

MIDDLESEX COUNTY UTILITIES AUTHORITY
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2023 AND 2022
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, 2023 and 2022, and the statements of revenues and expenses, statement of changes in net position 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 financial position of the Authority as of December 31, 2023 and 2022, and the 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 Opinion

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 (the "Division"). 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 opinion.

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.

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Middlesex County Utilities Authority
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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 opinion. 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 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, 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

**The Board of Commissioners of
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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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary schedules as listed in the table of contents, 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 Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 GAAS. In our opinion, the supplementary schedules and the schedules of expenditures of federal awards and state financial assistance are 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

**The Board of Commissioners of
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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 August 23, 2024 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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
August 23, 2024

Scott A. Clelland

Scott A. Clelland, CPA
Registered Municipal Accountant, No. 455



**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, 2023, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 23, 2024.

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.

**The Board of Commissioners of
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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 or significant deficiencies may exist that were not 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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
August 23, 2024

Scott A. Clelland

Scott A. Clelland, CPA
Registered Municipal Accountant, No. 455

MIDDLESEX COUNTY UTILITIES AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

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, 2023 and 2022.

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, 2023. 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
DECEMBER 31, 2023

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 \$55,794,692 mainly due to an overall increase in cash, investments and cash held with bond trustee. This was offset by a decrease in net capital assets and accounts and grants receivable. Total liabilities and deferred inflows of resources increased by \$19,752,551, mainly due to an increase in NJIB construction loans offset by a decrease in bonds payable and other post-employment benefits (OPEB) deferrals. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$503,312,270. This compares to 2022 where assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$467,270,129.

The Authority's Net Position of \$503,312,270 is comprised of the following:

1. Net investment in capital assets of \$565,683,083 as shown below, includes land, construction in progress, property plant and equipment, net of accumulated depreciation, and net of long-term debt related to the purchase or construction of capital assets. Net investment in capital assets increased by \$53,831,183 from the prior year.

	Wastewater	Solid Waste	
	Division	Division	Total
Capital Assets - Net	\$ 547,482,822	\$ 74,949,411	\$ 622,432,233
Cash held with bond trustee	42,437,038	-	42,437,038
	<u>589,919,860</u>	<u>74,949,411</u>	<u>664,869,271</u>
Less:			
Bonds payable, including unamortized bond premiums	96,710,402	1,647,542	98,357,944
Deferred gain on defeasance of debt	811,013	17,231	828,244
	<u>97,521,415</u>	<u>1,664,773</u>	<u>99,186,188</u>
Net Investment in Capital Assets	<u>\$ 492,398,445</u>	<u>\$ 73,284,638</u>	<u>\$ 565,683,083</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

2. Solid Waste Division net position of \$21,944,898, restricted for environmental self-insurance, increased by \$407,263 from the prior year due to the receipt of interest income.
3. Wastewater Division net position of \$7,507,207 is designated for future debt service.
4. Wastewater Division net position of \$200,000 is designated for operations.
5. Wastewater Division net position of \$6,080,557 designated for future reconstruction and replacement increased \$828,753 from the prior year. This is mostly attributable to a budget designation of \$500,000 and a transfer of \$174,113. Solid Waste Division net position of \$4,806,851 designated for future reconstruction and replacement increased \$598,758 from the prior year is mostly attributable to a budget designation of \$500,000.
6. Wastewater Division net position of \$2,388,173 designated for liability insurance increased by \$79,885 from the prior year due to interest earned in 2023. Solid Waste Division net position of \$3,023,137 designated for liability insurance increased by \$97,222 from the prior year due to interest earned in 2023.
7. Wastewater Division net position of \$311,180 designated for auto insurance increased by \$8,759 from the prior year due to interest income earned in 2023. Solid Waste Division net position of \$201,623 designated for auto insurance increased by \$5,675 from the prior year due to interest earned in 2023.
8. Wastewater Division net position of \$228,938 designated for unemployment claims increased by \$102,138 from the prior year due to escrow deposits and interest earned in 2023.
9. Solid Waste Division net position of \$20,588,027 designated for land acquisition and improvements increased \$45,680 prior year due to interest earned in 2023.
10. Solid Waste Division net position of \$2,140,599 designated for future contingencies increased by \$35,498 as a result of interest earned in 2023.
11. Solid Waste Division net position of \$2,159,690 designated for public liability insurance increased by \$36,036 as a result of interest earned in 2023.
12. Wastewater Division unrestricted, undesignated net position (deficit) of (\$174,617,180) represents the net position after taking into account the designations noted above. The deficit increased mainly due to an increase in long-term liabilities in 2023. Solid Waste Division unrestricted, undesignated net position of \$40,665,487 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
DECEMBER 31, 2023**

