	26,136
Interest on investments (other restricted accounts)	333,580	-	-	333,580
Amortization of gain on defeasance	226,907	194,539	-	421,446
Amortization of original issue premium on bonds	443,101	73,347	-	516,448
Hurricane loss	(7,588)	-	-	(7,588)
Interest on bonds and notes	(2,716,709)	(519,963)	-	(3,236,672)
Other interest expense	(137,901)	-	-	(137,901)
Related party interest	(339,130)	-	339,130	-
FEMA grant revenue	27,393,434	-	-	27,393,434
Renewable Energy Incentive Program rebate	-	1,500,000	-	1,500,000
Total nonoperating revenues (expenses), net	25,319,578	2,047,948	-	27,367,526
Change in net position prior to net (decrease) in fair value of investments	40,367,992	11,812,098	-	52,180,090
Net (decrease) in the fair value of investments	-	(275,219)	-	(275,219)
Change in net position	\$ 40,367,992	\$ 11,536,879	\$ -	\$ 51,904,871

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2019 AND 2018

	Wastewater Division			Solid Waste Division			Total	
	Net Investment in Capital Assets	Restricted for Future Debt Service	Wastewater Division Net Position	Net Investment in Capital Assets	Restricted	Unrestricted		Solid Waste Division Net Position
Balance, December 31, 2017 (as restated)	\$ 342,633,130	\$ 12,287,938	\$ 192,627,039	\$ 47,832,830	\$ 20,438,745	\$ 4,539,308	\$ 72,810,883	\$ 265,437,922
Change in net position	(19,230,963)	-	40,367,992	(5,740,807)	193,798	17,083,888	11,536,879	51,904,871
Depreciation charged to capital contributions	(3,586,214)	-	-	-	-	-	-	-
Interfund transfers	70,558,944	-	(70,558,944)	9,797,837	-	(9,797,837)	-	-
Balance, December 31, 2018	390,374,897	12,287,938	232,995,031	51,889,860	20,632,543	11,825,359	84,347,762	317,342,793
Change in net position	(20,069,242)	-	35,080,880	(5,758,272)	1,263,868	20,803,665	16,309,261	51,390,141
Depreciation charged to capital contributions	(3,586,214)	-	-	-	-	-	-	-
Interfund transfers	79,176,138	(12,287,938)	(66,888,200)	17,818,858	-	(17,818,858)	-	-
Balance, December 31, 2019	\$ 445,895,579	\$ -	\$ 268,075,911	\$ 63,950,446	\$ 21,896,411	\$ 14,810,166	\$ 100,657,023	\$ 368,732,934

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
Cash Flows from Operating Activities				
Cash received from customers and miscellaneous income from vendors	\$ 97,849,603	\$ 49,067,782	\$ -	\$ 146,917,385
Cash payments for goods and services	(46,180,410)	(23,647,343)	-	(69,827,753)
Cash payments to employees	(15,183,436)	(3,131,587)	-	(18,315,023)
Net cash provided by operating activities	36,485,757	22,288,852	-	58,774,609
Cash Flows from NonCapital Financing Activities				
Payments of early retirement incentive liabilities	(106,979)	-	-	(106,979)
Advances from Wastewater Division to Solid Waste Division - unrestricted	9,104	(9,104)	-	-
Net cash (used in) noncapital financing activities	(97,875)	(9,104)	-	(106,979)
Cash Flows from Capital and Related Financing Activities				
Acquisition of property, plant and equipment and construction in progress	(69,243,229)	(9,841,229)	-	(79,084,458)
Cash paid for interest on bonds and related party debt	(2,410,802)	(373,767)	408,209	(2,376,360)
Cash received from FEMA	36,151,912	-	-	36,151,912
Cash payments for goods and services - Hurricane	(12,758)	-	-	(12,758)
Note repayments from Wastewater Division to Solid Waste Division - restricted	(679,701)	-	679,701	-
Cash received from NJEIT	12,587,214	-	-	12,587,214
Payments of bonds payable	(23,119,556)	(7,977,629)	-	(31,097,185)
Cash received from Homeland Security grant	150,000	-	-	150,000
Net cash (used in) provided by capital and related financing activities	(46,576,920)	(18,192,625)	1,087,910	(63,681,635)
Cash Flows from Investing Activities				
Cash received from interest	984,652	460,952	(408,209)	1,037,395
Redemption of investments	27,637,562	13,254,869	-	40,892,431
Purchase of investments	(13,151,056)	(47,039,739)	-	(60,190,795)
Note repayments from Wastewater Division to Solid Waste Division	-	679,701	(679,701)	-
Cash received from bond trustee	5,615,793	-	-	5,615,793
Net cash provided by (used in) investing activities	21,086,951	(32,644,217)	(1,087,910)	(12,645,176)
Increase (decrease) in cash and cash equivalents	10,897,913	(28,557,094)	-	(17,659,181)
Cash and Cash Equivalents, Beginning of Year	17,712,818	62,735,848	-	80,448,666
Cash and Cash Equivalents, End of Year	\$ 28,610,731	34,178,754	\$ -	\$ 62,789,485
Summary of Cash and Cash Equivalents, End of Year				
Unrestricted cash and cash equivalents	\$ 3,988,347	\$ 22,647,188	\$ -	\$ 26,635,535
Restricted cash and cash equivalents	24,622,384	11,531,566	-	36,153,950
	\$ 28,610,731	\$ 34,178,754	\$ -	\$ 62,789,485
Non-cash Financing and Investing activities				
Issuance of bonds payable:				
Issuance of 2019A NJIB Bonds	\$ 16,199,822	\$ -	\$ -	\$ 16,199,822
Premium on bonds	\$ 305,058	\$ -	\$ -	\$ 305,058
Bond issuance costs	\$ 30,158	\$ -	\$ -	\$ 30,158
Increase in due from bond trustee	\$ 8,934,026	\$ -	\$ -	\$ 8,934,026
NJIB State Assistance Infrastructure Loan	\$ 10,018,681	\$ -	\$ -	\$ 10,018,681

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 8,040,173	\$ 13,666,910	\$ -	\$ 21,707,083
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	24,197,783	5,957,405	-	30,155,188
Non-cash portion of change in net pension liability and related deferrals	497,357	87,771	-	585,128
Non-cash portion of change in other post employment benefits deferrals	(15,713,156)	(2,772,909)	-	(18,486,065)
Changes in operating assets and liabilities:				
(Increase) decrease in receivables and other assets:				
Unrestricted accounts	318,426	(1,516,776)	-	(1,198,350)
Restricted accounts	(2,624)	-	-	(2,624)
Increase (decrease) in liabilities:				
Payable from unrestricted assets	(2,732,728)	627,668	-	(2,105,060)
Payable from restricted assets	3,615	2,382,931	-	2,386,546
Funds held in escrow	4,785	(113,237)	-	(108,452)
Other liabilities	21,872,126	3,969,089	-	25,841,215
Net cash provided by operating activities	<u>\$ 36,485,757</u>	<u>\$ 22,288,852</u>	<u>\$ -</u>	<u>\$ 58,774,609</u>

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
Cash Flows from Operating Activities				
Cash received from customers and miscellaneous income from vendors	\$ 94,940,047	\$ 45,146,735	\$ -	\$ 140,086,782
Cash payments for goods and services	(35,134,782)	(23,428,661)	-	(58,563,443)
Cash payments to employees	(14,172,178)	(2,920,275)	-	(17,092,453)
Net cash provided by operating activities	45,633,087	18,797,799	-	64,430,886
Cash Flows from NonCapital Financing Activities				
Payments of early retirement incentive liabilities	(92,434)	-	-	(92,434)
Advances from Solid Waste Division to Wastewater Division - unrestricted	32,265	(32,265)	-	-
Net cash (used in) noncapital financing activities	(60,169)	(32,265)	-	(92,434)
Cash Flows from Capital and Related Financing Activities				
Acquisition of property, plant and equipment and construction in progress	(59,957,081)	(1,986,538)	-	(61,943,619)
Cash paid for interest on bonds and related party debt	(3,603,708)	(599,767)	(241,202)	(4,444,677)
Cash received from FEMA	18,186,569	-	-	18,186,569
Cash payments for goods and services - Hurricane	(7,588)	-	-	(7,588)
Note repayments from Wastewater Division to Solid Waste Division - restricted	(716,030)	-	716,030	-
Repayment from Wastewater Division to Solid Waste Division - restricted	(379,000)	379,000	-	-
Cash received from NJIB	9,410,363	-	-	9,410,363
Payments of bonds payable	(16,602,895)	(7,811,298)	-	(24,414,193)
Cash received from Renewable Energy Incentive Program	-	1,500,000	-	1,500,000
Net cash (used in) provided by capital and related financing activities	(53,669,370)	(8,518,603)	474,828	(61,713,145)
Cash Flows from Investing Activities				
Cash received from interest	356,233	1,180,503	241,202	1,777,938
Redemption of investments	24,138,490	4,789,332	-	28,927,822
Purchase of investments	(25,171,562)	(4,578,955)	-	(29,750,517)
Note repayments from Wastewater Division to Solid Waste Division	-	716,030	(716,030)	-
Cash received from bond trustee	6,001,037	-	-	6,001,037
Net cash provided by (used in) investing activities	5,324,198	2,106,910	(474,828)	6,956,280
(Decrease) increase in cash and cash equivalents	(2,772,254)	12,353,841	-	9,581,587
Cash and Cash Equivalents, Beginning of Year	20,485,072	50,382,007	-	70,867,079
Cash and Cash Equivalents, End of Year	\$ 17,712,818	\$ 62,735,848	\$ -	\$ 80,448,666
Summary of Cash and Cash Equivalents, End of Year				
Unrestricted cash and cash equivalents	\$ 9,611,293	\$ 21,005,488	\$ -	\$ 30,616,781
Restricted cash and cash equivalents	8,101,525	41,730,360	-	49,831,885
	\$ 17,712,818	\$ 62,735,848	\$ -	\$ 80,448,666
Non-cash Financing and Investing activities				
NJIB State Assistance Infrastructure Loan	\$ 23,415,724	\$ -	\$ -	\$ 23,415,724

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 15,048,414	\$ 9,764,150	\$ -	\$ 24,812,564
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	23,487,182	6,008,693	-	29,495,875
Non-cash portion of change in net pension liability and related deferrals	1,405,827	248,087	-	1,653,914
Non-cash portion of change in other post employment benefits deferrals	19,593,126	3,457,611	-	23,050,737
Changes in operating assets and liabilities:				
(Increase) decrease in receivables and other assets:				
Unrestricted accounts	(2,818,365)	(550,957)	-	(3,369,322)
Restricted accounts	(680)	-	-	(680)
Increase (decrease) in liabilities:				
Payable from unrestricted assets	4,202,930	1,845,911	-	6,048,841
Payable from restricted assets	1,348	877,114	-	878,462
Funds held in escrow	135	(94,578)	-	(94,443)
Other liabilities	(15,286,830)	(2,758,232)	-	(18,045,062)
Net cash provided by operating activities	\$ 45,633,087	\$ 18,797,799	\$ -	\$ 64,430,886

See accompanying notes to basic financial statements.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1 – Organization:

The Middlesex County Utilities Authority (the "Authority") is a public body, politic and corporate of the State of New Jersey. As a public body under existing statute, the Authority is exempt from both federal and state income taxes.

The Authority has two divisions: the Solid Waste Division and the Wastewater Division. The two divisions are operated as separate enterprises with the assets, deferred outflows and inflows of resources, liabilities, net position, revenues and expenses and cash flows of each segregated from the other. Certain common expenses are allocated between the divisions.

The Solid Waste Division - The Solid Waste Division commenced landfill operations on January 1, 1988, and is responsible for the implementation of the principal elements of the County's Solid Waste Management Plan.

The Wastewater Division - The Wastewater Division is authorized and empowered to construct, maintain and operate sewage and sludge treatment facilities and to issue revenue bonds payable from the annual charges collected from the Wastewater Division's participants. Such sewer revenue bonds are collateralized solely by revenues derived from the operation of the Wastewater Division and have no lien or claim upon any of the assets or revenues of the Solid Waste Division.

Note 2 – Summary of Significant Accounting Policies:

General Statement – The accounting and reporting policies of the Authority included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America as applicable to local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (the "GASB").

Basis of Presentation – The financial statements of the Authority have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America applicable to proprietary funds as defined by GASB.

Estimates and Uncertainties – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources, 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, as determined at a later date, could differ from those estimates.

Operating Revenues and Expenses – Operating revenues for the Wastewater Division result from providing wastewater treatment services which are principally derived from billings to customers. Operating expenses for these operations include all costs related to providing the services. All other Wastewater Division revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued):

Operating revenues for the Solid Waste Division result from providing landfill operations which are principally derived from fees generated when customers unload solid waste at the landfill. Operating expenses for these operations include all costs related to providing the services. All other Solid Waste Division revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Cash Equivalents – Cash equivalents include certificates of deposit and amounts held in select escrow accounts at brokerages. The Authority considers investments with original maturities of three months or less at the date of purchase to be cash equivalents. For purposes of the statement of cash flows, the Authority considers all currency demand deposits and money market accounts with banks or other financial institutions to be cash equivalents.

Restricted Assets – Restricted assets consist of funds provided from issuance of bonds and/or revenues and are restricted for specific purposes under the resolution authorizing the issuance of the bonds or the respective Division’s budget. Restricted assets were as follows:

	December 31,	
	2019	2018
<u>Wastewater Division:</u>		
Restricted Funds	\$ 46,679,748	\$ 64,551,369
Trust accounts	122,734	120,110
Cash held with bond trustee	4,308,502	990,269
	51,110,984	65,661,748
 <u>Solid Waste Division:</u>		
Acquisition or construction of property, plant and equipment and related improvements	\$ 20,424,080	\$ 19,426,637
Landfill closure and post-closure	68,596,556	65,097,755
Future contingencies	28,767,019	27,972,280
Funds held in escrow	1,366,519	1,479,756
	119,154,174	113,976,428
 Total	 \$ 170,265,158	 \$ 179,638,176

Investments – Wastewater Division investments consist of certificates of deposit, which are purchased with the intent to hold to maturity and U.S. Government obligations which are purchased with the intent to hold to maturity. Solid Waste Division investments consist of certificates of deposit, which are purchased with the intent to hold to maturity and U.S. Government obligations which are purchased with the intent to hold to maturity. All investments are stated at fair value.

Accounts Receivable and Annual Charges Receivable – The Authority carries its annual charges receivable and accounts receivable at cost less an allowance for doubtful accounts. Generally, the Authority does not require collateral to support its receivables. On a periodic basis, the Authority evaluates its annual charges receivable and accounts receivable and establishes an allowance for doubtful accounts based on history of past write-offs, collections and current credit conditions. Charges are written off as uncollectible when management determines that a sufficient period of time has elapsed without receiving payment and the customers do not exhibit the ability to meet their obligations. No allowance for doubtful accounts was required at December 31, 2019 or 2018.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued):

Refunds Due Participants – Certain Wastewater Division customers choose to receive refunds on overpayments of estimated charges rather than taking credits against future invoices. These amounts are determined and agreed to on an annual basis.

Unearned Service Revenue – Receipts received from Solid Waste Division customers for service fees prior to being earned are recorded as unearned service revenue.

Capital Assets – Property, plant and equipment are stated at cost or estimated historical cost. For the Wastewater Division, system construction costs are charged to construction in progress until such time that the specific segments of the system are completed and put into operation. For the Solid Waste Division, landfill improvements are amortized based on the units of airspace used during the year.

Depreciation is computed on a straight-line basis over the following estimated useful lives:

	Years
Building and improvements	20-75
Improvements other than buildings:	
Sewer mains and interceptors	75
Pump stations	40
Other improvements	15 - 40
Landfill gas collection facility	20
Machinery and equipment	10 - 20
Vehicles	5
Furniture and fixtures	3 - 20

Insurance Reserves – The Authority self-insures for a portion of the losses that could arise during the normal course of operations, such as losses from general liability, collision losses and workers' compensation claims. The Authority's policy is to set up funded reserves for claims that may arise and to purchase commercial insurance to cover the liability for claims in excess of self-insured amounts.

Long-Term Obligations – Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium. At December 31, 2019 and 2018, the balance of unamortized original issue premium was as follows:

	December 31,	
	2019	2018
Wastewater Division	\$ 1,594,068	\$ 1,604,431
Solid Waste Division	212,201	285,546
	\$ 1,806,269	\$ 1,889,977

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued):

Amortization expense for the years ended December 31, 2019 and 2018 was as follows:

	December 31,	
	2019	2018
Wastewater Division	\$ 315,421	\$ 443,101
Solid Waste Division	73,345	73,347
	\$ 388,766	\$ 516,448

Accrued Closure and Post-Closure Care Liabilities (Solid Waste Division) – Landfill site closure and post-closure care liabilities are accrued based on estimates of closure and post-closure costs to be incurred and units of airspace filled during the period.

Deferred Outflows / Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense / expenditure) until then. The Authority has two items that qualify for reporting in this category, deferred amounts related to pensions and other post employment benefits.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has three items that qualify for reporting in this category, deferred amounts related to pensions and other post employment benefits and deferred gain on defeasance of debt.

Recent Pronouncements – The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Management has reviewed the requirements of this Statement and has determined it did not have any impact on the financial statements.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in April 2018. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments. The requirements of this Statement are effective for periods beginning after June 15, 2018. Management has adopted this statement in the 2019 fiscal year and it was determined that it did not have an impact on its financial statements or disclosures.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued):

Postemployment Benefits Other Than Pensions (OPEB) - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Middlesex County Joint Health Insurance Fund (MCJHIF) and additions to/deductions from MCJHIF's fiduciary net position have been determined on the same basis as they are reported by MCJHIF.

Subsequent Events - Management has reviewed and evaluated all events and transactions from December 31, 2019 through August 19, 2020, the date that the financial statements were available for issuance. The effects of those events and transactions that provide additional pertinent information about conditions that existed at the statement of net position date have been recognized in the accompanying financial statements.

In May 2020, the Authority issued bonds to replace the loan payable to New Jersey Infrastructure Bank ("NJIB") for the Sayreville Pump Station. See Note 6 for additional details.

