



MIDDLESEX COUNTY UTILITIES AUTHORITY

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2020 AND 2019

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 (the "Authority"), which comprise the statements of net position as of December 31, 2020 and 2019, 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, 2020 and 2019, 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 95, 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 95, 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 September 10, 2021 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

WISS & COMPANY, LLP

Florham Park, New Jersey
September 10, 2021

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, 2020 and 2019.

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, 2020. 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 \$9,482,843 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. This was offset by a decrease in grants receivable and a decrease in the deferral of other post-employment benefits. Total liabilities and deferred inflows of resources decreased by \$26,482,300, mainly due to a decrease in other post-employment benefits (OPEB) deferrals and a decrease in NJIB construction loan. This was offset by an increase in bonds payable. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$404,698,077. This compares to 2019 where assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$368,732,934.

The Authority's Net Position of \$404,698,077 is comprised of the following:

1. Net investment in capital assets of \$508,813,750, 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 \$1,032,275 from the prior year.

	Wastewater Division	Solid Waste Division	Total
Capital Assets - Net	\$ 559,062,159	\$ 74,233,039	\$ 633,295,198
Cash held with bond trustee	3,199,257	-	3,199,257
	<u>562,261,416</u>	<u>74,233,039</u>	<u>636,494,455</u>
Less:			
Bonds payable, including unamortized bond premiums	118,974,528	7,073,467	126,047,995
Deferred gain on defeasance of debt	1,526,864	105,846	1,632,710
	<u>120,501,392</u>	<u>7,179,313</u>	<u>127,680,705</u>
Net Investment in Capital Assets	<u>\$ 441,760,024</u>	<u>\$ 67,053,726</u>	<u>\$ 508,813,750</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS

2. Solid Waste Division net position of \$23,363,627, restricted for environmental self-insurance, increased by \$1,467,216 from the prior year due to interest earned on the restricted funds.
3. Wastewater Division net position of \$7,450,056 is designated for future debt service.
4. Wastewater Division net position of \$200,000 is designated for operations.
5. Wastewater Division net position of \$4,211,474 designated for future reconstruction and replacement increased \$513,119 from the prior year. This is mostly attributable to a budget designation of \$500,000. Solid Waste Division net position of \$3,171,711 designated for future reconstruction and replacement increased \$563,641 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 \$2,341,340 designated for liability insurance increased by \$85,452 from the prior year due to interest income earned in 2020. Solid Waste Division net position of \$2,908,117 designated for liability insurance increased by \$58,370 from the prior year due to interest earned in 2020.
8. Wastewater Division net position of \$301,276 designated for auto insurance increased by \$2,205 from the prior year due to interest income earned in 2020. Solid Waste Division net position of \$198,727 designated for auto insurance increased by \$1,454 from the prior year due to interest income earned in 2020.
9. Wastewater Division net position of \$123,990 designated for unemployment claims increased by \$907 from the prior year due to interest earned in 2020.
10. Solid Waste Division net position of \$20,292,744 designated for land acquisition and improvements increased by \$413,744 from the prior year. This increase is mostly attributable to interest income.
11. Solid Waste Division net position of \$2,083,435 designated for future contingencies increased by \$59,018 as a result of interest earned in 2020.
12. Solid Waste Division net position of \$2,101,837 designated for public liability insurance increased by \$59,149 as a result of interest earned in 2020.
13. Wastewater Division unrestricted, undesignated net position (deficit) of (\$163,171,334) 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 (\$9,693,819) 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 increased by \$33,773,143 mainly due to a decrease in the OPEB liability offset by an increase in the related deferred outflows of resources stemming from the OPEB liability. In addition, revenues exceeded expenditures for \$35,027,695.

Condensed Statements of Net Position

	December 31, 2020			
	Wastewater Division	Solid Waste Division	Eliminations	Total
Total unrestricted current assets	\$ 41,910,364	\$ 29,167,495	\$ (78,324)	\$ 70,999,535
Total restricted current assets	35,640,286	89,923,155	(14,083,548)	111,479,893
Total restricted non current assets	2,280,167	34,179,542	-	36,459,709
Deferred outflows of resources	24,157,071	4,263,011	-	28,420,082
Capital assets, net	<u>559,062,159</u>	<u>74,233,039</u>	-	<u>633,295,198</u>
Total assets and deferred outflows of resources	<u>\$ 663,050,047</u>	<u>\$ 231,766,242</u>	<u>\$ (14,161,872)</u>	<u>\$ 880,654,417</u>
Total current liabilities payable from unrestricted assets	\$ 18,526,204	\$ 3,983,847	\$ (402,352)	\$ 22,107,699
Total current liabilities payable from restricted assets	14,407,987	1,841,036	-	16,249,023
Long term liabilities payable from restricted assets	263,804,295	101,725,985	(13,759,520)	351,770,760
Deferred inflows of resources	<u>73,093,589</u>	<u>12,735,269</u>	-	<u>85,828,858</u>
Total liabilities and deferred inflows of resources	<u>369,832,075</u>	<u>120,286,137</u>	<u>(14,161,872)</u>	<u>475,956,340</u>
Total Net Position	<u>\$ 293,217,972</u>	<u>\$ 111,480,105</u>	<u>\$ -</u>	<u>\$ 404,698,077</u>
	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>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>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>

MIDDLESEX COUNTY UTILITIES AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS

Total unrestricted current assets increased mainly as a result of an increase in cash and an increase in COVID-19 CARES Act receivable offset by a decrease in grants receivable.

Total restricted noncurrent assets decreased as a result of the redemption of investments.

Total deferred outflows of resources decreased 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.

Long term liabilities payable have decreased mainly as a result of a decrease in the liability for other post-employment benefits and a decrease in NJIB loan.

Total deferred inflows of resources increased as a result of increases in the in the OPEB deferrals as determined by the Authority's actuary.

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

Wastewater Division 2020 operating revenues decreased from 2019 levels, mainly due to a decrease in annual charges. Total Wastewater Division operating expenses decreased from 2019, mainly due to a decrease in OPEB expense as determined by the Authority's actuary.

Solid Waste Division 2020 operating revenues decreased from 2019 levels, mainly due to a decrease in tipping fees and collections from the soil program. Total Solid Waste Division operating expenses decreased in 2020, mainly due to a decrease in OPEB expense as determined by the Authority's actuary.

Total operating revenues less total operating expenses resulted in 2020 operating income of \$15,615,944 for the Wastewater Division, which is an increase over operating income in 2019 of \$7,575,771. This increase is mostly the result of expenses decreasing at a larger rate than revenues.

Total operating revenues less total operating expenses resulted in 2020 operating income of \$9,115,568 for the Solid Waste Division, which is a decrease from the Solid Waste Division operating income in 2019 of \$4,551,342. This decrease is mostly the result of the decrease in tipping fees and soil program collections exceeding the decrease in expense.

Excluding depreciation and amortization, operating income was \$55,882,138 and \$51,862,271 for 2020 and 2019, respectively. This represents an increase of \$4,019,867, or 7.8%, which is mainly the result of a decrease in OPEB expense as determined by the Authority's actuary.

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

Total Net Position as of December 31, 2020 increased \$35,965,143 from 2019's Total Net Position, as is depicted below.

	Year ended December 31, 2020			
	Wastewater Division	Solid Waste Division	Eliminations	Total
Total operating revenues	\$ 95,090,007	\$ 43,889,953	\$ (2,613,733)	\$ 136,366,227
Total operating expenses	79,474,063	34,774,385	(2,613,733)	111,634,715
Operating income	15,615,944	9,115,568	-	24,731,512
Nonoperating revenues (expenses) - net	9,526,117	770,066	-	10,296,183
Net increase in the fair value of investments	-	937,448	-	937,448
Change in net position	25,142,061	10,823,082	-	35,965,143
Total net position - beginning	268,075,911	100,657,023	-	368,732,934
Total net position - ending	<u>\$ 293,217,972</u>	<u>\$ 111,480,105</u>	<u>\$ -</u>	<u>\$ 404,698,077</u>

	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	<u>\$ 268,075,911</u>	<u>\$ 100,657,023</u>	<u>\$ -</u>	<u>\$ 368,732,934</u>

Capital Assets

At the end of the fiscal years ended December 31, 2020 and 2019, the Wastewater Division had \$559,062,159 and \$553,507,266, 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, 2020 and 2019, the Solid Waste Division had \$74,233,039 and \$72,897,940, respectively, invested in land, construction in progress, buildings and improvements, landfill and landfill expansion, other improvements, machinery and equipment, net of accumulated

MIDDLESEX COUNTY UTILITIES AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS

depreciation and amortization. The increase in net capital assets is due to current year capital asset additions exceeding current year depreciation expense.

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, 2020, the Wastewater Division had \$118,974,528 of outstanding bonds, including unamortized premiums on bonds. As of December 31, 2019, the Wastewater Division had \$110,378,077 of outstanding debt, including unamortized premiums on bonds. Bond principal payments and reductions for refund savings and bond deobligations of \$13,103,845 were made in accordance with the amortization schedules.

As of December 31, 2020, the Solid Waste Division had \$7,073,467 of outstanding bonds, including unamortized premiums on bonds. As of December 31, 2019, the Solid Waste Division had \$8,812,109 of outstanding debt, including unamortized premiums on bonds. Bond principal payments of \$1,695,482 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 2021. 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.
- The Authority received COVID-19 CARES Act funds totaling \$2,954,915 to reimburse for necessary expenditures incurred due to the public health emergency with respect to COVID-19.

Solid Waste Division:

- Tipping fees decreased 7.0%, mainly due to a decrease in tonnage of waste received.
- Soil program revenue decreased 31.2% due to a decrease in the amount of soil delivered to the landfill in 2020.

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, 2020

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Unrestricted Current Assets				
Cash and cash equivalents	\$ 22,901,815	\$ 25,870,799	\$ -	\$ 48,772,614
Investments	7,450,000	-	-	7,450,000
Annual charges receivable	2,384,776	-	-	2,384,776
Accounts receivable	-	3,183,822	-	3,183,822
Grants receivable	6,152,857	-	-	6,152,857
COVID-19 CARES Act receivable	1,196,025	112,874	-	1,308,899
Due from Solid Waste Division	78,324	-	(78,324)	-
Other charges receivable	1,186,110	-	-	1,186,110
Prepaid expenses	558,549	-	-	558,549
Interest receivable	1,908	-	-	1,908
Total unrestricted current assets	<u>41,910,364</u>	<u>29,167,495</u>	<u>(78,324)</u>	<u>70,999,535</u>
Restricted Current Assets				
Cash and cash equivalents	30,475,828	47,172,314	-	77,648,142
Investments	1,000	28,436,979	-	28,437,979
Note receivable, Wastewater Division	-	11,530,000	(11,530,000)	-
Due from Wastewater Division	-	2,229,520	(2,229,520)	-
Trust accounts	124,194	-	-	124,194
Interest receivable	17,617	230,314	-	247,931
Interest receivable - Wastewater Division	-	324,028	(324,028)	-
Due from NJIB	1,822,390	-	-	1,822,390
Cash held with bond trustee	<u>3,199,257</u>	<u>-</u>	<u>-</u>	<u>3,199,257</u>
Total restricted current assets	<u>35,640,286</u>	<u>89,923,155</u>	<u>(14,083,548)</u>	<u>111,479,893</u>
Restricted Non Current Assets				
Investments	<u>2,280,167</u>	<u>34,179,542</u>	<u>-</u>	<u>36,459,709</u>
Total restricted non current assets	<u>2,280,167</u>	<u>34,179,542</u>	<u>-</u>	<u>36,459,709</u>
Deferred Outflows of Resources				
Pension deferrals	6,353,886	1,121,273	-	7,475,159
Other post employment benefits deferrals	<u>17,803,185</u>	<u>3,141,738</u>	<u>-</u>	<u>20,944,923</u>
Total deferred outflows of resources	<u>24,157,071</u>	<u>4,263,011</u>	<u>-</u>	<u>28,420,082</u>
Capital Assets				
Depreciable assets	811,531,512	265,542,292	-	1,077,073,804
Less: accumulated depreciation and amortization	<u>(432,818,672)</u>	<u>(264,905,342)</u>	<u>-</u>	<u>(697,724,014)</u>
	378,712,840	636,950	-	379,349,790
Non-depreciable assets:				
Land	8,401,828	55,366,747	-	63,768,575
Construction in progress	<u>171,947,491</u>	<u>18,229,342</u>	<u>-</u>	<u>190,176,833</u>
Capital assets, net	<u>559,062,159</u>	<u>74,233,039</u>	<u>-</u>	<u>633,295,198</u>
Total assets and deferred outflows of resources	<u>\$ 663,050,047</u>	<u>\$ 231,766,242</u>	<u>\$ (14,161,872)</u>	<u>\$ 880,654,417</u>

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	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	\$ 13,009,421	\$ 2,371,344	\$ -	\$ 15,380,765
Accrued expenses	1,567,896	466,733	-	2,034,629
Due to Wastewater Division	-	78,324	(78,324)	-
Refunds due participants	3,624,859	-	-	3,624,859
Unearned service revenue	-	1,067,446	-	1,067,446
Interest payable - Solid Waste Division	324,028	-	(324,028)	-
Total current liabilities payable from unrestricted assets	18,526,204	3,983,847	(402,352)	22,107,699
Current Liabilities Payable from Restricted Assets				
Contractors' retainages	165,373	-	-	165,373
Bonds payable - current portions	13,335,497	1,777,642	-	15,113,139
Liabilities for early retirement incentives - current portions	140,286	-	-	140,286
Accrued interest payable on bonds and notes	766,831	63,394	-	830,225
Total current liabilities payable from restricted assets	14,407,987	1,841,036	-	16,249,023
Long-Term Liabilities Payable from Restricted Assets				
Bonds payable, net	105,639,031	5,295,825	-	110,934,856
Net pension liability	29,460,880	5,198,979	-	34,659,859
Accrued closure and post-closure care liabilities	-	71,091,868	-	71,091,868
Note payable, Solid Waste Division	11,530,000	-	(11,530,000)	-
Due to Solid Waste Division	2,229,520	-	(2,229,520)	-
Liability for other post employment benefits	102,504,982	18,089,115	-	120,594,097
NJIB construction loan	10,018,681	-	-	10,018,681
Liabilities for early retirement incentives	1,423,719	-	-	1,423,719
Funds held in escrow	165,336	1,428,031	-	1,593,367
Reserve for workers' compensation insurance claims	708,021	622,167	-	1,330,188
CPS/MCUA trust account	124,125	-	-	124,125
Total long-term liabilities payable from restricted assets	263,804,295	101,725,985	(13,759,520)	351,770,760
Total liabilities	296,738,486	107,550,868	(14,161,872)	390,127,482
Deferred Inflows of Resources				
Pension deferrals	12,439,735	2,195,248	-	14,634,983
Other post employment benefits deferrals	59,126,990	10,434,175	-	69,561,165
Deferred gain on defeasance of debt	1,526,864	105,846	-	1,632,710
Total deferred inflows of resources	73,093,589	12,735,269	-	85,828,858
Net Position				
Net investment in capital assets	441,760,024	67,053,726	-	508,813,750
Restricted:				
Restricted for environmental self-insurance	-	23,363,627	-	23,363,627
Total Restricted	-	23,363,627	-	23,363,627
Unrestricted - designated:				
Designated for future debt service	7,450,056	-	-	7,450,056
Designated for operations	200,000	-	-	200,000
Designated for future reconstruction and replacement	4,211,474	3,171,711	-	7,383,185
Designated for construction	1,146	-	-	1,146
Designated for liability insurance	2,341,340	2,908,117	-	5,249,457
Designated for auto insurance	301,276	198,727	-	500,003
Designated for unemployment claims	123,990	-	-	123,990
Designated for land acquisition and improvements	-	20,292,744	-	20,292,744
Designated for future contingencies	-	2,083,435	-	2,083,435
Designated for public liability insurance	-	2,101,837	-	2,101,837
Unrestricted undesignated (deficit)	(163,171,334)	(9,693,819)	-	(172,865,153)
Total net position	(148,542,052)	21,062,752	-	(127,479,300)
Total net position	293,217,972	111,480,105	-	404,698,077
Total liabilities, deferred inflows of resources and net position	\$ 663,050,047	\$ 231,766,242	\$ (14,161,872)	\$ 880,654,417