13. Solid Waste Division unrestricted undesignated net position increased by \$15,063,142 and Wastewater Division unrestricted undesignated (deficit) increased \$35,137,732. Revenue exceeded expenditures by \$18,960,857 and \$15,705,318 for the Solid Waste Division and Wastewater Division, respectively.

Condensed Statements of Net Position

	December 31, 2023			
	Wastewater Division	Solid Waste Division	Eliminations	Total
Total unrestricted current assets	\$ 34,822,065	\$ 73,921,502	\$ (29,707)	\$ 108,713,860
Total restricted current assets	71,828,521	79,793,424	(10,249,347)	141,372,598
Total restricted non current assets		59,674,727		59,674,727
Deferred outflows of resources	18,766,553	3,311,745		22,078,298
Capital assets, net	<u>547,482,822</u>	<u>74,949,411</u>		<u>622,432,233</u>
Total assets and deferred outflows of resources	<u>\$ 672,899,961</u>	<u>\$ 291,650,809</u>	<u>\$ (10,279,054)</u>	<u>\$ 954,271,716</u>
Total current liabilities payable from unrestricted assets	\$ 20,316,916	\$ 7,489,599	\$ (29,707)	\$ 27,776,808
Total current liabilities payable from restricted assets	14,902,218	1,680,420		16,582,638
Long term liabilities payable	269,081,055	107,773,650	(10,249,347)	366,605,358
Deferred inflows of resources	<u>34,102,452</u>	<u>5,892,190</u>		<u>39,994,642</u>
Total liabilities and deferred inflows of resources	<u>338,402,641</u>	<u>122,835,859</u>	<u>(10,279,054)</u>	<u>450,959,446</u>
Total Net Position	<u>\$ 334,497,320</u>	<u>\$ 168,814,950</u>	<u>\$ -</u>	<u>\$ 503,312,270</u>

	December 31, 2022			
	Wastewater Division	Solid Waste Division	Eliminations	Total
Total unrestricted current assets	\$ 35,641,904	\$ 61,633,765	\$ (26,305)	\$ 97,249,364
Total restricted current assets	37,485,296	85,229,839	(10,349,347)	112,365,788
Total restricted non current assets		44,302,736		44,302,736
Deferred outflows of resources	19,984,315	3,526,643		23,510,958
Capital assets, net	<u>548,273,136</u>	<u>72,775,042</u>		<u>621,048,178</u>
Total assets and deferred outflows of resources	<u>\$ 641,384,651</u>	<u>\$ 267,468,025</u>	<u>\$ (10,375,652)</u>	<u>\$ 898,477,024</u>
Total current liabilities payable from unrestricted assets	\$ 17,854,861	\$ 4,526,755	\$ (26,305)	\$ 22,355,311
Total current liabilities payable from restricted assets	14,929,166	1,876,520		16,805,686
Long term liabilities payable from restricted assets	231,731,223	102,475,015	(10,349,347)	323,856,891
Deferred inflows of resources	<u>58,077,399</u>	<u>10,111,608</u>		<u>68,189,007</u>
Total liabilities and deferred inflows of resources	<u>322,592,649</u>	<u>118,989,898</u>	<u>(10,375,652)</u>	<u>431,206,895</u>
Total Net Position	<u>\$ 318,792,002</u>	<u>\$ 148,478,127</u>	<u>\$ -</u>	<u>\$ 467,270,129</u>

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

Total restricted current assets increased mainly as a result of a decrease in cash offset by increases in investments and cash held with bond trustee.

