



MIDDLESEX COUNTY UTILITIES AUTHORITY

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2021 AND 2020

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 Audit of the Financial Statements

Opinions

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, 2021 and 2020, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of December 31, 2021 and 2020, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and requirements prescribed by the Division of Local Government Services, Department of Community Affairs,

State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

Supplementary 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of rates, roster of officials and general comments and recommendations but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



WISS & COMPANY, LLP

Florham Park, New Jersey
September 12, 2022

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, 2021 and 2020.

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, 2021. 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 \$9,849,121 mainly due to an overall increase in cash, investments and accounts receivable. This was offset by a decrease in net capital assets and COVID-19 CARES Act receivable. Total liabilities and deferred inflows of resources decreased by \$25,388,865, mainly due to a decrease in the net pension liability and decrease in NJIIB construction loan, as well as other post-employment benefits (OPEB) deferrals. This was offset by an increase in bonds payable. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$439,936,063. This compares to 2020 where assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$404,698,077.

The Authority's Net Position of \$439,936,063 is comprised of the following:

1. Net investment in capital assets of \$499,897,331, 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 decreased by \$8,916,419 from the prior year.

	<u>Wastewater Division</u>	<u>Solid Waste Division</u>	<u>Total</u>
Capital Assets - Net	\$ 554,186,059	\$ 74,905,243	\$ 629,091,302
Cash held with bond trustee	2,100,665	-	2,100,665
	<u>556,286,724</u>	<u>74,905,243</u>	<u>631,191,967</u>
Less:			
Bonds payable, including unamortized bond premiums	124,646,905	5,295,825	129,942,730
Deferred gain on defeasance of debt	<u>1,275,598</u>	<u>76,308</u>	<u>1,351,906</u>
	<u>125,922,503</u>	<u>5,372,133</u>	<u>131,294,636</u>
Net Investment in Capital Assets	\$ <u>430,364,221</u>	\$ <u>69,533,110</u>	\$ <u>499,897,331</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS

2. Solid Waste Division net position of \$23,445,452, restricted for environmental self-insurance, increased by \$81,825 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 \$4,717,999 designated for future reconstruction and replacement increased \$506,525 from the prior year. This is mostly attributable to a budget designation of \$500,000. Solid Waste Division net position of \$3,682,536 designated for future reconstruction and replacement increased \$510,825 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 \$2,348,447 designated for liability insurance increased by \$7,107 from the prior year due to interest income earned in 2021. Solid Waste Division net position of \$2,916,243 designated for liability insurance increased by \$8,126 from the prior year due to interest earned in 2021.
8. Wastewater Division net position of \$299,964 designated for auto insurance decreased by \$1,312 from the prior year. Solid Waste Division net position of \$199,025 designated for auto insurance increased by \$298 from the prior year due to interest income earned in 2021.
9. Wastewater Division net position of \$124,176 designated for unemployment claims increased by \$186 from the prior year due to interest earned in 2021.
10. Solid Waste Division net position of \$20,542,346 designated for land acquisition and improvements increased by \$249,602 from the prior year. This increase is mostly attributable to interest income earned in 2021.
11. Solid Waste Division net position of \$2,092,423 designated for future contingencies increased by \$8,988 as a result of interest earned in 2021.
12. Solid Waste Division net position of \$2,110,852 designated for public liability insurance increased by \$9,015 as a result of interest earned in 2021.
13. Wastewater Division unrestricted, undesignated net position (deficit) of (\$137,088,232) 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 of \$6,996,299 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

Total unrestricted current assets increased mainly as a result of an increase in cash and an increase in accounts receivable as a result of current year operations and timing of receipts.

Total restricted current assets increased mainly as a result of an increase in cash and investments offset by decreases in due from NJIB and cash held with bond trustee.

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 as well as a decrease in the OPEB deferrals as determined by the Authority's actuary.

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

Long term liabilities payable have decreased mainly as a result of a decrease in the net pension liability and a decrease in the NJIB loan, offset by increases in bonds payable and the liability for other post-employment benefits.

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

Condensed Statements of Revenues, Expenses and Changes in Net Position

Wastewater Division 2021 operating revenues decreased from 2020 levels, mainly due to a decrease in annual charges. Total Wastewater Division operating expenses increased from 2020, mainly due to an increase in current year operations and current year depreciation offset by a decrease in pension expense as determined by the actuary.

Solid Waste Division 2021 operating revenues increased from 2020 levels, mainly due to increases in tipping fees and spoil program income. Total Solid Waste Division operating expenses decreased from 2020, mainly due to a decrease in pension expense as determined by the actuary.

Total operating revenues less total operating expenses resulted in 2021 operating income of \$12,760,507 for the Wastewater Division, which is a decrease over operating income in 2020 of \$2,855,437.

Total operating revenues less total operating expenses resulted in 2021 operating income of \$20,849,900 for the Solid Waste Division, which is an increase from the Solid Waste Division operating income in 2020 of \$11,734,332. This increase is mostly the result of the increase in tipping fees and soil program collections while expenses decreased.

Excluding depreciation and amortization, operating income was \$64,451,828 and \$55,882,138 for 2021 and 2020, respectively. This represents an increase of \$8,569,690, or 15%, which is mainly the result of increases in tipping fees and soil program revenues and a decrease in pension expense as determined by the actuary.

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

Total Net Position as of December 31, 2021 increased \$35,237,986 from 2020's, Total Net Position, as is depicted below.

	<u>Year ended December 31, 2021</u>			
	<u>Wastewater Division</u>	<u>Solid Waste Division</u>	<u>Eliminations</u>	<u>Total</u>
Total operating revenues	\$ 92,835,400	\$ 52,725,018	\$ (2,446,659)	\$ 143,113,759
Total operating expenses	80,074,893	31,875,118	(2,446,659)	109,503,352
Operating income	12,760,507	20,849,900	-	33,610,407
Nonoperating revenues (expenses) - net	2,439,298	268,203	-	2,707,501
Net decrease in the fair value of investments	-	(1,079,922)	-	(1,079,922)
Change in net position	15,199,805	20,038,181	-	35,237,986
Total net position - beginning	293,217,972	111,480,105	-	404,698,077
Total net position - ending	<u>\$ 308,417,777</u>	<u>\$ 131,518,286</u>	<u>\$ -</u>	<u>\$ 439,936,063</u>

	<u>Year ended December 31, 2020</u>			
	<u>Wastewater Division</u>	<u>Solid Waste Division</u>	<u>Eliminations</u>	<u>Total</u>
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>

Capital Assets

At the end of the fiscal years ended December 31, 2021 and 2020, the Wastewater Division had \$554,186,059 and \$559,062,159, 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 decrease in net capital assets is due to current year depreciation expense exceeding capital asset additions and construction in progress related to the ongoing the renovations and construction of the Sayreville and Edison pumping stations.

At the end of the fiscal years ended December 31, 2021 and 2020, the Solid Waste Division had \$74,905,243 and \$74,233,039, 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, 2021, the Wastewater Division had \$124,646,905 of outstanding bonds, including unamortized premiums on bonds. As of December 31, 2020, the Wastewater Division had \$118,974,528 of outstanding debt, including unamortized premiums on bonds. Bond principal payments and reductions for refund savings and bond deobligations of \$13,472,029 were made in accordance with the amortization schedules.

As of December 31, 2021, the Solid Waste Division had \$5,295,825 of outstanding bonds, including unamortized premiums on bonds. As of December 31, 2020, the Solid Waste Division had \$7,073,467 of outstanding debt, including unamortized premiums on bonds. Bond principal payments of \$1,734,482 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 2022. 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. All funds have been received as of December 31, 2021.

Solid Waste Division:

- Tipping fees increased 12.6%, mainly due to an increase in tonnage of waste received.
- Soil program revenue increased 59.8% due to an increase in the amount of soil delivered to the landfill in 2021.

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, 2021

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Unrestricted Current Assets				
Cash and cash equivalents	\$ 19,697,899	\$ 41,189,698	\$ -	\$ 60,887,597
Investments	7,450,000	-	-	7,450,000
Annual charges receivable	1,396,558	-	-	1,396,558
Accounts receivable	-	4,702,146	-	4,702,146
Grants receivable	7,610,192	-	-	7,610,192
Due from Solid Waste Division	28,915	-	(28,915)	-
Other charges receivable	1,764,004	-	-	1,764,004
Prepaid expenses	604,627	-	-	604,627
Interest receivable	909	-	-	909
Total unrestricted current assets	<u>38,553,104</u>	<u>45,891,844</u>	<u>(28,915)</u>	<u>84,416,033</u>
Restricted Current Assets				
Cash and cash equivalents	34,412,213	51,723,470	-	86,135,683
Investments	4,001,000	33,515,790	-	37,516,790
Note receivable, Wastewater Division	-	11,349,347	(11,349,347)	-
Due from Wastewater Division	-	1,955,212	(1,955,212)	-
Trust accounts	124,440	-	-	124,440
Interest receivable	21,682	209,112	-	230,794
Cash held with bond trustee	2,100,665	-	-	2,100,665
Total restricted current assets	<u>40,660,000</u>	<u>98,752,931</u>	<u>(13,304,559)</u>	<u>126,108,372</u>
Restricted Non Current Assets				
Investments	<u>2,280,167</u>	<u>28,032,879</u>	<u>-</u>	<u>30,313,046</u>
Total restricted non current assets	<u>2,280,167</u>	<u>28,032,879</u>	<u>-</u>	<u>30,313,046</u>
Deferred Outflows of Resources				
Pension deferrals	3,764,599	664,340	-	4,428,939
Other post employment benefits deferrals	<u>13,723,969</u>	<u>2,421,877</u>	<u>-</u>	<u>16,145,846</u>
Total deferred outflows of resources	<u>17,488,568</u>	<u>3,086,217</u>	<u>-</u>	<u>20,574,785</u>
Capital Assets				
Depreciable assets	997,224,355	303,493,964	-	1,300,718,319
Less: accumulated depreciation and amortization	<u>(460,699,915)</u>	<u>(267,865,520)</u>	<u>-</u>	<u>(728,565,435)</u>
	536,524,440	35,628,444	-	572,152,884
Non-depreciable assets:				
Land	8,401,828	37,934,488	-	46,336,316
Construction in progress	<u>9,259,791</u>	<u>1,342,311</u>	<u>-</u>	<u>10,602,102</u>
Capital assets, net	<u>554,186,059</u>	<u>74,905,243</u>	<u>-</u>	<u>629,091,302</u>
Total assets and deferred outflows of resources	<u>\$ 653,167,898</u>	<u>\$ 250,669,114</u>	<u>\$ (13,333,474)</u>	<u>\$ 890,503,538</u>