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	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
Grant 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)
	392,959,768	5,119,279	-	398,079,047
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	Total
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	-	1,142,377
Interest payable - Solid Waste Division	551,978	-	(551,978)	-
Total current liabilities payable from unrestricted assets	<u>17,945,008</u>	<u>5,360,444</u>	<u>(653,416)</u>	<u>22,652,036</u>
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	<u>13,251,051</u>	<u>1,846,613</u>	<u>-</u>	<u>15,097,664</u>
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	<u>331,776,993</u>	<u>109,171,152</u>	<u>(14,872,159)</u>	<u>426,075,986</u>
Total liabilities	<u>362,973,052</u>	<u>116,378,209</u>	<u>(15,525,575)</u>	<u>463,825,686</u>
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	<u>32,937,250</u>	<u>5,675,704</u>	<u>-</u>	<u>38,612,954</u>
Net Position				
Net investment in capital assets	<u>445,895,579</u>	<u>63,950,446</u>	<u>-</u>	<u>509,846,025</u>
Restricted:				
Restricted for environmental self-insurance	-	21,896,411	-	21,896,411
Total Restricted	-	<u>21,896,411</u>	-	<u>21,896,411</u>
Unrestricted - designated:				
Designated for future debt service	7,450,056	-	-	7,450,056
Designated for operations	200,000	-	-	200,000
Designated for future reconstruction and replacement	3,698,355	2,608,070	-	6,306,425
Designated for construction	1,146	-	-	1,146
Designated for liability insurance	2,255,888	2,849,747	-	5,105,635
Designated for auto insurance	299,071	197,273	-	496,344
Designated for unemployment claims	123,083	-	-	123,083
Designated for land acquisition and improvements	-	19,879,000	-	19,879,000
Designated for future contingencies	-	2,024,417	-	2,024,417
Designated for public liability insurance	-	2,042,688	-	2,042,688
Unrestricted undesignated (deficit)	<u>(191,847,267)</u>	<u>(14,791,029)</u>	<u>-</u>	<u>(206,638,296)</u>
Total net position	<u>268,075,911</u>	<u>100,657,023</u>	<u>-</u>	<u>368,732,934</u>
Total liabilities, deferred inflows of resources and net position	<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 REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
Operating Revenues				
Annual charges	\$ 86,897,392	\$ -	\$ -	\$ 86,897,392
Tipping fees	-	36,083,120	-	36,083,120
Soil program income	-	6,532,382	-	6,532,382
Treatment of septic tank waste	426,041	-	-	426,041
Service fees, review of plans, etc.	2,700	-	-	2,700
Permit fees, industrial pretreatment	37,950	-	-	37,950
Service fee income	-	878,370	-	878,370
Management fees	2,136,000	-	(2,136,000)	-
Sampling and lab fees	17,916	-	-	17,916
Analytical services	14,179	-	-	14,179
Groundwater discharge fees	1,002,291	-	-	1,002,291
Sale of synthetic soil	477,733	-	(477,733)	-
Penalty assessments	107,500	-	-	107,500
Praxair	1,989,268	-	-	1,989,268
PSE&G - REC credit income	873,082	-	-	873,082
Effluent reuse sales	717,255	-	-	717,255
Sale of plans and specifications	200	-	-	200
Miscellaneous income	390,500	396,081	-	786,581
Total operating revenues	95,090,007	43,889,953	(2,613,733)	136,366,227
Operating Expenses				
Salaries and wages	15,166,502	3,282,993	-	18,449,495
Administration	10,050,436	8,258,734	(2,136,000)	16,173,170
Landfill	-	16,272,584	(477,733)	15,794,851
Central treatment plant	25,591,398	-	-	25,591,398
Sayreville pumping station	847,146	-	-	847,146
Edison pumping station	408,920	-	-	408,920
Bound Brook pumping station	28,113	-	-	28,113
Green Brook pumping station	77,037	-	-	77,037
South Amboy pumping station	108,148	-	-	108,148
Lines, meters and small pumping stations	1,646,456	-	-	1,646,456
WWT - administrative fee	292,358	34,335	-	326,693
Closure reserve fees	-	1,032,662	-	1,032,662
Depreciation	25,257,549	5,893,077	-	31,150,626
Total operating expenses	79,474,063	34,774,385	(2,613,733)	111,634,715
Operating income	15,615,944	9,115,568	-	24,731,512
Nonoperating Revenues (Expenses)				
Interest on investments and deposits	31,013	869,455	(326,644)	573,824
Interest on investments (reconstruction and replacement)	26,398	-	-	26,398
Interest on investments (other restricted accounts)	389,154	-	-	389,154
Amortization of gain on defeasance	245,862	29,538	-	275,400
Amortization of original issue premium on bonds	204,811	43,160	-	247,971
Hurricane loss	(17,008)	-	-	(17,008)
Interest on bonds and notes	(1,780,553)	(172,087)	-	(1,952,640)
Bond issuance costs	(21,811)	-	-	(21,811)
Other interest expense	(119,016)	-	-	(119,016)
Related party interest	(326,644)	-	326,644	-
FEMA grant revenue	10,893,911	-	-	10,893,911
Total nonoperating revenues (expenses), net	9,526,117	770,066	-	10,296,183
Change in net position prior to net increase in fair value of investments	25,142,061	9,885,634	-	35,027,695
Net increase in the fair value of investments	-	937,448	-	937,448
Change in net position	\$ 25,142,061	\$ 10,823,082	\$ -	\$ 35,965,143

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	Total
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	2,151,169	-	-	2,151,169
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	<u>97,706,964</u>	<u>50,507,600</u>	<u>(2,175,375)</u>	<u>146,039,189</u>
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	277,719	-	-	277,719
Bound Brook pumping station	62,330	-	-	62,330
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	<u>89,666,791</u>	<u>36,840,690</u>	<u>(2,175,375)</u>	<u>124,332,106</u>
Operating income	<u>8,040,173</u>	<u>13,666,910</u>	<u>-</u>	<u>21,707,083</u>
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	<u>27,040,707</u>	<u>1,526,480</u>	<u>-</u>	<u>28,567,187</u>
Change in net position prior to net (decrease) in fair value of investments	35,080,880	15,193,390	-	50,274,270
Net increase in the fair value of investments	<u>-</u>	<u>1,115,871</u>	<u>-</u>	<u>1,115,871</u>
Change in net position	<u>\$ 35,080,880</u>	<u>\$ 16,309,261</u>	<u>\$ -</u>	<u>\$ 51,390,141</u>

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019

	Wastewater Division			Solid Waste Division			Solid Waste Division Net Position	Total	
	Net Investment in Capital Assets	Restricted for Future Debt Service	Unrestricted	Wastewater Division Net Position	Net Investment in Capital Assets	Restricted			Unrestricted
Balance, December 31, 2018	\$ 390,374,897	\$ 12,287,938	\$ (169,667,804)	\$ 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)	-	55,150,122	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)	-	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	-	(177,819,668)	268,075,911	63,950,446	21,896,411	14,810,166	100,657,023	368,732,934
Change in net position	(21,220,659)	-	46,362,720	25,142,061	(5,820,378)	1,467,216	15,176,244	10,823,082	35,965,143
Depreciation charged to capital contributions	(3,586,214)	-	3,586,214	-	-	-	-	-	-
Interfund transfers	20,671,318	-	(20,671,318)	-	8,923,658	-	(8,923,658)	-	-
Balance, December 31, 2020	<u>\$ 441,760,024</u>	<u>\$ -</u>	<u>\$ (148,542,052)</u>	<u>\$ 293,217,972</u>	<u>\$ 67,053,726</u>	<u>\$ 23,363,627</u>	<u>\$ 21,062,752</u>	<u>\$ 111,480,105</u>	<u>\$ 404,698,077</u>

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
Cash Flows from Operating Activities				
Cash received from customers and miscellaneous income from vendors	\$ 101,789,469	\$ 44,056,074	\$ -	\$ 145,845,543
Cash payments for goods and services	(48,380,479)	(25,274,600)	-	(73,655,079)
Cash payments to employees	(15,136,082)	(3,282,993)	-	(18,419,075)
Net cash provided by operating activities	<u>38,272,908</u>	<u>15,498,481</u>	<u>-</u>	<u>53,771,389</u>
Cash Flows from NonCapital Financing Activities				
Payments of early retirement incentive liabilities	(122,892)	-	-	(122,892)
Advances from Wastewater Division to Solid Waste Division - unrestricted	23,114	(23,114)	-	-
Net cash (used in) noncapital financing activities	<u>(99,778)</u>	<u>(23,114)</u>	<u>-</u>	<u>(122,892)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of property, plant and equipment and construction in progress	(30,812,442)	(7,228,176)	-	(38,040,618)
Cash paid for interest on bonds and related party debt	(2,473,463)	(186,477)	(227,950)	(2,887,890)
Cash received from FEMA	15,691,053	-	-	15,691,053
Cash payments for goods and services - Hurricane	(17,008)	-	-	(17,008)
Note repayments from Wastewater Division to Solid Waste Division - restricted	(689,639)	-	689,639	-
Repayment from Wastewater Division to Solid Waste Division - restricted	(423,000)	423,000	-	-
Cash received from NJEIT	6,941,287	-	-	6,941,287
Payments of bonds payable	(12,537,902)	(1,695,482)	-	(14,233,384)
Net cash (used in) provided by capital and related financing activities	<u>(24,321,114)</u>	<u>(8,687,135)</u>	<u>461,689</u>	<u>(32,546,560)</u>
Cash Flows from Investing Activities				
Cash received from interest	621,657	1,713,823	227,950	2,563,430
Redemption of investments	15,351,056	66,281,437	-	81,632,493
Purchase of investments	(9,731,167)	(36,608,772)	-	(46,339,939)
Note repayments from Wastewater Division to Solid Waste Division	-	689,639	(689,639)	-
Cash received from bond trustee	4,673,350	-	-	4,673,350
Net cash provided by (used in) investing activities	<u>10,914,896</u>	<u>32,076,127</u>	<u>(461,689)</u>	<u>42,529,334</u>
Increase in cash and cash equivalents	24,766,912	38,864,359	-	63,631,271
Cash and Cash Equivalents, Beginning of Year	<u>28,610,731</u>	<u>34,178,754</u>	<u>-</u>	<u>62,789,485</u>
Cash and Cash Equivalents, End of Year	<u>\$ 53,377,643</u>	<u>\$ 73,043,113</u>	<u>\$ -</u>	<u>\$ 126,420,756</u>
Summary of Cash and Cash Equivalents, End of Year				
Unrestricted cash and cash equivalents	\$ 22,901,815	\$ 25,870,799	\$ -	\$ 48,772,614
Restricted cash and cash equivalents	<u>30,475,828</u>	<u>47,172,314</u>	<u>-</u>	<u>77,648,142</u>
	<u>\$ 53,377,643</u>	<u>\$ 73,043,113</u>	<u>\$ -</u>	<u>\$ 126,420,756</u>
Non-cash Financing and Investing activities				
Issuance of bonds payable:				
Issuance of 2020A NJIB Bonds	\$ 21,363,974	\$ -	\$ -	\$ 21,363,974
Premium on bonds	\$ 541,133	\$ -	\$ -	\$ 541,133
Bond issuance costs	\$ 21,811	\$ -	\$ -	\$ 21,811
Increase in due from bond trustee	\$ 3,899,434	\$ -	\$ -	\$ 3,899,434
Deobligated bonds	\$ 335,329	\$ -	\$ -	\$ 335,329
Bond refunding savings	\$ 230,614	\$ -	\$ -	\$ 230,614

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 15,615,944	\$ 9,115,568	\$ -	\$ 24,731,512
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	25,257,549	5,893,077	-	31,150,626
Non-cash portion of change in net pension liability and related deferrals	(375,965)	(66,346)	-	(442,311)
Non-cash portion of change in other post employment benefits deferrals	41,169,401	7,265,188	-	48,434,589
Changes in operating assets and liabilities:				
(Increase) decrease in receivables and other assets:				
Unrestricted accounts	2,561,604	66,666	-	2,628,270
Restricted accounts	(1,460)	-	-	(1,460)
Increase (decrease) in liabilities:				
Payable from unrestricted assets	809,146	(1,353,483)	-	(544,337)
Payable from restricted assets	1,207	2,573,650	-	2,574,857
Funds held in escrow	11,421	61,512	-	72,933
Other liabilities	(46,775,939)	(8,057,351)	-	(54,833,290)
Net cash provided by operating activities	<u>\$ 38,272,908</u>	<u>\$ 15,498,481</u>	<u>\$ -</u>	<u>\$ 53,771,389</u>

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	<u>36,485,757</u>	<u>22,288,852</u>	<u>-</u>	<u>58,774,609</u>
Cash Flows from NonCapital Financing Activities				
Payments of early retirement incentive liabilities	(106,979)	-	-	(106,979)
Advances from Solid Waste Division to Wastewater Division - unrestricted	9,104	(9,104)	-	-
Net cash (used in) noncapital financing activities	<u>(97,875)</u>	<u>(9,104)</u>	<u>-</u>	<u>(106,979)</u>
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	-
Repayment from Wastewater Division to Solid Waste Division - restricted	-	-	-	-
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	<u>(46,576,920)</u>	<u>(18,192,625)</u>	<u>1,087,910</u>	<u>(63,681,635)</u>
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	<u>21,086,951</u>	<u>(32,644,217)</u>	<u>(1,087,910)</u>	<u>(12,645,176)</u>
(Decrease) increase in cash and cash equivalents	10,897,913	(28,557,094)	-	(17,659,181)
Cash and Cash Equivalents, Beginning of Year	<u>17,712,818</u>	<u>62,735,848</u>	<u>-</u>	<u>80,448,666</u>
Cash and Cash Equivalents, End of Year	<u>\$ 28,610,731</u>	<u>\$ 34,178,754</u>	<u>\$ -</u>	<u>\$ 62,789,485</u>
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	<u>24,622,384</u>	<u>11,531,566</u>	<u>-</u>	<u>36,153,950</u>
	<u>\$ 28,610,731</u>	<u>\$ 34,178,754</u>	<u>\$ -</u>	<u>\$ 62,789,485</u>
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	<u>\$ 10,018,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,018,681</u>

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

	<u>Supplementary Information</u>			<u>Consolidated</u>
	<u>Wastewater Division</u>	<u>Solid Waste Division</u>	<u>Eliminations</u>	<u>Total</u>
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
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 AND 2019**

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,	
	2020	2019
<u>Wastewater Division:</u>		
Restricted Funds	\$ 34,597,002	\$ 46,679,748
Trust accounts	124,194	122,734
Cash held with bond trustee	3,199,257	4,308,502
	37,920,453	51,110,984
 <u>Solid Waste Division:</u>		
Acquisition or construction of property, plant and equipment and related improvements	\$ 21,328,791	\$ 20,424,080
Landfill closure and post-closure	72,107,655	68,596,556
Future contingencies	29,238,220	28,767,019
Funds held in escrow	1,428,031	1,366,519
	124,102,697	119,154,174
 Total	 \$ 162,023,150	 \$ 170,265,158