Total restricted noncurrent assets increased as a result of the purchase of investments.

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

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

Current liabilities have increased as a result of increases in accrued expenses and short term liability related to other post employment liability benefits offset by decreases in refunds due to participants.

Long term liabilities have increased mainly as a result of a increase in NJIB construction loans payable and the liability for other post-employment benefits, offset by decreases in the net pension liability and bonds payable.

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

Condensed Statements of Revenues, Expenses and Changes in Net Position

Wastewater Division 2023 operating revenues increased from 2022 levels, mainly due to a increase in annual charges and an increase in management fees, as well as a decrease in OPEB deferrals. Total Wastewater Division operating expenses increased from 2022, mainly due to an increase in current year expenses related to the central treatment plant, administration expenses and current year depreciation, offset by a decrease in pumping station expenses.

Solid Waste Division 2023 operating revenues decreased from 2022 levels, mainly due to a decrease in soil program income and tipping fee income. Total Solid Waste Division operating expenses increased from 2022, mainly due to an increase in administration, landfill, current year depreciation and closure reserve fund deposits.

Total operating revenues less total operating expenses resulted in 2023 operating income of \$10,866,007 for the Wastewater Division, which is an increase over 2022 operating income of \$559,817.

Total operating revenues less total operating expenses resulted in 2023 operating income of \$13,159,643 for the Solid Waste Division, which is a decrease from the Solid Waste Division operating income in 2022 of \$5,786,430.

MIDDLESEX COUNTY UTILITIES AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

Total Net Position as of December 31, 2023 increased \$36,042,141 from 2022, Total Net Position, as is depicted below.

	<u>Year ended December 31, 2023</u>			
	<u>Wastewater Division</u>	<u>Solid Waste Division</u>	<u>Eliminations</u>	<u>Total</u>
Total operating revenues	\$ 113,972,240	\$ 50,709,886	\$ (2,853,607)	\$ 161,828,519
Total operating expenses	103,106,233	37,550,243	(2,853,607)	137,802,869
Operating income	10,866,007	13,159,643	-	24,025,650
Nonoperating revenues (expenses) - net	4,839,311	5,801,214	-	10,640,525
Net increase in the fair value of investments	-	1,375,966	-	1,375,966
Change in net position	15,705,318	20,336,823	-	36,042,141
Total net position - beginning	318,792,002	148,478,127	-	467,270,129
Total net position - ending	<u>\$ 334,497,320</u>	<u>\$ 168,814,950</u>	<u>\$ -</u>	<u>\$ 503,312,270</u>

	<u>Year ended December 31, 2022</u>			
	<u>Wastewater Division</u>	<u>Solid Waste Division</u>	<u>Eliminations</u>	<u>Total</u>
Total operating revenues	\$ 109,567,266	\$ 54,015,986	\$ (2,327,908)	\$ 161,255,344
Total operating expenses	99,261,076	35,069,913	(2,327,908)	132,003,081
Operating income	10,306,190	18,946,073	-	29,252,263
Nonoperating revenues (expenses) - net	68,035	588,077	-	656,112
Net decrease in the fair value of investments	-	(2,574,309)	-	(2,574,309)
Change in net position	10,374,225	16,959,841	-	27,334,066
Total net position - beginning	308,417,777	131,518,286	-	439,936,063
Total net position - ending	<u>\$ 318,792,002</u>	<u>\$ 148,478,127</u>	<u>\$ -</u>	<u>\$ 467,270,129</u>

Capital Assets

At the end of the fiscal years ended December 31, 2023 and 2022, the Wastewater Division had \$547,482,822 and \$548,273,136, 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 completion of construction in progress on various projects.

At the end of the fiscal years ended December 31, 2023 and 2022, the Solid Waste Division had \$74,949,411 and \$72,775,042, respectively, invested in land, construction in progress, buildings and improvements, landfill and landfill expansion, other improvements, machinery and equipment, net of accumulated depreciation and amortization. The increase in net capital assets is due to current year capital asset additions exceeding current year depreciation expense.