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2021

	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	\$ 11,954,673	\$ 3,482,378	\$ -	\$ 15,437,051
Accrued expenses	770,631	171,986	-	942,617
Due to Wastewater Division	-	28,915	(28,915)	-
Refunds due participants	3,329,104	-	-	3,329,104
Unearned service revenue	-	1,464,708	-	1,464,708
Total current liabilities payable from unrestricted assets	<u>16,054,408</u>	<u>5,147,987</u>	<u>(28,915)</u>	<u>21,173,480</u>
Current Liabilities Payable from Restricted Assets				
Contractors' retainages	165,620	-	-	165,620
Bonds payable - current portions	13,855,516	1,804,642	-	15,660,158
Liabilities for early retirement incentives - current portions	50,720	-	-	50,720
Accrued interest payable on bonds and notes	710,966	48,359	-	759,325
Total current liabilities payable from restricted assets	<u>14,782,822</u>	<u>1,853,001</u>	<u>-</u>	<u>16,635,823</u>
Long-Term Liabilities Payable from Restricted Assets				
Bonds payable, net	110,791,389	3,491,183	-	114,282,572
Net pension liability	21,564,691	3,805,534	-	25,370,225
Accrued closure and post-closure care liabilities	-	73,970,101	-	73,970,101
Note payable, Solid Waste Division	11,349,347	-	(11,349,347)	-
Due to Solid Waste Division	1,955,212	-	(1,955,212)	-
Liability for other post employment benefits	106,669,965	18,824,111	-	125,494,076
NJIB construction loan	2,040,815	-	-	2,040,815
Liabilities for early retirement incentives	1,373,000	-	-	1,373,000
Funds held in escrow	187,265	1,399,330	-	1,586,595
Reserve for workers' compensation insurance claims	784,237	736,755	-	1,520,992
CPS/MCUA trust account	124,440	-	-	124,440
Total long-term liabilities payable from restricted assets	<u>256,840,361</u>	<u>102,227,014</u>	<u>(13,304,559)</u>	<u>345,762,816</u>
Total liabilities	<u>287,677,591</u>	<u>109,228,002</u>	<u>(13,333,474)</u>	<u>383,572,119</u>
Deferred Inflows of Resources				
Pension deferrals	13,512,253	2,384,516	-	15,896,769
Other post employment benefits deferrals	42,284,679	7,462,002	-	49,746,681
Deferred gain on defeasance of debt	1,275,598	76,308	-	1,351,906
Total deferred inflows of resources	<u>57,072,530</u>	<u>9,922,826</u>	<u>-</u>	<u>66,995,356</u>
Net Position				
Net investment in capital assets	430,364,221	69,533,110	-	499,897,331
Restricted:				
Restricted for environmental self-insurance	-	23,445,452	-	23,445,452
Total Restricted	<u>-</u>	<u>23,445,452</u>	<u>-</u>	<u>23,445,452</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	4,717,999	3,682,536	-	8,400,535
Designated for construction	1,146	-	-	1,146
Designated for liability insurance	2,348,447	2,916,243	-	5,264,690
Designated for auto insurance	299,964	199,025	-	498,989
Designated for unemployment claims	124,176	-	-	124,176
Designated for land acquisition and improvements	-	20,542,346	-	20,542,346
Designated for future contingencies	-	2,092,423	-	2,092,423
Designated for public liability insurance	-	2,110,852	-	2,110,852
Unrestricted undesignated (deficit)	<u>(137,088,232)</u>	<u>6,996,299</u>	<u>-</u>	<u>(130,091,933)</u>
Total net position	<u>308,417,777</u>	<u>131,518,286</u>	<u>-</u>	<u>439,936,063</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 653,167,898</u>	<u>\$ 250,669,114</u>	<u>\$ (13,333,474)</u>	<u>\$ 890,503,538</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
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
Grant receivable	6,152,857	-	-	6,152,857
Due from Solid Waste Division	78,324	-	(78,324)	-
COVID-19 CARES Act receivable	1,196,025	112,874	-	1,308,899
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	28,436,975	-	28,437,975
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	3,199,257	-	-	3,199,257
Total restricted current assets	<u>35,640,286</u>	<u>89,923,151</u>	<u>(14,083,548)</u>	<u>111,479,889</u>
Restricted Non Current Assets				
Investments	2,280,167	34,179,546	-	36,459,713
Total restricted non current assets	<u>2,280,167</u>	<u>34,179,546</u>	<u>-</u>	<u>36,459,713</u>
Deferred Outflows of Resources				
Pension deferrals	6,353,886	1,121,273	-	7,475,159
Other post employment benefits deferrals	17,803,185	3,141,738	-	20,944,923
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	(432,818,672)	(264,905,342)	-	(697,724,014)
	<u>378,712,840</u>	<u>636,950</u>	<u>-</u>	<u>379,349,790</u>
Non-depreciable assets:				
Land	8,401,828	55,366,747	-	63,768,575
Construction in progress	171,947,491	18,229,342	-	190,176,833
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	<u>18,526,204</u>	<u>3,983,847</u>	<u>(402,352)</u>	<u>22,107,699</u>
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	<u>14,407,987</u>	<u>1,841,036</u>	<u>-</u>	<u>16,249,023</u>
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	<u>263,804,295</u>	<u>101,725,985</u>	<u>(13,759,520)</u>	<u>351,770,760</u>
Total liabilities	<u>296,738,486</u>	<u>107,550,868</u>	<u>(14,161,872)</u>	<u>390,127,482</u>
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	<u>73,093,589</u>	<u>12,735,269</u>	<u>-</u>	<u>85,828,858</u>
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	<u>-</u>	<u>23,363,627</u>	<u>-</u>	<u>23,363,627</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	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)	<u>(163,171,334)</u>	<u>(9,693,819)</u>	<u>-</u>	<u>(172,865,153)</u>
Total net position	<u>293,217,972</u>	<u>111,480,105</u>	<u>-</u>	<u>404,698,077</u>
Total liabilities, deferred inflows of resources and net position	<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 REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
Operating Revenues				
Annual charges	\$ 83,776,521	\$ -	\$ -	\$ 83,776,521
Tipping fees	-	40,637,869	-	40,637,869
Soil program income	-	10,437,827	-	10,437,827
Treatment of septic tank waste	370,402	-	-	370,402
Service fees, review of plans, etc.	3,000	-	-	3,000
Permit fees, industrial pretreatment	28,500	-	-	28,500
Service fee income	-	1,589,767	-	1,589,767
Management fees	2,064,000	-	(2,064,000)	-
Analytical services	45,058	-	-	45,058
Groundwater discharge fees	976,863	-	-	976,863
Sale of synthetic soil	382,659	-	(382,659)	-
Sale of landfill gas	1,180,154	-	-	1,180,154
Penalty assessments	85,600	-	-	85,600
Linde	2,066,062	-	-	2,066,062
PSE&G - REC credit income	727,382	-	-	727,382
Effluent reuse sales	601,359	-	-	601,359
Miscellaneous income	527,840	59,555	-	587,395
Total operating revenues	92,835,400	52,725,018	(2,446,659)	143,113,759
Operating Expenses				
Salaries and wages	16,985,775	3,452,987	-	20,438,762
Administration	4,212,301	6,994,473	(2,064,000)	9,142,774
Landfill	-	16,735,467	(382,659)	16,352,808
Central treatment plant	28,074,785	-	-	28,074,785
Sayreville pumping station	740,603	-	-	740,603
Edison pumping station	514,411	-	-	514,411
Bound Brook pumping station	31,506	-	-	31,506
Green Brook pumping station	64,028	-	-	64,028
South Amboy pumping station	122,332	-	-	122,332
Lines, meters and small pumping stations	957,074	-	-	957,074
WWT - administrative fee	303,375	34,335	-	337,710
DEP fees	187,460	-	-	187,460
Closure reserve fees	-	1,697,678	-	1,697,678
Depreciation	27,881,243	2,960,178	-	30,841,421
Total operating expenses	80,074,893	31,875,118	(2,446,659)	109,503,352
Operating income	12,760,507	20,849,900	-	33,610,407
Nonoperating Revenues (Expenses)				
Interest on investments and deposits	25,268	333,892	(157,234)	201,926
Interest on investments (reconstruction and replacement)	6,525	-	-	6,525
Interest on investments (other restricted accounts)	67,790	-	-	67,790
Amortization of gain on defeasance	251,264	29,538	-	280,802
Amortization of original issue premium on bonds	193,299	43,160	-	236,459
Hurricane loss	(44,900)	-	-	(44,900)
Interest on bonds and notes	(1,631,797)	(138,387)	-	(1,770,184)
Bond issuance costs	(56,890)	-	-	(56,890)
Other interest expense	(117,786)	-	-	(117,786)
Related party interest	(157,234)	-	157,234	-
FEMA grant revenue	3,903,759	-	-	3,903,759
Total nonoperating revenues (expenses), net	2,439,298	268,203	-	2,707,501
Change in net position prior to net (decrease) in fair value of investments	15,199,805	21,118,103	-	36,317,908
Net decrease in the fair value of investments	-	(1,079,922)	-	(1,079,922)
Change in net position	\$ 15,199,805	\$ 20,038,181	\$ -	\$ 35,237,986

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	<u>95,090,007</u>	<u>43,889,953</u>	<u>(2,613,733)</u>	<u>136,366,227</u>
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	<u>79,474,063</u>	<u>34,774,385</u>	<u>(2,613,733)</u>	<u>111,634,715</u>
Operating income	<u>15,615,944</u>	<u>9,115,568</u>	<u>-</u>	<u>24,731,512</u>
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	<u>9,526,117</u>	<u>770,066</u>	<u>-</u>	<u>10,296,183</u>
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	<u>-</u>	<u>937,448</u>	<u>-</u>	<u>937,448</u>
Change in net position	<u>\$ 25,142,061</u>	<u>\$ 10,823,082</u>	<u>\$ -</u>	<u>\$ 35,965,143</u>

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY
STATEMENT OF CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020

	Wastewater Division			Solid Waste Division			Total		
	Net Investment in Capital Assets	Restricted for Future Debt Service	Wastewater Division Net Position	Restricted	Unrestricted	Solid Waste Division Net Position			
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	441,760,024	-	(148,542,052)	293,217,972	67,053,726	23,363,627	21,062,752	111,480,105	404,698,077
Change in net position	(23,850,466)	-	39,050,271	15,199,805	(2,887,480)	81,825	22,843,836	20,038,181	35,237,986
Depreciation charged to capital contributions	(3,586,214)	-	3,586,214	-	-	-	-	-	-
Interfund transfers	16,040,877	-	(16,040,877)	-	5,366,864	-	(5,366,864)	-	-
Balance, December 31, 2021	\$ 430,364,221	\$ -	\$ (121,946,444)	\$ 308,417,777	\$ 69,533,110	\$ 23,445,452	\$ 38,539,724	\$ 131,518,286	\$ 439,936,063

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
Cash Flows from Operating Activities				
Cash received from customers and miscellaneous income from vendors	\$ 94,121,914	\$ 51,688,129	\$ -	\$ 145,810,043
Cash payments for goods and services	(49,595,269)	(23,917,405)	-	(73,512,674)
Cash payments to employees	(16,955,355)	(3,452,987)	-	(20,408,342)
Net cash provided by operating activities	27,571,290	24,317,737	-	51,889,027
Cash Flows from NonCapital Financing Activities				
Payments of early retirement incentive liabilities	(140,285)	-	-	(140,285)
Advances from Wastewater Division to Solid Waste Division - unrestricted	49,409	(49,409)	-	-
Net cash (used in) noncapital financing activities	(90,876)	(49,409)	-	(140,285)
Cash Flows from Capital and Related Financing Activities				
Acquisition of property, plant and equipment and construction in progress	(23,005,143)	(3,632,382)	-	(26,637,525)
Cash paid for interest on bonds and related party debt	(2,286,710)	(153,422)	(324,028)	(2,764,160)
Proceeds from issuance of bonds	19,029,738	-	-	19,029,738
Repayment of NJIB construction loan	(10,018,681)	-	-	(10,018,681)
Cash received from FEMA	2,446,424	-	-	2,446,424
Cash payments for goods and services - Hurricane	(44,900)	-	-	(44,900)
Note repayments from Wastewater Division to Solid Waste Division - restricted	(274,308)	-	274,308	-
Repayment from Wastewater Division to Solid Waste Division - restricted	(180,653)	180,653	-	-
Cash received from NJEIT	1,822,392	-	-	1,822,392
Payments of bonds payable	(13,472,029)	(1,734,482)	-	(15,206,511)
Net cash (used in) capital and related financing activities	(25,983,870)	(5,339,633)	(49,720)	(31,373,223)
Cash Flows from Investing Activities				
Cash received from interest	96,517	679,122	324,028	1,099,667
Redemption of investments	9,731,167	53,718,390	-	63,449,557
Purchase of investments	(13,731,167)	(53,730,460)	-	(67,461,627)
Note repayments from Wastewater Division to Solid Waste Division	-	274,308	(274,308)	-
Cash received from bond trustee	3,139,408	-	-	3,139,408
Net cash provided (used in) by investing activities	(764,075)	941,360	49,720	227,005
Increase in cash and cash equivalents	732,469	19,870,055	-	20,602,524
Cash and Cash Equivalents, Beginning of Year	53,377,643	73,043,113	-	126,420,756
Cash and Cash Equivalents, End of Year	\$ 54,110,112	\$ 92,913,168	\$ -	\$ 147,023,280
Summary of Cash and Cash Equivalents, End of Year				
Unrestricted cash and cash equivalents	\$ 19,697,899	\$ 41,189,698	\$ -	\$ 60,887,597
Restricted cash and cash equivalents	34,412,213	51,723,470	-	86,135,683
	\$ 54,110,112	\$ 92,913,168	\$ -	\$ 147,023,280
Non-cash Financing and Investing activities				
Issuance of bonds payable:				
Premium on bonds	\$ 307,967	\$ -	\$ -	\$ 307,967
Bond issuance costs	\$ 56,890	\$ -	\$ -	\$ 56,890
Increase in due from bond trustee	\$ 2,040,816	\$ -	\$ -	\$ 2,040,816

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 12,760,507	\$ 20,849,900	\$ -	\$ 33,610,407
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	27,881,243	2,960,178	-	30,841,421
Non-cash portion of change in net pension liability and related deferrals	(4,234,382)	(747,244)	-	(4,981,626)
Non-cash portion of change in other post employment benefits deferrals	(12,763,095)	(2,252,312)	-	(15,015,407)
Changes in operating assets and liabilities:				
Decrease (increase) in receivables and other assets:				
Unrestricted accounts	1,560,271	(1,405,450)	-	154,821
Restricted accounts	(246)	-	-	(246)
(Decrease) increase in liabilities:				
Payable from unrestricted assets	(2,147,768)	1,213,549	-	(934,219)
Payable from restricted assets	247	2,878,233	-	2,878,480
Funds held in escrow	21,929	(28,701)	-	(6,772)
Other liabilities	4,492,584	849,584	-	5,342,168
Net cash provided by operating activities	<u>\$ 27,571,290</u>	<u>\$ 24,317,737</u>	<u>\$ -</u>	<u>\$ 51,889,027</u>

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CASH FLOWS
YEAR 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	38,272,908	15,498,481	-	53,771,389
Cash Flows from NonCapital Financing Activities				
Payments of early retirement incentive liabilities	(122,892)	-	-	(122,892)
Advances from Solid Waste Division to Wastewater Division - unrestricted	23,114	(23,114)	-	-
Net cash (used in) noncapital financing activities	(99,778)	(23,114)	-	(122,892)
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	(24,321,114)	(8,687,135)	461,689	(32,546,560)
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	10,914,896	32,076,127	(461,689)	42,529,334
Increase in cash and cash equivalents	24,766,912	38,864,359	-	63,631,271
Cash and Cash Equivalents, Beginning of Year	28,610,731	34,178,754	-	62,789,485
Cash and Cash Equivalents, End of Year	\$ 53,377,643	\$ 73,043,113	\$ -	\$ 126,420,756
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	30,475,828	47,172,314	-	77,648,142
	\$ 53,377,643	\$ 73,043,113	\$ -	\$ 126,420,756
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
YEAR ENDED DECEMBER 31, 2020

	<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	\$ 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
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 AND 2020**

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,	
	2021	2020
<u>Wastewater Division:</u>		
Restricted Funds	\$ 40,715,062	\$ 34,597,002
Trust accounts	124,440	124,194
Cash held with bond trustee	2,100,665	3,199,257
	42,940,167	37,920,453
 <u>Solid Waste Division:</u>		
Acquisition or construction of property, plant and equipment and related improvements	\$ 22,018,981	\$ 21,328,791
Landfill closure and post-closure	73,905,967	72,107,655
Future contingencies	29,461,060	29,238,220
Funds held in escrow	1,399,802	1,428,031
	126,785,810	124,102,697
 Total	 \$ 169,725,977	 \$ 162,023,150

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, 2021 or 2020.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 and 2020, the balance of unamortized original issue premium was as follows:

	December 31,	
	2021	2020
Wastewater Division	\$ 2,045,058	\$ 1,930,390
Solid Waste Division	125,881	169,041
	\$ 2,170,939	\$ 2,099,431

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

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

Amortization expense for the years ended December 31, 2021 and 2020 was as follows:

	December 31,	
	2021	2020
Wastewater Division	\$ 193,299	\$ 204,811
Solid Waste Division	43,160	43,160
	\$ 236,459	\$ 247,971

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. 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 reviewed the requirements of this Statement and has determined it did not have any impact on the financial statements.

The GASB issued Statement No. 91, *Conduit Debt Obligations* in May 2019. This Statement establishes a single method of reporting conduit debt obligations by issuers to eliminate diversity in practice. The requirements of this Statement are effective for periods beginning after December 15, 2021. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has not determined the impact of the Statement on the financial statements.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 through September 12, 2022, 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.

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>
<u>December 31, 2021</u>			
Wastewater Division:			
Cash on deposit	\$ 6,683,899	\$ 18,184,213	\$ 24,868,112
Cash equivalents	<u>13,014,000</u>	<u>16,228,000</u>	<u>29,242,000</u>
	<u>19,697,899</u>	<u>34,412,213</u>	<u>54,110,112</u>
Solid Waste Division:			
Cash on deposit	41,189,698	46,819,470	88,009,168
Cash equivalents	<u>-</u>	<u>4,904,000</u>	<u>4,904,000</u>
	<u>41,189,698</u>	<u>51,723,470</u>	<u>92,913,168</u>
Total	<u>\$ 60,887,597</u>	<u>\$ 86,135,683</u>	<u>\$ 147,023,280</u>
<u>December 31, 2020</u>			
Wastewater Division:			
Cash on deposit	\$ 5,488,815	\$ 8,204,828	\$ 13,693,643
Cash equivalents	<u>17,413,000</u>	<u>22,271,000</u>	<u>39,684,000</u>
	<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	<u>-</u>	<u>4,276,000</u>	<u>4,276,000</u>
	<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>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 3 – Cash and Cash Equivalents (continued):

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.