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, 2020 or 2019.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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. Donated capital assets are recorded at their acquisition value on the date of acquisition. 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, 2020 and 2019, the balance of unamortized original issue premium was as follows:

	December 31,	
	2020	2019
Wastewater Division	\$ 1,930,390	\$ 1,594,068
Solid Waste Division	169,041	212,201
	\$ 2,099,431	\$ 1,806,269

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

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

Amortization expense for the years ended December 31, 2020 and 2019 was as follows:

	December 31,	
	2020	2019
Wastewater Division	\$ 204,811	\$ 315,421
Solid Waste Division	43,160	73,345
	\$ 247,971	\$ 388,766

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, 2019. 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. 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 June 15, 2021. Management has not yet determined the impact of this Statement on the financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. This Statement establishes standards of accounting and financial reporting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2020. Management has not yet determined the impact of this Statement on the financial statements.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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 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, 2020 through September 10, 2021, 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 March 2020, the World Health Organization declared a novel strain of coronavirus ("COVID-19") a global pandemic which caused 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. These factors were taken into consideration in the development of the 2021 adopted budget. 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, 2020 AND 2019**

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, 2020			
Wastewater Division:			
Cash on deposit	\$ 5,488,815	\$ 8,204,828	\$ 13,693,643
Cash equivalents	17,413,000	22,271,000	39,684,000
	<u>22,901,815</u>	<u>30,475,828</u>	<u>53,377,643</u>
Solid Waste Division:			
Cash on deposit	25,870,799	42,896,314	68,767,113
Cash equivalents	-	4,276,000	4,276,000
	<u>25,870,799</u>	<u>47,172,314</u>	<u>73,043,113</u>
Total	<u>\$ 48,772,614</u>	<u>\$ 77,648,142</u>	<u>\$ 126,420,756</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>

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, 2020 AND 2019**

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, 2020 and 2019, the carrying amount of the each Division's deposits, bank balances and FDIC insured amounts were as follows:

	December 31,	
	2020	2019
<u>Carrying amount of cash and cash equivalents:</u>		
Wastewater Division	\$ 53,377,643	\$ 28,610,731
Solid Waste Division	73,043,113	34,178,754
	\$ 126,420,756	\$ 62,789,485

	December 31,	
	2020	2019
<u>Bank balances:</u>		
Wastewater Division	\$ 57,631,187	\$ 30,063,470
Solid Waste Division	44,127,260	34,442,345
	\$ 101,758,447	\$ 64,505,815
 <u>Insured by FDIC:</u>		
Wastewater Division	\$ 500,000	\$ 250,000
Solid Waste Division	774,700	524,402
	\$ 1,274,700	\$ 774,402

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, 2020 and 2019, 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, 2020 AND 2019**

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,	
	2020	2019
<u>Wastewater Division</u>		
Certificates of deposit	\$ 9,731,167	\$ 9,397,000
United States Government Obligations:		
US Treasury Bills	-	5,954,056
	\$ 9,731,167	\$ 15,351,056
 <u>Solid Waste Division</u>		
Certificates of deposit	\$ 4,244,762	\$ 32,621,029
United States Government Obligations:		
FNMA and FHLMC Obligations	18,302,142	21,495,560
US Treasury Notes	40,069,617	37,235,150
	\$ 62,616,521	\$ 91,351,739
 Total	\$ 72,347,688	\$ 106,702,795

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019 were as follows:

Securities and certificates of deposit to be held to maturity:	Amortized Cost	Fair Value
<u>December 31, 2020</u>		
Certificates of Deposit	<u>\$ 9,731,167</u>	<u>\$ 9,731,167</u>
<u>December 31, 2019</u>		
Certificates of Deposit	\$ 9,397,000	\$ 9,397,000
United States Government Obligations:		
US Treasury Bills	<u>5,954,056</u>	<u>5,954,056</u>
	<u>\$ 15,351,056</u>	<u>\$ 15,351,056</u>

The amortized cost of the Solid Waste Division’s investment securities and their approximate fair values at December 31, 2020 and 2019 were as follows:

Securities and certificates of deposit to be held to maturity:	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
<u>December 31, 2020</u>				
Certificates of Deposit	\$ 4,206,336	\$ 38,426	\$ -	\$ 4,244,762
United States Government Obligations:				
FNMA and FHLMC Obligations	18,168,558	260,735	(127,151)	18,302,142
US Treasury Notes	<u>39,225,839</u>	<u>843,778</u>	<u>-</u>	<u>40,069,617</u>
	<u>\$ 61,600,733</u>	<u>\$ 1,142,939</u>	<u>\$ (127,151)</u>	<u>\$ 62,616,521</u>
<u>December 31, 2019</u>				
Certificates of Deposit	\$ 32,602,460	\$ 18,569	\$ -	\$ 32,621,029
United States Government Obligations:				
FNMA and FHLMC Obligations	21,589,424	89,003	(182,867)	21,495,560
US Treasury Notes	<u>37,081,515</u>	<u>216,685</u>	<u>(63,050)</u>	<u>37,235,150</u>
	<u>\$ 91,273,399</u>	<u>\$ 324,257</u>	<u>\$ (245,917)</u>	<u>\$ 91,351,739</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 4 – Investments (continued):

Investment ratings and contractual maturities of the Wastewater Division’s held-to-maturity debt securities and certificates of deposit at December 31, 2020 and 2019, are as follows:

<u>Investment Type</u>	<u>S&P Ratings</u>	<u>December 31, 2020 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	\$ 9,731,167	\$ 7,451,000	\$ 2,280,167	\$ -

<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>

Investment ratings and contractual maturities of the Solid Waste Division’s held-to-maturity debt securities and certificates of deposit at December 31, 2020 and 2019, are as follows:

<u>Investment Type</u>	<u>S&P Ratings</u>	<u>December 31, 2020 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	\$ 4,244,762	\$ 2,654,604	\$ 1,590,158	\$ -
United States Government Obligations:					
FNMA and FHLMC Obligations	AA	18,302,142	6,561,981	11,740,161	-
US Treasury Notes	N/A	40,069,617	19,220,390	18,866,181	1,983,046
		<u>\$ 62,616,521</u>	<u>\$ 28,436,975</u>	<u>\$ 32,196,500</u>	<u>\$ 1,983,046</u>

<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>

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, 2020 AND 2019

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, 2020 AND 2019**

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, 2020 and 2019:

	<i>Assets at Fair Value</i>	
	<u>as of December 31, 2020</u>	
	<i>Level 2</i>	<i>Total</i>
Wastewater Division:		
Certificates of Deposit	\$ 9,731,167	\$ 9,731,167
Solid Waste Division:		
Certificates of Deposit	4,244,762	4,244,762
FNMA and FHLMC Obligations	18,302,142	18,302,142
US Treasury Notes	<u>40,069,617</u>	<u>40,069,617</u>
Total	<u>\$ 72,347,688</u>	<u>\$ 72,347,688</u>

	<i>Assets at Fair Value</i>	
	<u>as of December 31, 2019</u>	
	<i>Level 2</i>	<i>Total</i>
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>

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, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 5 – Capital Assets:

Capital assets at December 31, 2020 and 2019 consist of the following:

	December 31, 2020		
	Wastewater Division	Solid Waste Division	Total
Depreciable:			
Landfill and landfill expansion, including initial preparatory cost	\$ -	\$ 224,165,391	\$ 224,165,391
Buildings and improvements	177,981,346	11,246,020	189,227,366
Improvements other than buildings	501,980,938	19,542,804	521,523,742
Machinery and equipment	49,707,430	10,588,077	60,295,507
Furniture and fixtures	149,463	-	149,463
Landfill gas collection facility	67,958,982	-	67,958,982
Landfill gas collection equipment	13,753,353	-	13,753,353
	<u>811,531,512</u>	<u>265,542,292</u>	<u>1,077,073,804</u>
Less: Accumulated depreciation and amortization	(432,818,672)	(264,905,342)	(697,724,014)
	<u>378,712,840</u>	<u>636,950</u>	<u>379,349,790</u>
Non-depreciable:			
Land	8,401,828	55,366,747	63,768,575
Construction in progress	171,947,491	18,229,342	190,176,833
	<u>\$ 559,062,159</u>	<u>\$ 74,233,039</u>	<u>\$ 633,295,198</u>
	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
	<u>800,520,891</u>	<u>264,131,544</u>	<u>1,064,652,435</u>
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>398,079,047</u>
Non-depreciable:			
Land	8,401,828	55,366,747	63,768,575
Construction in progress	152,145,670	12,411,914	164,557,584
	<u>\$ 553,507,266</u>	<u>\$ 72,897,940</u>	<u>\$ 626,405,206</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 5 – Capital Assets (continued):

Depreciation expense for the years ended December 31, 2020 and 2019 was as follows:

	December 31,	
	2020	2019
Wastewater Division	\$ 25,257,549	\$ 24,197,783
Solid Waste Division	5,893,077	5,957,405
	\$ 31,150,626	\$ 30,155,188

Changes in capital assets for the years ended December 31, 2020 and 2019 were as follows:

	January 1, 2020	Increase	Transfers	December 31, 2020
<u>Wastewater Division:</u>				
Buildings and improvements	\$ 177,495,812	\$ 485,534	\$ -	\$ 177,981,346
Other improvements	499,103,921	2,877,017	-	501,980,938
Machinery and equipment	45,150,040	4,557,390	-	49,707,430
Furniture and fixtures	104,817	44,646	-	149,463
Landfill gas collection facility	65,591,952	2,367,030	-	67,958,982
Landfill gas collection equipment	13,074,349	679,004	-	13,753,353
	800,520,891	11,010,621	-	811,531,512
Less: Accumulated depreciation	(407,561,123)	(25,257,549)	-	(432,818,672)
	392,959,768	(14,246,928)	-	378,712,840
Land	8,401,828	-	-	8,401,828
Construction in progress	152,145,670	19,801,821	-	171,947,491
	\$ 553,507,266	\$ 5,554,893	\$ -	\$ 559,062,159
	January 1, 2020	Increase	Transfers	December 31, 2020
<u>Solid Waste Division:</u>				
Landfill and landfill expansion, including initial preparatory cost	\$ 224,165,391	\$ -	\$ -	\$ 224,165,391
Buildings and improvements	11,154,474	91,546	-	11,246,020
Other improvements	19,506,804	36,000	-	19,542,804
Machinery and equipment	9,304,875	1,283,202	-	10,588,077
	264,131,544	1,410,748	-	265,542,292
Less: Accumulated depreciation	(259,012,265)	(5,893,077)	-	(264,905,342)
	5,119,279	(4,482,329)	-	636,950
Land	55,366,747	-	-	55,366,747
Construction in progress	12,411,914	5,817,428	-	18,229,342
	\$ 72,897,940	\$ 1,335,099	\$ -	\$ 74,233,039

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 5 – Capital Assets (continued):

	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
	<u>780,041,739</u>	<u>15,795,842</u>	<u>4,683,310</u>	<u>800,520,891</u>
Less: Accumulated depreciation	<u>(383,363,340)</u>	<u>(24,197,783)</u>	<u>-</u>	<u>(407,561,123)</u>
	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
	<u>\$ 508,461,820</u>	<u>\$ 45,045,446</u>	<u>\$ -</u>	<u>\$ 553,507,266</u>
	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	2,531,365	418,302	19,506,804
Machinery and equipment	7,915,651	1,389,224	-	9,304,875
	<u>259,679,099</u>	<u>4,034,143</u>	<u>418,302</u>	<u>264,131,544</u>
Less: Accumulated depreciation	<u>(253,054,860)</u>	<u>(5,957,405)</u>	<u>-</u>	<u>(259,012,265)</u>
	6,624,239	(1,923,262)	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
	<u>\$ 69,014,116</u>	<u>\$ 3,883,824</u>	<u>\$ -</u>	<u>\$ 72,897,940</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, 2020 AND 2019**

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, 2020 and 2019, respectively:

	January 1, 2020	Additions	Retired	December 31, 2020
NJIB SAIL - Sayreville Pump Station	\$ 9,552,518	\$ 791,193	\$ 10,343,711	\$ -
NJIB construction loan - Main Trunk Sewer Rehab Phase II	7,060,068	-	5,237,678	1,822,390
	<u>\$ 16,612,586</u>	<u>\$ 791,193</u>	<u>\$ 15,581,389</u>	<u>\$ 1,822,390</u>
	January 1, 2019	Additions	Retired	December 31, 2019
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>

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, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities:

During the years ended December 31, 2020 and 2019, the following changes occurred in long-term liabilities:

	January 1, 2020	Additions	Retired	December 31, 2020	Due Within One Year
<u>Wastewater Division:</u>					
Bonds payable	\$ 108,784,009	\$ 21,363,974	\$ 13,103,845	\$ 117,044,138	\$ 13,149,899
Unamortized original issue premium	1,594,068	541,133	204,811	1,930,390	185,598
	<u>110,378,077</u>	<u>21,905,107</u>	<u>13,308,656</u>	<u>118,974,528</u>	<u>13,335,497</u>
Net pension liability	31,022,179	-	1,561,299	29,460,880	-
Liability for other post employment benefits	149,193,884	-	46,688,902	102,504,982	-
Liability for early retirement incentives	1,686,897	-	122,892	1,564,005	140,286
NJIB construction loan	10,018,681	-	-	10,018,681	-
NJIB State Assistance Infrastructure Loans	25,832,772	791,193	26,623,965	-	-
	<u>\$ 328,132,490</u>	<u>\$ 22,696,300</u>	<u>\$ 88,305,714</u>	<u>\$ 262,523,076</u>	<u>\$ 13,475,783</u>
<u>Solid Waste Division:</u>					
Bonds payable	\$ 8,599,908	\$ -	\$ 1,695,482	\$ 6,904,426	\$ 1,734,482
Unamortized original issue premium	212,201	-	43,160	169,041	43,160
	<u>8,812,109</u>	<u>-</u>	<u>1,738,642</u>	<u>7,073,467</u>	<u>1,777,642</u>
Net pension liability	5,474,502	-	275,523	5,198,979	-
Liability for other post employment benefits	26,328,333	-	8,239,218	18,089,115	-
	<u>\$ 40,614,944</u>	<u>\$ -</u>	<u>\$ 10,253,383</u>	<u>\$ 30,361,561</u>	<u>\$ 1,777,642</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

In May 2020, the Authority issued bonds to replace the loan payable to New Jersey Infrastructure Bank (“NJIB”) for the Sayreville Pump Station.