MIDDLESEX COUNTY UTILITIES AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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, 2023, the Wastewater Division had \$95,008,947 of outstanding bonds, not including unamortized premiums on bonds. As of December 31, 2022, the Wastewater Division had \$108,918,132 of outstanding bonds, not including unamortized premiums on bonds.

As of December 31, 2023, the Solid Waste Division had \$1,607,980 of outstanding bonds. As of December 31, 2022, the Solid Waste Division had \$3,408,463 of outstanding bonds.

See Note 7 to the financial statements for additional information.

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, 2023

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Unrestricted Current Assets				
Cash and cash equivalents	\$ 19,125,485	\$ 24,990,398		\$ 44,115,883
Investments	7,450,000	45,481,560		52,931,560
Annual charges receivable	2,123,711			2,123,711
Accounts receivable		3,351,676		3,351,676
Grants receivable	4,611,247			4,611,247
Due from Solid Waste Division	29,707		\$ (29,707)	
Other charges receivable	1,479,744	97,868		1,577,612
Interest receivable	2,171			2,171
Total unrestricted current assets	34,822,065	73,921,502	(29,707)	108,713,860
Restricted Current Assets				
Cash and cash equivalents	16,925,054	25,870,110		42,795,164
Investments	12,170,000	41,778,188		53,948,188
Investment in SRECs	47,475			47,475
Note receivable, Wastewater Division		10,249,347	(10,249,347)	
Trust accounts	127,714			127,714
Interest receivable	121,240	1,895,779		2,017,019
Cash held with bond trustee	42,437,038			42,437,038
Total restricted current assets	71,828,521	79,793,424	(10,249,347)	141,372,598
Restricted Non Current Assets				
Investments		59,674,727		59,674,727
Total restricted non current assets	-	59,674,727	-	59,674,727
Deferred Outflows of Resources				
Pension deferrals	4,021,717	709,715		4,731,432
Other post employment benefits deferrals	14,744,836	2,602,030		17,346,866
Total deferred outflows of resources	18,766,553	3,311,745	-	22,078,298
Capital Assets				
Depreciable assets	1,031,959,179	308,894,624		1,340,853,803
Less: accumulated depreciation and amortization	(520,408,093)	(275,736,977)		(796,145,070)
	511,551,086	33,157,647	-	544,708,733
Non-depreciable assets:				
Land	8,401,828	37,934,488		46,336,316
Construction in progress	27,529,908	3,857,276		31,387,184
Capital assets, net	547,482,822	74,949,411	-	622,432,233
Total assets and deferred outflows of resources	\$ 672,899,961	\$ 291,650,809	\$ (10,279,054)	\$ 954,271,716