Subsequent to December 31, 2019, the COVID-19 (coronavirus) pandemic has resulted in substantial economic volatility on a global scale. As a result, the Authority's economically sensitive revenues (i.e. customer charges, tipping fees, soil program fees and interest earnings might be negatively impacted. Collection rates on billings might be slowed as unemployment rates are expected to spike. Meanwhile, the Authority's expenses for operations, health service functions and pension benefits (due to stock market declines) would all be expected to increase sharply. Credit markets may tighten and interest rates could fluctuate. None of these factors were taken into consideration in the development of the 2020 adopted budget. Federal and or State assistance to mitigate this volatility have not yet been established or confirmed. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the actual impact on the Authority's financial position at this time.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 3 – Cash and Cash Equivalents:

The components of cash and cash equivalents are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
December 31, 2019			
Wastewater Division:			
Cash on deposit	\$ 2,436,347	\$ 5,752,384	\$ 8,188,731
Cash equivalents	1,552,000	18,870,000	20,422,000
	<u>3,988,347</u>	<u>24,622,384</u>	<u>28,610,731</u>
Solid Waste Division:			
Cash on deposit	<u>22,647,188</u>	<u>11,531,566</u>	<u>34,178,754</u>
Total	<u>\$ 26,635,535</u>	<u>\$ 36,153,950</u>	<u>\$ 62,789,485</u>
December 31, 2018			
Wastewater Division:			
Cash on deposit	\$ 5,987,293	\$ 8,101,525	\$ 14,088,818
Cash equivalents	3,624,000	-	3,624,000
	<u>9,611,293</u>	<u>8,101,525</u>	<u>17,712,818</u>
Solid Waste Division:			
Cash on deposit	21,005,488	37,896,700	58,902,188
Cash equivalents	-	3,833,660	3,833,660
	<u>21,005,488</u>	<u>41,730,360</u>	<u>62,735,848</u>
Total	<u>\$ 30,616,781</u>	<u>\$ 49,831,885</u>	<u>\$ 80,448,666</u>

New Jersey statutes and the Authority's General Bond Resolution permit the deposit of public funds only in banks that meet the requirements of the Governmental Unit Deposit Protection Act ("GUDPA") or the State of New Jersey Cash Management Fund. GUDPA requires that banks which accept public funds be a public depository. A "public depository" is defined as a state bank, a national bank, or a savings bank or association, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation ("FDIC"). A local unit may make deposits in, or purchase certificates of deposit from, banks which are located in New Jersey and which meet the requirements of GUDPA.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 3 – Cash and Cash Equivalents (continued):

All bank deposits as of the statement of net position date are held in each respective Division's name by commercial banking institutions. At December 31, 2019 and 2018, the carrying amount of the each Division's deposits, bank balances and FDIC insured amounts were as follows:

	December 31,	
	2019	2018
<u>Carrying amount of cash and cash equivalents:</u>		
Wastewater Division	\$ 28,610,731	\$ 17,712,818
Solid Waste Division	34,178,754	62,735,848
	\$ 62,789,485	\$ 80,448,666

	December 31,	
	2019	2018
<u>Bank balances:</u>		
Wastewater Division	\$ 30,063,470	\$ 20,250,683
Solid Waste Division	34,442,345	61,519,292
	\$ 64,505,815	\$ 81,769,975
 <u>Insured by FDIC:</u>		
Wastewater Division	\$ 250,000	\$ 250,000
Solid Waste Division	524,402	523,993
	\$ 774,402	\$ 773,993

Balances above the FDIC amount were insured through the GUDPA, N.J.S.A. 17:9-41 et seq., which insures all New Jersey governmental units' deposits in excess of Federal deposit insurance maximums.

Custodial Credit Risk: Pursuant to Governmental Accounting Standards Board Statement No. 40, *Deposits and Investment Risk Disclosures* ("GASB 40"), the Authority's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of a failure of the counterparty, the Authority would not be able to recover the value of its deposits on investments.) Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2019 and 2018, all of the Authority's deposits were collateralized by securities held by FDIC and the GUDPA collateral pool and, accordingly, are not exposed to Custodial Credit Risk.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 4 – Investments:

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

- a) Any direct and general obligation of the United States of America.
- b) Negotiable or non-negotiable certificates of deposit issued by any bank, savings and loan association, or national banking association if qualified to serve as a depository for public funds under the provisions of the Governmental Unit Deposit Protection Act, N.J.S.A. 17:9-41 et seq.
- c) Deposits in the State of New Jersey Cash Management Fund.

The Authority's investments which are held in each Division's name on the records of the various financial institutions, are recorded at fair value and include the following:

	December 31,	
	2019	2018
<u>Wastewater Division</u>		
Certificates of deposit	\$ 9,397,000	\$ 20,087,000
United States Government Obligations:		
US Treasury Bills	5,954,056	9,750,562
	\$ 15,351,056	\$ 29,837,562
<u>Solid Waste Division</u>		
Certificates of deposit	\$ 32,621,029	\$ 1,097,920
United States Government Obligations:		
FNMA and FHLMC Obligations	21,495,560	20,345,282
US Treasury Notes	37,235,150	35,007,795
	\$ 91,351,739	\$ 56,450,997
Total	\$ 106,702,795	\$ 86,288,559

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 4 – Investments (continued):

The amortized cost of the Wastewater Division’s investment securities and their approximate fair values at December 31, 2019 and 2018 were as follows:

Securities and certificates of deposit to be held to maturity:	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
December 31, 2019				
Certificates of Deposit	\$ 9,397,000			\$ 9,397,000
United States Government Obligations:				
US Treasury Bills	5,954,056			5,954,056
	<u>\$ 15,351,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,351,056</u>
December 31, 2018				
Certificates of Deposit	\$ 20,087,000			\$ 20,087,000
United States Government Obligations:				
US Treasury Bills	9,750,562			9,750,562
	<u>\$ 29,837,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,837,562</u>

The amortized cost of the Solid Waste Division’s investment securities and their approximate fair values at December 31, 2019 and 2018 were as follows:

Securities and certificates of deposit to be held to maturity:	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
December 31, 2019				
Certificates of Deposit	\$ 32,602,460	\$ 18,672	\$ (103)	\$ 32,621,029
United States Government Obligations:				
FNMA and FHLMC Obligations	21,589,424	89,003	(182,867)	21,495,560
US Treasury Notes	37,081,515	216,685	(63,050)	37,235,150
	<u>\$ 91,273,399</u>	<u>\$ 324,360</u>	<u>\$ (246,020)</u>	<u>\$ 91,351,739</u>
December 31, 2018				
Certificates of Deposit	\$ 1,099,450	\$ -	\$ (1,530)	\$ 1,097,920
United States Government Obligations:				
FNMA and FHLMC Obligations	20,829,222	3,751	(487,691)	20,345,282
US Treasury Notes	35,559,856	20,519	(572,580)	35,007,795
	<u>\$ 57,488,528</u>	<u>\$ 24,270</u>	<u>\$ (1,061,801)</u>	<u>\$ 56,450,997</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 4 – Investments (continued):

Investment ratings and contractual maturities of the Wastewater Division’s held-to-maturity debt securities at December 31, 2019 and 2018, are as follows:

<u>Investment Type</u>	<u>S&P Ratings</u>	<u>December 31, 2019 Investment Maturities</u>			
		<u>Fair Value</u>	<u>Within 1 Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>
Certificates of Deposit	N/A	\$ 9,397,000	\$ 9,397,000	\$ -	\$ -
United States Government Obligations:					
US Treasury Bills	N/A	5,954,056	5,954,056	-	-
		<u>\$ 15,351,056</u>	<u>\$ 15,351,056</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Investment Type</u>	<u>S&P Ratings</u>	<u>December 31, 2018 Investment Maturities</u>			
		<u>Fair Value</u>	<u>Within 1 Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>
Certificates of Deposit	N/A	\$ 20,087,000	\$ 17,887,000	\$ 2,200,000	\$ -
United States Government Obligations:					
US Treasury Bills	N/A	9,750,562	9,750,562	-	-
		<u>\$ 29,837,562</u>	<u>\$ 27,637,562</u>	<u>\$ 2,200,000</u>	<u>\$ -</u>

Investment ratings and contractual maturities of the Solid Waste Division’s held-to-maturity debt securities at December 31, 2019 and 2018, are as follows:

<u>Investment Type</u>	<u>S&P Ratings</u>	<u>December 31, 2019 Investment Maturities</u>			
		<u>Fair Value</u>	<u>Within 1 Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>
Certificates of Deposit	N/A	\$ 32,621,029	\$ 31,728,829	\$ 892,200	\$ -
United States Government Obligations:					
FNMA and FHLMC Obligations	AA	21,495,560	6,099,165	15,396,395	-
US Treasury Notes	N/A	37,235,150	8,339,109	27,061,035	1,835,006
		<u>\$ 91,351,739</u>	<u>\$ 46,167,103</u>	<u>\$ 43,349,630</u>	<u>\$ 1,835,006</u>

<u>Investment Type</u>	<u>S&P Ratings</u>	<u>December 31, 2018 Investment Maturities</u>			
		<u>Fair Value</u>	<u>Within 1 Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>
Certificates of Deposit	N/A	\$ 1,097,920	\$ -	\$ 1,097,920	\$ -
United States Government Obligations:					
FNMA and FHLMC Obligations	AA	20,345,282	2,180,289	18,164,993	-
US Treasury Notes	N/A	35,007,795	7,340,133	27,667,662	-
		<u>\$ 56,450,997</u>	<u>\$ 9,520,422</u>	<u>\$ 46,930,575</u>	<u>\$ -</u>

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

GASB 72 established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement.) The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 4 – Investments (continued):

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

- *Certificates of Deposit*: Valued at amortized cost, which approximates fair value.
- *FNMA and FHLMC Obligations*: Valued at the closing price reported on the active market in which the security is traded.
- *US Treasury Bills*: Valued at the closing price reported on the active market in which the security is traded.
- *US Treasury Notes*: Valued at the closing price reported on the active market in which the security is traded.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 4 – Investments (continued):

The following table sets forth by level, within the fair value hierarchy, the Authority's assets at fair value as of December 31, 2019 and 2018:

<i>Assets at Fair Value</i>		
<u><i>as of December 31, 2019</i></u>		
	<u><i>Level 2</i></u>	<u><i>Total</i></u>
Wastewater Division:		
Certificates of Deposit	\$ 9,397,000	\$ 9,397,000
US Treasury Bills	5,954,056	5,954,056
Solid Waste Division:		
Certificates of Deposit	32,621,029	32,621,029
FNMA and FHLMC Obligations	21,495,560	21,495,560
US Treasury Notes	<u>37,235,150</u>	<u>37,235,150</u>
Total	<u>\$ 106,702,795</u>	<u>\$ 106,702,795</u>

<i>Assets at Fair Value</i>		
<u><i>as of December 31, 2018</i></u>		
	<u><i>Level 2</i></u>	<u><i>Total</i></u>
Wastewater Division:		
Certificates of Deposit	\$ 20,087,000	\$ 20,087,000
US Treasury Bills	9,750,562	9,750,562
Solid Waste Division:		
Certificates of Deposit	1,097,920	1,097,920
FNMA and FHLMC Obligations	20,345,282	20,345,282
US Treasury Notes	<u>35,007,795</u>	<u>35,007,795</u>
Total	<u>\$ 86,288,559</u>	<u>\$ 86,288,559</u>

Credit Risk: The Authority does not have an investment policy regarding the management of credit risk, because it is the Authority's policy, pursuant to its bond resolutions, to only invest in securities that are obligations of the U.S. Government or securities guaranteed by the U.S. Government and certificates of deposit. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments, except for obligations of the U.S. Government or investments guaranteed by the U.S. Government.

Interest Rate Risk: The Authority only invests in securities of, or guaranteed by, the U.S. Government, which it generally holds until maturity, and in certificates of deposit. As such, management believes that they do not have a significant exposure to interest rate risk, therefore, the Authority does not have a policy to limit interest rate risk.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 5 – Capital Assets:

Capital assets at December 31, 2019 and 2018 consist of the following:

	December 31, 2019		
	Wastewater Division	Solid Waste Division	Total
Depreciable:			
Landfill and landfill expansion, including initial preparatory cost	\$ -	\$ 224,165,391	\$ 224,165,391
Buildings and improvements	177,495,812	11,154,474	188,650,286
Improvements other than buildings	499,103,921	19,506,804	518,610,725
Machinery and equipment	45,150,040	9,304,875	54,454,915
Furniture and fixtures	104,817	-	104,817
Landfill gas collection facility	65,591,952	-	65,591,952
Landfill gas collection equipment	13,074,349	-	13,074,349
	800,520,891	264,131,544	1,064,652,435
Less: Accumulated depreciation and amortization	(407,561,123)	(259,012,265)	(666,573,388)
	392,959,768	5,119,279	398,079,047
Non-depreciable:			
Land	8,401,828	55,366,747	63,768,575
Construction in progress	152,145,670	12,411,914	164,557,584
	\$ 553,507,266	\$ 72,897,940	\$ 626,405,206

	December 31, 2018		
	Wastewater Division	Solid Waste Division	Total
Depreciable:			
Landfill and landfill expansion, including initial preparatory cost	\$ -	\$ 224,165,391	\$ 224,165,391
Buildings and improvements	177,481,565	11,040,920	188,522,485
Improvements other than buildings	494,962,345	16,557,137	511,519,482
Machinery and equipment	35,902,964	7,915,651	43,818,615
Furniture and fixtures	57,091	-	57,091
Landfill gas collection facility	65,591,952	-	65,591,952
Landfill gas collection equipment	6,045,822	-	6,045,822
	780,041,739	259,679,099	1,039,720,838
Less: Accumulated depreciation and amortization	(383,363,340)	(253,054,860)	(636,418,200)
	396,678,399	6,624,239	403,302,638
Non-depreciable:			
Land	8,401,828	55,366,747	63,768,575
Construction in progress	103,381,593	7,023,130	110,404,723
	\$ 508,461,820	\$ 69,014,116	\$ 577,475,936

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 5 – Capital Assets (continued):

Depreciation expense for the years ended December 31, 2019 and 2018 was as follows:

	December 31,	
	2019	2018
Wastewater Division	\$ 24,197,783	\$ 23,487,182
Solid Waste Division	5,957,405	6,008,693
	\$ 30,155,188	\$ 29,495,875

Changes in capital assets for the years ended December 31, 2019 and 2018 were as follows:

	January 1, 2019	Increase	Transfers	December 31, 2019
<u>Wastewater Division:</u>				
Buildings and improvements	\$ 177,481,565	\$ 14,247	\$ -	\$ 177,495,812
Other improvements	494,962,345	3,277,360	864,216	499,103,921
Machinery and equipment	35,902,964	5,427,982	3,819,094	45,150,040
Furniture and fixtures	57,091	47,726	-	104,817
Landfill gas collection facility	65,591,952	-	-	65,591,952
Landfill gas collection equipment	6,045,822	7,028,527	-	13,074,349
	780,041,739	15,795,842	4,683,310	800,520,891
Less: Accumulated depreciation	(383,363,340)	(24,197,783)	-	(407,561,123)
	396,678,399	(8,401,941)	4,683,310	392,959,768
Land	8,401,828	-	-	8,401,828
Construction in progress	103,381,593	53,447,387	(4,683,310)	152,145,670
	\$ 508,461,820	\$ 45,045,446	\$ -	\$ 553,507,266
	January 1, 2019	Increase	Transfers	December 31, 2019
<u>Solid Waste Division:</u>				
Landfill and landfill expansion, including initial preparatory cost	\$ 224,165,391	\$ -	\$ -	\$ 224,165,391
Buildings and improvements	11,040,920	113,554	-	11,154,474
Other improvements	16,557,137	2,949,667	418,302	19,506,804
Machinery and equipment	7,915,651	1,389,224	-	9,304,875
	259,679,099	4,452,445	418,302	264,131,544
Less: Accumulated depreciation	(253,054,860)	(5,957,405)	-	(259,012,265)
	6,624,239	(1,504,960)	418,302	5,119,279
Land	55,366,747	-	-	55,366,747
Construction in progress	7,023,130	5,807,086	(418,302)	12,411,914
	\$ 69,014,116	\$ 4,302,126	\$ -	\$ 72,897,940

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 5 – Capital Assets (continued):

	<u>January 1, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2018</u>
<u>Wastewater Division:</u>				
Buildings and improvements	\$ 177,482,470	\$ -	\$ 905	\$ 177,481,565
Other improvements	491,645,644	3,316,701	-	494,962,345
Machinery and equipment	33,691,388	2,211,576	-	35,902,964
Furniture and fixtures	57,091	-	-	57,091
Landfill gas collection facility	62,545,648	3,046,304	-	65,591,952
Landfill gas collection equipment	5,536,211	509,611	-	6,045,822
	<u>770,958,452</u>	<u>9,084,192</u>	<u>905</u>	<u>780,041,739</u>
Less: Accumulated depreciation	(359,876,158)	(23,487,182)	-	(383,363,340)
	<u>411,082,294</u>	<u>(14,402,990)</u>	<u>905</u>	<u>396,678,399</u>
Land	8,401,828	-	-	8,401,828
Construction in progress	52,507,799	50,873,794	-	103,381,593
	<u>\$ 471,991,921</u>	<u>\$ 36,470,804</u>	<u>\$ 905</u>	<u>\$ 508,461,820</u>

	<u>January 1, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2018</u>
<u>Solid Waste Division:</u>				
Landfill and landfill expansion, including initial preparatory cost	\$ 224,165,391	\$ -	\$ -	\$ 224,165,391
Buildings and improvements	11,000,351	40,569	-	11,040,920
Other improvements	16,481,711	75,426	-	16,557,137
Machinery and equipment	6,491,708	1,423,943	-	7,915,651
	<u>258,139,161</u>	<u>1,539,938</u>	<u>-</u>	<u>259,679,099</u>
Less: Accumulated depreciation	(247,046,167)	(6,008,693)	-	(253,054,860)
	<u>11,092,994</u>	<u>(4,468,755)</u>	<u>-</u>	<u>6,624,239</u>
Land	55,366,747	-	-	55,366,747
Construction in progress	6,576,530	446,600	-	7,023,130
	<u>\$ 73,036,271</u>	<u>\$ (4,022,155)</u>	<u>\$ -</u>	<u>\$ 69,014,116</u>

Note 6 – New Jersey Infrastructure Bank Loans:

During 2016, the Authority was approved for two New Jersey Infrastructure Bank (“NJIB”) Statewide Assistance Infrastructure Loans (“SAIL”) to fund two projects being operating by the Wastewater Division. The NJIB approved a loan for the Edison Pump Station for \$35,208,623 and a loan for the Sayreville Pump Station for \$87,953,113. The terms of these loans allow the Authority to receive funding from the NJIB on a drawdown basis as approved project expenditures are incurred. The loans do not bear interest during the drawdown period.

The Authority has been approved for reimbursement of a portion of these projects from the Federal Emergency Management Agency (“FEMA”) in amounts up to \$19,466,721 for the Edison Pump Station and \$66,832,086 for the Sayreville Pump Station. As the eligible expenditures are reimbursed by FEMA, the Authority will use those funds to repay the NJIB for advances on the SAILs. Once the related project is completed, the Authority plans to issue bonds to replace the remaining balance of each loan.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 6 – New Jersey Infrastructure Bank Loans (continued):

During 2019, the Authority was approved for a New Jersey Infrastructure Bank (“NJIB”) construction loan to fund a project being operating by the Wastewater Division. The NJIB approved a loan for the Main Trunk Sewer Rehab Phase II for \$10,018,681. The term of this loan allows the Authority to receive funding from the NJIB on a drawdown basis as approved project expenditures are incurred. The loan does not bear interest during the drawdown period.