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, 2021 and 2020, the carrying amount of the each Division's deposits, bank balances and FDIC insured amounts were as follows:

	December 31,	
	2021	2020
<u>Carrying amount of cash and cash equivalents:</u>		
Wastewater Division	\$ 54,110,112	\$ 53,377,643
Solid Waste Division	92,913,168	73,043,113
	\$ 147,023,280	\$ 126,420,756

	December 31,	
	2021	2020
<u>Bank balances:</u>		
Wastewater Division	\$ 62,837,556	\$ 57,631,187
Solid Waste Division	92,895,160	44,127,260
	\$ 155,732,716	\$ 101,758,447

<u>Insured by FDIC:</u>		
Wastewater Division	\$ 500,000	\$ 500,000
Solid Waste Division	770,812	774,700
	\$ 1,270,812	\$ 1,274,700

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,

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 3 – Cash and Cash Equivalents (continued):

2021 and 2020, 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.

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,	
	2021	2020
<u>Wastewater Division</u>		
Certificates of deposit	\$ 13,731,167	\$ 9,731,167
	<u>\$ 13,731,167</u>	<u>\$ 9,731,167</u>
<u>Solid Waste Division</u>		
Certificates of deposit	\$ 2,077,533	\$ 4,244,762
United States Government Obligations:		
FNMA and FHLMC Obligations	15,540,346	18,302,142
US Treasury Notes	43,930,790	40,069,617
	<u>\$ 61,548,669</u>	<u>\$ 62,616,521</u>
Total	<u>\$ 75,279,836</u>	<u>\$ 72,347,688</u>

The amortized cost of the Wastewater Division’s investment securities and their approximate fair values at December 31, 2021 and 2020 were as follows:

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 4 – Investments (continued):

Securities and certificates of deposit to be held to maturity:	Amortized Cost	Fair Value
December 31, 2021		
Certificates of Deposit	\$ 13,731,167	\$ 13,731,167
December 31, 2020		
Certificates of Deposit	\$ 9,731,167	\$ 9,731,167

The amortized cost of the Solid Waste Division’s investment securities and their approximate fair values at December 31, 2021 and 2020 were as follows:

Securities and certificates of deposit to be held to maturity:	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
December 31, 2021				
Certificates of Deposit	\$ 2,077,533	\$ -	\$ -	\$ 2,077,533
United States Government Obligations:				
FNMA and FHLMC Obligations	15,710,559	297,657	(467,870)	15,540,346
US Treasury Notes	43,824,712	106,078		43,930,790
	<u>\$ 61,612,804</u>	<u>\$ 403,735</u>	<u>\$ (467,870)</u>	<u>\$ 61,548,669</u>
December 31, 2020				
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	39,225,839	843,778	-	40,069,617
	<u>\$ 61,600,733</u>	<u>\$ 1,142,939</u>	<u>\$ (127,151)</u>	<u>\$ 62,616,521</u>

Investment ratings and contractual maturities of the Wastewater Division’s held-to-maturity debt securities and certificates of deposit at December 31, 2021 and 2020, are as follows:

Investment Type	S&P Ratings	December 31, 2021 Investment Maturities			
		Fair Value	Within 1 Year	1 - 5 Years	6 - 10 Years
Certificates of Deposit	N/A	\$ 13,731,167	\$ 13,731,167	\$ -	\$ -
Investment Type	S&P Ratings	December 31, 2020 Investment Maturities			
		Fair Value	Within 1 Year	1 - 5 Years	6 - 10 Years
Certificates of Deposit	N/A	\$ 9,731,167	\$ 7,451,000	\$ 2,280,167	\$ -

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 4 – Investments (continued):

Investment ratings and contractual maturities of the Solid Waste Division’s held-to-maturity debt securities and certificates of deposit at December 31, 2021 and 2020, are as follows:

<u>Investment Type</u>	<u>S&P Ratings</u>	<u>December 31, 2021 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	\$ 2,077,533	\$ 2,077,533	\$ -	\$ -
United States Government Obligations:					
FNMA and FHLMC Obligations	AA	15,540,346	8,395,103	7,145,243	-
US Treasury Notes	N/A	43,930,790	23,043,154	19,701,480	1,186,156
		<u>\$ 61,548,669</u>	<u>\$ 33,515,790</u>	<u>\$ 26,846,723</u>	<u>\$ 1,186,156</u>

<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>

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.

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.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 4 – Investments (continued):

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 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.

The following table sets forth by level, within the fair value hierarchy, the Authority’s assets at fair value as of December 31, 2021 and 2020:

	<i>Assets at Fair Value</i>	
	<u><i>as of December 31, 2021</i></u>	
	<u><i>Level 2</i></u>	<u><i>Total</i></u>
Wastewater Division:		
Certificates of Deposit	\$ 13,731,167	\$ 13,731,167
Solid Waste Division:		
Certificates of Deposit	2,077,533	2,077,533
FNMA and FHLMC Obligations	15,540,346	15,540,346
US Treasury Notes	43,930,790	43,930,790
Total	<u>\$ 75,279,836</u>	<u>\$ 75,279,836</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 4 – Investments (continued):

	<i>Assets at Fair Value</i>	
	<u><i>as of December 31, 2020</i></u>	
	<u><i>Level 2</i></u>	<u><i>Total</i></u>
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	40,069,617	40,069,617
Total	<u>\$ 72,347,688</u>	<u>\$ 72,347,688</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, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 5 – Capital Assets:

Capital assets at December 31, 2021 and 2020 consist of the following:

	December 31, 2021		
	Wastewater Division	Solid Waste Division	Total
Depreciable:			
Landfill and landfill expansion, including initial preparatory cost	\$ -	\$ 241,597,650	\$ 241,597,650
Buildings and improvements	305,009,391	11,345,822	316,355,213
Improvements other than buildings	553,172,155	38,127,694	591,299,849
Machinery and equipment	51,326,965	12,422,798	63,749,763
Furniture and fixtures	149,463	-	149,463
Landfill gas collection facility	72,536,359	-	72,536,359
Landfill gas collection equipment	15,030,022	-	15,030,022
	997,224,355	303,493,964	1,300,718,319
Less: Accumulated depreciation and amortization	(460,699,915)	(267,865,520)	(728,565,435)
	536,524,440	35,628,444	572,152,884
Non-depreciable:			
Land	8,401,828	37,934,488	46,336,316
Construction in progress	9,259,791	1,342,311	10,602,102
	\$ 554,186,059	\$ 74,905,243	\$ 629,091,302

	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
	811,531,512	265,542,292	1,077,073,804
Less: Accumulated depreciation and amortization	(432,818,672)	(264,905,342)	(697,724,014)
	378,712,840	636,950	379,349,790
Non-depreciable:			
Land	8,401,828	55,366,747	63,768,575
Construction in progress	171,947,491	18,229,342	190,176,833
	\$ 559,062,159	\$ 74,233,039	\$ 633,295,198

MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTES TO BASIC FINANCIAL STATEMENTS

Note 5 – Capital Assets (continued):

Depreciation expense for the years ended December 31, 2021 and 2020 was as follows:

	December 31,	
	2021	2020
Wastewater Division	\$ 27,881,243	\$ 25,257,549
Solid Waste Division	2,960,178	5,893,077
	\$ 30,841,421	\$ 31,150,626

Changes in capital assets for the years ended December 31, 2021 and 2020 were as follows:

	January 1, 2021	Increase	Transfers	December 31, 2021
<u>Wastewater Division:</u>				
Buildings and improvements	\$ 177,981,346	\$ 506,807	\$ 126,521,238	\$ 305,009,391
Other improvements	501,980,938	2,504,611	48,686,606	553,172,155
Machinery and equipment	49,707,430	1,505,646	113,889	51,326,965
Furniture and fixtures	149,463	-	-	149,463
Landfill gas collection facility	67,958,982	4,577,377	-	72,536,359
Landfill gas collection equipment	13,753,353	1,276,669	-	15,030,022
	811,531,512	10,371,110	175,321,733	997,224,355
Less: Accumulated depreciation	(432,818,672)	(27,881,243)	-	(460,699,915)
	378,712,840	(17,510,133)	175,321,733	536,524,440
Land	8,401,828	-	-	8,401,828
Construction in progress	171,947,491	12,634,033	(175,321,733)	9,259,791
	\$ 559,062,159	\$ (4,876,100)	\$ -	\$ 554,186,059

	January 1, 2021	Increase	Transfers	December 31, 2021
<u>Solid Waste Division:</u>				
Landfill and landfill expansion, including initial preparatory cost	\$ 224,165,391	\$ -	\$ 17,432,259	\$ 241,597,650
Buildings and improvements	11,246,020	99,803	-	11,345,823
Other improvements	19,542,804	15,606	18,569,283	38,127,693
Machinery and equipment	10,588,077	1,834,721	-	12,422,798
	265,542,292	1,950,130	36,001,542	303,493,964
Less: Accumulated depreciation	(264,905,342)	(2,960,178)	-	(267,865,520)
	636,950	(1,010,048)	36,001,542	35,628,444
Land	55,366,747	-	(17,432,259)	37,934,488
Construction in progress	18,229,342	1,682,252	(18,569,283)	1,342,311
	\$ 74,233,039	\$ 672,204	\$ -	\$ 74,905,243

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 5 – Capital Assets (continued):

	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
	<u>800,520,891</u>	<u>11,010,621</u>	<u>-</u>	<u>811,531,512</u>
Less: Accumulated depreciation	(407,561,123)	(25,257,549)	-	(432,818,672)
	<u>392,959,768</u>	<u>(14,246,928)</u>	<u>-</u>	<u>378,712,840</u>
Land	8,401,828	-	-	8,401,828
Construction in progress	152,145,670	19,801,821	-	171,947,491
	<u>\$ 553,507,266</u>	<u>\$ 5,554,893</u>	<u>\$ -</u>	<u>\$ 559,062,159</u>

	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
	<u>264,131,544</u>	<u>1,410,748</u>	<u>-</u>	<u>265,542,292</u>
Less: Accumulated depreciation	(259,012,265)	(5,893,077)	-	(264,905,342)
	<u>5,119,279</u>	<u>(4,482,329)</u>	<u>-</u>	<u>636,950</u>
Land	55,366,747	-	-	55,366,747
Construction in progress	12,411,914	5,817,428	-	18,229,342
	<u>\$ 72,897,940</u>	<u>\$ 1,335,099</u>	<u>\$ -</u>	<u>\$ 74,233,039</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. These loans were retired during the years ended December 31, 2019 and 2020.

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 used those funds to repay the NJIB for advances on the SAILs.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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 operated 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.

During 2020, the Authority was approved for a New Jersey Infrastructure Bank (“NJIB”) construction loan to fund an emergency project being operated by the Wastewater Division. The NJIB approved a loan for the Primary Tank Emergency Work for \$2,061,223. 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, 2021 and 2020, respectively:

	January 1, 2021	Additions	Retired	December 31, 2021
NJIB construction loan - Main Trunk Sewer Rehab Phase II	\$ 1,822,390	\$ -	\$ 1,822,390	\$ -
	<u>\$ 1,822,390</u>	<u>\$ -</u>	<u>\$ 1,822,390</u>	<u>\$ -</u>
	January 1, 2020	Additions	Retired	December 31, 2020
NJIB SAIL - Edison 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>

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, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities:

During the years ended December 31, 2021 and 2020, the following changes occurred in long-term liabilities:

	January 1, 2021	Additions	Retired	December 31, 2021	Due Within One Year
<u>Wastewater Division:</u>					
Bonds payable	\$ 117,044,138	\$ 19,029,738	\$ 13,472,029	\$ 122,601,847	\$ 13,683,714
Unamortized original issue premium	1,930,390	307,967	193,299	2,045,058	171,802
	118,974,528	19,337,705	13,665,328	124,646,905	13,855,516
Net pension liability	29,460,880	-	7,896,189	21,564,691	-
Liability for other post employment benefits	102,504,982	4,164,983	-	106,669,965	-
Liability for early retirement incentives	1,564,005	-	140,285	1,423,720	50,720
NJIB construction loan	10,018,681	2,040,815	10,018,681	2,040,815	-
	<u>\$ 262,523,076</u>	<u>\$ 25,543,503</u>	<u>\$ 31,720,483</u>	<u>\$ 256,346,096</u>	<u>\$ 13,906,236</u>
<u>Solid Waste Division:</u>					
Bonds payable	\$ 6,904,426	\$ -	\$ 1,734,482	\$ 5,169,944	\$ 1,761,482
Unamortized original issue premium	169,041	-	43,160	125,881	43,160
	7,073,467	-	1,777,642	5,295,825	1,804,642
Net pension liability	5,198,979	-	1,393,445	3,805,534	-
Liability for other post employment benefits	18,089,115	734,996	-	18,824,111	-
	<u>\$ 30,361,561</u>	<u>\$ 734,996</u>	<u>\$ 3,171,087</u>	<u>\$ 27,925,470</u>	<u>\$ 1,804,642</u>

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

In June 2021, the Authority issued bonds to replace the loan payable to New Jersey Infrastructure Bank (“NJIB”) for the Main Trunk Sewer Rehab Phase II.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

The following is a summary of bonds payable as of December 31, 2021 and 2020:

	December 31,	
	2021	2020
<u>Wastewater Division:</u>		
Issue of 2001A, N.J. IB Bonds (a):		
Federal portion	\$ -	\$ 889,483
State portion	-	1,224,110
Issue of 2005A, N.J. IB Bonds (b)		
Federal portion	1,403,256	1,753,764
State portion	1,862,282	2,283,580
Issue of 2006, N.J. IB Bonds (c)		
Federal portion	10,249,750	12,144,681
State portion	14,026,073	16,716,073
Issue of 2009A, N.J. IB Bonds (d)		
Federal portion	3,801,147	4,296,013
State portion*	4,658,000	5,144,000
Issue of 2009 N.J. IB Bonds (e)		
Federal portion - D-1	1,775,054	1,996,936
State portion - C-1**	1,499,000	1,654,000
Issue of 2009 N.J. IB Bonds (f)		
Federal portion - D-2	4,945,813	5,564,039
State portion - C-2**	1,941,000	2,143,000
Issue of 2010 N.J. IB Bonds (g)		
Federal portion	2,642,339	2,935,933
State portion	2,857,000	3,107,000
Issue of 2014A N.J. IB Bonds (h)		
Federal portion	2,574,017	2,788,518
State portion	985,000	1,050,000
Issue of 2016A N.J. IB Bonds (i)		
Federal portion	10,670,007	11,450,114
State portion	3,851,167	4,061,167
Issue of 2019A N.J. IB Bonds (j)		
Federal portion	10,549,931	11,170,515
State portion	3,705,000	3,855,000
Issue of 2020A N.J. IB Bonds (k)		
Federal portion	14,789,569	15,611,212
State portion	5,025,000	5,205,000
Issue of 2021A N.J. IB Bonds (l)		
Federal portion	6,791,442	-
State portion	2,140,000	-
Solar Project (m)	9,860,000	-
	122,601,847	117,044,138
Current portion	13,683,714	13,149,899
Long-term portion	\$ 108,918,133	\$ 103,894,239

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

	December 31,	
	2021	2020
<u>Solid Waste Division:</u>		
Issue of 2009A, N.J. EIT bonds (n):		
Federal portion	\$ 2,242,944	\$ 3,067,426
State portion*	2,927,000	3,837,000
	5,169,944	6,904,426
Current portion	1,761,482	1,734,482
Long-term portion	\$ 3,408,462	\$ 5,169,944

*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 made in August 2021, and did 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 paid August 2021.
- 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, 2021 is \$788,841.
- 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, 2021 is \$4,689,025.
- 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, 2021 is \$999,866.

MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 is \$382,882.
- 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, 2021 is \$831,227.
- 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, 2021 is \$552,593.
- 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, 2021 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, 2021 is \$1,000,107.
- 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, 2021 is \$775,584.
- 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, 2021 is \$1,011,643.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

- l. Bonds payable in two separate portions. The Federal portion is payable in semiannual installments that aggregate to approximately \$357,400 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 \$75,000 to \$150,000 beginning August 2022 through August 2040. The current portion as of December 31, 2021 is \$432,445.
- m. In September 2021, the Waste Water Division issued \$9,860,000 in junior lien sewer revenue sinking bonds which are payable in annual installments ranging from \$1,940,000 to \$2,005,000, commencing in September 2022 through September 2026. The bonds bear interest at 0.80% per annum. The current portion as of December 31, 2021 is \$1,940,000.
- n. 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, 2021 is \$1,761,482.

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, 2021 AND 2020**

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,			
2022	\$ 13,683,714	\$ 1,753,222	\$ 15,436,936
2023	13,909,186	1,531,979	15,441,165
2024	14,269,942	1,299,867	15,569,809
2025	14,405,378	1,032,407	15,437,785
2026	13,344,383	784,681	14,129,064
2027-2031	28,555,918	1,863,510	30,419,428
2032-2036	17,137,465	669,588	17,807,053
2036-2040	7,295,861	112,825	7,408,686
	<u>\$ 122,601,847</u>	<u>\$ 9,048,079</u>	<u>\$ 131,649,926</u>
<u>Solid Waste Division:</u>			
Year Ending December 31,			
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>\$ 5,169,944</u>	<u>\$ 237,240</u>	<u>\$ 5,407,184</u>
<u>Total:</u>			
Year Ending December 31,			
2022	\$ 15,445,196	\$ 1,870,302	\$ 17,315,498
2023	15,709,668	1,611,579	17,321,247
2024	15,877,922	1,340,427	17,218,349
2025	14,405,378	1,032,407	15,437,785
2026	13,344,383	784,681	14,129,064
2027-2031	28,555,918	1,863,510	30,419,428
2032-2036	17,137,465	669,588	17,807,053
2036-2040	7,295,861	112,825	7,408,686
	<u>\$ 127,771,791</u>	<u>\$ 9,285,319</u>	<u>\$ 137,057,110</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021, 2020 and 2019 were as follows:

	December 31,		
	2021	2020	2019
Wastewater Division	\$ 1,976,327	\$ 1,674,702	\$ 1,651,819
Solid Waste Division	348,763	295,536	291,497
	\$ 2,325,090	\$ 1,970,238	\$ 1,943,316

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 \$25,370,225 and \$34,659,859 at December 31, 2021 and 2020, respectively, for its proportionate share of the net pension liability. The December 31, 2021 net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at July 1, 2020, which was rolled forward to June 30, 2021. 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 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, 2021, the Authority's proportion was 0.2141579927 percent, which was an increase of 0.0016171153 from its proportion measured as of June 30, 2020.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

For the years ended December 31, 2021 and 2020, the Authority recognized pension expense of (\$2,382,115) and \$2,040,204, respectively. At December 31, 2021, 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	\$ 400,121	\$ 181,621
Changes of assumptions	132,128	9,031,964
Net difference between projected and actual earnings on pension plan investments	-	6,683,184
Changes in proportion and differences between Authority contributions and proportionate share of contributions	2,642,670	-
Authority contributions subsequent to the measurement date	1,254,020	-
	<u>\$ 4,428,939</u>	<u>\$ 15,896,769</u>

At December 31, 2020, 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	\$ 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>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

\$1,254,020 and \$1,162,545 was reported as deferred outflows of resources related to pensions at December 31, 2021 and 2020, 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,	
2022	\$ (4,850,834)
2023	(3,399,270)
2024	(2,435,039)
2025	(2,047,346)
2026	10,639
	<u>\$ (12,721,850)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 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%

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

The actuarial assumptions used in the July 1, 2020 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-2021.

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, 2021) 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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	50.00%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%
	100.00%	

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021. 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 100% 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 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.

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, 2021 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	\$ 34,549,102	\$ 25,370,225	\$ 17,580,647

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 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

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, 2021 are as follows:

Deferred outflows of resources	\$ 1,164,738,169
Deferred inflows of resources	\$ 8,339,123,762
Net pension liability	\$ 11,972,782,878

Authority's Proportion 0.2141579927%

Collective pension expense for the Local Group for the measurement period ended June 30, 2021 is \$407,705,399.

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

The average of the expected remaining service lives of all plan members is 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 and 2020, the remaining balance on this liability is \$0 and \$97,685, 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, 2021 and 2020, the remaining balance on this liability is \$1,423,720 and \$1,466,320, respectively, with an interest rate of 7.5%.

During the years ended December 31, 2021 and 2020, the following changes occurred in early retirement incentive liabilities:

	January 1, 2021	Reductions	December 31, 2021	Due Within One Year
ERI 1	\$ 97,685	\$ 97,685	\$ -	\$ -
ERI 2	1,466,320	42,600	1,423,720	50,720
	<u>\$ 1,564,005</u>	<u>\$ 140,285</u>	<u>\$ 1,423,720</u>	<u>\$ 50,720</u>
	January 1, 2020	Reductions	December 31, 2020	Due Within One Year
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>

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, 2021 and 2020, there are one hundred and sixty-five retirees and one hundred ninety two active employees covered under the plan.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

Net OPEB Liability

The net OPEB liability is \$125,494,076 and \$120,594,097 at December 31, 2021 and 2020, respectively. The net OPEB liability at December 31, 2021 includes liabilities for retirees and actives of \$51,992,443 and \$73,501,634, respectively. The net OPEB liability at December 31, 2020 includes liabilities for retirees and actives of \$53,878,011 and \$66,716,086, respectively.

Actuarial assumptions and other inputs

The net OPEB liability of \$125,494,076 was reported in the December 31, 2021 actuarial valuation prepared by the Authority's actuary. The major actuarial assumptions, among others, were the use of a 2.06% 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 \$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.

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 2.06% at December 31, 2021 and 2.12% at December 31, 2020. The inflation rate was 2.50% per year.

Mortality rates

Pre-retirement mortality rates for 2021 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 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, 2021 AND 2020**

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,	
	2021	2020
Beginning Net OPEB Liability, January 1,	\$ 120,594,097	\$ 175,522,217
Changes for the year:		
Service cost	4,555,758	5,503,892
Interest	2,616,355	4,938,852
Actuarial assumption loss	1,201,675	3,337,551
Actuarial experience (gain)	-	(65,845,415)
Benefit payments	(3,473,809)	(2,863,000)
Net changes	<u>4,899,979</u>	<u>(54,928,120)</u>
Ending Net OPEB Liability, December 31,	<u>\$ 125,494,076</u>	<u>\$ 120,594,097</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.75% in 2019 to 2.12% in 2020 and from 2.12% in 2020 to 2.06% in 2021.

For the years ended December 31, 2021 and 2020, the Authority recognized OPEB expense of (\$6,641,619) and (\$3,630,529), respectively.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

At December 31, 2021, 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		\$ 42,771,156
Changes of assumptions	\$ 16,145,846	6,975,525
	\$ 16,145,846	\$ 49,746,681

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

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,	
2022	\$ (13,813,733)
2023	(14,690,338)
2024	(5,260,275)
2025	163,511
	\$ (33,600,835)

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 (1.06%) or 1-percentage-point higher (3.06%) than the current discount rate:

	At 1% Decrease (1.12%)	At Current Discount Rate (2.12%)	At 1% Increase (3.12%)
Net OPEB liability	\$ 148,318,581	\$ 125,494,076	\$ 107,499,215

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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:

	At 1% Decrease		At Current Healthcare Trend Rate	At 1% Increase
Net OPEB liability	\$ 104,361,163	\$	125,494,076	\$ 153,294,921

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 – 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 were 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 \$30,384,000 since the date of the hurricane through December 31, 2021. Total replacement costs are estimated at \$127,000,000 and the Authority has incurred approximately \$126,653,000 since the date of the hurricane through December 31, 2021. 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.

On September 1, 2021, Hurricane Ida caused substantial flood damage to certain areas of New Jersey. The Authority’s pumping station located in Green Brook sustained significant flooding because of the storm. The Authority is working with both FEMA and its insurance carrier to cover the damages. Total damages are anticipated to be approximately \$3.2 million, with most of that cost being covered by either FEMA or insurance proceeds.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 10 – Solid Waste Division Service Revenues:

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

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

The landfill rate structure per ton as adopted in the Solid Waste Division's original 2021 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	\$ 54.53	\$ 57.53	\$ 60.78	\$ 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 2021 rate per ton	<u>\$ 68.75</u>	<u>\$ 71.75</u>	<u>\$ 75.00</u>	<u>\$ 88.00</u>	<u>\$ 100.00</u>
2020 rates per ton	<u>\$ 67.75</u>	<u>\$ 70.75</u>	<u>\$ 74.50</u>	<u>\$ 88.00</u>	<u>\$ 100.00</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 11 – 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, 2021 and 2020, amounted to \$2,064,000 and \$2,136,000, 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 through June 30, 2021, after that 0%. 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 \$11,349,347 and \$11,530,000 at December 31, 2021 and 2020, 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 \$1,955,212 and \$2,229,520 at December 31, 2021 and 2020, respectively. Interest expense for the year ended December 31, 2021 and 2020 was \$3,521 and \$22,407, respectively. This loan was repaid in full in August 2022.

The following is the activity and amounts loaned between Divisions during the years ended December 31, 2021 and 2020:

	January 1, 2021	Advances	Payments	December 31, 2021
Notes Payable	\$ 13,759,520	\$ -	\$ 454,961	\$ 13,304,559
	January 1, 2020	Advances	Payments	December 31, 2020
Notes Payable	\$ 14,872,159	\$ -	\$ 1,112,639	\$ 13,759,520

Interest expense incurred on amounts due to the Solid Waste Division for the years ended December 31, 2021 and 2020 was \$157,234 and \$326,644, respectively. At December 31, 2021 and 2020, the accumulated related party interest payable was \$0 and \$324,028, respectively.

Note 12 – 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, 2021. 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 \$2,100,665 at December 31, 2021. 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.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 12 – Commitments and Contingencies (continued):

Wastewater Division (continued):

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

Solid Waste Division:

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

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

Host Community Benefit Agreements –

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

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

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

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

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 12 – Commitments and Contingencies (continued):

Solid Waste Division (continued):

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

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

Federal and State laws and regulations require the Authority to place a final cover on each utilized area of the landfill site when the respective area stops accepting waste and to perform certain maintenance and monitoring functions at each site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that these landfill areas stop accepting waste, the Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used each year. The \$74 million reported as landfill closure and postclosure care liabilities at December 31, 2021 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 \$2,546,517 and \$1,807,158 for closure and post-closure care costs for the years ended December 31, 2021 and 2020, 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, 2021, cash, cash equivalents and investments with a fair value of \$73,970,101 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.

MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTES TO BASIC FINANCIAL STATEMENTS

Note 12 – Commitments and Contingencies (continued):

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.

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 2022 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.

Note 13 – Risk Management:

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

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 13 – Risk Management (continued):

Self-Insurance – Workers’ Compensation

The Authority estimates that the liabilities for workers’ compensation claims are sufficiently covered by the reserves at December 31, 2021 and 2020. During the years ended December 31, 2021 and 2020, the following changes occurred in the workers’ compensation claims reserve:

	January 1, 2021	Additions	Reductions	December 31, 2021
Wastewater Division	\$ 708,021	\$ 350,892	\$ 274,676	\$ 784,237
Solid Waste Division	622,167	200,938	86,350	736,755
	<u>\$ 1,330,188</u>	<u>\$ 551,830</u>	<u>\$ 361,026</u>	<u>\$ 1,520,992</u>
	January 1, 2020	Additions	Reductions	December 31, 2020
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>

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

Last Ten Fiscal Years*

	2021	2020	2019	2018	2017
Balance, Beginning of Year	\$ 120,594,097	\$ 175,522,217	\$ 150,163,131	\$ 168,496,147	\$ 155,058,140
Changes for the year:					
Service cost	4,555,758	5,503,892	3,996,656	4,858,296	4,412,459
Interest cost	2,616,355	4,938,852	6,262,867	6,021,833	5,939,395
Benefit payments	(3,473,809)	(2,863,000)	(2,813,848)	(2,604,186)	(2,173,470)
Actuarial assumption changes	1,201,675	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	4,899,979	(54,928,120)	25,359,086	(18,333,016)	13,438,007
Balance, End of Year	\$ 125,494,076	\$ 120,594,097	\$ 175,522,217	\$ 150,163,131	\$ 168,496,147
Total OPEB Liability	\$ 125,494,076	\$ 120,594,097	\$ 175,522,217	\$ 150,163,131	\$ 168,496,147
OPEB plan's fiduciary net position	-	-	-	-	-
Net OPEB Liability	\$ 125,494,076	\$ 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%	0.00%
Covered employee payroll	\$ 13,293,175	\$ 12,905,995	\$ 18,480,886	\$ 14,323,213	\$ 16,077,977
Net OPEB liability as a percentage of covered employee payroll	944.05%	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, 2020 of 2.12% to 2.06% as of the measurement date of December 31, 2021.

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.

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

	Year Ended December 31,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$3,473,809	\$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
Contributions in relation to the contractually required contribution	(3,473,809)	(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
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Authority's proportion of the net pension liability (asset) - Local Group	0.2141579927%	0.2125408774%	0.2055135080%	0.1953715800%	0.1911748702%	0.1902580115%	0.1872540940%	0.1838347300%	N/A	N/A
Authority's proportionate share of the net pension liability (asset)	\$ 25,370,225	\$ 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
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
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	165.53%	232.46%	259.96%	283.04%	341.09%	435.94%	326.77%	276.25%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability - Local Group	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	48.72%	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 at the measurement dates of June 30, 2020 and June 30, 2021 was 7.00%.

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.