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2023

	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	\$ 14,044,272	\$ 4,001,379		\$ 18,045,651
Accrued expenses	768,284	1,681,653		2,449,937
Due to Wastewater Division		29,707	\$ (29,707)	
Refunds due participants	2,838,951			2,838,951
Liability for other post employment benefits	2,665,409	470,366		3,135,775
Unearned service revenue		1,306,494		1,306,494
Total current liabilities payable from unrestricted assets	20,316,916	7,489,599	(29,707)	27,776,808
Current Liabilities Payable from Restricted Assets				
Bonds payable - current portions	14,211,129	1,647,542		15,858,671
Liabilities for early retirement incentives - current portion	69,375			69,375
Accrued interest payable on bonds and notes	621,714	32,878		654,592
Total current liabilities payable from restricted assets	14,902,218	1,680,420	-	16,582,638
Long-Term Liabilities Payable				
Bonds payable, net	82,499,273			82,499,273
Net pension liability	28,355,570	5,003,924		33,359,494
Accrued closure and post-closure care liabilities		84,249,099		84,249,099
Note payable, Solid Waste Division	10,249,347		(10,249,347)	
Liability for other post employment benefits	91,902,505	16,218,090		108,120,595
NJIB construction loan	53,756,926			53,756,926
Liabilities for early retirement incentives	1,244,003			1,244,003
Funds held in escrow	191,378	1,630,482		1,821,860
Reserve for workers' compensation insurance claims	754,340	672,055		1,426,395
CPS/MCUA trust account	127,713			127,713
Total long-term liabilities payable	269,081,055	107,773,650	(10,249,347)	366,605,358
Total liabilities	304,300,189	116,943,669	(10,279,054)	410,964,804
Deferred Inflows of Resources				
Pension deferrals	1,834,378	323,713		2,158,091
Other post employment benefits deferrals	31,457,061	5,551,246		37,008,307
Deferred gain on defeasance of debt	811,013	17,231		828,244
Total deferred inflows of resources	34,102,452	5,892,190	-	39,994,642
Net Position				
Net investment in capital assets	492,398,445	73,284,638		565,683,083
Restricted:				
Restricted for environmental self-insurance		21,944,898		21,944,898
Total Restricted	-	21,944,898	-	21,944,898
Unrestricted - designated:				
Designated for future debt service	7,507,207			7,507,207
Designated for operations	200,000			200,000
Designated for future reconstruction and replacement	6,080,557	4,806,851		10,887,408
Designated for liability insurance	2,388,173	3,023,137		5,411,310
Designated for auto insurance	311,180	201,623		512,803
Designated for unemployment claims	228,938			228,938
Designated for land acquisition and improvements		20,588,027		20,588,027
Designated for future contingencies		2,140,599		2,140,599
Designated for public liability insurance		2,159,690		2,159,690
Unrestricted undesignated (deficit)	(174,617,180)	40,665,487		(133,951,693)
Total net position	(157,901,125)	73,585,414	-	(84,315,711)
Total liabilities, deferred inflows of resources and net position	\$ 672,899,961	\$ 291,650,809	\$ (10,279,054)	\$ 954,271,716

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Unrestricted Current Assets				
Cash and cash equivalents	\$ 18,135,539	\$ 57,050,289		\$ 75,185,828
Investments	7,450,000			7,450,000
Annual charges receivable	1,818,299			1,818,299
Accounts receivable		4,583,283		4,583,283
Grant receivable	6,433,694			6,433,694
Due from Solid Waste Division	26,112		\$ (26,112)	
Due from Wastewater Division		193	(193)	
Other charges receivable	1,770,989			1,770,989
Interest receivable	7,271			7,271
Total unrestricted current assets	35,641,904	61,633,765	(26,305)	97,249,364
Restricted Current Assets				
Cash and cash equivalents	9,321,430	52,852,872		62,174,302
Investments	21,586,000	21,751,860		43,337,860
Investment in SRECs	245,321			245,321
Note receivable, Wastewater Division		10,349,347	(10,349,347)	
Trust accounts	124,720			124,720
Interest receivable	31,457	275,760		307,217
Cash held with bond trustee	6,176,369			6,176,369
Total restricted current assets	37,485,296	85,229,839	(10,349,347)	112,365,788
Restricted Non Current Assets				
Investments		44,302,736		44,302,736
Total restricted non current assets	-	44,302,736	-	44,302,736
Deferred Outflows of Resources				
Pension deferrals	5,692,255	1,004,515		6,696,770
Other post employment benefits deferrals	14,292,060	2,522,128		16,814,188
Total deferred outflows of resources	19,984,315	3,526,643	-	23,510,958
Capital Assets				
Depreciable assets	1,015,093,374	306,465,077		1,321,558,451
Less: accumulated depreciation and amortization	(490,559,609)	(271,662,921)		(762,222,530)
	524,533,765	34,802,156	-	559,335,921
Non-depreciable assets:				
Land	8,401,828	37,934,488		46,336,316
Construction in progress	15,337,543	38,398		15,375,941
Capital assets, net	548,273,136	72,775,042	-	621,048,178
Total assets and deferred outflows of resources	\$ 641,384,651	\$ 267,468,025	\$ (10,375,652)	\$ 898,477,024