The following is a summary of bonds payable as of December 31, 2020 and 2019:

	December 31,	
	2020	2019
<u>Wastewater Division:</u>		
Issue of 2001A, N.J. IB Bonds (a):		
Federal portion	\$ 889,483	\$ 1,777,768
State portion	1,224,110	2,390,125
Issue of 2005A, N.J. IB Bonds (b)		
Federal portion	1,753,764	2,104,008
State portion	2,283,580	2,688,239
Issue of 2006, N.J. IB Bonds (c)		
Federal portion	12,144,681	14,169,528
State portion	16,716,073	19,409,017
Issue of 2009A, N.J. IB Bonds (d)		
Federal portion	4,296,013	4,790,879
State portion*	5,144,000	5,611,000
Issue of 2009 N.J. IB Bonds (e)		
Federal portion - D-1	1,996,936	2,218,818
State portion - C-1**	1,654,000	1,806,000
Issue of 2009 N.J. IB Bonds (f)		
Federal portion - D-2	5,564,039	6,182,266
State portion - C-2**	2,143,000	2,337,000
Issue of 2010 N.J. IB Bonds (g)		
Federal portion	2,935,933	3,229,526
State portion	3,107,000	3,344,000
Issue of 2014A N.J. IB Bonds (h)		
Federal portion	2,788,518	3,003,019
State portion	1,050,000	1,110,000
Issue of 2016A N.J. IB Bonds (i)		
Federal portion	11,450,114	12,481,717
State portion	4,061,167	4,345,000
Issue of 2019A N.J. IB Bonds (j)		
Federal portion	11,170,515	11,791,099
State portion	3,855,000	3,995,000
Issue of 2020A N.J. IB Bonds (k)		
Federal portion	15,611,212	-
State portion	5,205,000	-
	117,044,138	108,784,009
Current portion	13,149,899	11,990,138
Long-term portion	\$ 103,894,239	\$ 96,793,871

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

	December 31,	
	2020	2019
<u>Solid Waste Division:</u>		
Issue of 2009A, N.J. EIT bonds (1):		
Federal portion	\$ 3,067,426	\$ 3,891,908
State portion*	3,837,000	4,708,000
	6,904,426	8,599,908
Current portion	1,734,482	1,695,482
Long-term portion	\$ 5,169,944	\$ 6,904,426

*This bond issue was 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 with the final payment due in August 2021, 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 with a final payment of approximately \$1,224,000 due August 2021. Current portion as of December 31, 2020 is \$2,113,593.
- b. Bonds payable in two separate portions. The Federal portion is payable in semiannual principal amounts totaling approximately \$351,000 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, 2020 is \$771,806.
- c. Bonds payable in two separate portions. The Federal portion is payable in semiannual principal amounts totaling approximately \$2,022,000, 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, 2020 is \$4,584,930.
- d. 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 2021 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 was 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, 2020 is \$980,866.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

- e. 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 \$155,000, increasing annually to \$214,000 through August 2029. Amounts payable from August 2021 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 results in a total principal reduction of \$107,000. Current portion as of December 31, 2020 is \$376,882.
- f. 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 \$202,000, increasing annually to \$276,000 through August 2029. Amounts payable from August 2021 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 results in a total principal reduction of \$138,000. Current portion as of December 31, 2020 is \$820,227.
- g. 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 \$250,000 increasing annually to \$377,000 through August 2030. Current portion as of December 31, 2020 is \$543,593.
- h. Bonds payable in two separate portions. The Federal portion is payable in semiannual installments that aggregate to \$214,501 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 \$65,000, increasing annually to \$95,000 through August 2033. Current portion as of December 31, 2020 is \$279,501.
- i. Bonds payable in two separate portions. The Federal portion is payable in semiannual installments that aggregate to \$780,107 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, 2020 is \$906,274.

MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

- j. Bonds payable in two separate portions. The Federal portion is payable in semiannual installments that aggregate to approximately \$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 \$150,000 to \$275,000 through August 2038. The current portion as of December 31, 2020 is \$770,584.
- k. Bonds payable in two separate portions. The Federal portion is payable in semiannual installments that aggregate to approximately \$822,000 per annum and does not bear interest. The state portion of the bonds bears interest ranging from a current amount of 2.125% to 5.00% per annum and is payable in annual installments that range from \$180,000 to \$360,000 beginning August 2021 through August 2039. The current portion as of December 31, 2020 is \$1,001,643.
- l. 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 \$910,000 to \$1,014,000 through August 2024. Amounts payable from August 2021 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 results in a total principal reduction of \$224,000. Current portion as of December 31, 2020 is \$1,734,482.

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, 2020 AND 2019**

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,			
2021	\$ 13,149,899	\$ 1,777,710	\$ 14,927,609
2022	11,311,270	1,576,611	12,887,881
2023	11,516,740	1,372,886	12,889,626
2024	11,626,883	1,160,413	12,787,296
2025	11,972,933	927,372	12,900,305
2026-2030	34,024,407	2,155,101	36,179,508
2031-2035	16,108,680	672,550	16,781,230
2036-2038	7,333,326	139,188	7,472,514
	<u>\$ 117,044,138</u>	<u>\$ 9,781,831</u>	<u>\$ 126,825,969</u>
<u>Solid Waste Division:</u>			
Year Ending December 31,			
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>\$ 6,904,426</u>	<u>\$ 390,720</u>	<u>\$ 7,295,146</u>
<u>Total:</u>			
Year Ending December 31,			
2021	\$ 14,884,381	\$ 1,931,190	\$ 16,815,571
2022	13,072,752	1,693,691	14,766,443
2023	13,317,222	1,452,486	14,769,708
2024	13,234,863	1,200,973	14,435,836
2025	11,972,933	927,372	12,900,305
2026-2030	34,024,407	2,155,101	36,179,508
2031-2035	16,108,680	672,550	16,781,230
2036-2038	7,333,326	139,188	7,472,514
	<u>\$ 123,948,564</u>	<u>\$ 10,172,551</u>	<u>\$ 134,121,115</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020, 2019 and 2018 were as follows:

	December 31,		
	2020	2019	2018
Wastewater Division	\$ 1,674,702	\$ 1,651,819	\$ 1,505,376
Solid Waste Division	295,536	291,497	265,655
	\$ 1,970,238	\$ 1,943,316	\$ 1,771,031

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 \$34,659,859 and \$36,496,681 at December 31, 2020 and 2019, respectively, for its proportionate share of the net pension liability. The December 31, 2020 net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at July 1, 2019, which was rolled forward to June 30, 2020. 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 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, 2020, the Authority's proportion was 0.2125408774 percent, which was an increase of 0.0099895266 from its proportion measured as of June 30, 2019.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

For the years ended December 31, 2020 and 2019, the Authority recognized pension expense of \$2,040,204 and \$2,588,822, respectively. At December 31, 2020, 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	\$ 631,099	\$ 122,572
Changes of assumptions	1,124,405	14,512,411
Net difference between projected and actual earnings on pension plan investments	1,184,702	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	3,372,408	-
Authority contributions subsequent to the measurement date	1,162,545	-
	<u>\$ 7,475,159</u>	<u>\$ 14,634,983</u>

At December 31, 2019, 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	\$ 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	-
	<u>\$ 7,639,909</u>	<u>\$ 13,405,222</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

\$1,162,545 and \$985,119 was reported as deferred outflows of resources related to pensions at December 31, 2020 and 2019, 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,	
2021	\$ (3,198,944)
2022	(2,945,902)
2023	(1,494,336)
2024	(533,864)
2025	(149,323)
	<u>\$ (8,322,369)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 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%

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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-2020. The actuarial assumptions used in the July 1, 2019 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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%
	<u>100.00%</u>	

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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.

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, 2020 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Authority's proportionate share of the net pension liability	\$ 43,630,980	\$ 34,659,859	\$ 27,047,617

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 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

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, 2020 are as follows:

Deferred outflows of resources	\$ 2,347,583,337
Deferred inflows of resources	\$ 7,849,949,467
Net pension liability	\$ 16,435,616,426
Authority's Proportion	0.2125408774%

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 is \$407,705,399.

Collective balances of the Local Group at the end of the 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.

The average of the expected remaining service lives of all plan members is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019, the remaining balance on this liability is \$97,685 and \$185,372, 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, 2020 and 2019, the remaining balance on this liability is \$1,466,320 and \$1,501,525, respectively, with an interest rate of 7.5%.

During the years ended December 31, 2020 and 2019, the following changes occurred in early retirement incentive liabilities:

	<u>January 1, 2020</u>	<u>Reductions</u>	<u>December 31, 2020</u>	<u>Due Within One Year</u>
ERI 1	\$ 185,372	\$ 87,687	\$ 97,685	\$ 97,685
ERI 2	1,501,525	35,205	1,466,320	42,601
	<u>\$ 1,686,897</u>	<u>\$ 122,892</u>	<u>\$ 1,564,005</u>	<u>\$ 140,286</u>

	<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>

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, 2020, there are one hundred and sixty-five retirees and one hundred ninety two active employees covered under the plan. At December 31, 2019, there were ninety seven retirees and one hundred ninety eight active employees covered under the plan.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

Net OPEB Liability

The net OPEB liability is \$120,594,097 and \$175,522,217 at December 31, 2020 and 2019, respectively. The net OPEB liability at December 31, 2020 includes liabilities for retirees and actives of \$53,878,011 and \$66,716,086, respectively. The net OPEB liability at December 31, 2019 includes liabilities for retirees and actives of \$65,173,243 and \$110,348,974, respectively.

Actuarial assumptions and other inputs

The net OPEB liability of \$120,594,097 was reported in the December 31, 2020 actuarial valuation prepared by the Authority's actuary. The major actuarial assumptions, among others, were the use of a 2.12% discount rate and a computed Health Care Trend Rate ("HCTR") which ranged from 4.50% to 6.75% 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 \$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.

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 2.12% at December 31, 2020 and 2.75% at December 31, 2019. The inflation rate was 2.50% per year.

Mortality rates

Pre-retirement mortality rates for 2020 were based on the Pub-2010 Public Retirement Plans Mortality Tables – General Employee – Full dataset – Headcount-Weighted Healthy Employee Male/Female Mortality, projected generationally with MP-2020. Post-retirement mortality rates were based on Pub-2010 Public Retirement Plans Mortality Tables – General Employee – Full dataset – Headcount-Weighted Healthy Retiree Male/Female Mortality, projected generationally with MP-2020. Disabled mortality rates were based on Pub-2010 Public Retirement Plans Mortality Tables – General Employee – Full dataset – Headcount-Weighted Disabled Retiree Male/Female Mortality, projected generationally with MP-2020. Contingent survivor mortality rates were based on Pub-2010 Public Retirement Plans Mortality Tables – General Employee – Full dataset – Headcount-Weighted Contingent Survivor Male/Female Mortality, projected generationally with MP-2020.

Actuarial cost method

The actuarial cost method used to determine the Actuarial Accrued Liability was the the Entry Age Normal Percent of Pay method. This method is one of the family of projected benefit cost methods. An estimate of the projected monthly benefit payable at retirement is initially required to determine costs and liabilities under this method.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

The Normal Cost is the sum of the annual contributions required for each participant from his entry date to his assumed retirement date so that the accumulated contribution at retirement is equal to the liability for the projected benefit. The projected benefits are based on estimates of future years of service. The normal cost is developed as a level percentage of pay. The Present Value of Future Benefits equals the value of the projected benefit payable at retirement discounted back to the participant’s current age. Discounts include such items as interest and mortality. The Present Value of Future Normal Cost equals the discounted value of the normal costs payable from the member’s current age to retirement age.

The difference between the Present Value of Future Benefits and the Present Value of Future Normal Costs represents the Actuarial Accrued Liability at the participant’s current age. The Actuarial Accrued Liability for participants currently receiving benefits and terminated vested participants is calculated as the Present Value of Future Benefits expected to be paid. No Normal Cost is payable for these participants.

Asset valuation method

The plan is currently unfunded.

Changes in the net OPEB liability are as follows:

	Year Ended December 31,	
	2020	2019
Beginning Net OPEB Liability, January 1,	\$ 175,522,217	\$ 150,163,131
Changes for the year:		
Service cost	5,503,892	3,996,656
Interest	4,938,852	6,262,867
Actuarial assumption loss	3,337,551	24,862,525
Actuarial experience (gain)	(65,845,415)	(6,949,114)
Benefit payments	(2,863,000)	(2,813,848)
Net changes	(54,928,120)	25,359,086
Ending Net OPEB Liability, December 31,	\$ 120,594,097	\$ 175,522,217

Changes of assumptions and other inputs reflect a change in the discount rate from 4.10% in 2018 to 2.75% in 2019 and from 2.75% in 2019 to 2.12% in 2020.

For the years ended December 31, 2020 and 2019, the Authority recognized OPEB expense of (\$3,630,529) and \$9,686,869, respectively.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

At December 31, 2020, 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		\$ 59,097,878
Changes of assumptions	\$ 20,944,923	10,463,287
	\$ 20,944,923	\$ 69,561,165

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

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,	
2021	\$(14,073,273)
2022	(14,073,273)
2023	(14,949,876)
2024	(5,519,820)
	\$(48,616,242)

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 (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate:

	At 1% Decrease (1.12%)	At Current Discount Rate (2.12%)	At 1% Increase (3.12%)
Net OPEB liability	\$ 142,583,586	\$ 120,594,097	\$ 103,278,108

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

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	\$ 101,260,613	\$	120,594,097	\$	145,889,933

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.

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.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 9 – Solid Waste Division Service Revenues (continued):

The landfill rate structure per ton as adopted in the Solid Waste Division's original 2020 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	\$ 53.53	\$ 56.53	\$ 60.28	\$ 73.78	\$ 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 2020 rate per ton	<u>\$ 67.75</u>	<u>\$ 70.75</u>	<u>\$ 74.50</u>	<u>\$ 88.00</u>	<u>\$ 100.00</u>
2019 rates per ton	<u>\$ 66.75</u>	<u>\$ 69.75</u>	<u>\$ 73.25</u>	<u>\$ 85.00</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, 2020 and 2019, amounted to \$2,136,000 and \$1,712,400, respectively.

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 \$11,530,000 and \$11,953,000 at December 31, 2020 and 2019, respectively.

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 \$2,229,520 and \$2,919,159 at December 31, 2020 and 2019, respectively. Interest expense for the year ended December 31, 2020 and 2019 was \$22,407 and \$81,875, respectively.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 10 – Inter-Division Transactions (continued):

The following is the activity and amounts loaned between Divisions during the years ended December 31, 2020 and 2019:

	January 1, 2020	Advances	Payments	December 31, 2020
Notes Payable	\$ 14,872,159	\$ -	\$ 1,112,639	\$ 13,759,520
	January 1, 2019	Advances	Payments	December 31, 2019
Notes Payable	\$ 15,551,860	\$ -	\$ 679,701	\$ 14,872,159

Interest expense incurred on amounts due to the Solid Waste Division for the years ended December 31, 2020 and 2019 was \$326,644 and \$326,423, respectively. At December 31, 2020 and 2019, the accumulated related party interest payable was \$324,028 and \$551,978, 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, 2020. 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 \$3,199,257 at December 31, 2020. 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 \$117.7 million. The agreement with FEMA allows the Authority to be reimbursed for 90 percent of eligible costs incurred related to these projects.

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

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 11 – Commitments and Contingencies (continued):

Solid Waste Division (continued):

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.

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

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 11 – Commitments and Contingencies (continued):

Solid Waste Division (continued):

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 \$71.1 million reported as landfill closure and postclosure care liabilities at December 31, 2020 represents the cumulative amount reported to date, less withdrawals to date of \$5.59 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 \$1,807,158 and \$1,396,170 for closure and post-closure care costs for the years ended December 31, 2020 and 2019, 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, 2020, cash, cash equivalents and investments with a fair value of \$71,091,868 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.

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 \$30,339,000 since the date of the hurricane through December 31, 2020. Total replacement costs are estimated at \$125,000,000 and the Authority has incurred approximately \$121,045,000 since the

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 12 – Natural Disaster (continued):

date of the hurricane through December 31, 2020. 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.

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.