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 2,508,039	\$ 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
Contributions in relation to the contractually required contribution	(2,508,039)	(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)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 15,953,351	\$ 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
Contributions as a percentage of covered-employee payroll	15.72%	15.15%	13.21%	13.84%	13.03%	12.95%	12.45%	11.78%	10.80%	11.21%

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
WASTEWATER DIVISION
December 31, 2021

	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 (1977)	\$ 19,697,899	Certificates of Deposit	10/13/2021	4/13/2022	\$ 542,000	\$ 542,000	\$ 20,239,899
		Certificates of Deposit	10/13/2021	4/13/2022	6,908,000	6,908,000	6,908,000
					7,450,000	7,450,000	27,147,899
Other Accounts - Restricted							
Unemployment claims reserve	124,176						124,176
General liability insurance reserve	49,726	Certificates of Deposit	8/23/2020	8/23/2022	2,280,167	2,280,167	2,329,893
Collision insurance reserve	299,964						299,964
Worker's compensation insurance reserve	784,237						784,237
Future plant, reconstr. or replacement reserve	4,717,999						4,717,999
Allied retainage	56,825						56,825
Renewal and replacement (1985)	20						20
General fund (1985)	24						24
Tru-Val retainage	2,257						2,257
LBSM Construction Fund (1985)	304						304
Construction fund 1991 issue	16,228,446						16,228,446
Construction fund (2006)	843						843
Bond service (1993A)	437						437
Debt service rate stabilization	-						-
Solid Waste Division loan reserve	79,149	Certificates of Deposit	11/3/2021	5/3/2022	4,000,000	4,000,000	4,000,000
WWD FSA Escrow	46,503						46,503
Construction fund (2007)	87	Certificates of Deposit	9/28/2021	3/29/2022	1,000	1,000	1,087
Kenny Construction retainage	106,071						106,071
CPV Escrow	140,762						140,762
Northeast Remsco Retainage	468						468
Solar Project	9,818,703						9,818,703
SpectraServ escrow	1,955,212						1,955,212
Total restricted accounts	34,412,213				6,281,167	6,281,167	40,693,380
Total - combined	\$ 54,110,112				\$ 13,731,167	\$ 13,731,167	\$ 67,841,279
					7,450,000		
					4,001,000		
					2,280,167		
					\$ 13,731,167		

Unrestricted - Current 7,450,000
 Restricted - Current 4,001,000
 Restricted - Non-Current 2,280,167
 \$ 13,731,167

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
SOLID WASTE DIVISION
December 31, 2021

	Cash and Cash Equivalents	Account	Investments			Total Cash, Cash Equivalents and Investments
			Purchase Date	Maturity Date	Fair Value	
Revenue Fund - Unrestricted						
Cash accounts	\$ 41,189,698					\$ 41,189,698
Other Accounts - Restricted						
General liability insurance reserve	833,707	Certificates of Deposit	1/20/2021	1/20/2022	\$ 1,040,031	\$ 1,040,031
		Certificates of Deposit	7/27/2021	1/25/2022	1,037,502	1,037,502
Collision insurance reserve	199,025					199,025
Worker's compensation insurance reserve	736,755					736,755
Land acquisition and improvement reserve	5,868,271					5,868,271
DEP Closure Phase I	4,080,658					4,080,658
Environmental self reserve	19,450,551					19,450,551
Closure/Post-Closure I	2,337,292					2,337,292
Closure/Post-Closure II	58,082					58,082
CJ Nestl Soil escrow	314,860	U.S. Treasury Notes	various	various	43,930,790	43,930,790
Supplemental fund	2,092,423					314,860
Public liability insurance reserve	2,110,852					2,092,423
Aforce escrow	315,193					2,110,852
Construction reserve	1,118,828					315,193
Northeast Remsco retainage	28,960					1,118,828
Service fee escrow	424,231					28,960
Reconstruction/Replacement reserve	3,682,536					424,231
DEP Closure Phase II Amboy	7,754,688	Other Government Obligations	various	various	15,540,346	3,682,536
United Energy Soil escrow	314,860					23,295,034
SWD FSA escrow	1,698					314,860
Total restricted accounts	51,723,470				61,612,804	1,698
Total - combined	\$ 92,913,168				\$ 61,612,804	\$ 154,461,837
			Restricted - Current		33,515,790	
			Restricted - Non-Current		28,032,879	
					\$ 61,548,669	

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2021

Sources	Operating Fund
Prior year deficiencies	\$ 1,888,536
2021 annual charges	82,858,496
Septage treatment/Hauled waste fees	366,400
Service fees, plan approvals, etc.	4,000
Industrial pretreatment permit fees	27,400
Interest on investments	26,267
Groundwater discharge fees	873,262
Expense reimbursements	3,003,283
Management fees	2,064,000
Lab and sampling fees	38,407
Sale of synthetic soil	428,027
PSE&G rebates	194,175
Penalty assessments	85,600
PSE&G REC credits	795,651
Grid sales	101,060
Miscellaneous income	779,475
Effluent reuse - CPV	508,049
Sale of oxygen - Linde	228,018
Sale of nitrogen - Linde	1,630,366
Sale of water - Linde	24,084
Total sources	95,924,556
Uses	
Budget expenses and accounts payable	92,460,918
Total uses	92,460,918
Transfers (to) from Restricted Funds:	
Total debt service funds (net)	(15,556,797)
Interest on investments	15,097
Transfers to Restricted funds	(4,000,000)
Transfers from Restricted funds	12,874,146
Transfers (to) from Restricted Funds	(6,667,554)
Decrease for year	(3,203,916)
Balance, beginning of year	30,351,815
Balance, end of year	\$ 27,147,899
Balance Comprised of:	
Cash and cash equivalents	\$ 19,697,899
Investments	7,450,000
	\$ 27,147,899

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

YEAR ENDED DECEMBER 31, 2021

Sources	Operating Fund
Service revenues	\$ 41,000,768
Interest income	47,343
Soil program income	8,992,234
Miscellaneous receipts	51,862
Enrollment fees	15,005
Escrow deposits	462,624
Service fee income	1,589,767
Transfers from reserves	1,836,112
Total sources	53,995,715
Uses	
Vouchers paid	34,918,465
Payments made from reserve accounts	1,836,112
Transfers to debt service, net	1,922,239
Total uses	38,676,816
Increase for year	15,318,899
Balance, beginning of year	25,870,799
Balance, end of year	\$ 41,189,698
Balance Comprised of:	
Cash and cash equivalents	\$ 41,189,698

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2021

	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	1,215,016	-	-	-
Budget appropriation	-	-	-	-
Debt proceeds	-	-	-	-
Transfer- Interfund	-	-	-	-
Total sources	1,215,016	-	-	-
Uses				
Bond principal paid	980,866	-	-	-
Bond interest paid	205,712	-	-	-
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	1,215,018	-	-	-
Increase (decrease)	(2)	-	-	-
Balance, beginning of year	2	304	20	24
Balance, end of year	\$ -	\$ 304	\$ 20	\$ 24
Balance comprised of				
Cash and cash equivalents	\$ -	\$ 304	\$ 20	\$ 24
Investments:				
Certificates of deposit	-	-	-	-
	\$ -	\$ 304	\$ 20	\$ 24

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2021

	1991 Construction Fund	2006 Construction Fund	Solid Waste Division Loan Reserve	Tru-Val Retainage
Sources				
Interest income	\$ 43,105	\$ -	\$ 201	\$ 3
Miscellaneous income	3,386	-	-	-
Expense reimbursement	6,762,524	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	500,000	-
Debt proceeds	-	-	-	-
Transfer- Interfund	-	-	-	-
Total sources	<u>6,809,015</u>	<u>-</u>	<u>500,201</u>	<u>3</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	3,386	-	500,000	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	-	-	-
Transfers - unrestricted funds	12,849,146	-	-	-
Transfers - unrestricted designated funds	-	-	-	-
Retainage withdrawals	-	-	-	-
Total uses	<u>12,852,532</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Increase (decrease)	(6,043,517)	-	201	3
Balance, beginning of year	<u>22,271,963</u>	<u>843</u>	<u>78,948</u>	<u>2,254</u>
Balance, end of year	<u>\$ 16,228,446</u>	<u>\$ 843</u>	<u>\$ 79,149</u>	<u>\$ 2,257</u>
Balance comprised of				
Cash and cash equivalents	\$ 16,228,446	\$ 843	\$ 79,149	\$ 2,257
Investments:				
Certificates of deposit	-	-	-	-
	<u>\$ 16,228,446</u>	<u>\$ 843</u>	<u>\$ 79,149</u>	<u>\$ 2,257</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2021

	<u>Allied Retainage</u>	<u>Bond Service 1993A</u>	<u>2010 Debt Service</u>	<u>Solar Project</u>	<u>Bond Service 2001 Issue</u>
Sources					
Interest income	\$ 86	\$ -	\$ -	\$ 4,601	\$ -
Miscellaneous income	-	-	-	-	-
Expense reimbursement	-	-	-	-	-
Escrow deposits	-	-	-	-	-
Transfers – unrestricted funds	-	-	452,157	-	2,195,965
Budget appropriation	-	-	-	-	-
Debt proceeds	-	-	-	9,860,000	-
Transfer- Interfund	-	-	-	-	-
Total sources	<u>86</u>	<u>-</u>	<u>452,157</u>	<u>9,864,601</u>	<u>2,195,965</u>
Uses					
Bond principal paid	-	-	376,882	-	2,113,593
Bond interest paid	-	-	66,140	-	33,757
Vouchers paid	-	-	-	45,898	-
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	<u>-</u>	<u>-</u>	<u>452,157</u>	<u>45,898</u>	<u>2,195,965</u>
Increase (decrease)	86	-	-	9,818,703	-
Balance, beginning of year	<u>56,739</u>	<u>437</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 56,825</u>	<u>\$ 437</u>	<u>\$ -</u>	<u>\$ 9,818,703</u>	<u>\$ -</u>
Balance comprised of					
Cash and cash equivalents	\$ 56,825	\$ 437	\$ -	\$ 9,818,703	\$ -
Investments:					
Certificates of deposit	-	-	-	-	-
	<u>\$ 56,825</u>	<u>\$ 437</u>	<u>\$ -</u>	<u>\$ 9,818,703</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, 2021

	Collision Insurance Reserve	Unemploy. Claims Reserve	Worker's Compensation Insurance Reserve	General Liability Insurance Reserve
Sources				
Interest income	\$ 451	\$ 186	\$ 892	\$ 83
Miscellaneous income	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	350,000	-
Debt proceeds	-	-	-	-
Transfer- Interfund	-	-	-	-
Total sources	<u>451</u>	<u>186</u>	<u>350,892</u>	<u>83</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	1,763	-	249,676	6,657
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	-	-	-
Transfers - unrestricted funds	-	-	25,000	-
Transfers - unrestricted designated funds	-	-	-	-
Retainage withdrawals	-	-	-	-
Total uses	<u>1,763</u>	<u>-</u>	<u>274,676</u>	<u>6,657</u>
Increase (decrease)	(1,312)	186	76,216	(6,574)
Balance, beginning of year	<u>301,276</u>	<u>123,990</u>	<u>708,021</u>	<u>2,336,467</u>
Balance, end of year	<u>\$ 299,964</u>	<u>\$ 124,176</u>	<u>\$ 784,237</u>	<u>\$ 2,329,893</u>
Balance comprised of				
Cash and cash equivalents	\$ 299,964	\$ 124,176	\$ 784,237	\$ 49,726
Investments:				
Certificates of deposit	-	-	-	2,280,167
	<u>\$ 299,964</u>	<u>\$ 124,176</u>	<u>\$ 784,237</u>	<u>\$ 2,329,893</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2021

	Future Reconstruct. Replacement Reserve	Bond Service 2005 Issue	2006 NJEIT Bond Service	CPV Escrow
Sources				
Interest income	\$ 6,525	\$ -	\$ -	\$ 211
Miscellaneous income	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	-	883,688	5,384,476	-
Budget appropriation	500,000	-	-	-
Debt proceeds	-	-	-	-
Transfer- Interfund	-	-	-	-
Total sources	<u>506,525</u>	<u>883,688</u>	<u>5,384,476</u>	<u>211</u>
Uses				
Bond principal paid	-	771,806	4,584,931	-
Bond interest paid	-	90,372	681,390	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	21,510	118,155	-
Transfers - unrestricted funds	-	-	-	-
Transfers - unrestricted designated funds	-	-	-	-
Retainage withdrawals	-	-	-	-
Total uses	<u>-</u>	<u>883,688</u>	<u>5,384,476</u>	<u>-</u>
Increase (decrease)	506,525	-	-	211
Balance, beginning of year	<u>4,211,474</u>	<u>-</u>	<u>\$ -</u>	<u>140,551</u>
Balance, end of year	<u>\$ 4,717,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,762</u>
Balance comprised of				
Cash and cash equivalents	\$ 4,717,999	\$ -	\$ -	\$ 140,762
Investments:				
Certificates of deposit	-	-	-	-
	<u>\$ 4,717,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,762</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2021

	2010 Traditional Debt Service	WWD FSA Escrow	Northeast Remsco Retainage	2007 Construction Fund
Sources				
Interest income	\$ -	\$ 36	\$ -	\$ 6
Miscellaneous income	-	33,465	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	917,771	-	-	-
Budget appropriation	-	-	-	-
Debt proceeds	-	-	-	-
Transfer- Interfund	-	-	-	-
Total sources	<u>917,771</u>	<u>33,501</u>	<u>-</u>	<u>6</u>
Uses				
Bond principal paid	820,227	-	-	-
Bond interest paid	85,694	-	-	-
Vouchers paid	-	-	-	-
Claims paid	-	11,783	-	-
Escrow withdrawals	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	11,850	-	-	-
Transfers - unrestricted funds	-	-	-	-
Transfers - unrestricted designated funds	-	-	-	-
Retainage withdrawals	-	-	-	-
Total uses	<u>917,771</u>	<u>11,783</u>	<u>-</u>	<u>-</u>
Increase (decrease)	-	21,718	-	6
Balance, beginning of year	<u>-</u>	<u>24,785</u>	<u>468</u>	<u>1,081</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 46,503</u>	<u>\$ 468</u>	<u>\$ 1,087</u>
Balance comprised of				
Cash and cash equivalents	\$ -	\$ 46,503	\$ 468	\$ 87
Investments:				
Certificates of deposit	-	-	-	1,000
	<u>\$ -</u>	<u>\$ 46,503</u>	<u>\$ 468</u>	<u>\$ 1,087</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2021

	2014A Bond Service	Kenny Construction Retainage	2010B OSPS Debt Service	2021 A-1 Debt Service	2016A Bond Service
Sources					
Interest income	\$ -	\$ 159	\$ -	\$ -	\$ -
Miscellaneous income	-	-	-	-	-
Expense reimbursement	-	-	-	-	-
Escrow deposits	-	-	-	-	-
Transfers – unrestricted funds	320,951	-	707,931	352,179	1,002,708
Budget appropriation	-	-	-	-	-
Debt proceeds	-	-	-	-	-
Transfer- Interfund	-	-	-	-	-
Total sources	<u>320,951</u>	<u>159</u>	<u>707,931</u>	<u>352,179</u>	<u>1,002,708</u>
Uses					
Bond principal paid	279,501	-	543,593	238,296	974,537
Bond interest paid	37,340	-	148,243	16,943	13,516
Vouchers paid	-	-	-	-	-
Claims paid	-	-	-	-	-
Escrow withdrawals	-	-	-	-	-
DEP fees	-	-	-	93,730	-
N.J. Wastewater admin. fees	4,110	-	16,095	3,210	14,655
Transfers - unrestricted funds	-	-	-	-	-
Transfers - unrestricted designated funds	-	-	-	-	-
Retainage withdrawals	-	-	-	-	-
Total uses	<u>320,951</u>	<u>-</u>	<u>707,931</u>	<u>352,179</u>	<u>1,002,708</u>
Increase (decrease)	-	159	-	-	-
Balance, beginning of year	<u>-</u>	<u>105,912</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 106,071</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Balance comprised of					
Cash and cash equivalents	\$ -	\$ 106,071	\$ -	\$ -	\$ -
Investments:					
Certificates of deposit	-	-	-	-	-
	<u>\$ -</u>	<u>\$ 106,071</u>	<u>\$ -</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, 2021