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	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	\$ 14,170,315	\$ 3,124,575		\$ 17,294,890
Accrued expenses	81,350			81,350
Due to Solid Waste Division	193		\$ (193)	
Due to Wastewater Division		26,112	(26,112)	
Refunds due participants	3,603,003			3,603,003
Unearned service revenue		1,376,068		1,376,068
Total current liabilities payable from unrestricted assets	17,854,861	4,526,755	(26,305)	22,355,311
Current Liabilities Payable from Restricted Assets				
Contractors' retainages	166,725			166,725
Bonds payable - current portions	14,080,988	1,843,642		15,924,630
Liabilities for early retirement incentives - current portions	59,622			59,622
Accrued interest payable on bonds and notes	621,831	32,878		654,709
Total current liabilities payable from restricted assets	14,929,166	1,876,520	-	16,805,686
Long-Term Liabilities Payable				
Bonds payable, net	96,710,401	1,647,542		98,357,943
Net pension liability	29,038,664	5,124,470		34,163,134
Accrued closure and post-closure care liabilities		78,411,085		78,411,085
Note payable, Solid Waste Division	10,349,347		(10,349,347)	
Liability for other post employment benefits	85,071,202	15,012,565		100,083,767
NJIB State Assistance Infrastructure Loans	8,076,055			8,076,055
Liabilities for early retirement incentives	1,313,378			1,313,378
Funds held in escrow	185,505	1,554,264		1,739,769
Reserve for workers' compensation insurance claims	861,951	725,089		1,587,040
CPS/MCUA trust account	124,720			124,720
Total long-term liabilities payable	231,731,223	102,475,015	(10,349,347)	323,856,891
Total liabilities	264,515,250	108,878,290	(10,375,652)	363,017,888
Deferred Inflows of Resources				
Pension deferrals	4,533,065	799,952		5,333,017
Other post employment benefits deferrals	52,501,029	9,264,887		61,765,916
Deferred gain on defeasance of debt	1,043,305	46,769		1,090,074
Total deferred inflows of resources	58,077,399	10,111,608	-	68,189,007
Net Position				
Net investment in capital assets	442,614,811	69,237,089		511,851,900
Restricted:				
Restricted for environmental self-insurance		21,537,635		21,537,635
Total Restricted	-	21,537,635	-	21,537,635
Unrestricted - designated:				
Designated for future debt service	7,466,181			7,466,181
Designated for operations	200,000			200,000
Designated for future reconstruction and replacement	5,251,804	4,208,093		9,459,897
Designated for construction	1,146			1,146
Designated for liability insurance	2,308,288	2,925,915		5,234,203
Designated for auto insurance	302,421	195,948		498,369
Designated for unemployment claims	126,800			126,800
Designated for land acquisition and improvements		20,542,347		20,542,347
Designated for future contingencies		2,105,101		2,105,101
Designated for public liability insurance		2,123,654		2,123,654
Unrestricted undesignated (deficit)	(139,479,449)	25,602,345		(113,877,104)
Total net position	(123,822,809)	57,703,403	-	(66,119,406)
Total liabilities, deferred inflows of resources and net position	\$ 641,384,651	\$ 267,468,025	\$ (10,375,652)	\$ 898,477,024