Self-Insurance – Workers’ Compensation

The Authority estimates that the liabilities for workers’ compensation claims are sufficiently covered by the reserves at December 31, 2020 and 2019. During the years ended December 31, 2020 and 2019, the following changes occurred in the workers’ compensation claims reserve:

	<u>January 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2020</u>
Wastewater Division	\$ 796,449	\$ 3,536,756	\$ 3,625,184	\$ 708,021
Solid Waste Division	440,300	203,221	21,354	622,167
	<u>\$ 1,236,749</u>	<u>\$ 3,739,977</u>	<u>\$ 3,646,538</u>	<u>\$ 1,330,188</u>
	<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>

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

Last Ten Fiscal Years*

	2020	2019	2018	2017
Balance, Beginning of Year	\$ 175,522,217	\$ 150,163,131	\$ 168,496,147	\$ 155,058,140
Changes for the year:				
Service cost	5,503,892	3,996,656	4,858,296	4,412,459
Interest cost	4,938,852	6,262,867	6,021,833	5,939,395
Benefit payments	(2,863,000)	(2,813,848)	(2,604,186)	(2,173,470)
Actuarial assumption changes	3,337,551	24,862,525	(20,926,574)	5,259,623
Actuarial demographic (gain) or loss	(65,845,415)	(6,949,114)	(5,682,385)	-
Net changes	(54,928,120)	25,359,086	(18,333,016)	13,438,007
Balance, End of Year	\$ 120,594,097	\$ 175,522,217	\$ 150,163,131	\$ 168,496,147
Total OPEB Liability	\$ 120,594,097	\$ 175,522,217	\$ 150,163,131	\$ 168,496,147
OPEB plan's fiduciary net position	-	-	-	-
Net OPEB Liability	\$ 120,594,097	\$ 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%	0.00%
Covered employee payroll	\$ 12,905,995	\$ 18,480,886	\$ 14,323,213	\$ 16,077,977
Net OPEB liability as a percentage of covered employee payroll	934.40%	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, 2019 of 2.75% to 2.12% as of the measurement date of December 31, 2020.

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.

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

Last Ten Fiscal Years

	Year Ended December 31,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 2,863,000	\$ 2,813,848	\$ 2,604,186	\$ 2,173,470	1,948,730	1,676,985	\$ 1,338,354	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(2,863,000)	(2,813,848)	(2,604,186)	(2,173,470)	(1,948,730)	(1,676,985)	(1,338,354)	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>

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Authority's proportion of the net pension liability (asset) - Local Group	0.2125408774%	0.2055135080%	0.1953715800%	0.1911748702%	0.1902580115%	0.1872540940%	0.1838347300%	N/A	N/A	N/A
Authority's proportionate share of the net pension liability (asset)	\$ 34,659,859	\$ 36,496,681	\$ 38,467,690	\$ 44,502,454	\$ 56,348,966	\$ 42,034,792	\$ 34,418,889	N/A	N/A	N/A
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
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	232.46%	259.96%	283.04%	341.09%	435.94%	326.77%	276.25%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability - Local Group	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	48.72%	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, 2019 of 6.28% to 7.00% as of the measurement date of June 30, 2020.

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.

**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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 2,325,090	\$ 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
Contributions in relation to the contractually required contribution	(2,325,090)	(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)
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	\$ 15,344,792	\$ 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
Contributions as a percentage of covered-employee payroll	15.15%	13.21%	13.84%	13.03%	12.95%	12.45%	11.78%	10.80%	11.21%	11.71%

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
 WASTEWATER DIVISION
 December 31, 2020

	Cash and Cash Equivalents	Account	Investments		Fair Value	Cost Basis	Total Cash, Cash Equivalents and Investments
			Purchase Date	Maturity Date			
Revenue Fund - Unrestricted							
Cash accounts (1977)	\$ 22,901,815	Certificates of Deposit	10/13/2020	4/13/2021	\$ 542,000	\$ 542,000	\$ 23,443,815
		Certificates of Deposit	10/13/2020	4/13/2021	6,908,000	6,908,000	6,908,000
					<u>7,450,000</u>	<u>7,450,000</u>	<u>30,351,815</u>
Other Accounts - Restricted							
Unemployment claims reserve	123,990						123,990
General liability insurance reserve	56,300	Certificates of Deposit	8/23/2020	8/23/2022	2,280,167	2,280,167	2,336,467
Collision insurance reserve	301,276						301,276
Worker's compensation insurance reserve	708,021						708,021
Future plant, reconstr. or replacement reserve	4,211,474						4,211,474
Allied retainage	56,739						56,739
Renewal and replacement (1985)	20						20
General fund (1985)	24						24
Tru-Val retainage	2,254						2,254
LBSM Construction Fund (1985)	304						304
Construction fund 1991 issue	22,271,963						22,271,963
Construction fund (2006)	843						843
Bond service (1993A)	437						437
Debt service (2009A)	2						2
Solid Waste Division loan reserve	78,948						78,948
WWD FSA Escrow	24,785						24,785
Construction fund (2007)	81	Certificates of Deposit	9/28/2020	3/29/2021	1,000	1,000	1,081
Kenny Construction retainage	105,912						105,912
CPV Escrow	140,551						140,551
Northeast Remsco Retainage	468						468
SpectraServ escrow	2,391,436						2,391,436
Total restricted accounts	<u>30,475,828</u>				<u>2,281,167</u>	<u>2,281,167</u>	<u>32,756,995</u>
Total - combined	<u>\$ 53,377,643</u>				<u>\$ 9,731,167</u>	<u>\$ 9,731,167</u>	<u>\$ 63,108,810</u>
					Unrestricted - Current	7,450,000	
					Restricted - Current	1,000	
					Restricted - Non-Current	2,280,167	
					<u>\$ 9,731,167</u>		

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
SOLID WASTE DIVISION
December 31, 2020

	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	\$ 25,870,799						\$ 25,870,799
Other Accounts - Restricted							
General liability insurance reserve	832,458	Certificates of Deposit	7/15/2020	1/20/2021	\$ 1,037,065	\$ 1,037,065	1,869,523
		Certificates of Deposit	7/26/2020	1/26/2021	1,034,162	1,034,162	1,034,162
Collision insurance reserve	198,727						198,727
Worker's compensation insurance reserve	622,167						622,167
Land acquisition and improvement reserve	5,347,816						5,347,816
DEP Closure Phase I	4,074,542						4,074,542
Environmental self reserve	18,932,502						18,932,502
Closure/Post-Closure I	2,329,660						2,329,660
Closure/Post-Closure II	414,976	Certificates of Deposit	various	various	2,173,535	2,135,109	2,588,511
		U.S. Treasury Notes	various	various	40,069,617	39,225,839	40,069,617
CJ Nesti Soil escrow	314,388						314,388
Supplemental fund	2,083,435						2,083,435
Public liability insurance reserve	2,101,837						2,101,837
Aforce escrow	314,720						314,720
Construction reserve	1,117,151						1,117,151
Northeast Remsco retainage	28,917						28,917
Service fee escrow	453,923						453,923
Reconstruction/Replacement reserve	3,171,711						3,171,711
DEP Closure Phase II Amboy	4,517,301	Other Government Obligations	various	various	18,302,142	18,168,558	22,819,443
United Energy Soil escrow	314,388						314,388
SWD FSA escrow	1,695						1,695
Total restricted accounts	47,172,314				62,616,521	61,600,733	109,788,835
Total - combined	\$ 73,043,113				\$ 62,616,521	\$ 61,600,733	\$ 135,659,634

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2020

Sources	Operating Fund
Prior year deficiencies	\$ 6,008,571
2020 annual charges	87,897,349
Septage treatment/Hauled waste fees	400,233
Service fees, plan approvals, etc.	2,700
Industrial pretreatment permit fees	31,850
Interest on investments	239,686
Groundwater discharge fees	841,354
Expense reimbursements	3,350,892
Management fees	2,120,124
Lab and sampling fees	35,874
Sale of synthetic soil	504,888
PSE&G rebates	115,280
Sale of plans and specifications	200
Penalty assessments	106,300
PSE&G REC credits	855,530
Grid sales	81,209
Miscellaneous income	241,113
Effluent reuse - CPV	906,865
Sale of oxygen - Praxair	204,438
Sale of nitrogen - Praxair	1,765,492
Sale of water - Praxair	35,306
Total sources	105,745,254
 Uses	
Budget expenses and accounts payable	99,217,778
Total uses	99,217,778
 Transfers (to) from Restricted Funds:	
Total debt service funds (net)	(14,630,115)
Transfers from Restricted funds	24,416,051
Transfers (to) from Restricted Funds	9,785,936
Increase for year	16,313,412
Balance, beginning of year	14,038,403
Balance, end of year	\$ 30,351,815
 Balance Comprised of:	
Cash and cash equivalents	\$ 22,901,815
Investments	7,450,000
	\$ 30,351,815

MIDDLESEX COUNTY UTILITIES AUTHORITY
SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGES IN
UNRESTRICTED CASH AND CASH EQUIVALENTS -
SOLID WASTE DIVISION

YEAR ENDED DECEMBER 31, 2020

Sources	Operating Fund
Service revenues	\$ 35,917,812
Interest income	175,411
Soil program income	6,947,983
Miscellaneous receipts	400,607
Enrollment fees	11,970
Escrow deposits	334,706
Service fee income	849
Transfers from reserves	2,488,646
Total sources	46,277,984
Uses	
Vouchers paid	41,060,982
Payments made from reserve accounts	77,097
Transfers to debt service, net	1,916,294
Total uses	43,054,373
Increase for year	3,223,611
Balance, beginning of year	22,647,188
Balance, end of year	\$ 25,870,799
Balance Comprised of:	
Cash and cash equivalents	\$ 25,870,799

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2020

	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	1,213,220	-	-	-
Budget appropriation	-	-	-	-
Transfer- Interfund	-	-	-	-
Total sources	<u>1,213,220</u>	<u>-</u>	<u>-</u>	<u>-</u>
Uses				
Bond principal paid	961,865	-	-	-
Bond interest paid	222,913	-	-	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	28,440	-	-	-
Transfers - unrestricted funds	-	-	-	-
Transfers - unrestricted designated funds	-	-	-	-
Retainage withdrawals	-	-	-	-
Total uses	<u>1,213,218</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease)	2	-	-	-
Balance, beginning of year	<u>-</u>	<u>304</u>	<u>20</u>	<u>24</u>
Balance, end of year	<u>\$ 2</u>	<u>\$ 304</u>	<u>\$ 20</u>	<u>\$ 24</u>
Balance comprised of				
Cash and cash equivalents	\$ 2	\$ 304	\$ 20	\$ 24
Investments:				
Certificates of deposit	-	-	-	-
	<u>\$ 2</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, 2020

	1991 Construction Fund	2006 Construction Fund	Solid Waste Division Loan Reserve	Tru-Val Retainage
Sources				
Interest income	\$ 213,491	\$ -	\$ 3,917	\$ 17
Miscellaneous income	356	-	-	-
Expense reimbursement	35,945,794	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	500,000	-
Transfer- Interfund	-	-	-	-
Total sources	36,159,641	-	503,917	17
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	8,640,103	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
DEP fees	-	-	1,000,000	-
N.J. Wastewater admin. fees	-	-	-	-
Transfers - unrestricted funds	24,118,380	-	-	-
Transfers - unrestricted designated funds	-	-	-	-
Retainage withdrawals	-	-	-	-
Total uses	32,758,483	-	1,000,000	-
Increase (decrease)	3,401,158	-	(496,083)	17
Balance, beginning of year	18,870,805	843	575,031	2,237
Balance, end of year	\$ 22,271,963	\$ 843	\$ 78,948	\$ 2,254
Balance comprised of				
Cash and cash equivalents	\$ 22,271,963	\$ 843	\$ 78,948	\$ 2,254
Investments:				
Certificates of deposit	-	-	-	-
	\$ 22,271,963	\$ 843	\$ 78,948	\$ 2,254

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2020

	Allied Retainage	Bond Service 1993A	2010 Debt Service	Bond Service 2001 Issue
Sources				
Interest income	\$ 415	\$ -	\$ -	\$ -
Miscellaneous income	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	-	-	454,698	2,184,063
Budget appropriation	-	-	-	-
Transfer- Interfund	-	-	-	-
Total sources	415	-	454,698	2,184,063
Uses				
Bond principal paid	-	-	373,882	2,054,300
Bond interest paid	-	-	71,681	81,148
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	-	9,135	48,615
Transfers - unrestricted funds	-	-	-	-
Transfers - unrestricted designated funds	-	-	-	-
Retainage withdrawals	-	-	-	-
Total uses	-	-	454,698	2,184,063
Increase (decrease)	415	-	-	-
Balance, beginning of year	56,324	437	-	-
Balance, end of year	\$ 56,739	\$ 437	\$ -	\$ -
Balance comprised of				
Cash and cash equivalents	\$ 56,739	\$ 437	\$ -	\$ -
Investments:				
Certificates of deposit	-	-	-	-
	\$ 56,739	\$ 437	\$ -	\$ -

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2020

	Collision Insurance Reserve	Unemploy. Claims Reserve	Worker's Compensation Insurance Reserve	General Liability Insurance Reserve
Sources				
Interest income	\$ 2,205	\$ 907	\$ 9,243	\$ 80,579
Miscellaneous income	-	-	3,177,513	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	350,000	-
Transfer- Interfund	-	-	-	-
Total sources	2,205	907	3,536,756	80,579
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	150,000	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	-	-	-
Transfers - unrestricted funds	-	-	297,671	-
Transfers - unrestricted designated funds	-	-	3,177,513	-
Retainage withdrawals	-	-	-	-
Total uses	-	-	3,625,184	-
Increase (decrease)	2,205	907	(88,428)	80,579
Balance, beginning of year	299,071	123,083	796,449	2,255,888
Balance, end of year	\$ 301,276	\$ 123,990	\$ 708,021	\$ 2,336,467
Balance comprised of				
Cash and cash equivalents	\$ 301,276	\$ 123,990	\$ 708,021	\$ 56,300
Investments:				
Certificates of deposit	-	-	-	2,280,167
	\$ 301,276	\$ 123,990	\$ 708,021	\$ 2,336,467

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2020

	Future Reconstruct. Replacement Reserve	Bond Service 2005 Issue	2006 NJIT Bond Service	CPV Escrow
Sources				
Interest income	\$ 87,864	\$ -	\$ -	\$ 1,026
Miscellaneous income	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	-	871,021	5,299,334	-
Budget appropriation	500,000	-	-	-
Transfer- Interfund	3,100,000	-	-	-
Total sources	3,687,864	871,021	5,299,334	1,026
Uses				
Bond principal paid	-	754,903	4,487,177	-
Bond interest paid	-	94,608	694,002	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	3,100,000	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	21,510	118,155	-
Transfers - unrestricted funds	-	-	-	-
Transfers - unrestricted designated funds	-	-	-	-
Retainage withdrawals	-	-	-	-
Total uses	3,100,000	871,021	5,299,334	-
Increase (decrease)	587,864	-	-	1,026
Balance, beginning of year	3,623,610	-	\$ -	139,525
Balance, end of year	\$ 4,211,474	\$ -	\$ -	\$ 140,551
Balance comprised of				
Cash and cash equivalents	\$ 4,211,474	\$ -	\$ -	\$ 140,551
Investments:				
Certificates of deposit	-	-	-	-
	\$ 4,211,474	\$ -	\$ -	\$ 140,551