	Spectraserv Escrow	2019A-1 NJEIT Debt Service	2020A-1 NJEIT Debt Service	Debt Service Rate Stabilization	Total Restricted Accounts
Sources					
Interest income	\$ 3,521	\$ -	\$ -	\$ -	\$ 60,066
Miscellaneous income	-	-	-	-	36,851
Expense reimbursement	-	-	-	-	6,762,524
Escrow deposits	-	-	-	-	-
Transfers – unrestricted funds	-	917,371	1,206,583	4,000,000	19,556,796
Budget appropriation	-	-	-	-	1,350,000
Debt proceeds	-	-	-	-	9,860,000
Transfer- Interfund	-	-	-	-	-
Total sources	<u>3,521</u>	<u>917,371</u>	<u>1,206,583</u>	<u>4,000,000</u>	<u>37,626,237</u>
Uses					
Bond principal paid	-	770,584	1,001,643	-	13,456,459
Bond interest paid	-	134,802	189,325	-	1,703,234
Vouchers paid	-	-	-	-	807,380
Claims paid	-	-	-	-	11,783
Escrow withdrawals	439,745	-	-	-	439,745
DEP fees	-	-	-	-	93,730
N.J. Wastewater admin. fees	-	11,985	15,615	-	303,375
Transfers - unrestricted funds	-	-	-	-	12,874,146
Transfers - unrestricted designated funds	-	-	-	-	-
Retainage withdrawals	-	-	-	-	-
Total uses	<u>439,745</u>	<u>917,371</u>	<u>1,206,583</u>	<u>-</u>	<u>29,689,852</u>
Increase (decrease)	(436,224)	-	-	4,000,000	7,936,385
Balance, beginning of year	<u>2,391,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,756,995</u>
Balance, end of year	<u>\$ 1,955,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000,000</u>	<u>\$ 40,693,380</u>
Balance comprised of					
Cash and cash equivalents	\$ 1,955,212	\$ -	\$ -	\$ -	\$ 34,412,213
Investments:					
Certificates of deposit	-	-	-	4,000,000	6,281,167
	<u>\$ 1,955,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000,000</u>	<u>\$ 40,693,380</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2021

	General Liability Insurance Fund	Collision Insurance Reserve	Worker's Compensation Insurance	Land Acquisition and Improvement Reserve
Sources				
Interest income	\$ 7,555	\$ 298	\$ 938	\$ 20,455
Miscellaneous income	-	-	-	-
Due from Wastewater Division	-	-	-	-
Retainage deposits	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	200,000	500,000
Total sources	<u>7,555</u>	<u>298</u>	<u>200,938</u>	<u>520,455</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	86,350	-
Miscellaneous expense	-	-	-	-
Trustee fee	-	-	-	-
NJEIT Admin fee	-	-	-	-
Total uses	<u>-</u>	<u>-</u>	<u>86,350</u>	<u>-</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease)	7,555	298	114,588	520,455
Balance, beginning of year	<u>2,903,685</u>	<u>198,727</u>	<u>622,167</u>	<u>5,347,816</u>
Balance, end of year	<u>\$ 2,911,240</u>	<u>\$ 199,025</u>	<u>\$ 736,755</u>	<u>\$ 5,868,271</u>
Balance comprised of				
Cash and cash equivalents	\$ 833,707	\$ 199,025	\$ 736,755	\$ 5,868,271
Investments:				
Certificates of deposit	2,077,533	-	-	-
Treasury notes	-	-	-	-
Other government obligations	-	-	-	-
	<u>\$ 2,911,240</u>	<u>\$ 199,025</u>	<u>\$ 736,755</u>	<u>\$ 5,868,271</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2021

	DEP Closure Phase I	Environmental Self Insurance	Closure/ Post- Closure I	Closure/ Post- Closure II
Sources				
Interest income	\$ 6,116	\$ 78,304	\$ 7,632	\$ 476,681
Miscellaneous income	-	-	-	52,664
Due from Wastewater Division	-	-	-	-
Retainage deposits	-	439,745	-	-
Escrow deposits	-	-	-	1,631,580
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	-	-
Total sources	6,116	518,049	7,632	2,160,925
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	-	-
Miscellaneous expense	-	-	-	-
Trustee fee	-	-	-	54,055
NJEIT Admin fee	-	-	-	-
Total uses	-	-	-	54,055
Net increase (decrease) in the fair value of investments	-	-	-	(776,126)
Increase (decrease)	6,116	518,049	7,632	1,330,744
Balance, beginning of year	4,074,542	18,932,502	2,329,660	42,658,128
Balance, end of year	\$ 4,080,658	\$ 19,450,551	\$ 2,337,292	\$ 43,988,872
Balance comprised of				
Cash and cash equivalents	\$ 4,080,658	\$ 19,450,551	\$ 2,337,292	\$ 58,082
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	43,930,790
Other government obligations	-	-	-	-
	\$ 4,080,658	\$ 19,450,551	\$ 2,337,292	\$ 43,988,872

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2021

	CJ Nesti Soil Escrow	Supplemental Fund	Public Liability Insurance Reserve	Aforce Escrow
Sources				
Interest income	\$ 472	\$ 8,988	\$ 9,015	\$ 473
Miscellaneous income	-	-	-	-
Due from Wastewater Division	-	-	-	-
Retainage deposits	-	-	-	-
Escrow deposits	-	-	-	-
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	-	-
Total sources	<u>472</u>	<u>8,988</u>	<u>9,015</u>	<u>473</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	-	-
Miscellaneous expense	-	-	-	-
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)	472	8,988	9,015	473
Balance, beginning of year	<u>314,388</u>	<u>2,083,435</u>	<u>2,101,837</u>	<u>314,720</u>
Balance, end of year	<u>\$ 314,860</u>	<u>\$ 2,092,423</u>	<u>\$ 2,110,852</u>	<u>\$ 315,193</u>
Balance comprised of				
Cash and cash equivalents	\$ 314,860	\$ 2,092,423	\$ 2,110,852	\$ 315,193
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
Other government obligations	-	-	-	-
	<u>\$ 314,860</u>	<u>\$ 2,092,423</u>	<u>\$ 2,110,852</u>	<u>\$ 315,193</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2021

	Construction Reserve	Northeast Remsco Retainage	Service Fee Escrow	Reconstruction/ Replacement Reserve
Sources				
Interest income	\$ 1,677	\$ 43	\$ 1,910	\$ 10,825
Miscellaneous income	-	-	-	-
Due from Wastewater Division	-	-	-	-
Retainage deposits	-	-	-	-
Escrow deposits	-	-	3,322,926	-
Transfers – unrestricted funds	-	-	-	-
Budget appropriation	-	-	-	500,000
Total sources	<u>1,677</u>	<u>43</u>	<u>3,324,836</u>	<u>510,825</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	3,354,528	-
Miscellaneous expense	-	-	-	-
Trustee fee	-	-	-	-
NJEIT Admin fee	-	-	-	-
Total uses	<u>-</u>	<u>-</u>	<u>3,354,528</u>	<u>-</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease)	1,677	43	(29,692)	510,825
Balance, beginning of year	<u>1,117,151</u>	<u>28,917</u>	<u>453,923</u>	<u>3,171,711</u>
Balance, end of year	<u>\$ 1,118,828</u>	<u>\$ 28,960</u>	<u>\$ 424,231</u>	<u>\$ 3,682,536</u>
Balance comprised of				
Cash and cash equivalents	\$ 1,118,828	\$ 28,960	\$ 424,231	\$ 3,682,536
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
Other government obligations	-	-	-	-
	<u>\$ 1,118,828</u>	<u>\$ 28,960</u>	<u>\$ 424,231</u>	<u>\$ 3,682,536</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2021

	2009A Debt Service	DEP Closure Phase II Amboy	United Energy Soil Escrow	SWD FSA Escrow	Total
Sources					
Interest income	\$ -	\$ 325,216	\$ 472	\$ 3	\$ 957,073
Miscellaneous income	-	-	-	-	52,664
Due from Wastewater Division	-	-	-	-	-
Retainage deposits	-	-	-	-	439,745
Escrow deposits	-	556,550	-	-	5,511,056
Transfers – unrestricted funds	1,922,239	-	-	-	1,922,239
Budget appropriation	-	-	-	-	1,200,000
Total sources	1,922,239	881,766	472	3	10,082,777
Uses					
Bond principal paid	1,734,482	-	-	-	1,734,482
Bond interest paid	153,422	-	-	-	153,422
Vouchers paid	-	-	-	-	3,440,878
Miscellaneous expense	-	71,827	-	-	71,827
Trustee fee	-	30,552	-	-	84,607
NJEIT Admin fee	34,335	-	-	-	34,335
Total uses	1,922,239	102,379	-	-	5,519,551
Net increase (decrease) in the fair value of investments	-	(303,796)	-	-	(1,079,922)
Increase (decrease)	-	475,591	472	3	3,483,304
Balance, beginning of year	-	22,819,443	314,388	1,695	109,788,835
Balance, end of year	\$ -	\$ 23,295,034	\$ 314,860	\$ 1,698	\$ 113,272,139
Balance comprised of					
Cash and cash equivalents	\$ -	\$ 7,754,688	\$ 314,860	\$ 1,698	\$ 51,723,470
Investments:					
Certificates of deposit	-	-	-	-	2,077,533
Treasury notes	-	-	-	-	43,930,790
Other government obligations	-	15,540,346	-	-	15,540,346
	\$ -	\$ 23,295,034	\$ 314,860	\$ 1,698	\$ 113,272,139

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CAPITAL ASSETS

December 31, 2021

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	257,008,856	305,009,391
Improvements other than buildings	122,703,613	430,468,542	553,172,155
Machinery and equipment	-	51,326,965	51,326,965
Furniture and fixtures	-	149,463	149,463
Landfill gas collection facility	-	72,536,359	72,536,359
Landfill gas collection equipment	-	15,030,022	15,030,022
	<u>\$ 170,704,148</u>	<u>\$ 834,922,035</u>	<u>\$ 1,005,626,183</u>

Solid Waste Division

	Acquired with Capital Contributions	Acquired with Other than Capital Contributions	Combined Totals
Land	\$ -	\$ 37,934,488	\$ 37,934,488
Landfill and landfill expansion including initial preparatory cost	-	241,597,650	241,597,650
Buildings	-	11,345,822	11,345,822
Improvements other than buildings	-	38,127,694	38,127,694
Machinery and equipment	-	12,422,798	12,422,798
	<u>\$ -</u>	<u>\$ 341,428,452</u>	<u>\$ 341,428,452</u>

Note: Excludes construction in progress.

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF ACCUMULATED DEPRECIATION
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2021

	Accumulated Depreciation January 1, 2021	Depreciation Expense	Accumulated Depreciation December 31, 2021
Buildings and improvements:			
Acquired with capital contributions	\$ 39,252,978	\$ 1,019,188	\$ 40,272,166
Other	72,987,299	5,204,524	78,191,823
Improvements other than buildings:			
Acquired with capital contributions	86,382,437	2,567,026	88,949,463
Other	165,851,488	11,425,561	177,277,049
Machinery and equipment	24,188,739	3,418,013	27,606,752
Furniture and fixtures	50,161	18,150	68,311
Landfill gas collection facility	39,971,996	3,423,086	43,395,082
Landfill gas collection equipment	4,133,574	805,695	4,939,269
	<u>\$ 432,818,672</u>	<u>\$ 27,881,243</u>	<u>\$ 460,699,915</u>
Analysis:			
Depreciation attributable to assets acquired with capital contributions	\$ 125,635,415	\$ 3,586,214	\$ 129,221,629
Depreciation attributable to assets acquired with other than capital contributions	<u>307,183,257</u>	<u>24,295,029</u>	<u>331,478,286</u>
	<u>\$ 432,818,672</u>	<u>\$ 27,881,243</u>	<u>\$ 460,699,915</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2021

	Accumulated Depreciation January 1, 2021	Depreciation Expense	Accumulated Depreciation December 31, 2021
	<u> </u>	<u> </u>	<u> </u>
Landfill and landfill expansion including initial preparatory cost	\$ 241,597,650	\$ -	\$ 241,597,650
Buildings	9,263,770	315,382	9,579,152
Improvements other than buildings	8,689,490	1,518,720	10,208,210
Machinery and equipment	5,354,432	1,126,076	6,480,508
	<u>\$ 264,905,342</u>	<u>\$ 2,960,178</u>	<u>\$ 267,865,520</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CONSTRUCTION IN PROGRESS

YEAR ENDED DECEMBER 31, 2021

	Total Costs through January 1, 2021	Increases January - December 31, 2021	Decreases January - December 31, 2021	Total Costs through December 31, 2021
<u>Wastewater Division</u>				
Final Tank Rehab	\$ 7,671,038	\$ 13,625	\$ 7,538,984	\$ 145,679
Main Sub-Station Rehabilitation	21,845,749	27,376	21,873,125	-
Storage Building	720,999	164,059	-	885,058
Dewatering Bldg Odor Control System Rehab	2,939,852	-	2,939,852	-
Dewatering Bldg Roof Rehab	-	96,990	-	96,990
SPS Restoration/Mitigation (FEMA)	86,578,056	5,595,303	92,173,359	-
EPS Restoration/Mitigation (FEMA)	34,449,497	12,268	34,461,765	-
Main Trunk Rehab II	7,960,839	546,827	8,507,666	-
Primary Tank Rehab	2,824,789	-	2,766,068	58,721
Primary Tank Rehab - Phase IV - Emergency Work	-	1,448,909	-	1,448,909
Process Water Screens	429,156	551,363	980,519	-
Gravity Thickener	2,158,156	4,217	2,162,373	-
Gravity Thickener Phase II	283,551	22,022	-	305,573
Meter Chamber Upgrade Phase II	293,204	21,824	-	315,028
Influent Screening	256,127	-	256,127	-
Outfall Repairs	1,057,526	5,724	-	1,063,250
Main Trunk Sewer Phase III	694,766	52,127	-	746,893
Sludge Odor Control	1,218,572	274,828	1,493,400	-
SFFM Rehab	171,013	-	171,013	-
RAS Pipe Rehab	114,892	215,606	-	330,498
Grit Chamber Upgrade	215,110	312,448	-	527,558
Process Air Piping Upgrade	64,599	56,162	-	120,761
Advanced Digestion	-	396,406	-	396,406
Septage Handling Improvements	-	46,664	-	46,664
LFG Booster Pump Project	-	72,591	-	72,591
BBPS Building Replacement	-	390,335	-	390,335
GBPS Bar Screen Replacement	-	248,107	-	248,107
GBPS FEMA- Rest/Mit (Ida)	-	2,043,669	-	2,043,669
Hypo Tank Replacement	-	17,101	-	17,101
	<u>\$ 171,947,491</u>	<u>\$ 12,636,551</u>	<u>\$ 175,324,251</u>	<u>\$ 9,259,791</u>
<u>Solid Waste Division</u>				
Landfill Gas Engine	\$ 6,726,369	\$ -	\$ 6,726,369	\$ -
Landfill Sideslope Closure	10,700,090	1,806	10,701,896	-
Landfill Electric Upgrade to Pumping Service	408,878	338,135	747,013	-
MCLF Paving	394,005	-	394,005	-
Phase II Temporary Cap	-	935,309	-	935,309
Oncall Geomembrane Cover	-	407,002	-	407,002
	<u>\$ 18,229,342</u>	<u>\$ 1,682,252</u>	<u>\$ 18,569,283</u>	<u>\$ 1,342,311</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF REVENUE SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2021