The following presents the changes in the loan balances receivable from NJIB for the years ended December 31, 2019 and 2018, respectively:

	<u>January 1, 2019</u>	<u>Additions</u>	<u>Retired</u>	<u>December 31, 2019</u>
NJIB SAIL - Edison Pump Station	\$ 6,069,928	\$ 1,723,687	\$ 7,793,615	\$ -
NJIB SAIL - Sayreville Pump Station	20,429,566	26,106,542	36,983,590	9,552,518
NJIB construction loan - Main Trunk Sewer Rehab Phase II		10,018,681	2,958,613	7,060,068
	<u>\$ 26,499,494</u>	<u>\$ 37,848,910</u>	<u>\$ 47,735,818</u>	<u>\$ 16,612,586</u>
	<u>January 1, 2018</u>	<u>Additions</u>	<u>Retired</u>	<u>December 31, 2018</u>
NJIB SAIL - Edison Pump Station	\$ 4,969,285	\$ 10,136,270	\$ 9,035,627	\$ 6,069,928
NJIB SAIL - Sayreville Pump Station	7,524,850	30,152,983	17,248,267	20,429,566
	<u>\$ 12,494,135</u>	<u>\$ 40,289,253</u>	<u>\$ 26,283,894</u>	<u>\$ 26,499,494</u>

The Wastewater Division has recorded the reimbursement requests due from NJIB on the statement of net position as Due from NJIB.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities:

During the years ended December 31, 2019 and 2018, the following changes occurred in long-term liabilities:

	<u>January 1,</u> <u>2019</u>	<u>Additions</u>	<u>Retired</u>	<u>December 31,</u> <u>2019</u>	<u>Due Within</u> <u>One Year</u>
Wastewater Division:					
Bonds payable	\$ 115,703,743	\$ 16,199,822	\$ 23,119,556	\$ 108,784,009	\$ 11,990,138
Unamortized original issue premium	1,604,431	305,058	315,421	1,594,068	187,724
	117,308,174	16,504,880	23,434,977	110,378,077	12,177,862
Net pension liability	32,697,537	-	1,675,358	31,022,179	-
Liability for other post employment benefits	133,036,035	16,157,849	-	149,193,884	-
Liability for early retirement incentives	1,793,876	-	106,979	1,686,897	122,892
NJIB construction loan	-	10,018,681	-	10,018,681	-
NJIB State Assistance Infrastructure Loans	40,691,843	26,106,542	40,965,613	25,832,772	-
	<u>\$ 325,527,465</u>	<u>\$ 68,787,952</u>	<u>\$ 66,182,927</u>	<u>\$ 328,132,490</u>	<u>\$ 12,300,754</u>
Solid Waste Division:					
Bonds payable	\$ 16,577,537	\$ -	\$ 7,977,629	\$ 8,599,908	\$ 1,695,482
Unamortized original issue premium	285,546	-	73,345	212,201	73,347
	16,863,083	-	8,050,974	8,812,109	1,768,829
Net pension liability	5,770,153	-	295,651	5,474,502	-
Liability for other post employment benefits	22,524,470	3,803,863	-	26,328,333	-
	<u>\$ 45,157,706</u>	<u>\$ 3,803,863</u>	<u>\$ 8,346,625</u>	<u>\$ 40,614,944</u>	<u>\$ 1,768,829</u>
	<u>January 1,</u> <u>2018</u>	<u>Additions</u>	<u>Retired</u>	<u>December 31,</u> <u>2018</u>	<u>Due Within</u> <u>One Year</u>
Wastewater Division:					
Bonds payable	\$ 132,306,638	\$ -	\$ 16,602,895	\$ 115,703,743	\$ 22,705,831
Unamortized original issue premium	2,047,532	-	443,101	1,604,431	307,793
	134,354,170	-	17,045,996	117,308,174	23,013,624
Net pension liability	37,827,086	-	5,129,549	32,697,537	-
Liability for other post employment benefits	143,221,725	-	15,583,064	127,638,661	-
Liability for early retirement incentives	1,886,310	-	92,434	1,793,876	106,980
NJIB State Assistance Infrastructure Loans	17,276,120	40,289,253	16,873,530	40,691,843	-
	<u>\$ 334,565,411</u>	<u>\$ 40,289,253</u>	<u>\$ 54,724,573</u>	<u>\$ 320,130,091</u>	<u>\$ 23,120,604</u>
Solid Waste Division:					
Bonds payable	\$ 24,388,835	\$ -	\$ 7,811,298	\$ 16,577,537	\$ 7,977,630
Unamortized original issue premium	358,893	-	73,347	285,546	73,347
	24,747,728	-	7,884,645	16,863,083	8,050,977
Net pension liability	6,675,368	-	905,215	5,770,153	-
Liability for other post employment benefits	25,274,422	-	2,749,952	22,524,470	-
	<u>\$ 56,697,518</u>	<u>\$ -</u>	<u>\$ 11,539,812</u>	<u>\$ 45,157,706</u>	<u>\$ 8,050,977</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

The following is a summary of bonds payable as of December 31, 2019 and 2018:

	December 31,	
	2019	2018
<u>Wastewater Division:</u>		
Issue of 2001A, N.J. IB Bonds (a):		
Federal portion	\$ 1,777,768	\$ 2,668,365
State portion	2,390,125	3,503,353
Issue of 2005A, N.J. IB Bonds (b)		
Federal portion	2,104,008	2,456,024
State portion	2,688,239	3,079,871
Issue of 2006, N.J. IB Bonds (c)		
Federal portion	14,169,528	16,191,453
State portion	19,409,017	21,776,273
Issue of 2007 (d)	-	11,675,000
Issue of 2009A, N.J. IB Bonds (e)		
Federal portion	4,790,879	5,285,746
State portion*	5,611,000	6,060,000
Issue of 2009 N.J. IB Bonds (f)		
Federal portion - D-1	2,218,818	2,440,700
State portion - C-1**	1,806,000	1,948,000
Issue of 2009 N.J. IB Bonds (g)		
Federal portion - D-2	6,182,266	6,800,493
State portion - C-2**	2,337,000	2,527,000
Issue of 2010 N.J. IB Bonds (h)		
Federal portion	3,229,526	3,523,119
State portion	3,344,000	3,589,000
Issue of 2014A N.J. IB Bonds (i)		
Federal portion	3,003,019	3,217,521
State portion	1,110,000	1,165,000
Issue of 2016A N.J. IB Bonds (j)		
Federal portion	12,481,717	13,261,825
State portion	4,345,000	4,535,000
Issue of 2019A N.J. IB Bonds (k)		
Federal portion	11,791,099	-
State portion	3,995,000	-
	<u>108,784,009</u>	<u>115,703,743</u>
Current portion	11,990,138	22,705,831
Long-term portion	<u>\$ 96,793,871</u>	<u>\$ 92,997,912</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

	December 31,	
	2019	2018
<u>Solid Waste Division:</u>		
Issue of 2007A, N.J. EIT bonds (l):		
Federal portion	\$ -	\$ 2,886,148
State portion	-	3,429,000
Issue of 2009A, N.J. EIT bonds (m):		
Federal portion	3,891,908	4,716,389
State portion*	4,708,000	5,546,000
	8,599,908	16,577,537
Current portion	1,695,482	7,977,630
Long-term portion	\$ 6,904,426	\$ 8,599,907

*These bond issues were refunded by the N.J. EIT as part of the 2017A-R1 refunding series on January 17, 2017. The refunding savings is described in the respective footnote below and on the following page for each bond issue which was refunded.

**These bond issues were refunded by the N.J. EIT as part of the 2017A-R2 refunding series on January 17, 2017. The refunding savings is described in the respective footnote below and on the following page for each bond issue which was refunded.

- a. Bonds payable in two separate portions. The Federal portion is payable in semiannual principal amounts totaling approximately \$890,000, and does not bear interest. The state portion bears interest at rates ranging from 4.75% to 5.00% per annum and is payable in annual installments that range from a current amount of approximately \$1,060,000 to \$1,224,000 through August 2021. Current portion as of December 31, 2019 is \$2,054,295.
- b. Bonds payable in two separate portions. The Federal portion is payable in semiannual principal amounts totaling approximately \$353,000 and does not bear interest. The state portion bears interest at rates ranging from 4.00% to 4.50% per annum and is payable in annual installments that range from a current amount of approximately \$374,000 to \$493,000 through August 2025. Current portion as of December 31, 2019 is \$754,903.
- c. Bonds payable in two separate portions. The Federal portion is payable in semiannual principal amounts totaling approximately \$2,025,000, and does not bear interest. The state portion bears interest at rates ranging from 4.00% to 5.00% per annum and is payable in annual installments that range from approximately \$2,277,000 to \$2,928,000 through August 2026. Current portion as of December 31, 2019 is \$4,487,177.
- d. Bonds payable final payment of \$11,675,000 was paid on December 15, 2019.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

- e. Bonds payable in two separate portions. The Federal portion is payable in semiannual principal amounts totaling approximately \$495,000, and does not bear interest. The state portion bears interest at rates ranging from 3.50% to 5.00% per annum. The state portion of the bonds are payable in annual installments that range from the current amount of \$467,000, increasing annually to \$665,000 through August 2029. Amounts payable from August 2020 through August 2029 are net of a principal reduction which took effect when the Authority participated in the January 17, 2017 NJIB refunding process. The principal reduction is applied to the principal payments annually starting in August 2019 and results in a total principal reduction of \$325,000. Current portion as of December 31, 2019 is \$961,867.
- f. Bonds payable in two separate portions. The Federal portion (D-1) is payable in semi-annual installments of \$221,882 per annum and does not bear interest. The State portion (C-1) of the bonds bears interest at rates ranging from 3.00% to 5.00% and is payable in annual installments that range from a current amount of \$152,000, increasing annually to \$214,000 through August 2029. Amounts payable from August 2020 through August 2029 are net of a principal reduction which took effect when the Authority participated in the January 17, 2017 NJIB refunding process. The principal reduction will be applied to the principal payments annually starting in August 2019 and will result in a total principal reduction of \$107,000. Current portion as of December 31, 2019 is \$373,882.
- g. Bonds payable in two separate portions. The Federal portion (D-2) is payable in semi-annual installments of \$618,227 per annum and does not bear interest. The State portion (C-2) of the bonds bears interest at rates ranging from 3.00% to 5.00% and is payable in annual installments that range from a current amount of \$194,000, increasing annually to \$276,000 through August 2029. Amounts payable from August 2020 through August 2029 are net of a principal reduction which took effect when the Authority participated in the January 17, 2017 NJIB refunding process. The principal reduction will be applied to the principal payments annually starting in August 2019 and will result in a total principal reduction of \$138,000. Current portion as of December 31, 2019 is \$812,227.
- h. Bonds payable in two separate portions. The Federal portion is payable in semi-annual installments of \$293,593 per annum and does not bear interest. The State portion of the bonds bears interest of 5.00% per annum and is payable in annual installments that range from \$237,000 increasing annually to \$377,000 through August 2030. Current portion as of December 31, 2019 is \$530,593.
- i. Bonds payable in two separate portions. The Federal portion is payable in semiannual installments that aggregate to \$214,502 per annum and does not bear interest. The state portion of the bonds bears interest ranging from a current amount of 3.00% to 5.00% per annum and is payable in annual installments that range from the current amount of \$60,000, increasing annually to \$95,000 through August 2033. Current portion as of December 31, 2019 is \$274,502.
- j. Bonds payable in two separate portions. The Federal portion is payable in semiannual installments that aggregate to \$780,108 per annum and does not bear interest. The state portion of the bonds bears interest ranging from a current amount of 2.00% to 5.00% per annum and is payable in annual installments that range from \$200,000 increasing annually to \$335,000 through August 2035. Current portion as of December 31, 2019 is \$980,108.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

- k. Bonds payable in two separate portions. The Federal portion is payable in semiannual installments that aggregate to \$621,000 per annum and does not bear interest. The state portion of the bonds bears interest ranging from a current amount of 2.00% to 5.00% per annum and is payable in annual installments that range from \$140,000 to \$275,000 beginning August 2020 through August 2038. The current portion as of December 31, 2019 is \$760,584.
- l. In 2007, the Solid Waste Division borrowed \$64,962,245 from the New Jersey Infrastructure Bank. The bonds are payable in two separate portions. The final payment of \$6,315,148 was paid in August 2019.
- m. In 2009, the Solid Waste Division borrowed \$23,537,398 in supplemental bond financing from the New Jersey Infrastructure Bank. The bonds are payable in two separate portions. The federal portion is payable in semi-annual principal amounts aggregating approximately \$824,500 per year without interest. The state portion bears interest at rates ranging from 3.5% to 5.0% per annum and is payable in annual installments ranging from \$830,000 to \$1,014,000 through August 2024. Amounts payable from August 2020 through August 2024 are net of a principal reduction which took effect when the Authority participated in the January 17, 2017 NJIB refunding process. The principal reduction will be applied to the principal payments annually starting in August 2019 and will result in a total principal reduction of \$224,000. Current portion as of December 31, 2019 is \$1,695,482.

Bonds payable includes related unamortized premiums associated with those bonds. Bond premiums and gain on defeasance (deferred inflow of resources) are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

Annual repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
<u>Wastewater Division:</u>			
Year Ending December 31,			
2020	\$ 11,990,138	\$ 1,893,498	\$ 13,883,636
2021	12,232,094	1,657,374	13,889,468
2022	10,299,628	1,410,632	11,710,260
2023	10,495,098	1,216,407	11,711,505
2024	10,825,854	1,013,934	11,839,788
2025-2029	36,686,698	2,217,446	38,904,144
2030-2034	11,607,056	477,408	12,084,464
2035-2038	4,647,443	90,000	4,737,443
	<u>\$ 108,784,009</u>	<u>\$ 9,976,699</u>	<u>\$ 118,760,708</u>
<u>Solid Waste Division:</u>			
Year Ending December 31,			
2020	\$ 1,695,482	\$ 188,320	\$ 1,883,802
2021	1,734,482	153,480	1,887,962
2022	1,761,482	117,080	1,878,562
2023	1,800,482	79,600	1,880,082
2024	1,607,980	40,560	1,648,540
	<u>\$ 8,599,908</u>	<u>\$ 579,040</u>	<u>\$ 9,178,948</u>
<u>Total:</u>			
Year Ending December 31,			
2020	\$ 13,685,620	\$ 2,081,818	\$ 15,767,438
2021	13,966,576	1,810,854	15,777,430
2022	12,061,110	1,527,712	13,588,822
2023	12,295,580	1,296,007	13,591,587
2024	12,433,834	1,054,494	13,488,328
2025-2029	36,686,698	2,217,446	38,904,144
2030-2034	11,607,056	477,408	12,084,464
2035-2038	4,647,443	90,000	4,737,443
	<u>\$ 117,383,917</u>	<u>\$ 10,555,739</u>	<u>\$ 127,939,656</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans:

Pension Plan – The Authority participates in the Public Employee's Retirement System of New Jersey, which is administered by the Division of Pensions in the Department of Treasury, State of New Jersey. This multiple-employer defined benefit pension plan is funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plan, which covers public employees throughout the state, does not maintain separate records for each reporting unit and, accordingly, the actuarial data specific to the employees of the Authority who are members of the plan are not available. The contributions to the plan, excluding any contributions for early retirement incentive liabilities, for the years ended December 31, 2019, 2018 and 2017 were as follows:

	December 31,		
	2019	2018	2017
Wastewater Division	\$ 1,651,819	\$ 1,505,376	\$ 1,436,691
Solid Waste Division	291,497	265,655	253,534
	\$ 1,943,316	\$ 1,771,031	\$ 1,690,225

The contributions above were equal to the required contributions for each year.

Deferred Compensation – The Authority's deferred compensation program is offered to all Authority employees. The program was created in accordance with Sections 403(b) and 457 of the Internal Revenue Code. The program is offered by the Authority, through a program administrator, The Variable Annuity Life Insurance Company ("VALIC").

The Authority has adopted the provisions of the revision to Governmental Accounting Standards Board Statement No. 32, "Accounting for Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" ("GASB 32"), for both the deferred compensation and the discretionary supplemental retirement plans mentioned below, and has complied with the provisions of the Small Business Job Protection Act of 1996 (the "Act"). The Act requires that amounts deferred under this plan are to be held for the exclusive benefit of participating employees and are not accessible by the Authority or its creditors.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employee's Retirement System (PERS)

The Authority reported a liability of \$36,496,681 and \$38,467,690 at December 31, 2019 and 2018, respectively, for its proportionate share of the net pension liability. The December 31, 2019 net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at July 1, 2018, which was rolled forward to June 30, 2019. The December 31, 2018 net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at July 1, 2017, which was rolled forward to June 30, 2018. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the Authority's proportion was 0.2025513508 percent, which was an increase of 0.007197708 from its proportion measured as of June 30, 2018.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

For the years ended December 31, 2019 and 2018, the Authority recognized pension expense of \$3,626,373 and \$2,736,634, respectively. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 655,068	\$ 161,226
Changes of assumptions	3,644,327	12,667,882
Net difference between projected and actual earnings on pension plan investments	-	576,114
Changes in proportion and differences between Authority contributions and proportionate share of contributions	2,355,395	-
Authority contributions subsequent to the measurement date	985,119	-
	\$ 7,639,909	\$ 13,405,222

At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflow of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 733,585	\$ 198,352
Changes of assumptions	6,338,838	12,299,922
Net difference between projected and actual earnings on pension plan investments	-	360,829
Changes in proportion and differences between Authority contributions and proportionate share of contributions	1,605,846	-
Authority contributions subsequent to the measurement date	971,658	-
	\$ 9,649,927	\$ 12,859,103

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

\$985,119 and \$971,658 was reported as deferred outflows of resources related to pensions at December 31, 2019 and 2018, respectively, resulting from Authority contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Twelve Months Ending December 31,	
2020	\$ (343,897)
2021	(2,757,317)
2022	(2,504,276)
2023	(1,052,707)
2024	(92,235)
	<u>\$ (6,750,432)</u>

Actuarial Assumptions

The collective 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. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases	
through 2026	2.00 - 6.00%
	based on years of service
Thereafter	3.00 - 7.00%
	based on years of service
Investment rate of return	7.00%

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

Inflation rate	2.25%
Salary increases	
through 2026	1.65 - 4.15%
	based on age
Thereafter	2.65 - 5.15%
	based on age
Investment rate of return	7.00%

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

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

Mortality Rates

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 June 30, 2019) 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 real 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:

<u>Asset 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 markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	<u>100.00%</u>	

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for 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.

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

Sensitivity of the Authority’s proportionate share of the net pension liability to changes in the discount rate

The following presents the Authority’s proportionate share of the net pension liability as of December 31, 2019 calculated using the discount rate as disclosed above as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
Authority’s proportionate share of the net pension liability	\$ 46,101,239	\$ 36,496,681	\$ 28,403,480

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

The following presents the Authority's proportionate share of the net pension liability as of December 31, 2018 calculated using the discount rate as disclosed above as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	At 1% Decrease (4.66%)	At Current Discount Rate (5.66%)	At 1% Increase (6.66%)
Authority's proportionate share of the net pension liability	\$ 48,368,688	\$ 38,467,690	\$ 30,161,386

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 Employee's Retirement System.

Additional Information

Collective balances of the Local Group at the end of the current measurement period, June 30, 2019 are as follows:

Deferred outflows of resources	\$ 3,149,522,616
Deferred inflows of resources	\$ 7,645,087,574
Net pension liability	\$ 18,143,832,135
Authority's Proportion	0.2025513508%

Collective pension expense for the Local Group for the measurement period ended June 30, 2019 is \$974,471,686.

Collective balances of the Local Group at the end of the measurement period, June 30, 2018 are as follows:

Deferred outflows of resources	\$ 4,684,852,302
Deferred inflows of resources	\$ 7,646,736,226
Net pension liability	\$ 19,689,501,539
Authority's Proportion	0.1953715800%

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 is \$1,099,708,157.