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2020

	2010 Traditional Debt Service	WWD FSA Escrow	Northeast Remsco Retainage	2007 Construction Fund
Sources				
Interest income	\$ -	\$ 236	\$ -	\$ 12
Miscellaneous income	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	24,707	-	-
Transfers – unrestricted funds	916,831	-	-	-
Budget appropriation	-	-	-	-
Transfer- Interfund	-	-	-	-
Total sources	916,831	24,943	-	12
Uses				
Bond principal paid	812,226	-	-	-
Bond interest paid	92,755	-	-	-
Vouchers paid	-	-	-	-
Claims paid	-	14,548	-	-
Escrow withdrawals	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	11,850	-	-	-
Transfers - unrestricted funds	-	-	-	-
Transfers - unrestricted designated funds	-	-	-	-
Retainage withdrawals	-	-	-	-
Total uses	916,831	14,548	-	-
Increase (decrease)	-	10,395	-	12
Balance, beginning of year	-	14,390	468	1,069
Balance, end of year	\$ -	\$ 24,785	\$ 468	\$ 1,081
Balance comprised of				
Cash and cash equivalents	\$ -	\$ 24,785	\$ 468	\$ 81
Investments:				
Certificates of deposit	-	-	-	1,000
	\$ -	\$ 24,785	\$ 468	\$ 1,081

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2020

	2014A Bond Service	Kenny Construction Retainage	2010B OSPS Debt Service	2016A Bond Service
Sources				
Interest income	\$ -	\$ 775	\$ -	\$ -
Miscellaneous income	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	318,558	-	706,434	1,139,443
Budget appropriation	-	-	-	-
Transfer- Interfund	-	-	-	-
Total sources	<u>318,558</u>	<u>775</u>	<u>706,434</u>	<u>1,139,443</u>
Uses				
Bond principal paid	274,501	-	530,593	980,108
Bond interest paid	39,947	-	159,746	144,680
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	4,110	-	16,095	14,655
Transfers - unrestricted funds	-	-	-	-
Transfers - unrestricted designated funds	-	-	-	-
Retainage withdrawals	-	-	-	-
Total uses	<u>318,558</u>	<u>-</u>	<u>706,434</u>	<u>1,139,443</u>
Increase (decrease)	-	775	-	-
Balance, beginning of year	<u>-</u>	<u>105,137</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 105,912</u>	<u>\$ -</u>	<u>\$ -</u>
Balance comprised of				
Cash and cash equivalents	\$ -	\$ 105,912	\$ -	\$ -
Investments:				
Certificates of deposit	-	-	-	-
	<u>\$ -</u>	<u>\$ 105,912</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, 2020

	Spectraserv Escrow	2019A-1 NJEIT Debt Service	2020A-1 NJEIT Debt Service	Total Restricted Accounts
Sources				
Interest income	\$ 22,407	\$ -	\$ -	\$ 423,094
Miscellaneous income	-	-	-	3,177,869
Expense reimbursement	-	-	-	35,945,794
Escrow deposits	-	-	-	24,707
Transfers – unrestricted funds	-	914,127	612,386	14,630,115
Budget appropriation	-	-	-	1,350,000
Transfer- Interfund	-	-	-	3,100,000
Total sources	<u>22,407</u>	<u>914,127</u>	<u>612,386</u>	<u>58,651,579</u>
Uses				
Bond principal paid	-	760,584	547,762	12,537,901
Bond interest paid	-	141,558	56,816	1,799,854
Vouchers paid	-	-	-	8,790,103
Claims paid	-	-	-	14,548
Escrow withdrawals	-	-	-	3,100,000
DEP fees	-	-	-	1,000,000
N.J. Wastewater admin. fees	-	11,985	7,808	292,358
Transfers - unrestricted funds	-	-	-	24,416,051
Transfers - unrestricted designated funds	-	-	-	3,177,513
Retainage withdrawals	689,640	-	-	689,640
Total uses	<u>689,640</u>	<u>914,127</u>	<u>612,386</u>	<u>55,817,968</u>
Increase (decrease)	(667,233)	-	-	2,833,611
Balance, beginning of year	<u>3,058,669</u>	<u>-</u>	<u>-</u>	<u>29,923,384</u>
Balance, end of year	<u>\$ 2,391,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,756,995</u>
Balance comprised of				
Cash and cash equivalents	\$ 2,391,436	\$ -	\$ -	\$ 30,475,828
Investments:				
Certificates of deposit	-	-	-	2,281,167
	<u>\$ 2,391,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,756,995</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2020

	General Liability Insurance Fund	Collision Insurance Reserve	Worker's Compensation Insurance	Land Acquisition and Improvement Reserve
Sources				
Interest income	\$ 53,938	\$ 1,454	\$ 3,221	\$ 124,376
Miscellaneous income	-	-	-	-
Due from Wastewater Division	-	-	-	1,000,000
Retainage deposits	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	200,000	-
Total sources	53,938	1,454	203,221	1,124,376
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	1,354	-
Claims paid	-	-	20,000	-
Trustee fee	-	-	-	-
NJEIT Admin fee	-	-	-	-
Total uses	-	-	21,354	-
Net increase (decrease) in the fair value of investments	-	-	-	-
Increase (decrease)	53,938	1,454	181,867	1,124,376
Balance, beginning of year	2,849,747	197,273	440,300	4,223,440
Balance, end of year	\$ 2,903,685	\$ 198,727	\$ 622,167	\$ 5,347,816
Balance comprised of				
Cash and cash equivalents	\$ 832,458	\$ 198,727	\$ 622,167	\$ 5,347,816
Investments:				
Certificates of deposit	2,071,227	-	-	-
Treasury notes	-	-	-	-
Other government obligations	-	-	-	-
	\$ 2,903,685	\$ 198,727	\$ 622,167	\$ 5,347,816

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2020

	DEP Closure Phase I	Environmental Self Insurance	Closure/ Post- Closure I	Closure/ Post- Closure II
Sources				
Interest income	\$ 29,818	\$ 507,361	\$ 68,405	\$ 650,957
Miscellaneous income	-	-	-	38,351
Due from Wastewater Division	-	-	-	-
Retainage deposits	-	689,640	-	-
Escrow deposits	-	-	-	1,004,427
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	-	-
Total sources	<u>29,818</u>	<u>1,197,001</u>	<u>68,405</u>	<u>1,693,735</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Trustee fee	-	-	-	52,218
NJEIT Admin fee	-	-	-	-
Total uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,218</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>710,000</u>
Increase (decrease)	29,818	1,197,001	68,405	2,351,517
Balance, beginning of year	<u>4,044,724</u>	<u>17,735,501</u>	<u>2,261,255</u>	<u>40,306,611</u>
Balance, end of year	<u>\$ 4,074,542</u>	<u>\$ 18,932,502</u>	<u>\$ 2,329,660</u>	<u>\$ 42,658,128</u>
Balance comprised of				
Cash and cash equivalents	\$ 4,074,542	\$ 18,932,502	\$ 2,329,660	\$ 414,976
Investments:				
Certificates of deposit	-	-	-	2,173,535
Treasury notes	-	-	-	40,069,617
Other government obligations	-	-	-	-
	<u>\$ 4,074,542</u>	<u>\$ 18,932,502</u>	<u>\$ 2,329,660</u>	<u>\$ 42,658,128</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2020

	CJ Nesti Soil Escrow	Supplemental Fund	Public Liability Insurance Reserve	Aforce Escrow
Sources				
Interest income	\$ 2,300	\$ 59,018	\$ 59,149	\$ 2,303
Miscellaneous income	-	-	-	-
Due from Wastewater Division	-	-	-	-
Retainage deposits	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	-	-
Total sources	<u>2,300</u>	<u>59,018</u>	<u>59,149</u>	<u>2,303</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
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)	2,300	59,018	59,149	2,303
Balance, beginning of year	<u>312,088</u>	<u>2,024,417</u>	<u>2,042,688</u>	<u>312,417</u>
Balance, end of year	<u>\$ 314,388</u>	<u>\$ 2,083,435</u>	<u>\$ 2,101,837</u>	<u>\$ 314,720</u>
Balance comprised of				
Cash and cash equivalents	\$ 314,388	\$ 2,083,435	\$ 2,101,837	\$ 314,720
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
Other government obligations	-	-	-	-
	<u>\$ 314,388</u>	<u>\$ 2,083,435</u>	<u>\$ 2,101,837</u>	<u>\$ 314,720</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2020

	<u>Construction Reserve</u>	<u>Northeast Remsco Retainage</u>	<u>Service Fee Escrow</u>	<u>Reconstruction/ Replacement Reserve</u>
Sources				
Interest income	\$ 8,175	\$ 212	\$ 6,019	\$ 63,641
Miscellaneous income	-	-	-	-
Due from Wastewater Division	-	-	-	-
Retainage deposits	-	-	-	-
Escrow deposits	-	-	2,515,007	-
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	-	500,000
Total sources	<u>8,175</u>	<u>212</u>	<u>2,521,026</u>	<u>563,641</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	2,466,642	-
Claims paid	-	-	-	-
Trustee fee	-	-	-	-
NJEIT Admin fee	-	-	-	-
Total uses	<u>-</u>	<u>-</u>	<u>2,466,642</u>	<u>-</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease)	8,175	212	54,384	563,641
Balance, beginning of year	<u>1,108,976</u>	<u>28,705</u>	<u>399,539</u>	<u>2,608,070</u>
Balance, end of year	<u>\$ 1,117,151</u>	<u>\$ 28,917</u>	<u>\$ 453,923</u>	<u>\$ 3,171,711</u>
Balance comprised of				
Cash and cash equivalents	\$ 1,117,151	\$ 28,917	\$ 453,923	\$ 3,171,711
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
Other government obligations	-	-	-	-
	<u>\$ 1,117,151</u>	<u>\$ 28,917</u>	<u>\$ 453,923</u>	<u>\$ 3,171,711</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2020

	2009A	DEP Closure	United	SWD FSA	Total
	Debt Service	Phase II	Energy	Escrow	
		Amboy	Soil Escrow		
Sources					
Interest income	\$ -	\$ 393,800	\$ 2,302	\$ 10	\$ 2,036,459
Miscellaneous income	-	27,966	-	-	66,317
Due from Wastewater Division	-	-	-	-	1,000,000
Retainage deposits	-	-	-	-	689,640
Escrow deposits	-	526,167	-	-	4,045,601
Transfers – unrestricted funds	1,916,294	-	-	-	1,916,294
Budget appropriation	-	-	-	-	700,000
Total sources	1,916,294	947,933	2,302	10	10,454,311
Uses					
Bond principal paid	1,695,482	-	-	-	1,695,482
Bond interest paid	186,477	-	-	-	186,477
Vouchers paid	-	-	-	-	2,467,996
Claims paid	-	-	-	-	20,000
Trustee fee	-	29,721	-	-	81,939
NJEIT Admin fee	34,335	-	-	-	34,335
Total uses	1,916,294	29,721	-	-	4,486,229
Net increase (decrease) in the fair value of investments	-	227,448	-	-	937,448
Increase (decrease)	-	1,145,660	2,302	10	6,905,530
Balance, beginning of year	-	21,673,783	312,086	1,685	102,883,305
Balance, end of year	\$ -	\$ 22,819,443	\$ 314,388	\$ 1,695	\$ 109,788,835
Balance comprised of					
Cash and cash equivalents	\$ -	\$ 4,517,301	\$ 314,388	\$ 1,695	\$ 47,172,314
Investments:					
Certificates of deposit	-	-	-	-	4,244,762
Treasury notes	-	-	-	-	40,069,617
Other government obligations	-	18,302,142	-	-	18,302,142
	\$ -	\$ 22,819,443	\$ 314,388	\$ 1,695	\$ 109,788,835

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CAPITAL ASSETS

December 31, 2020

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	129,980,811	177,981,346
Improvements other than buildings	122,703,613	379,277,325	501,980,938
Machinery and equipment	-	49,707,430	49,707,430
Furniture and fixtures	-	149,463	149,463
Landfill gas collection facility	-	67,958,982	67,958,982
Landfill gas collection equipment	-	13,753,353	13,753,353
	<u>\$ 170,704,148</u>	<u>\$ 649,229,192</u>	<u>\$ 819,933,340</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	-	11,246,020	11,246,020
Improvements other than buildings	-	19,542,804	19,542,804
Machinery and equipment	-	10,588,077	10,588,077
	<u>\$ -</u>	<u>\$ 320,909,039</u>	<u>\$ 320,909,039</u>

Note: Excludes construction in progress.

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF ACCUMULATED DEPRECIATION
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2020

	Accumulated Depreciation January 1, 2020	Depreciation Expense	Accumulated Depreciation December 31, 2020
Buildings and improvements:			
Acquired with capital contributions	\$ 38,233,789	\$ 1,019,189	\$ 39,252,978
Other	69,365,950	3,621,349	72,987,299
Improvements other than buildings:			
Acquired with capital contributions	83,815,412	2,567,025	86,382,437
Other	155,350,068	10,501,420	165,851,488
Machinery and equipment	21,021,448	3,167,291	24,188,739
Furniture and fixtures	36,425	13,736	50,161
Landfill gas collection facility	36,351,112	3,620,884	39,971,996
Landfill gas collection equipment	3,386,919	746,655	4,133,574
	<u>\$ 407,561,123</u>	<u>\$ 25,257,549</u>	<u>\$ 432,818,672</u>
Analysis:			
Depreciation attributable to assets acquired with capital contributions	\$ 122,049,201	\$ 3,586,214	125,635,415
Depreciation attributable to assets acquired with other than capital contributions	<u>285,511,922</u>	<u>21,671,335</u>	<u>307,183,257</u>
	<u>\$ 407,561,123</u>	<u>\$ 25,257,549</u>	<u>\$ 432,818,672</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

**SUPPLEMENTARY INFORMATION - SCHEDULE OF ACCUMULATED DEPRECIATION
SOLID WASTE DIVISION**

YEAR ENDED DECEMBER 31, 2020

	Accumulated Depreciation January 1, 2020	Depreciation Expense	Accumulated Depreciation December 31, 2020
Landfill and landfill expansion including initial preparatory cost	\$ 237,859,415	\$ 3,738,235	\$ 241,597,650
Buildings	8,958,965	304,805	9,263,770
Improvements other than buildings	7,631,264	1,058,226	8,689,490
Machinery and equipment	4,562,621	791,811	5,354,432
	\$ 259,012,265	\$ 5,893,077	\$ 264,905,342

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CONSTRUCTION IN PROGRESS

YEAR ENDED DECEMBER 31, 2020

	Total Costs through January 1, 2020	Increases January - December 31, 2020	Decreases January - December 31, 2020	Total Costs through December 31, 2020
<u>Wastewater Division</u>				
Final Tank Rehab	\$ 7,553,443	\$ 117,595	\$ -	\$ 7,671,038
Main Sub-Station Rehabilitation	21,391,697	454,052	-	21,845,749
Storage Building	720,999	-	-	720,999
Dewatering Bldg Odor Control System Rehab	2,936,801	3,051	-	2,939,852
SPS Restoration/Mitigation (FEMA)	73,371,885	13,206,171	-	86,578,056
EPS Restoration/Mitigation (FEMA)	31,792,925	2,656,572	-	34,449,497
Main Trunk Rehab II	6,178,299	1,782,540	-	7,960,839
Primary Tank Rehab	2,790,229	34,560	-	2,824,789
Process Water Screens	51,677	377,479	-	429,156
Gravity Thickener	2,126,017	32,139	-	2,158,156
Gravity Thickener Phase II	207,324	76,227	-	283,551
Meter Chamber Upgrade Phase I	3,303	-	-	3,303
Meter Chamber Upgrade Phase II	263,318	26,583	-	289,901
Influent Screening	221,434	34,693	-	256,127
Outfall Repairs	919,723	137,803	-	1,057,526
Main Trunk Sewer Phase III	597,848	96,918	-	694,766
Sludge Odor Control	771,067	447,505	-	1,218,572
SFFM Rehab	142,759	28,254	-	171,013
RAS Pipe Rehab	11,806	103,086	-	114,892
Grit Chamber Upgrade	76,450	138,660	-	215,110
Process Air Piping Upgrade	16,666	47,933	-	64,599
	<u>\$ 152,145,670</u>	<u>\$ 19,801,821</u>	<u>\$ -</u>	<u>\$ 171,947,491</u>
<u>Solid Waste Division</u>				
Landfill Gas Engine	\$ 6,726,369	\$ -	\$ -	\$ 6,726,369
Landfill Sideslope Closure	5,536,667	5,163,423	-	10,700,090
Landfill Electric Upgrade to Pumping Service	148,878	260,000	-	408,878
MCLF Paving	-	394,005	-	394,005
	<u>\$ 12,411,914</u>	<u>\$ 5,817,428</u>	<u>\$ -</u>	<u>\$ 18,229,342</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF REVENUE SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2020