	Balance January 1, 2021	Bonds Issued Current Period	Principal Reduction	Balance December 31, 2021	Analysis of Balance Due	
					Current Portion	Long-Term
Wastewater Division						
Issue of 2001A - N.J. IB (Federal)	\$ 889,483	\$ -	\$ 889,483	\$ -	\$ -	\$ -
Issue of 2001A - N.J. IB (State)	1,224,110	-	1,224,110	-	-	-
Issue of 2005A - N.J. IB (Federal)	1,753,764	-	350,508	1,403,256	438,275	964,981
Issue of 2005A - N.J. IB (State)	2,283,580	-	421,298	1,862,282	350,566	1,511,716
Issue of 2006 - N.J. IB (Federal)	12,144,681	-	1,894,931	10,249,750	2,664,433	7,585,317
Issue of 2006 - N.J. IB (State)	16,716,073	-	2,690,000	14,026,073	2,024,592	12,001,481
Issue of 2009A - N.J. IB (Federal)	4,296,013	-	494,866	3,801,147	505,000	3,296,147
Issue of 2009A - N.J. IB (State)	5,144,000	-	486,000	4,658,000	494,866	4,163,134
Issue of 2009 C-1 - N.J. IB (Trust/State)	1,654,000	-	155,000	1,499,000	161,000	1,338,000
Issue of 2009 C-2 - N.J. IB (Trust/State)	2,143,000	-	202,000	1,941,000	213,000	1,728,000
Issue of 2009 D-1 - N.J. IB (Federal)	1,996,936	-	221,882	1,775,054	221,882	1,553,172
Issue of 2009 D-2 - N.J. IB (Federal)	5,564,039	-	618,227	4,945,812	618,227	4,327,585
Issue of 2010B - N.J. IB (Federal)	2,935,933	-	293,593	2,642,340	293,593	2,348,747
Issue of 2010B - N.J. IB (Trust/State)	3,107,000	-	250,000	2,857,000	259,000	2,598,000
Issue of 2014A - N.J. IB (Federal)	2,788,518	-	214,501	2,574,017	214,501	2,359,516
Issue of 2014A - N.J. IB (Trust/State)	1,050,000	-	65,000	985,000	65,000	920,000
Issue of 2016A - N.J. IB (Federal)	11,450,114	-	780,107	10,670,007	780,107	9,889,900
Issue of 2016A - N.J. IB (Trust/State)	4,061,167	-	210,000	3,851,167	220,000	3,631,167
Issue of 2019A - N.J. IB (Federal)	11,170,515	-	620,584	10,549,931	620,584	9,929,347
Issue of 2019A - N.J. IB (Trust/State)	3,855,000	-	150,000	3,705,000	155,000	3,550,000
Issue of 2020A - N.J. EIT (Federal)	15,611,212	-	821,643	14,789,569	821,643	13,967,926
Issue of 2020A - N.J. EIT (Trust/State)	5,205,000	-	180,000	5,025,000	190,000	4,835,000
Issue of 2021A - N.J. EIT (Federal)	-	7,029,738	238,296	6,791,442	357,445	6,433,997
Issue of 2021A - N.J. EIT (Trust/State)	-	2,140,000	-	2,140,000	75,000	2,065,000
2021 Solar Project	-	9,860,000	-	9,860,000	1,940,000	7,920,000
	<u>\$ 117,044,138</u>	<u>\$ 19,029,738</u>	<u>\$ 13,472,029</u>	<u>\$ 122,601,847</u>	<u>\$ 13,683,714</u>	<u>\$ 108,918,133</u>
Solid Waste Division						
Issue of 2009A - N.J. IB (Federal)	\$ 3,067,426	\$ -	\$ 824,482	\$ 2,242,944	\$ 824,482	\$ 1,418,462
Issue of 2009A - N.J. IB (Trust/State)	3,837,000	-	910,000	2,927,000	937,000	1,990,000
	<u>\$ 6,904,426</u>	<u>\$ -</u>	<u>\$ 1,734,482</u>	<u>\$ 5,169,944</u>	<u>\$ 1,761,482</u>	<u>\$ 3,408,462</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, 2021

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Operating Revenues			
Appropriated net position	\$ 7,383,900	\$ - (1)	\$ 7,383,900
Bond reserve refund	7,450,000	-	(1) 7,450,000
Annual charges	85,816,000	83,776,521	2,039,479
Treatment of septic tank waste	200,000	370,402	(170,402)
Service fees, review of plans, etc.	2,000	3,000	(1,000)
Industrial pretreatment program fees	20,000	28,500	(8,500)
Miscellaneous income	200,000	527,840	(327,840)
Interest on investments and deposits	100,000	99,583 (2)	417
Management fees	2,064,000	2,064,000	-
Sampling, lab fees, and analytical services	40,000	45,058	(5,058)
Groundwater discharge fees	800,000	976,863	(176,863)
Penalty assessments	20,000	85,600	(65,600)
Effluent reuse sales	750,000	601,359	148,641
Sale of synthetic soil	432,000	382,659	49,341
Sale of landfill gas	-	1,180,154	(1,180,154)
Linde	2,325,000	2,066,062	258,938
Grants	31,725,000	3,903,759	27,821,241
Electric generation income	650,000	727,382	(77,382)
Total revenues	<u>139,977,900</u>	<u>96,838,742</u>	<u>43,139,158</u>
Less: Revenues to fund Bonded and Reimbursable projects			
Grants	<u>(31,725,000)</u>	<u>(3,903,759)</u>	<u>(27,821,241)</u>
Total operating revenues less revenues to fund bonded and reimbursable projects	<u>108,252,900</u>	<u>92,934,983</u>	<u>15,317,917</u>
Operating Expenses			
Salaries and wages			
Administration	3,743,000	3,724,712	18,288
Plant operation	2,847,000	3,211,583	(364,583)
Plant solids	2,106,000	2,246,207	(140,207)
Laboratory	1,936,000	1,699,257	236,743
Plant maintenance	4,166,000	3,880,208	285,792
Sayreville pump station	881,000	980,502	(99,502)
Lines, meters and small pump stations	1,228,000	1,222,375	5,625
Temporary help	50,000	20,931	29,069
Total salaries and wages	<u>16,957,000</u>	<u>16,985,775</u>	<u>(28,775)</u>

(1) Not an operating revenue for GAAP purposes.

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

\$ 21,127

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, 2021

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Administration			
Pension expense	\$ 2,201,000	\$ 1,976,327	\$ 224,673
Social security tax	1,298,000	1,214,129	83,871
Disability insurance	120,000	124,200	(4,200)
Hospitalization plan	2,175,000	1,926,404	248,596
Dental and vision plan	130,000	115,831	14,169
Retired employees/survivor benefits	2,600,000	2,347,060	252,940
Prescription plan	1,100,000	930,956	169,044
Paid sick leave	350,000	238,197	111,803
Excess worker's compensation	80,000	76,075	3,925
Insurance - other	1,045,000	1,009,689	35,311
Professional fees	2,863,000	3,220,503	(357,503)
Regulatory fees and permits	843,000	760,228	82,772
Host community benefits	1,660,000	1,659,840	160
General administrative expenses	1,001,000	1,194,959	(193,959)
Interest expense	300,000	157,234	142,766
Interest expense on early retirement incentive liabilities	-	117,786	(117,786)
Environmental studies	210,000	17,139	192,861
Total administration	<u>17,976,000</u>	<u>17,086,557</u>	<u>889,443</u>
Central Treatment Plant			
Chemicals	2,695,000	3,054,154	(359,154)
Power and light	1,836,000	2,818,423	(982,423)
Fuel oil	1,760,000	1,353,416	406,584
Water	300,000	286,777	13,223
Grit processing	285,000	233,278	51,722
Transportation of synthetic soil	2,358,000	2,460,409	(102,409)
Maintenance	4,521,000	5,200,567	(679,567)
Laboratory	633,000	525,098	107,902
Transportation	255,000	251,668	3,332
Electric generation plant	8,288,000	10,567,902	(2,279,902)
Operations	1,189,000	1,323,093	(134,093)
Total central treatment plant	<u>24,120,000</u>	<u>28,074,785</u>	<u>(3,954,785)</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, 2021

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Sayreville Pumping Station			
Power and light	\$ 1,310,000	\$ 596,867	\$ 713,133
Water	25,000	11,242	13,758
Maintenance	207,000	132,492	74,508
Total Sayreville Pumping Station	<u>1,542,000</u>	<u>740,601</u>	<u>801,399</u>
Edison Pumping Station			
Power and light	270,000	440,571	(170,571)
Water	10,000	12,818	(2,818)
Maintenance	121,000	61,022	59,978
Total Edison Pumping Station	<u>401,000</u>	<u>514,411</u>	<u>(113,411)</u>
Bound Brook Pumping Station			
Power and light	35,000	23,801	11,199
Water	1,000	1,067	(67)
Maintenance	24,000	6,638	17,362
Total Bound Brook Pumping Station	<u>60,000</u>	<u>31,506</u>	<u>28,494</u>
Green Brook Pumping Station			
Power and light	70,000	46,764	23,236
Water	6,000	5,919	81
Maintenance	17,000	11,347	5,653
Total Green Brook Pumping Station	<u>93,000</u>	<u>64,030</u>	<u>28,970</u>
South Amboy Pumping Station			
Power and light	90,000	96,046	(6,046)
Water	20,000	15,557	4,443
Maintenance	18,000	10,729	7,271
Total South Amboy Pumping Station	<u>128,000</u>	<u>122,332</u>	<u>5,668</u>
Lines, Meters and Small Pumping Stations			
Power and light	12,000	9,214	2,786
Rental of rights of way	12,000	12,524	(524)
Maintenance	834,000	935,336	(101,336)
Total Lines, Meters and Small Pumping Stations	<u>858,000</u>	<u>957,074</u>	<u>(99,074)</u>
Hurricane loss			
Administration	-	44,900	(44,900)
***Total Hurricane Loss	<u>-</u>	<u>44,900</u>	<u>(44,900)</u>
Less: Reimbursable projects***	<u>-</u>	<u>(44,900)</u>	<u>44,900</u>
Total operating expense budget	<u>62,135,000</u>	<u>64,577,071</u>	<u>(2,442,071)</u>

***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, 2021

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Capital Outlays			
Administration - computer	\$ 179,000	\$ 152,843	\$ 26,157
Administration - furniture and fixtures	10,000	26,225	(16,225)
Administration - machinery & equipment	15,000	23,682	(8,682)
Pumping stations:			
Sayreville Pumping Station	25,000	-	25,000
Edison Pumping Station	70,000	72,591	(2,591)
*Green Brook Pumping Station	1,070,000	248,107	821,893
*Bound Brook Pumping Station	720,000	390,335	329,665
Lines, meters and small pumping stations:			
Machinery and equipment	100,000	-	100,000
Pipeline repair	3,000,000	2,299,962	700,038
Pipeline improvements	250,000	178,656	71,344
*Pipeline maint/repair - NJIB funded	1,200,000	-	1,200,000
*Hayden inteceptor	50,000	-	50,000
*Meter chamber upgrade	1,900,000	19,305	1,880,695
*Main trunk sewer II	-	546,827	(546,827)
*Main trunk sewer III	2,750,000	52,127	2,697,873
*Main trunk sewer IV	250,000	-	250,000
Supplemental outfall repairs	2,100,000	5,724	2,094,276
Pump station, permanent restoration / mitigation:			
*Sayreville Pumping Station	200,000	5,595,303	(5,395,303)
*Edison Pumping Station	-	12,268	(12,268)
Electric Generation:			
Machinery and equipment	6,990,000	3,930,224	3,059,776
Gas collection system	2,210,000	1,923,822	286,178
Central treatment plant:			
Furniture and fixtures	40,000	-	40,000
Machinery and equipment	320,000	33,520	286,480
Oxygen facility - machinery and equipment	235,000	197,105	37,895
Oxygen facility - spare parts	10,000	-	10,000
*Electrical substation upgrade	600,000	27,376	572,624
Process water screens / engineering	886,000	551,363	334,637
Electrical equipment	300,000	-	300,000
Lab machinery and equipment	50,000	46,987	3,013
Lab computer equipment	25,000	-	25,000
Pumps and motors	250,000	-	250,000
*Roof reconstruction	70,000	96,990	(26,990)
Sidewalks and roads	405,000	-	405,000
Advanced digestion engineering	500,000	345,137	154,863
*Primary tanks - Phase 4	1,900,000	1,448,910	451,090
*Final tanks - Phase 4	2,420,000	13,625	2,406,375
Hypo tank replacement	110,000	17,101	92,899
*Primary tank pump replacement	2,200,000	-	2,200,000

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, 2021

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Wind power engineering	\$ 50,000	\$ -	\$ 50,000
Plant SCADA	120,000	345,636	(225,636)
*Grit chamber upgrades - engineering	-	312,447	(312,447)
Administrative review/support	-	51,269	(51,269)
*Septage Handling Improvements	-	46,664	(46,664)
*Warehouse - Engg	525,000	164,059	360,941
Duophase - machinery and equipment	335,000	864,278	(529,278)
Odor control system upgrades	610,000	293,427	316,573
*Maintenance annex rehab	2,490,000	506,808	1,983,192
*RAS pipe rehab	4,550,000	215,606	4,334,394
Muffin monsters	50,000	30,561	19,439
*Process air piping upgrades	1,750,000	56,162	1,693,838
*Gravity thickener	2,200,000	26,239	2,173,761
**Green Brook Emergency Repairs - Hurricane Ida	-	2,043,669	(2,043,669)
*Solar Project	9,800,000	-	9,800,000
Vehicles	150,000	241,464	(91,464)
Total capital outlays	<u>56,040,000</u>	<u>23,454,404</u>	<u>32,585,596</u>
Less: Bonded projects*	(31,725,000)	(9,466,711)	(22,258,289)
Reimbursable projects**	<u>-</u>	<u>(2,043,669)</u>	<u>2,043,669</u>
Capital outlays funded by operating revenues	<u>24,315,000</u>	<u>11,944,024</u>	<u>12,370,976</u>
Other Costs Funded by Operating Revenues			
Future plant reconstruction and replacement	500,000	500,000	-
Solid Waste Division loan reserve	<u>500,000</u>	<u>500,000</u>	<u>-</u>
	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Budget subtotal	<u>87,450,000</u>	<u>77,521,095</u>	<u>9,928,905</u>
NJ- WWT - administrative fee	<u>-</u>	<u>303,375</u>	<u>(303,375)</u>
Total before debt service and amortization	<u>87,450,000</u>	<u>77,824,470</u>	<u>9,625,530</u>