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
Operating Revenues				
Annual charges	\$ 89,162,301			\$ 89,162,301
Tipping fees		\$ 37,723,451		37,723,451
Soil program income		9,000,504		9,000,504
Treatment of septic tank waste	478,176			478,176
Service fees, review of plans, etc.	29,675			29,675
Permit fees, industrial pretreatment	33,640			33,640
Service fee income		1,574,071		1,574,071
Management fees	2,532,000		\$ (2,532,000)	
Analytical services	123,532			123,532
Groundwater discharge fees	824,328			824,328
Sale of synthetic soil	321,607		(321,607)	
Sale of landfill gas	4,001,633			4,001,633
Penalty assessments	29,400			29,400
Linde	1,948,679			1,948,679
Electric Generation	1,301,790			1,301,790
Effluent reuse sales	796,517			796,517
Miscellaneous income	388,930	294,208		683,138
Other Post Employment Benefits Benefit	12,000,032	2,117,652		14,117,684
Total operating revenues	113,972,240	50,709,886	(2,853,607)	161,828,519
Operating Expenses				
Salaries and wages	17,698,650	3,731,052		21,429,702
Administration	17,007,597	9,743,191	(2,532,000)	24,218,788
Landfill		17,133,344	(321,607)	16,811,737
Central treatment plant	34,727,450			34,727,450
Sayreville pumping station	1,078,788			1,078,788
Edison pumping station	238,371			238,371
Bound Brook pumping station	54,525			54,525
Green Brook pumping station	62,966			62,966
South Amboy pumping station	115,941			115,941
Lines, meters and small pumping stations	2,015,492			2,015,492
WWT - administrative fee	257,970	34,335		292,305
Closure reserve fees		2,834,264		2,834,264
Depreciation	29,848,483	4,074,057		33,922,540
Total operating expenses	103,106,233	37,550,243	(2,853,607)	137,802,869
Operating income	10,866,007	13,159,643	-	24,025,650
Nonoperating Revenues (Expenses)				
Interest on investments and deposits	612,384	3,582,812		4,195,196
Interest on investments (other restricted accounts)	674,927			674,927
Amortization of gain on defeasance	232,292	29,538		261,830
Amortization of original issue premium on bonds	171,803	43,160		214,963
Interest on bonds and notes	(1,516,327)	(79,600)		(1,595,927)
Other interest expense	(97,888)			(97,888)
Grant and insurance proceeds	4,762,120	2,225,304		6,987,424
Total nonoperating revenues (expenses), net	4,839,311	5,801,214	-	10,640,525
Change in net position prior to net increase in fair value of investments	15,705,318	18,960,857	-	34,666,175
Net increase in the fair value of investments	-	1,375,966	-	1,375,966
Change in net position	\$ 15,705,318	\$ 20,336,823	\$ -	\$ 36,042,141

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
Operating Revenues				
Annual charges	\$ 85,472,053			\$ 85,472,053
Tipping fees		\$ 39,023,815		39,023,815
Soil program income		11,470,794		11,470,794
Treatment of septic tank waste	399,979			399,979
Service fees, review of plans, etc.	22,725			22,725
Permit fees, industrial pretreatment	31,075			31,075
Service fee income		1,239,872		1,239,872
Management fees	1,980,000		\$ (1,980,000)	
Analytical services	96,961			96,961
Groundwater discharge fees	778,392			778,392
Sale of synthetic soil	347,908		(347,908)	
Sale of landfill gas	4,032,654			4,032,654
Penalty assessments	159,600			159,600
Praxair	2,032,901			2,032,901
PSE&G - REC credit income	917,111			917,111
Effluent reuse sales	742,513			742,513
Miscellaneous income	602,890	172,593		775,483
Other Post Employment Benefits Benefit	11,950,504	2,108,912		14,059,416
Total operating revenues	109,567,266	54,015,986	(2,327,908)	161,255,344
Operating Expenses				
Salaries and wages	17,339,886	3,462,325		20,802,211
Administration	15,751,973	8,966,765	(1,980,000)	22,738,738
Landfill		16,411,160	(347,908)	16,063,252
Central treatment plant	32,591,721			32,591,721
Sayreville pumping station	1,386,748			1,386,748
Edison pumping station	341,985			341,985
Bound Brook pumping station	55,219			55,219
Green Brook pumping station	73,709			73,709
South Amboy pumping station	148,511			148,511
Lines, meters and small pumping stations	1,453,659			1,453,659
WWT - administrative fee	257,970	34,335		292,305
Closure reserve fees		2,397,928		2,397,928
Depreciation	29,859,695	3,797,400		33,657,095
Total operating expenses	99,261,076	35,069,913	(2,327,908)	132,003,081
Operating income	10,306,190	18,946,073	-	29,252,263
Nonoperating Revenues (Expenses)				
Interest on investments and deposits	119,843	616,956	-	736,799
Interest on investments (reconstruction and replacement)	33,805			33,805
Interest on investments (other restricted accounts)	107,520			107,520
Amortization of gain on defeasance	232,292	29,538		261,830
Amortization of original issue premium on bonds	171,803	43,160		214,963
Hurricane loss	(846)			(846)
Interest on bonds and notes	(1,621,953)	(101,577)		(1,723,530)
Other interest expense	(105,031)			(105,031)
FEMA grant revenue	1,130,602			1,130,602
Total nonoperating revenues (expenses), net	68,035	588,077	-	656,112
Change in net position prior to net decrease in fair value of investments	10,374,225	19,534,150	-	29,908,375
Net decrease in the fair value of investments	-	(2,574,309)	-	(2,574,309)
Change in net position	\$ 10,374,225	\$ 16,959,841	\$ -	\$ 27,334,066