	Balance	Bonds Issued	Principal Reduction	Balance	Analysis of Balance	
	January 1, 2020	Current Period		December 31, 2020	Current Portion	Due Long-Term
<u>Wastewater Division</u>						
Issue of 2001A - N.J. IB (Federal)	\$ 1,777,768	\$ -	\$ 888,285	\$ 889,483	\$ 889,483	\$ -
Issue of 2001A - N.J. IB (State)	2,390,125	-	1,166,015	1,224,110	1,224,110	-
Issue of 2005A - N.J. IB (Federal)	2,104,008	-	350,244	1,753,764	350,508	1,403,256
Issue of 2005A - N.J. IB (State)	2,688,239	-	404,659	2,283,580	421,298	1,862,282
Issue of 2006 - N.J. IB (Federal)	14,169,528	-	2,024,847	12,144,681	2,022,290	10,122,391
Issue of 2006 - N.J. IB (State)	19,409,017	-	2,692,944	16,716,073	2,562,640	14,153,433
Issue of 2009A - N.J. IB (Federal)	4,790,879	-	494,866	4,296,013	494,866	3,801,147
Issue of 2009A - N.J. IB (State)	5,611,000	-	467,000	5,144,000	486,000	4,658,000
Issue of 2009 C-1 - N.J. IB (Trust/State)	1,806,000	-	152,000	1,654,000	155,000	1,499,000
Issue of 2009 C-2 - N.J. IB (Trust/State)	2,337,000	-	194,000	2,143,000	202,000	1,941,000
Issue of 2009 D-1 - N.J. IB (Federal)	2,218,818	-	221,882	1,996,936	221,882	1,775,054
Issue of 2009 D-2 - N.J. IB (Federal)	6,182,266	-	618,227	5,564,039	618,227	4,945,812
Issue of 2010B - N.J. IB (Federal)	3,229,526	-	293,593	2,935,933	293,593	2,642,340
Issue of 2010B - N.J. IB (Trust/State)	3,344,000	-	237,000	3,107,000	250,000	2,857,000
Issue of 2014A - N.J. IB (Federal)	3,003,019	-	214,501	2,788,518	214,501	2,574,017
Issue of 2014A - N.J. IB (Trust/State)	1,110,000	-	60,000	1,050,000	65,000	985,000
Issue of 2016A - N.J. IB (Federal)	12,481,717	-	1,031,603	11,450,114	780,107	10,670,007
Issue of 2016A - N.J. IB (Trust/State)	4,345,000	-	283,833	4,061,167	126,167	3,935,000
Issue of 2019A - N.J. IB (Federal)	11,791,099	-	620,584	11,170,515	620,584	10,549,931
Issue of 2019A - N.J. IB (Trust/State)	3,995,000	-	140,000	3,855,000	150,000	3,705,000
Issue of 2020A - N.J. EIT (Federal)	-	16,158,974	547,762	15,611,212	821,643	14,789,569
Issue of 2020A - N.J. EIT (Trust/State)	-	5,205,000	-	5,205,000	180,000	5,025,000
	<u>\$ 108,784,009</u>	<u>\$ 21,363,974</u>	<u>\$ 13,103,845</u>	<u>\$ 117,044,138</u>	<u>\$ 13,149,899</u>	<u>\$ 103,894,239</u>
<u>Solid Waste Division</u>						
Issue of 2009A - N.J. IB (Federal)	\$ 3,891,908	\$ -	\$ 824,482	\$ 3,067,426	\$ 824,482	\$ 2,242,944
Issue of 2009A - N.J. IB (Trust/State)	4,708,000	-	871,000	3,837,000	910,000	2,927,000
	<u>\$ 8,599,908</u>	<u>\$ -</u>	<u>\$ 1,695,482</u>	<u>\$ 6,904,426</u>	<u>\$ 1,734,482</u>	<u>\$ 5,169,944</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, 2020

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Operating Revenues			
Appropriated net position	\$ 9,279,600	\$ - (1)	\$ 9,279,600
Annual charges	88,355,600	86,897,392	1,458,208
Treatment of septic tank waste	200,000	426,041	(226,041)
Service fees, review of plans, etc.	2,000	2,700	(700)
Industrial pretreatment program fees	20,000	37,950	(17,950)
Miscellaneous income	200,000	390,500	(190,500)
Sale of plans and specifications	5,000	200	4,800
Interest on investments and deposits	100,000	446,565 (2)	(346,565)
Management fees	2,134,000	2,136,000	(2,000)
Sampling and lab fees	20,000	17,916	2,084
Analytical services	20,000	14,179	5,821
Groundwater discharge fees	800,000	1,002,291	(202,291)
Penalty assessments	15,000	107,500	(92,500)
Effluent reuse sales	765,000	717,255	47,745
Sale of synthetic soil	480,000	477,733	2,267
Praxair	2,332,000	1,989,268	342,732
Grants	37,075,000	10,893,911	26,181,089
Electric generation income	500,000	873,082	(373,082)
Total revenues	142,303,200	106,430,483	35,872,717
Less: Revenues to fund Bonded and Reimbursable projects			
Grants	(37,075,000)	(10,893,911)	(26,181,089)
Total operating revenues less revenues to fund bonded and reimbursable projects	105,228,200	95,536,572	9,691,628
Operating Expenses			
Salaries and wages			
Administration	3,160,000	3,243,821	(83,821)
Plant operation	2,724,000	2,562,485	161,515
Plant solids	1,980,000	2,044,659	(64,659)
Laboratory	1,825,000	1,697,397	127,603
Plant maintenance	3,808,000	3,669,901	138,099
Sayreville pump station	846,000	914,118	(68,118)
Lines, meters and small pump stations	1,105,000	1,031,551	73,449
Temporary help	50,000	2,570	47,430
Total salaries and wages	15,498,000	15,166,502	331,498

(1) Not an operating revenue for GAAP purposes.

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

\$ 118,879

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, 2020

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Administration			
Pension expense	\$ 1,986,000	\$ 1,674,702	\$ 311,298
Social security tax	1,186,000	1,058,137	127,863
Disability insurance	120,000	98,435	21,565
Hospitalization plan	2,140,000	1,753,546	386,454
Dental and vision plan	129,000	114,663	14,337
Retired employees/survivor benefits	2,310,000	2,530,329	(220,329)
Prescription plan	1,100,000	857,799	242,201
Paid sick leave	250,000	236,126	13,874
Excess worker's compensation	79,000	76,075	2,925
Insurance - other	1,028,000	1,009,689	18,311
Professional fees	3,012,000	2,792,535	219,465
Regulatory fees and permits	853,000	754,312	98,688
Host community benefits	1,630,000	1,627,920	2,080
General administrative expenses	794,000	895,174	(101,174)
Interest expense	300,000	326,644	(26,644)
Interest expense on early retirement incentive liabilities	-	119,016	(119,016)
Environmental studies	350,000	9,247	340,753
Total administration	17,267,000	15,934,349	1,332,651
Central Treatment Plant			
Chemicals	2,960,000	3,223,328	(263,328)
Power and light	2,036,000	2,831,451	(795,451)
Fuel oil	1,845,000	1,700,284	144,716
Water	150,000	384,346	(234,346)
Grit processing	285,000	236,280	48,720
Transportation of synthetic soil	2,507,000	1,614,344	892,656
Maintenance	4,075,000	5,037,589	(962,589)
Laboratory	569,000	478,109	90,891
Transportation	257,000	216,828	40,172
Electric generation plant	7,952,000	8,640,558	(688,558)
Operations	1,658,000	1,228,281	429,719
Total central treatment plant	24,294,000	25,591,398	(1,297,398)

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, 2020

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Sayreville Pumping Station			
Power and light	\$ 1,310,000	\$ 674,746	\$ 635,254
Water	25,000	72,042	(47,042)
Maintenance	136,000	100,358	35,642
Total Sayreville Pumping Station	1,471,000	847,146	623,854
Edison Pumping Station			
Power and light	200,000	322,364	(122,364)
Water	8,000	13,902	(5,902)
Maintenance	64,000	72,654	(8,654)
Total Edison Pumping Station	272,000	408,920	(136,920)
Bound Brook Pumping Station			
Power and light	35,000	24,590	10,410
Water	1,000	1,247	(247)
Maintenance	23,000	2,276	20,724
Total Bound Brook Pumping Station	59,000	28,113	30,887
Green Brook Pumping Station			
Power and light	80,000	50,889	29,111
Water	7,000	3,118	3,882
Maintenance	67,000	23,030	43,970
Total Green Brook Pumping Station	154,000	77,037	76,963
South Amboy Pumping Station			
Power and light	90,000	82,490	7,510
Water	20,000	10,814	9,186
Maintenance	17,000	14,844	2,156
Total South Amboy Pumping Station	127,000	108,148	18,852
Lines, Meters and Small Pumping Stations			
Power and light	12,000	10,668	1,332
Rental of rights of way	11,700	56,640	(44,940)
Maintenance	1,479,000	1,579,148	(100,148)
Total Lines, Meters and Small Pumping Stations	1,502,700	1,646,456	(143,756)
Hurricane loss			
Administration	15,000	17,008	(2,008)
***Total Hurricane Loss	15,000	17,008	(2,008)
Less: Reimbursable projects***	(15,000)	(17,008)	2,008
Total operating expense budget	60,644,700	59,808,069	836,631

***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, 2020

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Capital Outlays			
Administration - computer	\$ 452,000	\$ 311,447	\$ 140,553
Administration - furniture and fixtures	10,000	14,877	(4,877)
Administration - training center	150,000	-	150,000
Administration - security upgrades	150,000	226,054	(76,054)
Administration - machinery & equipment	15,000	-	15,000
Pumping stations:			
Sayreville Pumping Station	25,000	11,000	14,000
Edison Pumping Station	20,000	-	20,000
Green Brook Pumping Station	207,000	25,770	181,230
South Amboy Pumping Station	20,000	29,527	(9,527)
Bound Brook Pumping Station	-	19,537	(19,537)
Lines, meters and small pumping stations:			
Machinery and equipment	50,000	13,226	36,774
Pipeline repair	3,665,000	2,190,150	1,474,850
*Hayden inteceptor	50,000	-	50,000
*Meter chamber upgrade	2,315,000	29,103	2,285,897
*Main trunk sewer I base bid	-	(2,520)	2,520
*Main trunk sewer II	1,500,000	1,782,540	(282,540)
*Main trunk sewer III	7,050,000	96,918	6,953,082
*Main trunk sewer IV	750,000	-	750,000
Supplemental outfall repairs	825,000	137,803	687,197
*SRFM rehab - engineering	100,000	28,254	71,746
Pump station, permanent restoration / mitigation:			
*Sayreville Pumping Station	9,661,000	13,206,171	(3,545,171)
*Edison Pumping Station	3,264,000	2,656,572	607,428
Electric Generation:			
Machinery and equipment	3,000,000	3,031,465	(31,465)
Gas collection system	3,560,000	3,083,624	476,376
Central treatment plant:			
Furniture and fixtures	-	29,768	(29,768)
Building renovations	75,000	-	75,000
Machinery and equipment	320,000	14,698	305,302
Oxygen facility - machinery and equipment	250,000	186,321	63,679
Oxygen facility - spare parts	10,000	-	10,000
Electrical substation upgrade	1,100,000	454,052	645,948
Process water screens / engineering	871,000	377,480	493,520
Electrical equipment	300,000	-	300,000
Lab machinery and equipment	100,000	12,450	87,550
Lab computer equipment	100,000	58,177	41,823
Pumps and motors	100,000	72,680	27,320
Roof reconstruction	600,000	-	600,000
Sidewalks and roads	100,000	-	100,000
Influent screen	1,100,000	34,693	1,065,307
Primary tanks - Phase 3	-	344,163	(344,163)
*Primary tanks - Phase 4	1,740,000	34,560	1,705,440
Final tanks - Phase 3	-	73,585	(73,585)
*Final tanks - Phase 4	2,420,000	44,010	2,375,990
Hypo tank replacement	200,000	98,524	101,476
*Septage handling improvements engineering	160,000	-	160,000
DW building thickened sludge	120,000	-	120,000

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, 2020

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
*Storage building	\$ 100,000	\$ 32,090	\$ 67,910
Plant SCADA	60,000	59,971	29
*Grit chamber upgrades	710,000	138,660	571,340
DW building OCS	-	3,051	(3,051)
Duophase - machinery and equipment	935,000	468,009	466,991
Odor control system upgrades	350,000	447,505	(97,505)
Maintenance annex rehab	110,000	239,943	(129,943)
*RAS pipe rehab	1,320,000	103,086	1,216,914
Muffin monsters	50,000	-	50,000
*Process air piping upgrades	1,530,000	47,933	1,482,067
*Gravity thickener	3,740,000	108,366	3,631,634
**Water Reuse	650,000	-	650,000
Vehicles	500,000	437,151	62,849
Total capital outlays	56,560,000	30,812,444	25,747,556
Less: Bonded projects*	(36,410,000)	(18,305,743)	(18,104,257)
Reimbursable projects**	(650,000)	-	(650,000)
Capital outlays funded by operating revenues	19,500,000	12,506,701	6,993,299
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	81,144,700	73,314,770	7,829,930
NJ- WWT - administrative fee	-	292,358	(292,358)
Total before debt service and amortization	81,144,700	73,607,128	7,537,572

*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, 2020

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Principal Maturities			
2001A issue	\$ 2,054,300	\$ 2,054,300	\$ -
2005 NJIB	754,900	754,903	(3)
2006 EPS - wastewater treatment	4,487,200	4,717,791	(230,591)
2009 EPS wastewater treatment	961,900	961,866	34
2010A (Traditional) - Plant upgrades	373,900	373,882	18
2010A (ARRA) - switchgear	812,200	812,227	(27)
2010 - OSPS	530,600	530,593	7
2014 - Main Trunk Sewer I	274,500	274,501	(1)
2016 NJEIT - Elec Substation	980,100	1,315,436	(335,336)
2019 Main Trunk II (est)	404,900	-	404,900
2019 Main Trunk III (est)	538,100	-	538,100
2019 FEMA/SAIL EPS Perm	760,600	760,584	16
2019 NJEIT CTP Grit (est)	175,000	-	175,000
2020 Short-term Warehouse (est)	2,000,000	-	2,000,000
2019 NJEIT Primary Settling Tank (est)	180,000	-	180,000
2019 NJEIT Thickener Tank II (est)	261,300	-	261,300
2019 NJEIT RAS Pipe I (est)	187,000	-	187,000
2019 NJEIT Meter Chamber II (est)	111,300	-	111,300
Debt Service Rate Stabilization Fund	4,000,000	-	4,000,000
2020 FEMA/SAIL SPS Perm (est)	881,700	547,762	333,938
2020 NJEIT Final Settling Tank Ph 4 (est)	204,000	-	204,000
Total principal maturities	20,933,500	13,103,845	7,829,655
Interest Expense			
2001A issue	117,000	57,580	59,420
2005 - wastewater treatment	107,500	87,922	19,578
2006 EPS - wastewater treatment	799,800	653,317	146,483
2009 EPS wastewater treatment	224,400	215,198	9,202
2010A (Traditional) - Plant upgrades	93,500	69,169	24,331
2010A (ARRA) - switchgear	72,300	89,549	(17,249)
2010 - OSPS	160,100	154,852	5,248
2014 NJIB - Main Trunk Sewer I	40,400	38,708	1,692
2016 NJIB - Electric Substation Upgrade (estimated)	146,600	140,550	6,050
2019 Main Trunk II (est)	139,300	-	139,300
2019 Main Trunk III (est)	185,100	-	185,100
2019 FEMA/SAIL EPS Perm (est)	141,900	138,666	3,234
2019 NJIB CTP Grit (est)	60,200	-	60,200
2019 Short-term Warehouse (est)	234,000	-	234,000
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
2020 FEMA/SAIL SPS Perm (est)	303,300	135,042	168,258
2020 NJEIT Final Settling Tank Ph 4 (est)	70,200	-	70,200
Total interest expense	3,150,000	1,780,553	1,369,447
Total actual costs funded by operating revenues	105,228,200	88,491,526	16,736,674
Excess in revenues	-	7,045,046	(7,045,046)
Total actual costs funded by operating revenues and excess in revenues	\$ 105,228,200	\$ 95,536,572	\$ 9,691,628