The average of the expected remaining service lives of all plan members is 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

Early Retirement Incentive (“ERI”) Liabilities – In July 1994 and 1996, the Wastewater Division incurred early retirement incentive liabilities as a result of early retirements by several employees. These liabilities have the following terms:

Early Retirement Incentive 1 – In July 1994, the Wastewater Division incurred a \$536,928 liability as a result of the early retirement of five employees. This liability is to be paid off over a twenty-seven year period from April 1, 1995 through April 1, 2021, with payments increasing by 3-6% annually. As of December 31, 2019 and 2018, the remaining balance on this liability is \$185,371 and \$263,876, respectively, with an interest rate of 7.5%.

Early Retirement Incentive 2 - In July 1996, the Wastewater Division incurred a \$1,009,952 liability as a result of the early retirement of seven employees. This liability is to be paid off over a thirty-seven year period from April 1, 1997 through April 1, 2033, with payments increasing by 3-6% annually. As of December 31, 2019 and 2018, the remaining balance on this liability is \$1,501,525 and \$1,530,000, respectively, with an interest rate of 7.5%.

During the years ended December 31, 2019 and 2018, the following changes occurred in early retirement incentive liabilities:

	<u>January 1, 2019</u>	<u>Reductions</u>	<u>December 31, 2019</u>	<u>Due Within One Year</u>
ERI 1	\$ 263,876	\$ 78,504	\$ 185,372	\$ 87,687
ERI 2	1,530,000	28,475	1,501,525	35,205
	<u>\$ 1,793,876</u>	<u>\$ 106,979</u>	<u>\$ 1,686,897</u>	<u>\$ 122,892</u>

	<u>January 1, 2018</u>	<u>Reductions</u>	<u>December 31, 2018</u>	<u>Due Within One Year</u>
ERI 1	\$ 333,951	\$ 70,075	\$ 263,876	\$ 78,505
ERI 2	1,552,359	22,359	1,530,000	28,475
	<u>\$ 1,886,310</u>	<u>\$ 92,434</u>	<u>\$ 1,793,876</u>	<u>\$ 106,980</u>

Other Post-Employment Benefits (“OPEB”) – Retiree Welfare Plan - The Authority maintains a Retiree Welfare Plan which provides post-employment medical, prescription drug coverage, vision and dental care benefits to eligible retirees as described under the plan. The Authority sponsors and participates in a single-employer defined benefit OPEB plan. Medical benefits and prescription drug coverage are provided through plans offered by the Middlesex County Joint Health Insurance Fund (“MCJHIF”).

Employees covered by benefit terms

At December 31, 2019 and 2018, there are ninety seven retirees and one hundred ninety eight active employees covered under the plan.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

Net OPEB Liability

The net OPEB liability is \$175,522,217 and \$150,163,131 at December 31, 2019 and 2018, respectively. The net OPEB liability at December 31, 2019 includes liabilities for retirees and actives of \$65,173,243 and \$110,348,974, respectively. The net OPEB liability at December 31, 2018 includes liabilities for retirees and actives of \$62,019,437 and \$88,143,694, respectively.

Actuarial assumptions and other inputs

The net OPEB liability of \$175,522,217 was reported in the December 31, 2019 actuarial valuation prepared by the Authority's actuary. The major actuarial assumptions, among others, were the use of a 2.75% discount rate and a computed Health Care Trend Rate ("HCTR") which ranged from 4.50% to 7.75% depending on the type of coverage and salary increases of 3% per year. Tables were used for mortality, morbidity and disability variables in computing the HCTR.

The net OPEB liability of \$150,163,130 was reported in the December 31, 2018 actuarial valuation prepared by the Authority's actuary. The major actuarial assumptions, among others, were the use of a 4.10% discount rate and a computed Health Care Trend Rate ("HCTR") which ranged from 4.50% to 8.00% depending on the type of coverage and salary increases of 3.00% per year. Tables were used for mortality, morbidity and disability variables in computing the HCTR.

Discount rate and Inflation rate

The discount rate for unfunded plans should be the single rate that reflects a yield or index rate for 20-year, tax exempt general obligations municipal bonds with an average rating of AA/AAa or higher (or an equivalent quality on another scale). The plan is currently unfunded. The actuary used the "20-Bond GO Index" to establish a discount rate of 2.75% at December 31, 2019 and 4.10% at December 31, 2018. The inflation rate was 2.50% per year.

Mortality rates

Pre-retirement mortality rates for 2019 were based on the U.S. Public Pension Plan Mortality (2010) Headcount-Weighted Healthy Employee Male / Female Mortality Projected with Scale MP-2019. Post-retirement mortality rates were based on U.S. Public Pension Plan Mortality (2010) Headcount-Weighted Healthy. Annuitant Male / Female Mortality Projected with Scale MP-2019. Disabled mortality rates were based on U.S. Public Pension Plan Mortality (2010) Headcount-Weighted Disabled Retiree Male / Female Mortality Projected with Scale MP-2019.

Actuarial cost method

The actuarial cost method used to determine the plan's cost is the Entry Age Normal Cost Method. Under the entry age normal cost method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The Service Cost is the portion of this actuarial present value allocated to a valuation year. The Total Pension Liability is the portion of this actuarial present value not provided for at the valuation date by the actuarial present value of future service costs.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

Asset valuation method

The plan is currently unfunded.

Changes in the net OPEB liability are as follows:

	Year Ended December 31,	
	2019	2018
Beginning Net OPEB Liability, January 1,	\$ 150,163,131	\$ 168,496,147
Changes for the year:		
Service cost	3,996,656	4,858,296
Interest cost	6,262,867	6,021,833
Actuarial assumption changes	24,862,525	(20,926,574)
Actuarial demographic (gain) or loss	(6,949,114)	(5,682,385)
Benefit payments	(2,813,848)	(2,604,186)
Net changes	25,359,086	(18,333,016)
Ending Net OPEB Liability, December 31,	\$ 175,522,217	\$ 150,163,131

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2017 to 4.10% in 2018 and from 4.10% in 2018 to 2.75% in 2019.

For the years ended December 31, 2019 and 2018, the Authority recognized OPEB expense of \$9,686,869 and (\$2,176,999), respectively.

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual demographic experience		\$ 9,579,185
Changes of assumptions	\$ 23,348,583	13,951,051
	\$ 23,348,583	\$ 23,530,236

At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual demographic experience		\$ 4,735,321
Changes of assumptions	\$ 3,506,415	17,438,812
	\$ 3,506,415	\$ 22,174,133

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Twelve Months Ending December 31,	
2020	\$ (572,654)
2021	(572,654)
2022	(572,655)
2023	(1,449,261)
2024	2,985,573
	<u>\$ (181,651)</u>

Sensitivity of the net OPEB liability to changes in the discount rate.

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage -point lower (1.75%) or 1-percentage-point higher (3.75%) than the current discount rate:

	<u>At 1% Decrease (1.75%)</u>	<u>At Current Discount Rate (2.75%)</u>	<u>At 1% Increase (3.75%)</u>
Net OPEB liability	\$ 214,963,542	\$ 175,522,217	\$ 145,197,741

Sensitivity of the net OPEB liability to changes in the healthcare trend rates.

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>At 1% Decrease</u>	<u>At Current Healthcare Trend Rate</u>	<u>At 1% Increase</u>
Net OPEB liability	\$ 141,474,617	\$ 175,522,217	\$ 221,347,756

Discretionary Supplemental Retirement Plan – The Authority's discretionary supplemental retirement plan is offered to all Authority permanent employees who have accrued the number of sick leave days, as determined by the Authority, provided that such employee is credited with at least 1,000 hours of service during the plan period. The program was created in accordance with Sections 401(a) and 403(b) of the Internal Revenue Code. The program is offered by the Authority through VALIC, which acts as its agent.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 9 – Solid Waste Division Service Revenues:

Service revenues are generated from solid waste disposal activities at the Middlesex County Landfill site. Pre-approved municipal and private haulers that collect Middlesex County solid waste are the only haulers authorized to dispose of waste at the Middlesex County Landfill site. Private haulers are required to pay their tipping fees in advance and the Solid Waste Division records these payments as unearned service revenue until such time as it receives waste from the haulers.

Solid waste is classified into three categories. Regular and contract waste consists of conventional residential, commercial or industrial waste. Special waste requires special testing or handling. Mixed waste which consists of transfer station residual waste, and waste from construction and demolition materials, is classified as I.D. 13.

The landfill rate structure per ton as adopted in the Solid Waste Division's original 2019 budget is as follows:

	<u>Contract (Tier I)</u>	<u>Contract (Tier II)</u>	<u>Regular</u>	<u>C&D</u>	<u>Special</u>
Rates to cover operating costs, capital costs and reserves	\$ 52.53	\$ 55.53	\$ 59.03	\$ 70.78	\$ 85.78
Mandated taxes:					
DEP closure tax	1.00	1.00	1.00	1.00	1.00
State closure and contingency tax	0.50	0.50	0.50	0.50	0.50
State solid waste recycling tax	3.00	3.00	3.00	3.00	3.00
County tax	0.82	0.82	0.82	0.82	0.82
Host community tax	5.30	5.30	5.30	5.30	5.30
Adjoining host community tax	3.60	3.60	3.60	3.60	3.60
Total mandated taxes	<u>14.22</u>	<u>14.22</u>	<u>14.22</u>	<u>14.22</u>	<u>14.22</u>
Total 2019 rate per ton	<u>\$ 66.75</u>	<u>\$ 69.75</u>	<u>\$ 73.25</u>	<u>\$ 85.00</u>	<u>\$ 100.00</u>
2018 rates per ton	<u>\$ 65.75</u>	<u>\$ 68.75</u>	<u>\$ 72.25</u>	<u>\$ 83.00</u>	<u>\$ 100.00</u>

Note 10 – Inter-Division Transactions:

Management Fee – The operating revenues for the Wastewater Division include management fees from the Solid Waste Division which, for the years ended December 31, 2019 and 2018, amounted to \$1,712,400 and \$1,660,020, respectively.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 10 – Inter-Division Transactions (continued):

Note Payable – The Solid Waste Division advanced the Wastewater Division \$15,100,000 in the form of a note which bears interest at the rate of 2.75% per annum. The note calls for principal repayments at the discretion of the Board of Commissioners and annual interest payments. There is no stated maturity date for the note. The balance of the note was \$11,953,000 at December 31, 2019 and 2018.

Due to Solid Waste Division (restricted) – The Solid Waste Division loaned the Wastewater Division \$5,000,000 in August 2016. The terms of this loan require the Wastewater Division to pay any interest earned on the account where the funds are held to the Solid Waste Division. There is no stated maturity date for the note. The remaining balance due to the Solid Waste Division under this note was \$2,919,159 and \$3,598,860 at December 31, 2019 and 2018, respectively. Interest expense for the year ended December 31, 2019 and 2018 was \$81,785 and \$40,668, respectively.

The following is the activity and amounts loaned between Divisions during the years ended December 31, 2019 and 2018:

	January 1, 2019	Advances	Payments	December 31, 2019
Notes Payable	<u>\$ 15,551,860</u>	<u>\$ -</u>	<u>\$ 679,701</u>	<u>\$ 14,872,159</u>
	January 1, 2018	Advances	Payments	December 31, 2018
Notes Payable	<u>\$ 16,646,890</u>	<u>\$ -</u>	<u>\$ 1,095,030</u>	<u>\$ 15,551,860</u>

Interest expense incurred on amounts due to the Solid Waste Division for the years ended December 31, 2019 and 2018 was \$326,423 and \$339,130, respectively. At December 31, 2019 and 2018, the accumulated related party interest payable was \$551,978 and \$143,769, respectively.

Note 11 – Commitments and Contingencies:

Wastewater Division:

Litigation – The Authority is a defendant in a number of legal proceedings. If these cases are decided against the Authority, the Authority will pay such amounts from future user fees. Except as noted in the next paragraph, the Authority expects that such amounts, if any, would not have a material adverse effect on the Authority's financial statements.

Long-Term Contracts – The Authority has entered into several contracts for construction of facilities, some of which extend beyond December 31, 2019. Funding for these projects has been substantially secured through the New Jersey Infrastructure Bank and amounts held by the Trust for contracts in progress is \$4,308,502 at December 31, 2019. During 2015, the Authority received approval from the Federal Emergency Management Agency (FEMA) on two project worksheets totaling approximately \$89.6 million for the Sayreville Pump Station Permanent Repairs and Edison Pumping Station. As a result, the Authority entered into five vendor contracts for amounts not to exceed \$114.9 million. The agreement with FEMA allows the Authority to be reimbursed for 90 percent of eligible costs incurred related to these projects.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 11 – Commitments and Contingencies (continued):

Wastewater Division (continued):

Environmental Regulations – The Authority operates its wastewater facility subject to extensive Federal and State environmental regulations. Accordingly, the Authority is subject to the administrative directives, rules and regulations of the Federal and State regulatory agencies. Such administrative directives, rules and regulations are subject to change by acts of the Federal and State legislatures. Such changes may occur with little or no notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with the change. The Authority's management is not aware of any violations or administrative changes that may have a material effect on the financial statements.

Solid Waste Division:

Acquisition of Property Interests in Edgeboro II – Pursuant to the County Solid Waste Management Plan, the Authority has undertaken the development and operation of an integrated solid waste management system, the principal long-term component of which is currently Edgeboro I. On May 10, 1991, the DEP issued a solid waste facility permit for Edgeboro II for five periods, the maximum allowable period under applicable law. As permitted, Edgeboro II was projected by the Authority to meet the County's landfill requirements at least through the period 2016. The Authority received a five year permit extension in September 2017.

In May 1994, after a series of condemnation hearings and negotiations, the Authority acquired an easement on certain sections "over the top" of the closed Edgeboro I and approximately 80 acres of vacant property for other public purposes.

Host Community Benefit Agreements –

Township of East Brunswick: Under the Host Community Benefit Statute, the Township of East Brunswick is entitled to host benefits in consideration for the location of an operating landfill within its borders. The benefits provided to the Township of East Brunswick, under the agreement currently in effect, are based on solid waste accepted at the landfill, at the rate of \$5.30 per ton. The required annual payment can vary from a minimum of \$3,090,000 to a maximum of \$3,296,000.

There is also an annual basic payment of \$910,000, increased by the percentage increase on tipping rate (excluding taxes) using 1988 as the base year.

Boroughs of Sayreville and South River and the Township of Edison: Under the adjoining Host Community Benefit Statute, the Boroughs of Sayreville and South River and the Township of Edison are entitled to host benefits in consideration of these communities being located in close proximity to the landfill. The benefits under the agreements which are expensed as incurred are based on the following per ton rates applied to the previous period's total solid waste accepted for disposal in the landfill:

- For the Borough of Sayreville: \$1.20 per ton for the years 2014 - 2023.
- For the Borough of South River: \$1.50 per ton for the years 2014 - 2023.
- For the Township of Edison: \$0.90 per ton in 2014 - 2023.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 11 – Commitments and Contingencies (continued):

Solid Waste Division (continued):

MCIA Agreement – On January 1, 2015, the Middlesex County Utilities Authority renewed a five-year agreement with the Middlesex County Improvement Authority (“MCIA”) allowing operation of an Interim Bulky Waste Recycling Program by the Improvement Authority. Under the renegotiated agreement, the Authority subsidizes the County of Middlesex Recycling Program in the amount of \$2,750,000 annually.

Closure and Post-Closure Care Cost – In 1991, the Department of Environmental Protection (“DEP”) and the Board of Public Utilities issued an order requiring Edgeboro Disposal Inc. (“EDI”) to close the Edgeboro I landfill. The Solid Waste Division and EDI share responsibility for the closure and post-closure work at Edgeboro I based on an agreement executed on October 10, 1991. Under the 1991 master plan developed for the facility permitting a comprehensive environmental management of the landfill, the closure and post-closure liabilities of Edgeboro I shall be funded principally by escrowed funds established by the owners of Edgeboro I under the terms of the rates (tipping fees) approved by the then Board of Public Utilities.

Federal and State laws and regulations require the Authority to place a final cover on each utilized area of the landfill site when the respective area stops accepting waste and to perform certain maintenance and monitoring functions at each site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that these landfill areas stop accepting waste, the Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used each year. The \$68.5 million reported as landfill closure and postclosure care liabilities at December 31, 2019 represents the cumulative amount reported to date, less withdrawals to date of \$5.58 million, based on the use of the estimated capacity of the landfill. Total costs are estimated to be approximately \$99 million.

In September 2017, the Authority obtained approval of a permit for expansion that would allow for the operating of the landfill through 2030.

The Authority has expensed \$1,396,170 and \$1,276,686 for closure and post-closure care costs for the years ended December 31, 2019 and 2018, respectively. These amounts are based on what it would cost to perform all closure and post-closure care for the Authority’s share of closure costs. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The Authority also provides funding for closure and post-closure liabilities to meet regulatory requirements from tipping fee revenues. At December 31, 2019, cash, cash equivalents and investments with a fair value of \$68,596,556 are held for these purposes. These are reported as restricted assets on the statement of net position. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions; however, if interest earnings are inadequate or additional post-closure care requirements are determined, due to changes in technology or applicable laws or regulations, for example, these costs may need to be covered by charges to future landfill users or from future tax revenues.

Litigation – The Authority is a defendant in a number of legal proceedings. If these cases are decided against the Authority, the Authority will pay such amounts from future user fees. The Authority expects such amounts, if any, will not have a material adverse effect on the Authority’s financial statements.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 11 – Commitments and Contingencies (continued):

Solid Waste Division (continued):

Environmental Regulations – The Authority operates its landfill, subject to extensive federal and state environmental regulations. Accordingly, the Authority is subject to the administrative directives, rule and regulations of the federal and state regulatory agencies. Such administrative directives, rules and regulations are subject to change by acts of the federal and state legislatures. Such changes may occur with little or no notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with the change. The Authority’s management is not aware of any violations or administrative changes that may have a material effect on the financial statements.

Note 12 – Natural Disaster:

On October 29, 2012, the New Jersey coast suffered significant damage when Hurricane Sandy struck the area. The Middlesex County Utilities Authority sustained significant damage to its wastewater facilities, including pump stations in South Amboy, Edison and Sayreville due to a storm surge and the subsequent flooding.

No insurance proceeds are expected to be recovered due to the pump stations being in an excluded flood zone, however, the Authority is working with FEMA with the expectation of recouping 90% of the sustained losses of the rebuild and repair of the facilities to bring the wastewater facility back to pre-disaster conditions.

Emergency restoration costs are expected to aggregate to \$32,000,000 and the Authority has incurred approximately \$30,322,000 since the date of the hurricane through December 31, 2019. Total replacement costs are estimated at \$125,000,000 and the Authority has incurred approximately \$105,182,000 since the date of the hurricane through December 31, 2019. As costs are accumulated and bills paid, Project Worksheets are being submitted to FEMA for future reimbursement. Management believes that future amounts to be received from FEMA will be in excess of the remaining estimated unexpended emergency restoration costs.

Note 13 – Restricted Net Position:

In accordance with certain bond agreements, the Authority is required to maintain minimum balances in reserve accounts to be restricted for future debt service related to its wastewater operations. These balances are calculated based on the highest year of principal and interest payments remaining as of the end of the year. The bonds associated with the requirements were paid in full in 2019 and the reserve was released from restrictions and was moved to unrestricted net position – designated for future debt service. At December 31, 2018, the amount required to be restricted for future debt service totaled \$12,287,938.