*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, 2021

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Principal Maturities			
2001A issue	\$ 2,113,600	\$ 2,113,593	\$ 7
2005 NJIB	771,800	771,806	(6)
2006 EPS - wastewater treatment	4,584,900	4,584,931	(31)
2009 EPS wastewater treatment	980,900	980,866	34
2010A (Traditional) - Plant upgrades	376,900	376,882	18
2010A (ARRA) - switchgear	820,200	820,227	(27)
2010 - OSPS	543,600	543,593	7
2014 - Main Trunk Sewer I	279,500	279,501	(1)
2016 NJEIT - Elec Substation	990,100	990,107	(7)
2021 Main Trunk II (est)	500,000	238,296	261,704
2019 FEMA/SAIL EPS Perm	770,600	770,584	16
Debt Service Rate Stabilization Fund	4,000,000	4,000,000	-
2020 FEMA/SAIL SPS Perm (est)	1,001,700	1,001,643	57
Solar project (est)	1,000,000	-	1,000,000
	<u>18,733,800</u>	<u>17,472,029</u>	<u>1,261,771</u>
Total principal maturities			
Interest Expense			
2001A issue	60,000	33,757	26,243
2005 - wastewater treatment	91,400	90,372	1,028
2006 EPS - wastewater treatment	701,300	681,390	19,910
2009 EPS wastewater treatment	205,800	205,712	88
2010A (Traditional) - Plant upgrades	85,800	85,694	106
2010A (ARRA) - switchgear	66,200	66,140	60
2010 - OSPS	148,300	148,243	57
2014 NJIB - Main Trunk Sewer I	37,400	37,339	61
2016 NJIB - Electric Substation Upgrade (estimated)	136,600	81,779	54,821
2019 Main Trunk II (est)	112,000	16,943	95,057
2019 FEMA/SAIL EPS Perm (est)	134,900	134,802	98
2020 FEMA/SAIL SPS Perm (est)	189,400	189,326	74
Solar project (est)	100,000	-	100,000
	<u>2,069,100</u>	<u>1,771,497</u>	<u>297,603</u>
Total interest expense			
Total actual costs funded by operating revenues			
	<u>108,252,900</u>	<u>97,067,996</u>	<u>11,184,904</u>
Excess in revenues			
	<u>-</u>	<u>(4,133,013)</u>	<u>4,133,013</u>
Total actual costs funded by operating revenues and excess in revenues			
	<u>\$ 108,252,900</u>	<u>\$ 92,934,983</u>	<u>\$ 15,317,917</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, 2021

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Operating Revenues			
Tipping fees	\$ 36,375,000	\$ 40,637,869	\$ (4,262,869)
Interest income	20,000	333,892 (1)	(313,892)
Soil program income	3,300,000	10,437,827	(7,137,827)
Service fee income	500,000	1,589,767	(1,089,767)
Miscellaneous income	16,000	59,555	(43,555)
Net decrease in the fair value of investments	-	(1,079,922)	1,079,922
Total operating revenues	<u>\$ 40,211,000</u>	<u>\$ 51,978,988</u>	<u>\$ (11,767,988)</u>
 (1) Includes non-budgeted interest earned on restricted funds of \$286,549.			
Operating Expenses			
Salaries and Wages			
Administration	\$ 1,236,000	\$ 1,232,297	\$ 3,703
Operations	2,316,000	2,214,882	101,118
Temporary help	10,000	5,808	4,192
Total salaries and wages	<u>3,562,000</u>	<u>3,452,987</u>	<u>109,013</u>
 Administration			
Public Employee Retirement System	433,000	348,764	84,236
Social Security tax	273,000	239,895	33,105
Employee benefits	1,260,000	1,044,868	215,132
Insurance	347,000	337,836	9,164
Professional fees	1,697,000	1,238,555	458,445
Regulatory fees and permits	335,000	191,518	143,482
General administrative expenses	2,312,500	2,316,434	(3,934)
Implementing agency fee	3,500,000	3,500,000	-
Total administration	<u>10,157,500</u>	<u>9,217,870</u>	<u>939,630</u>
 Landfill Operations			
Host community benefits	6,308,000	6,246,451	61,549
Utilities	53,000	44,791	8,209
Maintenance	547,500	439,673	107,827
Operations	7,650,000	7,239,017	410,983
Transportation	63,000	46,729	16,271
Mandated charges	2,622,000	2,718,806	(96,806)
Total landfill operations	<u>17,243,500</u>	<u>16,735,467</u>	<u>508,033</u>
 Budget subtotal	 30,963,000	 29,406,324	 1,556,676
 NJ - WWT and DEP - administrative fee	 -	 34,335	 (34,335)
 Budget total before debt service, capital outlay and reserves	 <u>30,963,000</u>	 <u>29,440,659</u>	 <u>1,522,341</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, 2021

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Debt Service			
Bond principal	\$ 1,735,000	\$ 1,734,482	\$ 518
Interest on bonds	<u>154,000</u>	<u>138,387</u>	<u>15,613</u>
Total debt service	<u>1,889,000</u>	<u>1,872,869</u>	<u>16,131</u>
Capital Outlay			
Landfill - capital	<u>5,340,000</u>	<u>3,632,382</u>	<u>1,707,618</u>
Reserves	<u>2,019,000</u>	<u>2,197,678</u>	<u>(178,678)</u>
Total actual costs funded by operating revenues	<u>\$ 40,211,000</u>	<u>\$ 37,143,588</u>	<u>\$ 3,067,412</u>
Excess in revenues	<u>-</u>	<u>14,835,400</u>	<u>(14,835,400)</u>
Total actual costs funded by operating revenues and excess in revenues	<u>\$ 40,211,000</u>	<u>\$ 51,978,988</u>	<u>\$ (11,767,988)</u>

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

YEAR ENDED DECEMBER 31, 2021

	Total Annual Charges	Flow		Biochemical Oxygen Demand		Suspended Solids		Chlorine Demand	
		Million Gallons	Charges	Tons	Charges	Tons	Charges	CWT	Charges
Municipalities									
Bound Brook	\$ 1,059,638	498.7	\$ 438,590	463.0	\$ 270,672	458.3	\$ 326,192	117.0	\$ 24,184
Carteret	2,487,931	1,396.8	942,087	1,264.2	724,664	1,076.7	744,387	389.0	76,793
Cranbury	583,721	161.3	200,420	227.0	133,466	337.9	242,892	33.5	6,943
East Brunswick	3,486,266	1,439.6	966,034	1,808.6	1,027,006	2,138.3	1,414,380	399.4	78,846
Edison	9,680,034	5,525.6	3,145,714	4,698.5	2,583,213	5,863.4	3,735,613	1,128.7	215,494
Franklin Twp.	7,107,237	2,832.5	1,710,925	4,540.5	2,498,975	4,308.0	2,767,548	669.9	129,789
Highland Park	1,476,821	631.9	515,816	622.0	361,812	819.0	574,419	119.8	24,774
Metuchen	1,194,560	543.9	464,858	476.0	278,155	607.0	429,045	108.5	22,502
Middlesex	1,498,549	720.6	567,470	610.1	355,056	778.9	548,023	136.0	28,000
Monroe Twp.	4,318,498	1,454.4	974,154	2,235.1	1,259,278	3,094.5	2,012,229	367.5	72,837
New Brunswick	5,966,488	3,533.0	2,084,142	2,585.9	1,450,348	3,539.7	2,289,360	738.2	142,638
North Brunswick	3,215,076	1,943.2	1,236,826	1,263.3	723,970	1,767.1	1,181,821	365.8	72,459
Old Bridge	4,943,422	2,015.0	1,275,483	2,460.2	1,381,860	3,380.2	2,190,098	490.3	95,981
PARSA	9,686,208	4,785.1	2,751,208	6,190.2	3,377,964	5,083.0	3,249,914	1,632.6	307,122
Perth Amboy	4,390,832	1,805.6	1,163,287	3,519.2	1,954,872	1,728.2	1,157,355	593.0	115,318
Piscataway	5,818,637	3,151.8	1,881,094	3,073.5	1,715,289	3,197.7	2,076,515	754.7	145,739
Sayreville	4,098,180	1,527.3	1,014,300	2,154.9	1,215,577	2,751.5	1,798,207	353.3	70,096
South Bound Brook	448,195	184.9	220,151	162.5	95,818	173.2	124,890	35.4	7,336
South Amboy	688,700	259.4	275,834	272.4	159,953	332.8	239,247	65.8	13,666
South Brunswick	2,777,276	1,059.7	756,869	1,990.1	1,125,854	1,150.0	794,807	510.4	99,746
South River	1,347,662	635.0	517,882	637.4	370,670	606.7	428,949	147.0	30,161
Spotswood	1,073,793	227.8	252,203	523.4	305,360	711.1	501,162	72.6	15,068
Woodbridge	4,013,970	1,814.2	1,168,276	1,834.6	1,041,077	2,636.8	1,726,458	395.6	78,159
	\$ 81,361,694	38,147,300	\$ 24,523,623	43,612,600	\$ 24,410,909	46,540,000	\$ 30,553,511	9,624,000	\$ 1,873,651
Industries									
Ashland Aqualon	1,053,036	88.9	121,197	1,306.7	748,579	106.1	76,677	550.9	106,583
Equistar Chemicals	822,626	40.4	66,263	196.9	115,914	910.9	635,793	22.3	4,656
Lanxess	484,976	68.4	98,081	583.5	339,825	58.3	42,151	23.7	4,919
Schweitzer-Mauduit	54,189	30.9	51,370	0.6	375	2.2	1,606	4.0	838
	\$ 2,414,827	228,600	\$ 336,911	2,087,701	\$ 1,204,693	1,077,500	\$ 756,227	600,900	\$ 116,996
	\$ 83,776,521	38,375,900	\$ 24,860,534	45,700,301	\$ 25,615,602	47,617,500	\$ 31,309,738	10,224,900	\$ 1,990,647

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

YEAR ENDED DECEMBER 31, 2021

Calculations for participants are made quarterly:

Operations and Maintenance Rates:

Flow	Flat rate charge per Million Gallons	\$	399.72
Biochemical Oxygen Demand	Flat rate charge per Ton		474.74
Suspended Solids	Flat rate charge per Ton		541.28
Chlorine Demand	Flat rate charge per CWT		47.13

Debt Service Rates:

	<u>Million Gallons Charge Per Quarter</u>		<u>Charge Per Million Gallons</u>
Flow	First 5 at	\$	1,507.67
	Next 5 at		991.72
	Next 30 at		729.62
	Next 60 at		348.72
	Next 100 at		182.22
	Next 200 at		150.80
	Over 400 at		133.04

	<u>Tons Per Quarter</u>		<u>Charge Per Ton</u>
Biochemical Oxygen Demand	First 30 at	\$	116.77
	Next 70 at		109.44
	Next 100 at		98.63
	Next 200 at		87.11
	Next 400 at		69.91
	Over 800 at		58.06

Suspended Solids	First 10 at	\$	184.55
	Next 70 at		178.32
	Next 170 at		150.69
	Next 450 at		85.36
	Over 700 at		81.11

	<u>Short Hundredweights Per Quarter</u>		<u>Change Per Short Hundredweight</u>
Chlorine Demand	First 30 at	\$	160.47
	Next 60 at		146.78
	Next 180 at		141.12
	Next 540 at		134.03
	Over 810 at		126.01

MIDDLESEX COUNTY UTILITIES AUTHORITY

OTHER INFORMATION - ROSTER OF OFFICIALS

AS OF DECEMBER 31, 2021

Authority Member	Position	Term	Amount of Surety
John F. Wiley, Esq.	Chairman	1/31/2023	None
Ted H. Light, P.E.	Vice Chairman	1/31/2022 (<i>hold over</i>)	None
James Baker	Commissioner	1/31/2023	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
William Thomas	Commissioner	1/31/2026	None
Raymond Murray	Commissioner	6/30/2021 (<i>hold over</i>)	None
Jerome Convery Esq.	Commissioner	1/31/2020 (<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 Division	Annual	

Surety Company

Fidelity and Deposit Co. of Maryland

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

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEAR ENDED DECEMBER 31, 2021**

GENERAL COMMENTS AND RECOMMENDATIONS

None for the year ended December 31, 2021.



**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, 2021, 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 12, 2022.

Report on 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.

Report on 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 statements. 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 12, 2022
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

Opinion on 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, 2021. 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.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal and state program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for its major federal and state program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of its major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

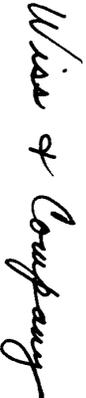
Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, LLP

September 12, 2022
Florham Park, New Jersey

Middlesex County Utilities Authority

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

Federal Funding Department	Federal CFDA Number	Federal Award Identification Number	State Account Number	Total Award	Grant Period		Expenditures for the year ended December 31, 2021
					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	12/31/2021	\$ 3,903,759
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	1,428,571	12/7/2021	12/31/2021	1,083,213
Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	042-4860-711-009/010	7,029,738	6/10/2021	12/31/2021	405,257
Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	042-4860-711-009/010	12,204,822	5/23/2019	12/31/2021	4,738
Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	042-4860-711-009/010	16,158,974	5/23/2020	12/31/2021	1,414,572
Total United States Environmental Protection Agency Passed Through the State of New Jersey							<u>2,907,780</u>
Sub-total - Pass-Through Awards							<u>6,811,539</u>
Total Expenditures of Federal Financial Awards							<u>\$ 6,811,539</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, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period		Total Award	Expenditures for the year ended December 31, 2021	Cash Received
		From	To			
New Jersey Environmental Infrastructure Trust:						
NJ Clean Water SRF Capitalization Grant	042-4860-711-009/010	12/9/2021	12/31/2021	\$ 612,245	\$ 361,071	\$ -
NJ Clean Water SRF Capitalization Grant	042-4860-711-009/010	6/10/2021	12/31/2021	2,140,000	135,086	1,176,693
NJ Clean Water SRF Capitalization Grant	042-4860-711-009/010	5/23/2019	12/31/2021	3,995,000	1,579	87,229
NJ Clean Water SRF Capitalization Grant	042-4860-711-009/010	5/13/2020	12/31/2021	5,205,000	506,752	651,481
Total State Financial Assistance				\$ 1,004,488	\$ 1,915,403	

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, 2021

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.

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, 2021**

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

66.458

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, 2021

Section I - Summary of Auditors' Results (continued)

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ None Reported

Type of auditors' report issued on compliance for major state programs: _____ Unmodified _____

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 15-08? _____ Yes ✓ No

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
042-4860-711-009/010	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type 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, 2021

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, 2021

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, 2021

No prior year findings were noted.