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, 2020

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Operating Revenues			
Tipping fees	\$ 39,480,000	\$ 36,083,120	\$ 3,396,880
Unreserved net position	2,854,500	-	(1) 2,854,500
Interest income	20,000	869,455	(2) (849,455)
Soil program income	5,000,000	6,532,382	(1,532,382)
Service fee income	700,000	878,370	(178,370)
Miscellaneous income	17,000	396,081	(379,081)
Net increase in the fair value of investments	-	937,448	(937,448)
Total operating revenues	<u>\$ 48,071,500</u>	<u>\$ 45,696,856</u>	<u>\$ 2,374,644</u>
(1) Not a revenue for GAAP purposes.			
(2) Includes non-budgeted interest earned on restricted funds.			
Operating Expenses			
Salaries and Wages			
Administration	\$ 1,169,000	\$ 1,070,965	\$ 98,035
Operations	2,303,000	2,212,030	90,970
Temporary help	10,000	-	10,000
Total salaries and wages	<u>3,482,000</u>	<u>3,282,995</u>	<u>199,005</u>
Administration			
Public Employee Retirement System	423,000	295,536	127,464
Social Security tax	267,000	227,983	39,017
Employee benefits	1,292,000	1,038,088	253,912
Insurance	342,000	337,836	4,164
Professional fees	1,755,000	1,093,657	661,343
Regulatory fees and permits	235,000	202,464	32,536
General administrative expenses	2,373,500	2,347,862	25,638
Implementing agency fee	3,657,000	3,675,000	(18,000)
Total administration	<u>10,344,500</u>	<u>9,218,426</u>	<u>1,126,074</u>
Landfill Operations			
Host community benefits	6,351,000	6,374,483	(23,483)
Utilities	52,000	33,465	18,535
Maintenance	738,000	410,877	327,123
Operations	7,406,000	6,812,530	593,470
Transportation	59,000	40,074	18,926
Mandated charges	2,845,000	2,601,155	243,845
Total landfill operations	<u>17,451,000</u>	<u>16,272,584</u>	<u>1,178,416</u>
Budget subtotal	31,277,500	28,774,005	2,503,495
NJ - WWT and DEP - administrative fee	-	34,335	(34,335)
Budget total before debt service, capital outlay and reserves	<u>31,277,500</u>	<u>28,808,340</u>	<u>2,469,160</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, 2020

<u>Description</u>	<u>Annual Budget</u>	<u>Actual</u>	<u>Unrealized (Excess Over) Under Budget</u>
Debt Service			
Bond principal	\$ 1,696,000	\$ 1,695,482	\$ 518
Interest on bonds	<u>189,000</u>	<u>172,087</u>	<u>16,913</u>
Total debt service	<u>1,885,000</u>	<u>1,867,569</u>	<u>17,431</u>
Capital Outlay			
Landfill - capital	<u>13,314,000</u>	<u>7,228,176</u>	<u>6,085,824</u>
Reserves	<u>1,595,000</u>	<u>1,532,662</u>	<u>62,338</u>
Total actual costs funded by operating revenues	<u>\$ 48,071,500</u>	<u>\$ 39,436,747</u>	<u>\$ 8,634,753</u>
Excess in revenues	<u>-</u>	<u>6,260,109</u>	<u>(6,260,109)</u>
Total actual costs funded by operating revenues and excess in revenues	<u>\$ 48,071,500</u>	<u>\$ 45,696,856</u>	<u>\$ 2,374,644</u>

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

YEAR ENDED DECEMBER 31, 2020

	Total Annual Charges	Flow		Biochemical Oxygen Demand		Suspended Solids		Chlorine Demand	
		Million Gallons	Charges	Tons	Charges	Tons	Charges	CWT	Charges
Municipalities									
Bound Brook	\$ 1,018,166	480.493	\$ 450,884	454.175	\$ 261,036	409.100	\$ 283,811	114.388	\$ 22,435
Carteret	2,723,918	1,441.764	992,643	1,601.234	892,844	1,120.451	751,482	466.181	86,949
Cranbury	552,971	144.351	198,263	231.877	134,176	305.704	214,107	32.550	6,425
East Brunswick	3,346,194	1,399.474	969,311	1,764.209	980,814	2,072.664	1,324,517	380.170	71,552
Edison	8,906,881	5,311.492	3,052,749	4,181.115	2,244,405	5,601.210	3,432,504	970.475	177,223
Franklin Twp.	6,797,313	2,867.514	1,753,677	4,212.744	2,260,683	4,299.715	2,656,188	688.603	126,765
Highland Park	1,385,064	652.101	551,693	591.998	338,567	691.633	473,183	109.715	21,621
Metuchen	1,190,052	565.825	501,011	493.749	283,380	557.340	383,176	113.974	22,485
Middlesex	1,452,696	709.100	585,177	609.605	348,457	719.543	491,889	138.899	27,173
Monroe Twp.	4,529,391	1,511.894	1,031,334	2,388.316	1,310,606	3,399.286	2,119,101	362.573	68,350
New Brunswick	5,831,571	3,578.306	2,131,492	2,672.339	1,460,678	3,394.970	2,116,464	667.222	122,937
North Brunswick	3,507,491	2,210.616	1,404,510	1,539.892	858,723	1,808.410	1,165,702	419.431	78,556
Old Bridge	4,826,383	1,925.821	1,253,130	2,414.215	1,324,291	3,471.334	2,162,075	465.836	86,887
Perth Amboy	3,864,300	1,596.222	1,076,147	3,187.855	1,732,959	1,481.171	969,035	461.765	86,159
Piscataway	5,992,225	3,426.057	2,050,565	3,281.034	1,779,890	3,229.415	2,017,776	784.849	143,994
PARSA	9,115,645	4,444.145	2,591,720	5,786.134	3,070,412	5,219.627	3,204,897	1,380.599	248,616
Sayreville	4,344,802	1,599.311	1,079,086	2,265.304	1,245,609	3,117.582	1,950,949	366.992	69,158
South Amboy	682,057	264.794	298,586	262.919	152,001	313.251	219,172	62.301	12,298
South Bound Brook	457,581	177.569	229,329	169.329	98,257	176.097	123,445	33.183	6,550
South Brunswick	2,811,853	1,013.114	756,152	1,943.705	1,075,683	1,348.938	889,564	485.769	90,454
South River	1,346,336	632.645	540,264	633.930	362,121	606.353	416,026	142.977	27,925
Spotswood	1,004,272	226.403	268,768	505.617	290,046	631.183	432,668	64.793	12,790
Woodbridge	4,404,418	1,938.597	1,259,921	1,798.120	998,588	3,310.309	2,066,027	426.871	79,882
	<u>\$ 80,091,580</u>	<u>38,117.608</u>	<u>\$ 25,026,412</u>	<u>42,989.415</u>	<u>\$ 23,504,226</u>	<u>47,285.286</u>	<u>\$ 29,863,758</u>	<u>9,140.116</u>	<u>\$ 1,697,184</u>
Industries									
LANXESS fka Chemtura	\$ 597,138	69.513	\$ 107,734	791.057	\$ 447,925	53.273	\$ 37,505	20.133	\$ 3,974
Ashland Aqualon	878,269	76.562	116,261	1,116.828	629,133	82.617	58,055	399.586	74,820
Schweitzer-Maudit	4,475,124	431.904	421,948	2,524.444	1,382,534	3,957.108	2,451,830	1,208.078	218,812
Equistar Chemicals	855,281	38.470	69,699	179.843	104,057	1,033.679	680,889	3.221	636
	<u>\$ 6,805,812</u>	<u>616.449</u>	<u>\$ 715,642</u>	<u>4,612.173</u>	<u>\$ 2,563,649</u>	<u>5,126.677</u>	<u>\$ 3,228,279</u>	<u>1,631.018</u>	<u>\$ 298,242</u>
	<u>\$ 86,897,392</u>	<u>38,734.057</u>	<u>\$ 25,742,054</u>	<u>47,601.588</u>	<u>\$ 26,067,875</u>	<u>52,411.963</u>	<u>\$ 33,092,037</u>	<u>10,771.134</u>	<u>\$ 1,995,426</u>

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

YEAR ENDED DECEMBER 31, 2020

Calculations for participants are made quarterly:

Operations and Maintenance Rates:

Flow	Flat rate charge per Million Gallons	\$	380.31
Biochemical Oxygen Demand	Flat rate charge per Ton		447.29
Suspended Solids	Flat rate charge per Ton		510.53
Chlorine Demand	Flat rate charge per CWT		44.85

<u>Debt Service Rates:</u>	<u>Million Gallons Charge Per Quarter</u>	<u>Charge Per Million Gallons</u>
Flow	First 5 at	\$ 1,713.75
	Next 5 at	1,127.28
	Next 30 at	829.36
	Next 60 at	396.38
	Next 100 at	207.13
	Next 200 at	171.40
	Over 400 at	151.23
Biochemical Oxygen Demand	<u>Tons Per Quarter</u>	<u>Charge Per Ton</u>
	First 30 at	\$ 135.46
	Next 70 at	126.96
	Next 100 at	114.42
	Next 200 at	101.05
	Over 800 at	67.35
Suspended Solids	First 10 at	\$ 195.57
	Next 70 at	188.98
	Next 170 at	159.69
	Next 450 at	90.46
	Over 700 at	85.95
Chlorine Demand	<u>Short Hundredweights Per Quarter</u>	<u>Change Per Short Hundredweight</u>
	First 30 at	\$ 152.55
	Next 60 at	139.54
	Next 180 at	134.16
	Over 810 at	119.80

MIDDLESEX COUNTY UTILITIES AUTHORITY
OTHER INFORMATION - ROSTER OF OFFICIALS
AS OF DECEMBER 31, 2020

Authority Member	Position	Term	Amount of Surety
John F. Wiley, Esq.	Chairman (Vice Chairman until Feb. 2021)	1/31/2023	None
Ted H. Light, P.E.	Vice Chairman (Chairman until Feb. 2021)	1/31/2023	None
Alan Jacobs, P.E., P.P.	Commissioner	1/31/2021 (<i>hold over</i>)	None
Antonio L. Cruz, Esq.	Commissioner	1/31/2024	None
Robert Diehl	Commissioner	1/31/2024	None
Joseph Juliano	Commissioner	1/31/2020 (<i>hold over</i>)	None
James M. Zullo	Commissioner	1/31/2021 (<i>hold over</i>)	None
Rebecca Williams	Commissioner	1/31/2021 (<i>hold over</i>)	None
Raymond Murray	Commissioner	6/30/2021	None
Jerome Convery Esq.	Commissioner	1/31/2021 (<i>hold over</i>)	None
Other Officials			
Joseph Cryan	Executive Director	2/28/2022	*
J. Joaquin Gonzalez, PE, MBA	Chief Engineer	Annual	*
Paul Clark	Solid Waste Division Manager	Annual	*
Karen L. Levenson, CPA	Treasurer / Comptroller	2/28/2022	\$250,000
Judith McCabe	Secretary	2/28/2022	*
McManimon, Scotland & Baumann, LLC	General/Construction Counsel	Annual	
R3M Engineering, Inc.	Consulting Engineers - Wastewater Division	Annual	
CME Associates	Consulting Engineers - Solid Waste Divisior	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, 2020**

GENERAL COMMENTS AND RECOMMENDATIONS

None for the year ended December 31, 2020.



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 (the "Division"), the financial statements of the Middlesex County Utilities Authority (the "Authority"), as of and for the year ended December 31, 2020, 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 September 10, 2021.

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) as a basis for designing 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

September 10, 2021
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, 2020. 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, 2020.

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

September 10, 2021
Florham Park, New Jersey

Middlesex County Utilities Authority

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

Federal Funding Department	Federal	Federal Award	State	Total	Grant Period		Expenditures for the year ended December 31, 2020
	CFDA Number	Identification Number	Account Number		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	12/31/2020	<u>\$ 10,893,911</u>
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	12/31/2020	255,218
Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	042-4860-711-009/010	6,600,001	5/23/2019	12/31/2020	1,050,271
Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	042-4860-711-009/010	2,837,501	5/23/2020	12/31/2020	<u>1,783,412</u>
Total United States Environmental Protection Agency Passed Through the State of New Jersey							<u>3,088,901</u>
U.S. Department of Treasury Pass-Through the County of Middlesex: COVID-19 Coronavirus Relief Fund	21.019	COVID-19	None	2,954,915	3/1/2020	12/31/2020	<u>2,954,915</u>
Sub-total - Pass-Through Awards							<u>16,937,727</u>
Total Expenditures of Federal Financial Awards							<u><u>\$ 16,937,727</u></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, 2020

State Grantor/Program Title	Grant or State Project Number	<u>Grant Period</u>		Total Award	Balance January 1, 2020	Expenditures for the year ended December 31, 2020	Cash Received
		From	To				
New Jersey Environmental Infrastructure Trust:							
NJ Clean Water SRF Capitalization Grant	042-4860-711-009/010	5/26/2016	12/31/2020	\$ 5,114,037		\$ 85,073	
NJ Clean Water SRF Capitalization Grant	042-4860-711-009/010	5/23/2019	12/31/2020	2,334,026		491,487	\$ 417,508
NJ Clean Water SRF Capitalization Grant	042-4860-711-009/010	5/23/2020	12/31/2020	1,117,424		717,645	412,219
Statewide Assistance Infrastructure Loans:							
Sayreville Pump Station	S340699-12	12/8/2016	6/30/2020	9,552,518	\$ 9,552,518	791,193	10,343,711
Total State Financial Assistance					<u>\$ 9,552,518</u>	<u>\$ 2,085,398</u>	<u>\$ 11,173,438</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, 2020

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 Coronavirus Relief Fund are based upon expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19). When expenditures are incurred, a request for reimbursement is submitted to the County of Middlesex, New Jersey, 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, 2020

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, 2020

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

21.019
 66.458

Coronavirus Relief Fund
 Capitalization Grants for Clean Water State Revolving Funds

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

\$750,000

Auditee qualified as low-risk auditee?

 ✓ Yes _____ No

MIDDLESEX COUNTY UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020

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, 2020

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, 2020

No prior year findings were noted.