Note 14 – Risk Management:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority self-insures for a portion of the losses that could arise during the normal course of operations, such as losses from general liability, collision losses and workers’ compensation claims. The Authority’s policy is to set up funded reserves for claims that may arise and to purchase commercial insurance to cover the liability for claims in excess of self-insured amounts. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverage over the past three years.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 14 – Risk Management (continued):

Self-Insurance – Workers’ Compensation

The Authority estimates that the liabilities for workers’ compensation claims are sufficiently covered by the reserves at December 31, 2019 and 2018. During the years ended December 31, 2019 and 2018, the following changes occurred in the workers’ compensation claims reserve:

	<u>January 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2019</u>
Wastewater Division	\$ 482,170	\$ 361,721	\$ 47,442	\$ 796,449
Solid Waste Division	275,074	206,539	41,313	440,300
	<u>\$ 757,244</u>	<u>\$ 568,260</u>	<u>\$ 88,755</u>	<u>\$ 1,236,749</u>

	<u>January 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2018</u>
Wastewater Division	\$ 186,616	\$ 478,354	\$ 182,800	\$ 482,170
Solid Waste Division	283,354	178,033	186,313	275,074
	<u>\$ 469,970</u>	<u>\$ 656,387</u>	<u>\$ 369,113</u>	<u>\$ 757,244</u>

Note 15 – Other Liability:

During 2016, the Authority was notified by its electric provider that certain meters were not reading correctly at the Central Treatment Plant and Sayreville Pump Station related to its wastewater operations. As a result, the Authority’s electric bills had been understated for several years. The electric provider only had the capability to go back two years to identify the billing differences, which resulted in an under-billing of \$4,185,230 for the period of July 2014 through July 2016. The Authority and the electric provider agreed that the balance will be repaid over a twenty-four month period beginning in April 2017 with no interest charged. The balance was fully paid during the 2019 fiscal year. At December 31, 2018, this liability is recorded on the statement of net position as an “Other liability” in the amount of \$523,153.

**Middlesex County Utilities Authority
Required Supplementary Information
Schedule of Changes in Net OPEB Liability**

Last Ten Fiscal Years*

	2019	2018	2017
Balance, Beginning of Year	\$ 150,163,131	\$ 168,496,147	\$ 155,058,140
Changes for the year:			
Service cost	3,996,656	4,858,296	4,412,459
Interest cost	6,262,867	6,021,833	5,939,395
Benefit payments	(2,813,848)	(2,604,186)	(2,173,470)
Actuarial assumption changes	24,862,525	(20,926,574)	5,259,623
Actuarial demographic (gain) or loss	(6,949,114)	(5,682,385)	-
Net changes	25,359,086	(18,333,016)	13,438,007
Balance, End of Year	\$ 175,522,217	\$ 150,163,131	\$ 168,496,147
Total OPEB Liability	\$ 175,522,217	\$ 150,163,131	\$ 168,496,147
OPEB plan's fiduciary net position	-	-	-
Net OPEB Liability	\$ 175,522,217	\$ 150,163,131	\$ 168,496,147
Plan fiduciary net position as a percentage of the net OPEB liability -	0.00%	0.00%	0.00%
Covered employee payroll	\$ 18,480,886	\$ 14,323,213	\$ 16,077,977
Net OPEB liability as a percentage of covered employee payroll	949.75%	1048.39%	1047.99%

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Notes to the Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from the measurement date of December 31, 2018 of 4.10% to 2.75% as of the measurement date of December 31, 2019.

The discount rate changed from the measurement date of December 31, 2017 of 3.50% to 4.10% as of the measurement date of December 31, 2018.

**Middlesex County Utilities Authority
Required Supplementary Information
Schedule of the Authority's OPEB Contributions**

Last Ten Fiscal Years

	Year Ended December 31,										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$2,813,848	\$2,604,186	\$2,173,470	1,948,730	1,676,985	\$1,338,354	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(2,813,848)	(2,604,186)	(2,173,470)	(1,948,730)	(1,676,985)	(1,338,354)	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

N/A - information prior to January 1, 2014 was not available.

Middlesex County Utilities Authority
Schedule of the Authority's Proportionate Share of the Net Pension Liability and Notes to Required Supplementary Information
Public Employee's Retirement System
Required Supplementary Information

Last Ten Fiscal Years

	Years Ended December 31.									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Authority's proportion of the net pension liability (asset) - Local Group	0.2055135080%	0.1953715800%	0.1911748702%	0.1902580115%	0.1872540940%	0.1838347300%	N/A	N/A	N/A	N/A
Authority's proportionate share of the net pension liability (asset)	\$ 36,496,681	\$ 38,467,690	\$ 44,502,454	\$ 56,348,966	\$ 42,034,792	\$ 34,418,889	N/A	N/A	N/A	N/A
Authority's covered-employee payroll	\$ 14,039,389	\$ 13,590,915	\$ 13,047,089	\$ 12,925,708	\$ 12,863,805	\$ 12,459,125	\$ 12,133,871	\$ 11,759,510	\$ 11,854,935	\$ 11,644,965
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	259.96%	283.04%	341.09%	435.94%	326.77%	276.25%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability - Local Group	56.27%	53.60%	48.10%	40.14%	47.93%	48.72%	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

N/A - Information not available.

Notes to the Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from the measurement date of June 30, 2018 of 5.66% to 6.28% as of the measurement date of June 30, 2019.

The discount rate changed from the measurement date of June 30, 2017 of 5.00% to 5.66% as of the measurement date of June 30, 2018.

**Middlesex County Utilities Authority
Schedule of the Authority's Contributions
Public Employee's Retirement System
Required Supplementary Information**

Last Ten Fiscal Years

	Years Ended December 31,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 1,970,238	\$ 1,943,316	\$ 1,771,031	\$ 1,690,225	\$ 1,609,883	\$ 1,515,507	\$ 1,345,088	\$ 1,359,959	\$ 1,376,798	\$ 1,341,124
Contributions in relation to the contractually required contribution	(1,970,238)	(1,943,316)	(1,771,031)	(1,690,225)	(1,609,883)	(1,515,507)	(1,345,088)	(1,359,959)	(1,376,798)	(1,341,124)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 14,910,042	\$ 14,039,389	\$ 13,590,915	\$ 13,047,089	\$ 12,925,708	\$ 12,863,805	\$ 12,459,125	\$ 12,133,871	\$ 11,759,510	\$ 11,854,935
Contributions as a percentage of covered-employee payroll	13.21%	13.84%	13.03%	12.95%	12.45%	11.78%	10.80%	11.21%	11.71%	11.31%

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
WASTEWATER DIVISION
DECEMBER 31, 2019

	Cash and Cash Equivalents	Account	Purchase Date	Maturity Date	Investments		Total Cash, Cash Equivalents and Investments
					Fair Value	Cost Basis	
Revenue Fund - Unrestricted							
Cash accounts (1977)	\$ 3,988,347	Certificates of Deposit	3/21/2019	3/21/2020	\$ 2,600,000	\$ 2,600,000	\$ 6,588,347
		Certificates of Deposit	10/11/2019	4/13/2020	74,000	74,000	74,000
		Certificates of Deposit	11/4/2019	5/4/2020	880,000	880,000	880,000
		U.S. Treasury Bills	10/10/2019	4/9/2020	5,954,056	5,954,056	5,954,056
		Certificates of Deposit	10/11/2019	3/27/2020	100,000	100,000	100,000
		Certificates of Deposit	11/4/2019	5/4/2020	442,000	442,000	442,000
					<u>10,050,056</u>	<u>10,050,056</u>	<u>14,038,403</u>
Other Accounts - Restricted							
Unemployment claims reserve	123,083						123,083
General liability insurance reserve	55,888	Certificates of Deposit	8/23/2018	8/23/2020	2,200,000	2,200,000	2,255,888
Collision insurance reserve	299,071						299,071
Worker's compensation insurance reserve	796,449						796,449
Future plant, reconstr. or replacement reserve	523,610	Certificates of Deposit	3/13/2019	3/13/2020	3,100,000	3,100,000	3,623,610
Allied retainage	56,324						56,324
Renewal and replacement (1985)	20						20
General fund (1985)	24						24
Tru-Val retainage	2,237						2,237
LBSM Construction Fund (1985)	304						304
Construction fund 1991 issue	18,870,805						18,870,805
Construction fund (2006)	843						843
Bond service (1993A)	437						437
Solid Waste Division loan reserve	575,031						575,031
WWD FSA Escrow	14,390						14,390
Construction fund (2007)	69	Certificates of Deposit	9/27/2019	3/27/2020	1,000	1,000	1,069
Kenny Construction retainage	105,137						105,137
CPV Escrow	139,525						139,525
Northeast Remsco Retainage	468						468
SpectraServ escrow	3,058,669						3,058,669
Total restricted accounts	<u>24,622,384</u>				<u>5,301,000</u>	<u>5,301,000</u>	<u>29,923,384</u>
Total - combined	<u>\$ 28,610,731</u>				<u>\$ 15,351,056</u>	<u>\$ 15,351,056</u>	<u>\$ 43,961,787</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
SOLID WASTE DIVISION
DECEMBER 31, 2019

	Cash and Cash Equivalents	Account	Investments				Total Cash, Cash Equivalents and Investments
			Purchase Date	Maturity Date	Fair Value	Cost Basis	
Revenue Fund - Unrestricted							
Cash accounts	\$ 22,647,188						\$ 22,647,188
Other Accounts - Restricted							
General liability insurance reserve	826,367	Certificates of Deposit	7/15/2019	7/15/2020	\$ 1,011,756	\$ 1,011,756	1,838,123
		Certificates of Deposit	7/26/2019	7/26/2020	1,011,624	1,011,624	1,011,624
Collision insurance reserve	197,273						197,273
Worker's compensation insurance reserve	440,300						440,300
Land acquisition and improvement reserve	23,440	Certificates of Deposit	3/21/2019	3/28/2020	4,200,000	4,200,000	4,223,440
DEP Closure Phase I	4,044,724						4,044,724
Environmental self reserve	735,501	Certificates of Deposit	3/27/2019	3/26/2020	17,000,000	17,000,000	17,735,501
Closure/Post-Closure I	716,258	Certificates of Deposit	11/5/2018	1/3/2020	1,544,997	1,544,997	2,261,255
Closure/Post-Closure II	1,218,809	Certificates of Deposit	various	various	1,852,652	1,834,083	3,071,461
		U.S. Treasury Notes	various	various	37,235,150	37,081,514	37,235,150
CJ Nesti Soil escrow	312,088						312,088
Supplemental fund	24,417	Certificates of Deposit	3/21/2019	3/28/2020	2,000,000	2,000,000	2,024,417
Public liability insurance reserve	42,688	Certificates of Deposit	3/21/2019	3/28/2020	2,000,000	2,000,000	2,042,688
Aforce escrow	312,417						312,417
Construction reserve	1,108,976						1,108,976
Northeast Remsco retainage	28,705						28,705
Service fee escrow	399,539						399,539
Reconstruction/Replacement reserve	608,070	Certificates of Deposit	3/21/2019	3/28/2020	2,000,000	2,000,000	2,608,070
DEP Closure Phase II Amboy	178,223	Other Government Obligations	various	various	21,495,560	21,589,425	21,673,783
United Energy Soil escrow	312,086						312,086
SWD FSA escrow	1,685						1,685
Total restricted accounts	11,531,566				91,351,739	91,273,399	102,883,305
Total - combined	\$ 34,178,754				\$ 91,351,739	\$ 91,273,399	\$ 125,530,493

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
UNRESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS -
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

Sources	Operating Fund
Prior year deficiencies	\$ 1,960,070
2019 annual charges	89,812,568
Budgetary income	150,000
Septage treatment/Hauled waste fees	335,162
Service fees, plan approvals, etc.	3,100
Industrial pretreatment permit fees	28,800
Interest on investments	151,502
Groundwater discharge fees	902,089
Expense reimbursements	1,689,085
Management fees	1,712,400
Lab and sampling fees	38,025
Sale of synthetic soil	470,045
PSE&G rebates	28,264
Penalty assessments	35,200
PSE&G REC credits	214,682
Grid sales	20,102
Miscellaneous income	9,390
Effluent reuse - CPV	818,465
Sale of oxygen - Praxair	445,716
Sale of nitrogen - Praxair	1,572,802
Sale of water - Praxair	32,607
Total sources	<u>100,430,074</u>
Uses	
Budget expenses and accounts payable	<u>134,098,619</u>
Total uses	<u>134,098,619</u>
Transfers (to) from Restricted Funds:	
Total debt service funds (net)	(25,910,414)
Interest on investments	246,771
Transfers from Restricted funds	<u>63,759,298</u>
Transfers (to) from Restricted Funds	<u>38,095,655</u>
Increase for year	4,427,110
Balance, beginning of year	<u>9,611,293</u>
Balance, end of year	<u>\$ 14,038,403</u>
Balance Comprised of:	
Cash and cash equivalents	\$ 3,988,347
Investments	10,050,056
	<u>\$ 14,038,403</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
UNRESTRICTED CASH AND CASH EQUIVALENTS -
SOLID WASTE DIVISION

YEAR ENDED DECEMBER 31, 2019

Sources	Operating Fund
Tipping fees	\$ 39,028,117
Interest income	487,932
Soil program income	7,994,787
Miscellaneous receipts	363,562
Enrollment fees	16,050
Escrow deposits	38,061
Expense reimbursement	284,674
Service fee income	1,360,972
Transfers from reserves	2,472,687
Total sources	<u>52,046,842</u>
Uses	
Vouchers paid	41,915,600
Escrow withdrawals	6,911
Transfers to debt service, net	8,482,631
Total uses	<u>50,405,142</u>
Increase for year	1,641,700
Balance, beginning of year	<u>21,005,488</u>
Balance, end of year	<u>\$ 22,647,188</u>
Balance Comprised of:	
Cash and cash equivalents	<u>\$ 22,647,188</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

	2009 NJEIT Debt Service	LBSM Construction Fund 1985 Issue	Renewal and Replacement 1985 Issue	General Fund 1985 Issue
Sources				
Interest income	\$ -	\$ -	\$ -	\$ -
Miscellaneous income	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	1,213,260	-	-	-
Budget appropriation	-	-	-	-
Total sources	<u>1,213,260</u>	<u>-</u>	<u>-</u>	<u>-</u>
Uses				
Bond principal paid	943,866	-	-	-
Bond interest paid	240,954	-	-	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
NJEIT Administrative fee	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	28,440	-	-	-
Transfers - unrestricted funds	-	-	-	-
Transfers - unrestricted designated funds	-	-	-	-
Retainage withdrawals	-	-	-	-
Total uses	<u>1,213,260</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease)	-	-	-	-
Balance, beginning of year	<u>-</u>	<u>304</u>	<u>20</u>	<u>24</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 304</u>	<u>\$ 20</u>	<u>\$ 24</u>
Balance comprised of				
Cash and cash equivalents	\$ -	\$ 304	\$ 20	\$ 24
Investments:				
Certificates of deposit	-	-	-	-
	<u>\$ -</u>	<u>\$ 304</u>	<u>\$ 20</u>	<u>\$ 24</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

	1991 Construction Fund	2006 Construction Fund	Solid Waste Division Loan Reserve	Tru-Val Retainage
Sources				
Interest income	\$ 439,027	\$ -	\$ 3,741	\$ 49
Miscellaneous income	632	-	-	-
Expense reimbursement	87,809,990	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	500,000	-
Total sources	<u>88,249,649</u>	<u>-</u>	<u>503,741</u>	<u>49</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	33,425,615	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
NJEIT Administrative fee	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	-	-	-
Transfers - unrestricted funds	49,000,338	-	-	-
Transfers - unrestricted designated funds	-	-	-	-
Retainage withdrawals	-	-	-	-
Total uses	<u>82,425,953</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease)	5,823,696	-	503,741	49
Balance, beginning of year	<u>13,047,109</u>	<u>843</u>	<u>71,290</u>	<u>2,188</u>
Balance, end of year	<u>\$ 18,870,805</u>	<u>\$ 843</u>	<u>\$ 575,031</u>	<u>\$ 2,237</u>
Balance comprised of				
Cash and cash equivalents	\$ 18,870,805	\$ 843	\$ 575,031	\$ 2,237
Investments:				
Certificates of deposit	-	-	-	-
	<u>\$ 18,870,805</u>	<u>\$ 843</u>	<u>\$ 575,031</u>	<u>\$ 2,237</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

	Allied Retainage	Bond Service 1993A	2010 Debt Service
Sources			
Interest income	\$ 1,244	\$ -	\$ -
Miscellaneous income	-	-	-
Expense reimbursement	-	-	-
Escrow deposits	-	-	-
Transfers – unrestricted funds	-	-	450,430
Budget appropriation	-	-	-
Total sources	<u>1,244</u>	<u>-</u>	<u>450,430</u>
Uses			
Bond principal paid	-	-	363,882
Bond interest paid	-	-	77,414
Vouchers paid	-	-	-
Claims paid	-	-	-
Escrow withdrawals	-	-	-
NJEIT Administrative fee	-	-	-
DEP fees	-	-	-
N.J. Wastewater admin. fees	-	-	9,134
Transfers - unrestricted funds	-	-	-
Transfers - unrestricted designated funds	-	-	-
Retainage withdrawals	-	-	-
Total uses	<u>-</u>	<u>-</u>	<u>450,430</u>
Increase (decrease)	1,244	-	-
Balance, beginning of year	<u>55,080</u>	<u>437</u>	<u>-</u>
Balance, end of year	<u>\$ 56,324</u>	<u>\$ 437</u>	<u>\$ -</u>
Balance comprised of			
Cash and cash equivalents	\$ 56,324	\$ 437	\$ -
Investments:			
Certificates of deposit	-	-	-
	<u>\$ 56,324</u>	<u>\$ 437</u>	<u>\$ -</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

	Bond Service 2001 Issue	Collision Insurance Reserve	Unemploy. Claims Reserve	Worker's Compensation Insurance Reserve
Sources				
Interest income	\$ -	\$ 6,604	\$ 2,718	\$ 11,721
Miscellaneous income	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	2,190,379	-	-	-
Budget appropriation	-	-	-	350,000
Total sources	<u>2,190,379</u>	<u>6,604</u>	<u>2,718</u>	<u>361,721</u>
Uses				
Bond principal paid	2,003,825	-	-	-
Bond interest paid	137,939	-	-	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
NJEIT Administrative fee	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	48,615	-	-	-
Transfers - unrestricted funds	-	-	-	47,442
Transfers - unrestricted designated funds	-	-	-	-
Retainage withdrawals	-	-	-	-
Total uses	<u>2,190,379</u>	<u>-</u>	<u>-</u>	<u>47,442</u>
Increase (decrease)	-	6,604	2,718	314,279
Balance, beginning of year	<u>-</u>	<u>292,467</u>	<u>120,365</u>	<u>482,170</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 299,071</u>	<u>\$ 123,083</u>	<u>\$ 796,449</u>
Balance comprised of				
Cash and cash equivalents	\$ -	\$ 299,071	\$ 123,083	\$ 796,449
Investments:				
Certificates of deposit	-	-	-	-
	<u>\$ -</u>	<u>\$ 299,071</u>	<u>\$ 123,083</u>	<u>\$ 796,449</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

	General Liability Insurance Reserve	Future Reconstruct. Replacement Reserve	2007 Bond Reserve	Bond Service 2005 Issue
Sources				
Interest income	\$ 1,237	\$ 13,280	\$ 169,075	\$ -
Miscellaneous income	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	-	-	-	876,079
Budget appropriation	-	500,000	-	-
Total sources	<u>1,237</u>	<u>513,280</u>	<u>169,075</u>	<u>876,079</u>
Uses				
Bond principal paid	-	-	-	743,648
Bond interest paid	-	-	-	110,921
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
NJEIT Administrative fee	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	-	-	21,510
Transfers - unrestricted funds	-	-	66,345	-
Transfers - unrestricted designated funds	-	-	6,908,056	-
Retainage withdrawals	-	-	-	-
Total uses	<u>-</u>	<u>-</u>	<u>6,974,401</u>	<u>876,079</u>
Increase (decrease)	1,237	513,280	(6,805,326)	-
Balance, beginning of year	<u>2,254,651</u>	<u>3,110,330</u>	<u>6,805,326</u>	<u>-</u>
Balance, end of year	<u>\$ 2,255,888</u>	<u>\$ 3,623,610</u>	<u>\$ -</u>	<u>\$ -</u>
Balance comprised of				
Cash and cash equivalents	\$ 55,888	\$ 523,610	\$ -	\$ -
Investments:				
Certificates of deposit	<u>2,200,000</u>	<u>3,100,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,255,888</u>	<u>\$ 3,623,610</u>	<u>\$ -</u>	<u>\$ -</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

	Bond Reserve 2005 Issue	2006 NJEIT Bond Service	2008 Bond Reserve	CPV Escrow
Sources				
Interest income	\$ 77,372	\$ -	\$ 120,089	\$ 3,081
Miscellaneous income	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	-	5,331,368	-	-
Budget appropriation	-	-	-	-
Total sources	<u>77,372</u>	<u>5,331,368</u>	<u>120,089</u>	<u>3,081</u>
Uses				
Bond principal paid	-	4,389,181	-	-
Bond interest paid	-	824,032	-	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
NJEIT Administrative fee	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	118,155	-	-
Transfers - unrestricted funds	3,421,220	-	4,020,668	-
Transfers - unrestricted designated funds	-	-	542,000	-
Retainage withdrawals	-	-	-	-
Total uses	<u>3,421,220</u>	<u>5,331,368</u>	<u>4,562,668</u>	<u>-</u>
Increase (decrease)	(3,343,848)	-	(4,442,579)	3,081
Balance, beginning of year	<u>3,343,848</u>	<u>-</u>	<u>4,442,579</u>	<u>136,444</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,525</u>
Balance comprised of				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 139,525
Investments:				
Certificates of deposit	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,525</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

	2010 Traditional Debt Service	WWD FSA Escrow	Northeast Remsco Retainage	2007 Construction Fund
Sources				
Interest income	\$ -	\$ 544	\$ -	\$ 10
Miscellaneous income	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	27,387	-	-
Transfers – unrestricted funds	920,500	-	-	-
Budget appropriation	-	-	-	-
Total sources	920,500	27,931	-	10
Uses				
Bond principal paid	808,227	-	-	-
Bond interest paid	100,423	-	-	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	26,227	-	-
NJEIT Administrative fee	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	11,850	-	-	-
Transfers - unrestricted funds	-	-	-	-
Transfers - unrestricted designated funds	-	-	-	-
Retainage withdrawals	-	-	-	-
Total uses	920,500	26,227	-	-
Increase (decrease)	-	1,704	-	10
Balance, beginning of year	-	12,686	468	1,059
Balance, end of year	\$ -	\$ 14,390	\$ 468	\$ 1,069
Balance comprised of				
Cash and cash equivalents	\$ -	\$ 14,390	\$ 468	\$ 69
Investments:				
Certificates of deposit	-	-	-	1,000
	\$ -	\$ 14,390	\$ 468	\$ 1,069

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

	2014A Bond Service	2007 Debt Service	Kenny Construction Retainage	2010B OSPS Debt Service
Sources				
Interest income	\$ -	\$ -	\$ 2,322	\$ -
Miscellaneous income	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	316,341	12,287,938	-	726,720
Budget appropriation	-	-	-	-
Total sources	<u>316,341</u>	<u>12,287,938</u>	<u>2,322</u>	<u>726,720</u>
Uses				
Bond principal paid	269,501	11,675,000	-	538,593
Bond interest paid	42,730	612,938	-	172,032
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
NJEIT Administrative fee	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	4,110	-	-	16,095
Transfers - unrestricted funds	-	-	-	-
Transfers - unrestricted designated funds	-	-	-	-
Retainage withdrawals	-	-	-	-
Total uses	<u>316,341</u>	<u>12,287,938</u>	<u>-</u>	<u>726,720</u>
Increase (decrease)	-	-	2,322	-
Balance, beginning of year	<u>-</u>	<u>-</u>	<u>102,815</u>	<u>-</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,137</u>	<u>\$ -</u>
Balance comprised of				
Cash and cash equivalents	\$ -	\$ -	\$ 105,137	\$ -
Investments:				
Certificates of deposit	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,137</u>	<u>\$ -</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

	2016A Bond Service	Spectraserv Escrow	2019A-1 NJEIT Debt Service	Total Restricted Accounts
Sources				
Interest income	\$ -	\$ 81,785	\$ -	\$ 933,899
Miscellaneous income	-	-	-	632
Expense reimbursement	-	-	-	87,809,990
Escrow deposits	-	-	-	27,387
Transfers – unrestricted funds	1,139,067	-	458,332	25,910,414
Budget appropriation	-	-	-	1,350,000
Total sources	<u>1,139,067</u>	<u>81,785</u>	<u>458,332</u>	<u>116,032,322</u>
Uses				
Bond principal paid	970,107	-	413,723	23,119,553
Bond interest paid	154,305	-	38,616	2,512,304
Vouchers paid	-	-	-	33,425,615
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	26,227
NJEIT Administrative fee	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	14,655	-	5,993	278,557
Transfers - unrestricted funds	-	-	-	56,556,013
Transfers - unrestricted designated funds	-	-	-	7,450,056
Retainage withdrawals	-	679,700	-	679,700
Total uses	<u>1,139,067</u>	<u>679,700</u>	<u>458,332</u>	<u>124,048,025</u>
Increase (decrease)	-	(597,915)	-	(8,015,703)
Balance, beginning of year	-	3,656,584	-	37,939,087
Balance, end of year	<u>\$ -</u>	<u>\$ 3,058,669</u>	<u>\$ -</u>	<u>\$ 29,923,384</u>
Balance comprised of				
Cash and cash equivalents	\$ -	\$ 3,058,669	\$ -	\$ 24,622,384
Investments:				
Certificates of deposit	-	-	-	5,301,000
	<u>\$ -</u>	<u>\$ 3,058,669</u>	<u>\$ -</u>	<u>\$ 29,923,384</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS
SOLID WASTE DIVISION

YEAR ENDED DECEMBER 31, 2019

	General Liability Insurance Fund	Collision Insurance Reserve	Worker's Compensation Insurance	Land Acquisition and Improvement Reserve
Sources				
Interest income	\$ 43,686	\$ 4,378	\$ 6,539	\$ 16,383
Miscellaneous income	-	-	-	-
Retainage deposits	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	200,000	-
Total sources	<u>43,686</u>	<u>4,378</u>	<u>206,539</u>	<u>16,383</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	1,313	-
Claims paid	-	1,564	40,000	-
Escrow withdrawals	-	-	-	-
Trustee fee	-	-	-	-
NJEIT Admin fee	-	-	-	-
Total uses	<u>-</u>	<u>1,564</u>	<u>41,313</u>	<u>-</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease)	43,686	2,814	165,226	16,383
Balance, beginning of year	<u>2,806,061</u>	<u>194,459</u>	<u>275,074</u>	<u>4,207,057</u>
Balance, end of year	<u>\$ 2,849,747</u>	<u>\$ 197,273</u>	<u>\$ 440,300</u>	<u>\$ 4,223,440</u>
Balance comprised of				
Cash and cash equivalents	\$ 826,367	\$ 197,273	\$ 440,300	\$ 23,440
Investments:				
Certificates of deposit	2,023,380	-	-	4,200,000
Treasury notes	-	-	-	-
Other government obligations	-	-	-	-
	<u>\$ 2,849,747</u>	<u>\$ 197,273</u>	<u>\$ 440,300</u>	<u>\$ 4,223,440</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS
SOLID WASTE DIVISION

YEAR ENDED DECEMBER 31, 2019

	DEP Closure Phase I	Environmental Self Insurance	Closure/ Post- Closure I	Closure/ Post- Closure II
Sources				
Interest income	\$ 89,310	\$ 66,212	\$ 15,883	\$ 623,811
Miscellaneous income	-	-	-	41,690
Retainage deposits	-	-	-	-
Escrow deposits	-	679,700	-	543,994
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	-	-
Total sources	<u>89,310</u>	<u>745,912</u>	<u>15,883</u>	<u>1,209,495</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	7,000	-
Trustee fee	-	-	-	49,265
NJEIT Admin fee	-	-	-	-
Total uses	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>49,265</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>725,795</u>
Increase (decrease)	89,310	745,912	8,883	1,886,025
Balance, beginning of year	<u>3,955,414</u>	<u>16,989,589</u>	<u>2,252,372</u>	<u>38,420,586</u>
Balance, end of year	<u>\$ 4,044,724</u>	<u>\$ 17,735,501</u>	<u>\$ 2,261,255</u>	<u>\$ 40,306,611</u>
Balance comprised of				
Cash and cash equivalents	\$ 4,044,724	\$ 735,501	\$ 716,258	\$ 1,218,809
Investments:				
Certificates of deposit	-	17,000,000	1,544,997	1,852,652
Treasury notes	-	-	-	37,235,150
Other government obligations	-	-	-	-
	<u>\$ 4,044,724</u>	<u>\$ 17,735,501</u>	<u>\$ 2,261,255</u>	<u>\$ 40,306,611</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS
SOLID WASTE DIVISION

YEAR ENDED DECEMBER 31, 2019

	CJ Nesti Soil Escrow	Supplemental Fund	Public Liability Insurance Reserve	Aforce Escrow
Sources				
Interest income	\$ 6,891	\$ 8,094	\$ 8,498	\$ 6,898
Miscellaneous income	-	-	-	-
Retainage deposits	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	-	-
Total sources	<u>6,891</u>	<u>8,094</u>	<u>8,498</u>	<u>6,898</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
Trustee fee	-	-	-	-
NJEIT Admin fee	-	-	-	-
Total uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease)	6,891	8,094	8,498	6,898
Balance, beginning of year	<u>305,197</u>	<u>2,016,323</u>	<u>2,034,190</u>	<u>305,519</u>
Balance, end of year	<u>\$ 312,088</u>	<u>\$ 2,024,417</u>	<u>\$ 2,042,688</u>	<u>\$ 312,417</u>
Balance comprised of				
Cash and cash equivalents	\$ 312,088	\$ 24,417	\$ 42,688	\$ 312,417
Investments:				
Certificates of deposit	-	2,000,000	2,000,000	-
Treasury notes	-	-	-	-
Other government obligations	-	-	-	-
	<u>\$ 312,088</u>	<u>\$ 2,024,417</u>	<u>\$ 2,042,688</u>	<u>\$ 312,417</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS
SOLID WASTE DIVISION

YEAR ENDED DECEMBER 31, 2019

	Construction Reserve	Northeast Remsco Retainage	Service Fee Escrow	Reconstruction/ Replacement Reserve
Sources				
Interest income	\$ 24,487	\$ 1,582	\$ 31,202	\$ 12,025
Miscellaneous income	-	-	-	-
Retainage deposits	-	2,985	-	-
Escrow deposits	-	-	3,611,085	-
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	-	500,000
Total sources	<u>24,487</u>	<u>4,567</u>	<u>3,642,287</u>	<u>512,025</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	95,293	3,680,882	-
Trustee fee	-	-	-	-
NJEIT Admin fee	-	-	-	-
Total uses	<u>-</u>	<u>95,293</u>	<u>3,680,882</u>	<u>-</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease)	24,487	(90,726)	(38,595)	512,025
Balance, beginning of year	<u>1,084,489</u>	<u>119,431</u>	<u>438,134</u>	<u>2,096,045</u>
Balance, end of year	<u>\$ 1,108,976</u>	<u>\$ 28,705</u>	<u>\$ 399,539</u>	<u>\$ 2,608,070</u>
Balance comprised of				
Cash and cash equivalents	\$ 1,108,976	\$ 28,705	\$ 399,539	\$ 608,070
Investments:				
Certificates of deposit	-	-	-	2,000,000
Treasury notes	-	-	-	-
Other government obligations	-	-	-	-
	<u>\$ 1,108,976</u>	<u>\$ 28,705</u>	<u>\$ 399,539</u>	<u>\$ 2,608,070</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS
SOLID WASTE DIVISION

YEAR ENDED DECEMBER 31, 2019

	2007A Debt Service	2009A Debt Service	DEP Closure Phase II Amboy
Sources			
Interest income	\$ -	\$ -	\$ 385,635
Miscellaneous income	-	-	1,494
Retainage deposits	-	-	-
Escrow deposits	-	-	555,140
Transfers – unrestricted funds	6,565,721	1,916,910	-
Budget appropriation	-	-	-
Total sources	<u>6,565,721</u>	<u>1,916,910</u>	<u>942,269</u>
Uses			
Bond principal paid	6,315,148	1,662,482	-
Bond interest paid	153,673	220,093	-
Vouchers paid	-	-	-
Claims paid	-	-	-
Escrow withdrawals	-	-	-
Trustee fee	-	-	28,504
NJEIT Admin fee	96,900	34,335	-
Total uses	<u>6,565,721</u>	<u>1,916,910</u>	<u>28,504</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>390,076</u>
Increase (decrease)	<u>-</u>	<u>-</u>	<u>1,303,841</u>
Balance, beginning of year	<u>-</u>	<u>-</u>	<u>20,369,942</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,673,783</u>
Balance comprised of			
Cash and cash equivalents	\$ -	\$ -	\$ 178,223
Investments:			
Certificates of deposit	-	-	-
Treasury notes	-	-	-
Other government obligations	-	-	21,495,560
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,673,783</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS
SOLID WASTE DIVISION

YEAR ENDED DECEMBER 31, 2019

	United Energy Soil Escrow	SWD FSA Escrow	Total
Sources			
Interest income	\$ 6,891	\$ 50	\$ 1,358,455
Miscellaneous income	-	-	43,184
Retainage deposits	-	-	2,985
Escrow deposits	-	-	5,389,919
Transfers – unrestricted funds	-	-	8,482,631
Budget appropriation	-	-	700,000
Total sources	<u>6,891</u>	<u>50</u>	<u>15,977,174</u>
Uses			
Bond principal paid	-	-	7,977,630
Bond interest paid	-	-	373,766
Vouchers paid	-	-	1,313
Claims paid	-	-	41,564
Escrow withdrawals	-	4,645	3,787,820
Trustee fee	-	-	77,769
NJEIT Admin fee	-	-	131,235
Total uses	<u>-</u>	<u>4,645</u>	<u>12,391,097</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>1,115,871</u>
Increase (decrease)	6,891	(4,595)	4,701,948
Balance, beginning of year	<u>305,195</u>	<u>6,280</u>	<u>98,181,357</u>
Balance, end of year	<u>\$ 312,086</u>	<u>\$ 1,685</u>	<u>\$ 102,883,305</u>
Balance comprised of			
Cash and cash equivalents	\$ 312,086	\$ 1,685	\$ 11,531,566
Investments:			
Certificates of deposit	-	-	32,621,029
Treasury notes	-	-	37,235,150
Other government obligations	-	-	21,495,560
	<u>\$ 312,086</u>	<u>\$ 1,685</u>	<u>\$ 102,883,305</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

**SUPPLEMENTARY INFORMATION - SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2019**

Wastewater Division

	Acquired with Capital Contributions	Acquired with Other than Capital Contributions	Combined Totals
Land	\$ -	\$ 8,401,828	\$ 8,401,828
Buildings and improvements	48,000,535	129,495,277	177,495,812
Improvements other than buildings	122,703,613	376,400,308	499,103,921
Machinery and equipment	-	45,150,040	45,150,040
Furniture and fixtures	-	104,817	104,817
Landfill gas collection facility	-	65,591,952	65,591,952
Landfill gas collection equipment	-	13,074,349	13,074,349
	<u>\$ 170,704,148</u>	<u>\$ 638,218,571</u>	<u>\$ 808,922,719</u>

Solid Waste Division

	Acquired with Capital Contributions	Acquired with Other than Capital Contributions	Combined Totals
Land	\$ -	\$ 55,366,747	\$ 55,366,747
Landfill and landfill expansion including initial preparatory cost	-	224,165,391	224,165,391
Buildings	-	11,154,474	11,154,474
Improvements other than buildings	-	19,506,804	19,506,804
Machinery and equipment	-	9,304,875	9,304,875
	<u>\$ -</u>	<u>\$ 319,498,291</u>	<u>\$ 319,498,291</u>

Note: Excludes construction in progress.

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF ACCUMULATED DEPRECIATION
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

	Accumulated Depreciation January 1, 2019	Depreciation Expense	Accumulated Depreciation December 31, 2019
Buildings and improvements:			
Acquired with capital contributions	\$ 37,214,601	\$ 1,019,188	\$ 38,233,789
Other	65,768,229	3,597,721	69,365,950
Improvements other than buildings:			
Acquired with capital contributions	81,248,386	2,567,026	83,815,412
Other	145,050,216	10,299,852	155,350,068
Machinery and equipment	18,406,934	2,614,514	21,021,448
Furniture and fixtures	29,590	6,835	36,425
Landfill gas collection facility	32,650,362	3,700,750	36,351,112
Landfill gas collection equipment	2,995,022	391,897	3,386,919
	<u>\$ 383,363,340</u>	<u>\$ 24,197,783</u>	<u>\$ 407,561,123</u>
Analysis:			
Depreciation attributable to assets acquired with capital contributions	\$ 118,462,987	\$ 3,586,214	122,049,201
Depreciation attributable to assets acquired with other than capital contributions	264,900,353	20,611,569	285,511,922
	<u>\$ 383,363,340</u>	<u>\$ 24,197,783</u>	<u>\$ 407,561,123</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF ACCUMULATED DEPRECIATION
SOLID WASTE DIVISION

YEAR ENDED DECEMBER 31, 2019

	Accumulated Depreciation January 1, 2019	Depreciation Expense	Accumulated Depreciation December 31, 2019
	<u> </u>	<u> </u>	<u> </u>
Landfill and landfill expansion including initial preparatory cost	\$ 233,816,110	\$ 4,043,305	\$ 237,859,415
Buildings	8,667,389	291,576	8,958,965
Improvements other than buildings	6,648,437	982,827	7,631,264
Machinery and equipment	3,922,924	639,697	4,562,621
	<u>\$ 253,054,860</u>	<u>\$ 5,957,405</u>	<u>\$ 259,012,265</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CONSTRUCTION IN PROGRESS

YEAR ENDED DECEMBER 31, 2019

	Total Costs through January 1, 2019	Increases January - December 31, 2019	Decreases January - December 31, 2019	Total Costs through December 31, 2019
<u>Wastewater Division</u>				
Final Tank Rehab	\$ 4,388,825	\$ 3,164,618	\$ -	\$ 7,553,443
Main Sub-Station Rehabilitation	20,982,311	409,386	-	21,391,697
OCS Boiler Relocation	3,601,340	-	3,601,340	-
Storage Building	699,355	21,644	-	720,999
Dewatering Bldg Odor Control System Rehab	2,757,106	179,695	-	2,936,801
SPS Restoration/Mitigation (FEMA)	47,040,627	26,331,258	-	73,371,885
EPS Restoration/Mitigation (FEMA)	19,493,106	12,299,819	-	31,792,925
Main Trunk Rehab II	96,136	6,082,163	-	6,178,299
Primary Tank Rehab	1,005,645	1,784,584	-	2,790,229
Dryer #5 Rotor	217,754	-	217,754	-
Process Water Screens	25,750	25,927	-	51,677
Gravity Thickener	1,059,817	1,066,200	-	2,126,017
Gravity Thickener Phase II	-	207,324	-	207,324
Meter Chamber Upgrade Phase I	864,216	3,303	864,216	3,303
Meter Chamber Upgrade Phase II	191,677	71,641	-	263,318
Influent Screening	13,553	207,881	-	221,434
Outfall Repairs	619,392	300,331	-	919,723
Main Trunk Sewer Phase III	324,983	272,865	-	597,848
Sludge Odor Control	-	771,067	-	771,067
SFFM Rehab	-	142,759	-	142,759
RAS Pipe Rehab	-	11,806	-	11,806
Grit Chamber Upgrade	-	76,450	-	76,450
Process Air Piping Upgrade	-	16,666	-	16,666
	<u>\$ 103,381,593</u>	<u>\$ 53,447,387</u>	<u>\$ 4,683,310</u>	<u>\$ 152,145,670</u>
<u>Solid Waste Division</u>				
Landfill Gas Engine	\$ 7,023,130	\$ 121,541	\$ 418,302	\$ 6,726,369
Landfill Sideslope Closure	-	5,536,667	-	5,536,667
Landfill Electric Upgrade to Pumping Service	-	148,878	-	148,878
	<u>\$ 7,023,130</u>	<u>\$ 5,807,086</u>	<u>\$ 418,302</u>	<u>\$ 12,411,914</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF REVENUE SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2019

	Balance January 1, 2019	Bonds Issued Current Period	Principal Reduction	Balance December 31, 2019	Analysis of Balance	
					Current Portion	Due Long-Term
<u>Wastewater Division</u>						
Issue of 2001A - N.J. IB (Federal)	\$ 2,668,365	\$ -	\$ 890,597	\$ 1,777,768	\$ 888,285	\$ 889,483
Issue of 2001A - N.J. IB (State)	3,503,353	-	1,113,228	2,390,125	1,166,010	1,224,115
Issue of 2005A - N.J. IB (Federal)	2,456,024	-	352,016	2,104,008	350,244	1,753,764
Issue of 2005A - N.J. IB (State)	3,079,871	-	391,632	2,688,239	404,659	2,283,580
Issue of 2006 - N.J. IB (Federal)	16,191,453	-	2,021,925	14,169,528	2,024,847	12,144,681
Issue of 2006 - N.J. IB (State)	21,776,273	-	2,367,256	19,409,017	2,462,330	16,946,687
Issue of 2007	11,675,000	-	11,675,000	-	-	-
Issue of 2009A - N.J. IB (Federal)	5,285,746	-	494,867	4,790,879	494,867	4,296,012
Issue of 2009A - N.J. IB (State)	6,060,000	-	449,000	5,611,000	467,000	5,144,000
Issue of 2009 C-1 - N.J. IB (Trust/State)	1,948,000	-	142,000	1,806,000	152,000	1,654,000
Issue of 2009 C-2 - N.J. IB (Trust/State)	2,527,000	-	190,000	2,337,000	194,000	2,143,000
Issue of 2009 D-1 - N.J. IB (Federal)	2,440,700	-	221,882	2,218,818	221,882	1,996,936
Issue of 2009 D-2 - N.J. IB (Federal)	6,800,493	-	618,227	6,182,266	618,227	5,564,039
Issue of 2010B - N.J. IB (Federal)	3,523,119	-	293,593	3,229,526	293,593	2,935,933
Issue of 2010B - N.J. IB (Trust/State)	3,589,000	-	245,000	3,344,000	237,000	3,107,000
Issue of 2014A - N.J. IB (Federal)	3,217,521	-	214,502	3,003,019	214,502	2,788,517
Issue of 2014A - N.J. IB (Trust/State)	1,165,000	-	55,000	1,110,000	60,000	1,050,000
Issue of 2016A - N.J. IB (Federal)	13,261,825	-	780,108	12,481,717	780,108	11,701,609
Issue of 2016A - N.J. IB (Trust/State)	4,535,000	-	190,000	4,345,000	200,000	4,145,000
Issue of 2019A - N.J. IB (Federal)	-	12,204,822	413,723	11,791,099	620,584	11,170,515
Issue of 2019A - N.J. IB (Trust/State)	-	3,995,000	-	3,995,000	140,000	3,855,000
	<u>\$ 115,703,743</u>	<u>\$ 16,199,822</u>	<u>\$ 23,119,556</u>	<u>\$ 108,784,009</u>	<u>\$ 11,990,138</u>	<u>\$ 96,793,871</u>
<u>Solid Waste Division</u>						
Issue of 2007A - N.J. IB (Federal)	\$ 2,886,148	\$ -	\$ 2,886,148	\$ -	\$ -	\$ -
Issue of 2007A - N.J. IB (State)	3,429,000	-	3,429,000	-	-	-
Issue of 2009A - N.J. IB (Federal)	4,716,389	-	824,481	3,891,908	871,000	3,020,908
Issue of 2009A - N.J. IB (Trust/State)	5,546,000	-	838,000	4,708,000	824,482	3,883,518
	<u>\$ 16,577,537</u>	<u>\$ -</u>	<u>\$ 7,977,629</u>	<u>\$ 8,599,908</u>	<u>\$ 1,695,482</u>	<u>\$ 6,904,426</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF OPERATING REVENUES
AND COSTS FUNDED BY OPERATING REVENUES COMPARED TO BUDGET
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Operating Revenues			
Appropriated net position	\$ 17,634,000	\$ - (1)	\$ 17,634,000
Capital reserve fund	812,000	- (1)	812,000
Bond reserve refund	7,261,800	7,261,800 (1)	-
Annual charges	87,050,000	90,423,513	(3,373,513)
Treatment of septic tank waste	200,000	332,112	(132,112)
Service fees, review of plans, etc.	2,000	3,050	(1,050)
Industrial pretreatment program fees	20,000	27,300	(7,300)
Miscellaneous income	250,000	181,841	68,159
Sale of plans and specifications	5,000	-	5,000
Interest on investments and deposits	100,000	1,064,570 (2)	(964,570)
Management fees	1,712,000	1,712,400	(400)
Sampling and lab fees	20,000	22,208	(2,208)
Analytical services	20,000	22,585	(2,585)
Groundwater discharge fees	800,000	1,053,260	(253,260)
Penalty assessments	15,000	35,200	(20,200)
Effluent reuse sales	750,000	762,382	(12,382)
Sale of synthetic soil	400,000	462,975	(62,975)
Praxair - sale of oxygen	910,000	128,233	781,767
Praxair - sale of nitrogen	865,000	1,107,978	(242,978)
Praxair - water usage	35,000	38,354	(3,354)
Praxair - fixed gas costs	877,000	876,604	396
Grants	58,608,000	28,235,459	30,372,541
Electric generation income	500,000	516,969	(16,969)
Total revenues	178,846,800	134,268,793	44,578,007
Less: Revenues to fund Bonded and Reimbursable projects			
Grants	(58,608,000)	(28,235,459)	(30,372,541)
Total operating revenues less revenues to fund bonded and reimbursable projects	120,238,800	106,033,334	14,205,466
Operating Expenses			
Salaries and wages			
Administration	3,389,000	3,088,108	300,892
Plant operation	2,697,000	2,760,106	(63,106)
Plant solids	1,942,000	2,066,678	(124,678)
Laboratory	1,747,000	1,622,480	124,520
Plant maintenance	3,835,000	3,760,610	74,390
Sayreville pump station	738,000	913,211	(175,211)
Lines, meters and small pump stations	1,217,000	960,796	256,204
Temporary help	50,000	41,867	8,133
Total salaries and wages	15,615,000	15,213,856	401,144

(1) Not an operating revenue for GAAP purposes.

(2) Includes non-budgeted interest earned on restricted funds of:

\$ 89,042

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF OPERATING REVENUES
AND COSTS FUNDED BY OPERATING REVENUES COMPARED TO BUDGET
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Administration			
Pension expense	\$ 1,994,000	\$ 1,651,819	\$ 342,181
Social security tax	1,195,000	1,080,150	114,850
Disability insurance	120,000	66,009	53,991
Hospitalization plan	2,520,000	1,773,329	746,671
Dental and vision plan	129,000	110,007	18,993
Retired employees/survivor benefits	2,070,000	2,151,953	(81,953)
Prescription plan	770,000	898,486	(128,486)
Paid sick leave	215,000	325,302	(110,302)
Excess worker's compensation	77,000	74,630	2,370
Insurance - other	999,000	995,814	3,186
Professional fees	3,287,000	1,966,225	1,320,775
Regulatory fees and permits	866,000	795,069	70,931
Host community benefits	1,317,000	1,596,819	(279,819)
General administrative expenses	584,000	679,185	(95,185)
Interest expense	300,000	326,423	(26,423)
Interest expense on early retirement incentive liabilities	-	130,666	(130,666)
Environmental studies	235,000	14,123	220,877
Total administration	<u>16,678,000</u>	<u>14,636,009</u>	<u>2,041,991</u>
Central Treatment Plant			
Chemicals	3,017,000	3,331,999	(314,999)
Power and light	2,132,500	3,119,081	(986,581)
Fuel oil	1,539,500	1,388,907	150,593
Water	95,000	199,188	(104,188)
Grit processing	250,000	253,030	(3,030)
Transportation of synthetic soil	2,452,000	2,744,496	(292,496)
Maintenance	4,028,000	4,472,253	(444,253)
Laboratory	562,000	578,524	(16,524)
Transportation	243,000	293,319	(50,319)
Electric generation plant	7,800,000	9,500,629	(1,700,629)
Operations	<u>1,574,000</u>	<u>1,125,188</u>	<u>448,812</u>
Total central treatment plant	<u>23,693,000</u>	<u>27,006,614</u>	<u>(3,313,614)</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF OPERATING REVENUES
AND COSTS FUNDED BY OPERATING REVENUES COMPARED TO BUDGET
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Sayreville Pumping Station			
Power and light	\$ 1,305,000	\$ 1,150,539	\$ 154,461
Water	25,000	15,928	9,072
Maintenance	58,000	137,583	(79,583)
Total Sayreville Pumping Station	1,388,000	1,304,050	83,950
Edison Pumping Station			
Power and light	185,000	258,154	(73,154)
Water	5,000	10,964	(5,964)
Maintenance	17,000	8,209	8,791
Total Edison Pumping Station	207,000	277,327	(70,327)
Bound Brook Pumping Station			
Power and light	30,000	31,785	(1,785)
Water	1,000	1,035	(35)
Maintenance	11,000	29,902	(18,902)
Total Bound Brook Pumping Station	42,000	62,722	(20,722)
Green Brook Pumping Station			
Power and light	90,000	65,058	24,942
Water	6,000	9,257	(3,257)
Maintenance	67,000	19,366	47,634
Total Green Brook Pumping Station	163,000	93,681	69,319
South Amboy Pumping Station			
Power and light	90,000	88,109	1,891
Water	20,000	15,660	4,340
Maintenance	17,000	18,269	(1,269)
Total South Amboy Pumping Station	127,000	122,038	4,962
Lines, Meters and Small Pumping Stations			
Power and light	12,000	12,112	(112)
Rental of rights of way	12,000	11,972	28
Maintenance	1,261,000	528,850	732,150
Total Lines, Meters and Small Pumping Stations	1,285,000	552,934	732,066
Hurricane loss			
Administration	15,000	12,758	2,242
Sayreville Pumping Station	5,000	-	5,000
Total Hurricane Loss***	20,000	12,758	7,242
Less: Reimbursable projects***	(20,000)	(12,758)	(7,242)
Total operating expense budget	\$9,198,000	\$9,269,231	(71,231)

***Reimbursable projects - Expenses expected to be reimbursed by third parties and not funded by operating revenue.

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF OPERATING REVENUES
AND COSTS FUNDED BY OPERATING REVENUES COMPARED TO BUDGET
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Capital Outlays			
Administration - computer	\$ 475,000	\$ 442,790	\$ 32,210
Administration - furniture and fixtures	5,000	39,897	(34,897)
Administration - training center	150,000	-	150,000
Administration - security upgrades	500,000	364,187	135,813
Administration - machinery & equipment	15,000	10,365	4,635
Pumping stations:			
Sayreville Pumping Station	30,000	-	30,000
Edison Pumping Station	5,000	-	5,000
Green Brook Pumping Station	50,000	110,500	(60,500)
Bound Brook Pumping Station	200,000	-	200,000
South Amboy Pumping Station	610,000	6,804	603,196
Lines, meters and small pumping stations:			
Supplemental outfall repairs	868,000	300,331	567,669
Machinery and equipment	50,000	-	50,000
Pipeline repair	3,525,000	2,806,137	718,863
Meter chamber upgrade*	850,000	74,944	775,056
Main trunk sewer II*	8,097,000	6,082,162	2,014,838
Main trunk sewer III*	2,911,000	272,865	2,638,135
SRFM rehab - engineering*	250,000	142,759	107,241
Pump station, permanent restoration / mitigation:			
Sayreville Pumping Station*	24,741,000	26,331,258	(1,590,258)
Edison Pumping Station*	10,694,000	12,299,819	(1,605,819)
Central treatment plant:			
Furniture and fixtures	25,000	-	25,000
Machinery and equipment	740,000	412,255	327,745
Oxygen facility - machinery and equipment	150,000	52,509	97,491
Oxygen facility - spare parts	10,000	-	10,000
Landfill gas collection facility - electric generation	5,000,000	10,095,383	(5,095,383)
Electrical substation upgrade*	-	259,005	(259,005)
Unox mixers / deck seal vent valves	500,000	717,975	(217,975)
Process water screens / engineering	871,000	25,927	845,073
Electrical equipment	300,000	-	300,000
Lab machinery and equipment	65,000	52,076	12,924
Lab computer equipment	150,000	30,260	119,740
Pumps and motors	50,000	82,721	(32,721)
Roof reconstruction	500,000	14,247	485,753
Sidewalks and roads	100,000	-	100,000
Influent screen	1,490,000	207,881	1,282,119
Primary tanks - Phase III	3,080,000	1,760,423	1,319,577
Primary tanks - Phase IV*	960,000	24,161	935,839
Final tanks - Phase III	3,182,000	3,076,575	105,425
Final tanks - Phase IV*	340,000	88,043	251,957
Hypo tank replacement	200,000	73,310	126,690
Odor control system	1,428,000	771,067	656,933
Supervisory control and data acquisition system	35,000	138,281	(103,281)

MIDDLESEX COUNTY UTILITIES AUTHORITY
**SUPPLEMENTARY INFORMATION - SCHEDULE OF OPERATING REVENUES
 AND COSTS FUNDED BY OPERATING REVENUES COMPARED TO BUDGET
 WASTEWATER DIVISION**

YEAR ENDED DECEMBER 31, 2019

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Storage building*	\$ 6,500,000	\$ 21,644	\$ 6,478,356
DW building OCS	-	179,694	(179,694)
Grit chamber upgrades*	500,000	76,450	423,550
Duophase - machinery and equipment	1,370,000	197,924	1,172,076
Maintenance annex rehab	450,000	-	450,000
RAS pipe rehab*	1,320,000	11,806	1,308,194
Muffin Monsters	50,000	-	50,000
Process air piping upgrades	700,000	16,666	683,334
Gravity Thickener - Phase I	1,425,000	1,066,200	358,800
Gravity Thickener - Phase II*	825,000	207,324	617,676
Water Reuse**	600,000	-	600,000
Vehicles	325,000	148,220	176,780
Total capital outlays	87,267,000	69,092,845	18,174,155
Less: Bonded projects*	(58,588,000)	(45,633,235)	(12,954,765)
Capital outlays funded by operating revenues	28,679,000	23,459,610	4,619,390
Other Costs Funded by Operating Revenues			
Future plant reconstruction and replacement	500,000	500,000	-
Solid Waste Division loan reserve	500,000	500,000	-
	1,000,000	1,000,000	-
Budget subtotal	88,877,000	83,728,841	4,548,159
NJ- WWT - administrative fee	-	278,558	(278,558)
Total before debt service and amortization	88,877,000	84,007,399	4,269,601

*Bonded projects - Expenditures not paid from operating revenues.

**Reimbursable projects - Expenditures expected to be reimbursed by third parties and not funded by operating revenue.

MIDDLESEX COUNTY UTILITIES AUTHORITY
SUPPLEMENTARY INFORMATION - SCHEDULE OF OPERATING REVENUES
AND COSTS FUNDED BY OPERATING REVENUES COMPARED TO BUDGET
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Principal Maturities			
2001A issue	\$ 2,003,800	\$ 2,003,825	\$ (25)
2005 NJIB	743,600	743,648	(48)
2006 EPS - wastewater treatment	4,389,200	4,389,181	19
2007 gas system revenue bonds	11,675,000	11,675,000	-
2009 EPS wastewater treatment	943,900	943,867	33
2010A (Traditional) - Plant upgrades	808,200	808,227	(27)
2010A (ARRA) - switchgear	363,900	363,882	18
2010 - OSPS	538,600	538,593	7
2014 - Main Trunk Sewer I	269,600	269,502	98
2016 - Electric Substation Upgrade	970,200	970,108	92
2019 Main Trunk II (est)	404,900	-	404,900
2019 Main Trunk III (est)	538,100	-	538,100
2019 FEMMA/SAIL EPS (est)	901,700	413,723	487,977
2019 NJIB CTP Grit (est)	175,000	-	175,000
2019 ST Warehouse (est)	2,000,000	-	2,000,000
2019 NJIB Primary Settling Tank (est)	180,000	-	180,000
2019 NJIB Thickener Tank II (est)	261,300	-	261,300
2019 NJIB RAS Pipe I (est)	187,000	-	187,000
2019 NJIB Meter Chamber II (est)	111,300	-	111,300
Total principal maturities	<u>27,465,300</u>	<u>23,119,556</u>	<u>4,345,744</u>
Interest Expense			
2001A issue	177,700	137,939	39,761
2005 - wastewater treatment	146,200	110,921	35,279
2006 EPS - wastewater treatment	972,300	824,031	148,269
2007 gas system revenue bonds	613,000	612,938	62
2009 EPS wastewater treatment	242,400	240,953	1,447
2010A (Traditional) - Plant upgrades	101,100	100,423	677
2010A (ARRA) - switchgear	78,000	77,414	586
2010 - OSPS	172,400	172,032	368
2014 NJIB - Main Trunk Sewer I	43,100	42,730	370
2016 NJIB - Electric Substation Upgrade (estimated)	156,100	154,305	1,795
2019 Main Trunk II (est)	139,300	-	139,300
2019 Main Trunk III (est)	185,100	-	185,100
2019 FEMMA/SAIL EPS Perm (est)	310,200	38,616	271,584
2019 NJIB CTP Grit (est)	60,200	-	60,200
2019 Short-term Warehouse (est)	245,000	-	245,000
2019 NJIB Primary Settling Tank (est)	61,900	-	61,900
2019 NJIB Thickener Tank II (est)	89,900	-	89,900
2019 NJIB RAS Pipe I (est)	64,300	-	64,300
2019 NJIB Meter Chamber II (est)	38,300	-	38,300
Total interest expense	<u>3,896,500</u>	<u>2,512,302</u>	<u>1,384,198</u>
Total actual costs funded by operating revenues	<u>120,238,800</u>	<u>109,639,257</u>	<u>10,599,543</u>
(Deficiency) Excess in revenues	<u>-</u>	<u>(3,605,923)</u>	<u>3,605,923</u>
Total actual costs funded by operating revenues and excess in revenues	<u>\$ 120,238,800</u>	<u>\$ 106,033,334</u>	<u>\$ 14,205,466</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF OPERATING REVENUES
AND COSTS FUNDED BY OPERATING REVENUES COMPARED TO BUDGET
SOLID WASTE DIVISION

YEAR ENDED DECEMBER 31, 2019

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Operating Revenues			
Tipping fees	\$ 38,437,000	\$ 38,796,776	\$ (359,776)
Unreserved net position	4,486,000	- (1)	4,486,000
Interest income	20,000	1,616,451 (2)	(1,596,451)
Soil program income	4,500,000	9,497,153	(4,997,153)
Service fee income	700,000	1,848,255	(1,148,255)
Miscellaneous income	18,000	365,416	(347,416)
Net (decrease) in the fair value of investments	-	1,115,871	(1,115,871)
Total operating revenues	\$ 48,161,000	\$ 53,239,922	\$ (5,078,922)
(1) Not a revenue for GAAP purposes.			
(2) Includes non-budgeted interest earned on restricted funds.			
Operating Expenses			
Salaries and Wages			
Administration	\$ 1,031,000	\$ 1,001,411	\$ 29,589
Operations	2,115,000	2,118,631	(3,631)
Temporary help	10,000	11,545	(1,545)
Total salaries and wages	3,156,000	3,131,587	24,413
Administration			
Public Employee Retirement System	383,000	291,497	91,503
Social Security tax	241,000	222,180	18,820
Employee benefits	1,327,000	1,053,272	273,728
Insurance	337,000	336,920	80
Professional fees	1,085,000	1,607,238	(522,238)
Regulatory fees and permits	330,000	199,237	130,763
General administrative expenses	1,950,000	1,946,333	3,667
Implementing agency fee	3,682,000	3,675,000	7,000
Total administration	9,335,000	9,331,677	3,323
Landfill Operations			
Host community benefits	6,324,000	6,383,038	(59,038)
Utilities	54,000	39,409	14,591
Maintenance	855,000	257,666	597,334
Operations	6,809,000	7,038,390	(229,390)
Transportation	56,000	51,983	4,017
Mandated charges	2,782,000	2,831,267	(49,267)
Total landfill operations	16,880,000	16,601,753	278,247
Budget subtotal	29,371,000	29,065,017	305,983
NJ - WWT and DEP - administrative fee	-	131,235	(131,235)
Budget total before debt service, capital outlay and reserves	<u>29,371,000</u>	<u>29,196,252</u>	<u>174,748</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF OPERATING REVENUES
AND COSTS FUNDED BY OPERATING REVENUES COMPARED TO BUDGET
SOLID WASTE DIVISION

YEAR ENDED DECEMBER 31, 2019

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Debt Service			
Bond principal	\$ 7,978,000	\$ 7,977,629	\$ 371
Interest on bonds	395,000	373,767	21,233
Total debt service	<u>8,373,000</u>	<u>8,351,396</u>	<u>21,604</u>
Capital Outlay			
Landfill - capital	9,366,000	9,841,229	(475,229)
Reserves			
Total actual costs funded by operating revenues	<u>1,051,000</u>	<u>1,058,468</u>	<u>(7,468)</u>
Excess in revenues	\$ 48,161,000	\$ 48,447,345	\$ (286,345)
		4,792,577	(4,792,577)
Total actual costs funded by operating revenues and excess in revenues	<u>\$ 48,161,000</u>	<u>\$ 53,239,922</u>	<u>\$ (5,078,922)</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY
SUPPLEMENTARY INFORMATION - SCHEDULE OF LOADINGS AND CHARGES
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2019

	Total Annual Charges	Flow		Biochemical Oxygen Demand		Suspended Solids		Chlorine Demand	
		Million Gallons	Charges	Tons	Charges	Tons	Charges	CWT	Charges
Municipalities									
Bound Brook	\$ 1,149,522	569.070	\$ 504,388	517.543	\$ 294,463	485.146	\$ 330,948	101.887	\$ 19,723
Carteret	2,625,909	1,573.473	1,063,286	1,390.870	772,964	1,074.664	716,303	398.392	73,357
Cranbury	559,822	145.277	200,862	247.570	142,116	303.623	210,230	34.171	6,615
East Brunswick	3,383,354	1,377.841	956,894	1,903.933	1,045,648	2,085.129	1,316,044	349.939	64,768
Edison	9,532,388	5,984.728	3,396,833	4,250.649	2,258,807	6,121.721	3,696,968	1,004.789	179,780
Franklin Twp.	6,718,692	2,908.721	1,770,733	4,201.875	2,233,968	4,231.395	2,583,490	723.995	130,500
Highland Park	1,386,573	704.990	583,037	568.875	323,060	677.777	458,547	113.390	21,929
Metuchen	1,251,262	639.163	545,422	518.738	295,128	571.286	388,007	117.364	22,704
Middlesex	1,571,112	795.764	635,355	657.984	372,703	791.489	533,869	152.941	29,185
Monroe Twp.	4,414,779	1,532.291	1,041,709	2,456.930	1,334,982	3,192.448	1,971,509	359.840	66,580
New Brunswick	6,385,755	3,864.426	2,275,957	3,138.738	1,690,650	3,714.348	2,278,929	779.372	140,219
North Brunswick	3,704,889	2,412.162	1,508,232	1,642.208	908,203	1,883.883	1,196,598	503.803	91,857
Old Bridge	5,515,979	1,947.514	1,262,601	3,006.493	1,622,078	4,164.748	2,544,232	476.518	87,068
Perth Amboy	3,861,360	1,923.685	1,250,004	2,876.456	1,554,482	1,499.359	968,372	484.691	88,502
Piscataway	6,072,876	3,962.936	2,328,033	3,168.704	1,706,782	3,060.808	1,893,967	801.450	144,094
PARSA	9,168,861	4,915.260	2,831,470	5,998.167	3,148,730	4,854.584	2,950,573	1,347.090	238,088
Sayreville	4,000,556	1,606.349	1,081,586	2,093.454	1,144,807	2,748.069	1,709,191	351.063	64,971
South Amboy	736,583	295.574	324,208	280.534	160,901	347.587	239,730	60.670	11,745
South Bound Brook	510,754	242.979	283,310	169.422	97,582	176.299	122,180	39.685	7,682
South Brunswick	2,998,943	1,056.936	780,673	2,131.700	1,164,818	1,527.866	985,291	368.889	68,161
South River	1,315,395	619.673	534,012	624.403	353,995	594.497	403,382	124.341	24,006
Spotswood	1,063,761	247.364	286,720	546.192	310,423	670.235	453,551	67.501	13,067
Woodbridge	4,509,820	2,242.504	1,418,544	1,881.152	1,033,729	3,178.854	1,963,275	517.562	94,271
	<u>\$ 82,438,944</u>	<u>41,568.680</u>	<u>\$ 26,863,867</u>	<u>44,272.589</u>	<u>\$ 23,971,019</u>	<u>47,955.814</u>	<u>\$ 29,915,187</u>	<u>9,279.342</u>	<u>\$ 1,688,872</u>
Industries									
LANXESS fka Chemtura	\$ 800,053	85.187	\$ 127,713	1,091.976	\$ 610,511	82.439	\$ 57,272	23.540	\$ 4,557
Ashland Aqualon	1,067,236	76.398	117,014	1,321.554	734,691	83.999	58,351	877.040	157,180
Schweitzer-Maudit	4,864,306	446.934	430,146	2,634.444	1,427,653	4,410.574	2,689,034	1,817.134	317,474
Equistar Chemicals	1,252,973	46.967	81,187	306.907	175,930	1,543.883	994,798	5.465	1,058
	<u>\$ 7,984,569</u>	<u>655.486</u>	<u>\$ 756,060</u>	<u>5,354.881</u>	<u>\$ 2,948,785</u>	<u>6,120.895</u>	<u>\$ 3,799,455</u>	<u>2,723.179</u>	<u>\$ 480,268</u>
	<u>\$ 90,423,513</u>	<u>42,224.166</u>	<u>\$ 27,619,927</u>	<u>49,627.470</u>	<u>\$ 26,919,804</u>	<u>54,076.709</u>	<u>\$ 33,714,642</u>	<u>12,002.521</u>	<u>\$ 2,169,140</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
OTHER INFORMATION - SCHEDULE OF RATES
WASTEWATER DIVISION**

YEAR ENDED DECEMBER 31, 2019

Calculations for participants are made quarterly:

Operations and Maintenance Rates:

Flow	Flat rate charge per Million Gallons	\$	375.07
Biochemical Oxygen Demand	Flat rate charge per Ton		440.77
Suspended Solids	Flat rate charge per Ton		503.52
Chlorine Demand	Flat rate charge per CWT		43.68

Debt Service Rates:

	<u>Million Gallons Charge Per Quarter</u>		<u>Charge Per Million Gallons</u>
Flow	First 5 at	\$	1,740.37
	Next 5 at		1,144.79
	Next 30 at		842.25
	Next 60 at		402.54
	Next 100 at		210.35
	Next 200 at		174.07
	Over 400 at		153.57
	<u>Tons Per Quarter</u>		<u>Charge Per Ton</u>
Biochemical Oxygen Demand	First 30 at	\$	137.72
	Next 70 at		129.09
	Next 100 at		116.33
	Next 200 at		102.74
	Next 400 at		82.44
	Over 800 at		68.48
Suspended Solids	First 10 at	\$	194.58
	Next 70 at		188.02
	Next 170 at		158.88
	Next 450 at		90.01
	Over 700 at		85.52
	<u>Short Hundredweights Per Quarter</u>		<u>Change Per Short Hundredweight</u>
Chlorine Demand	First 30 at	\$	149.90
	Next 60 at		137.11
	Next 180 at		131.82
	Next 540 at		125.21
	Over 810 at		117.71

MIDDLESEX COUNTY UTILITIES AUTHORITY

OTHER INFORMATION - ROSTER OF OFFICIALS

AS OF DECEMBER 31, 2019

Authority Member	Position	Term	Amount of Surety
Ted H. Light, P.E.	Chairman	1/31/2023	None
John F. Wiley, Esq.	Vice Chairman	1/31/2023	None
Allan Jacobs, P.E., P.P.	Commissioner	1/31/2021	None
Antonio L. Cruz, Esq.	Commissioner	1/31/2024	None
Robert Diehl	Commissioner	1/31/2024	None
Joseph Juliano	Commissioner	1/31/2025	None
James M. Zullo	Commissioner	1/31/2021	None
Alise Roderer	Commissioner	1/31/2023	None
Raymond Murray	Commissioner	1/31/2021	None
Jerome Convery Esq.	Commissioner	1/31/2025	None
Other Officials			
Joseph Cryan	Executive Director	2/28/2021	*
J. Joaquin Gonzalez, PE, MBA	Chief Engineer	Annual	*
Paul Clark	Solid Waste Division Manager	Annual	*
Karen L. Sissick, CPA	Treasurer / Comptroller	2/28/2021	\$250,000
Judith McCabe	Secretary	2/28/2021	*
McManimon, Scotland & Baumann, LLC	General/Construction Counsel	Annual	
R3M Engineering, Inc.	Consulting Engineers - Wastewater Division	Annual	
CME Associates	Consulting Engineers - Solid Waste Division	Annual	

Surety Company

Fidelity and Deposit Co. of Maryland

*Employer blanket policy for a total of \$250,000 for all employees. Comptroller's coverage is separate from the blanket coverage.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEAR ENDED DECEMBER 31, 2019**

GENERAL COMMENTS AND RECOMMENDATIONS

None for the year ended December 31, 2019.



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*

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners of
Middlesex County Utilities Authority
Sayreville, New Jersey

We have audited, in accordance with the 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 the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (“Division”), the financial statements of the Middlesex County Utilities Authority (“Authority”), as of and for the year ended December 31, 2019, and the related notes to the basic financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated August 19, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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* and the audit requirements as prescribed by the Division.

Purpose of this Report

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



WISS & COMPANY, LLP

August 19, 2020
Florham Park, New Jersey



Report on Compliance For Each Major Federal and State Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance and
New Jersey OMB Circular 15-08

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners of
Middlesex County Utilities Authority
Sayreville, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Middlesex County Utilities Authority's in the County of Middlesex, New Jersey ("Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal and state programs for the year ended December 31, 2019. The Authority's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal and 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about the 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 federal and state program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the 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 federal and state programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and 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 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 federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 federal or 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 federal or 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.

Purpose of this Report

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 the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Wiss & Company

WISS & COMPANY, LLP

August 19, 2020
Florham Park, New Jersey

Middlesex County Utilities Authority
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Federal Funding Department	Federal CFDA Number	Federal Award Identification Number	State Account Number	Total Award	Grant Period		Expenditures for the year ended December 31, 2019
					From	To	
U.S. Department of Homeland Security Federal Emergency Management Agency Pass-Through the New Jersey Department of Law & Public Safety - New Jersey State Police: Disaster Grants - Public Assistance	97.036	N/A	066-1200-100-A92	\$ 112,993,456	10/28/2012	12/31/2019	\$ 28,081,024
U.S. Department of Homeland Security Pass-Through the New Jersey Office of Homeland Security and Preparedness: Urban Areas Security Initiative	97.067	N/A	066-1005-800-5872	150,000	6/17/2019	12/31/2019	150,000
United States Environmental Protection Agency Pass-Through the State of New Jersey: Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	042-4860-711-009/010	15,342,111	5/26/2016	12/31/2019	235,013
Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	042-4860-711-009/010	12,356,041	5/23/2019	12/31/2019	<u>3,929,008</u>
Sub-total - Pass-Through Awards							<u>32,395,045</u>
Total Expenditures of Federal Financial Awards							<u>\$ 32,395,045</u>

See accompanying notes to the schedules of expenditures of federal awards and state financial assistance.

Middlesex County Utilities Authority
Schedule of Expenditures of State Financial Assistance
Year Ended December 31, 2019

State Grantor/Program Title	Grant or State Project Number	<u>Grant Period</u>		Total Award	Balance January 1, 2019	Expenditures for the year ended December 31, 2019	Cash Received
		From	To				
New Jersey Environmental Infrastructure Trust:							
NJ Clean Water SRF Capitalization Grant	042-4860-711-009/010	5/26/2016	12/31/2019	\$ 5,114,037		\$ 78,338	\$ 78,338
NJ Clean Water SRF Capitalization Grant	042-4860-711-009/010	5/23/2019	12/31/2019	4,118,680		1,373,434	1,325,611
Statewide Assistance Infrastructure Loans:							
Sayreville Pump Station	S340699-12	12/8/2016	6/30/2020	87,953,113	\$ 20,429,566	26,106,542	36,983,589
Edison Pump Station	S340699-13	6/29/2016	6/30/2019	35,208,623	6,069,928	1,723,687	7,793,615
Total State Financial Assistance					<u>\$ 26,499,494</u>	<u>\$ 29,282,001</u>	<u>\$ 46,181,153</u>

See accompanying notes to the schedules of expenditures of federal awards and state financial assistance.

SUPPLEMENTARY INFORMATION RELATING TO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

MIDDLESEX COUNTY UTILITIES AUTHORITY

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE YEAR ENDED DECEMBER 31, 2019

Note 1 – Basis of Presentation:

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance programs of the Middlesex County Utilities Authority (the “Authority”). The Authority is defined in Note 1 to the financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

Note 2 – Basis of Accounting:

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the basis of accounting as described in Note 1 to the Authority’s financial statements. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in the financial position or cash flows of the Authority.

Note 3 – Relationship to Financial Statements:

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

Note 4 – Relationship to Federal and State Financial Reports:

Amounts reported in the accompanying schedules of expenditures of federal awards and state financial assistance agree with the amounts reported in the related federal and state financial reports, where required.

Expenditures incurred for Disaster Grants for Public Assistance are based upon project worksheets submitted to the Federal Emergency Management Agency. Several of the project worksheets are based upon estimated amounts and may change from preliminary estimates resulting in a reduction of funds to be received or funds due back to the grantor agency.

Expenditures incurred for NJ Clean Water SRF Capitalization Grant are based upon the New Jersey Infrastructure Bank’s (NJIB) share of expenditures incurred for these projects. When expenditures are incurred, a requisition is submitted to the NJIB for reimbursement for their allocable share of eligible costs.

Expenditures incurred for Statewide Assistance Infrastructure Loans are based upon expenditures incurred for these projects. When expenditures are incurred, a requisition is submitted to the NJIB for reimbursement for eligible costs.

Expenditures incurred for Homeland Security Grant are based upon expenditures incurred for an installation of an alarm system in the Edison Tunnel. When expenditures are incurred, a request for reimbursement is submitted to the New Jersey Office of Homeland Security for reimbursement of eligible costs.

MIDDLESEX COUNTY UTILITIES AUTHORITY
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2019

Note 5 – Indirect Costs:

The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

MIDDLESEX COUNTY UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements
 Audited were prepared in accordance with GAAP:

Unmodified

Internal Control over financial reporting:

Material weakness(es) identified?

_____ Yes ✓ No

Significant deficiency(ies) identified?

_____ Yes ✓ None Reported

Noncompliance material to the financial
 statements noted?

_____ Yes ✓ No

Federal Awards

Internal Control over major federal programs:

Material weakness(es) identified?

_____ Yes ✓ No

Significant deficiency(ies) identified?

_____ Yes ✓ None Reported

Type of auditors' report issued on compliance for major federal
 programs:

Unmodified

Any audit findings disclosed that are required to be reported
 in accordance with 2 CFR 200.516(a)?

_____ Yes ✓ No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

97.036

Disaster Grants – Public Assistance

Dollar threshold used to distinguish between type A and B programs:

\$971,851

Auditee qualified as low-risk auditee?

 ✓ Yes _____ No

MIDDLESEX COUNTY UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2019

Section II – Schedule of Financial Statement Findings

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

MIDDLESEX COUNTY UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2019

Section III – Federal Award and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200.516(a) and New Jersey State Treasury Circular OMB 15-08, respectively.

Federal Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with 2 CFR 200.516(a).

State Financial Assistance Programs

No compliance or internal control findings noted that are required to be reported in accordance with New Jersey Treasury Circular OMB 15-08.

MIDDLESEX COUNTY UTILITIES AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2019

No prior year findings were noted.