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	Wastewater Division			Solid Waste Division			Total	
	Net Investment in Capital Assets	Unrestricted	Wastewater Division Net Position	Net Investment in Capital Assets	Restricted	Unrestricted		Solid Waste Division Net Position
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
Change in net position	(25,869,386)	36,243,611	10,374,225	(3,724,702)	131,872	20,552,671	16,959,841	27,334,066
Depreciation charged to capital contributions	(3,586,214)	3,586,214						
Interfund transfers	41,706,190	(41,706,190)		3,428,681	(2,039,689)	(1,388,992)		
Balance, December 31, 2022	442,614,811	(123,822,809)	318,792,002	69,237,089	21,537,635	57,703,403	148,478,127	467,270,129
Change in net position	(25,858,175)	41,563,493	15,705,318	(4,001,358)	407,263	23,930,918	20,336,823	36,042,141
Depreciation charged to capital contributions	(3,586,214)	3,586,214						
Interfund transfers	79,228,023	(79,228,023)		8,048,907		(8,048,907)		
Balance, December 31, 2023	<u>\$ 492,398,445</u>	<u>\$ (157,901,125)</u>	<u>\$ 334,497,320</u>	<u>\$ 73,284,638</u>	<u>\$ 21,944,898</u>	<u>\$ 73,585,414</u>	<u>\$ 168,814,950</u>	<u>\$ 503,312,270</u>

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	Supplementary Information		Consolidated
	Wastewater Division	Solid Waste Division	Total
Cash Flows from Operating Activities			
Cash received from customers and miscellaneous income from vendors	\$ 113,199,893	\$ 51,850,462	\$ 165,050,355
Cash payments for goods and services	(71,351,045)	(23,821,334)	(95,172,379)
Cash payments to employees	(17,996,834)	(3,731,052)	(21,727,886)
Net cash provided by operating activities	23,852,014	24,298,076	48,150,090
Cash Flows from NonCapital Financing Activities			
Payments of early retirement incentive liabilities	(59,622)		(59,622)
Advances from Wastewater Division to Solid Waste Division - unrestricted	(3,402)	3,462	60
Net cash (used in) provided by noncapital financing activities	(63,024)	3,462	(59,562)
Cash Flows from Capital and Related Financing Activities			
Acquisition of property, plant and equipment and construction in progress	(29,058,170)	(6,248,426)	(35,306,596)
Cash paid for interest on bonds and related party debt	(1,614,332)	(79,600)	(1,693,932)
Cash received from Grants	6,584,567	2,225,304	8,809,871
Repayment from Wastewater Division to Solid Waste Division - restricted	(100,000)	100,000	
Payments of bonds payable	(13,909,186)	(1,800,482)	(15,709,668)
Net cash (used in) capital and related financing activities	(38,097,121)	(5,803,204)	(43,900,325)
Cash Flows from Investing Activities			
Cash received from interest	1,202,628	1,962,924	3,165,552
Redemption of investments	29,036,000	69,730,542	98,766,542
Purchase of investments	(19,620,000)	(149,234,454)	(168,854,454)
Funded reserves	395,298		395,298
Increase in renewable energy credits generated and unsold	(197,846)		(197,846)
Cash received from bond trustee	9,420,212		9,420,212
Net cash provided by (used in) investing activities	20,236,292	(77,540,988)	(57,304,696)
Increase (Decrease) in cash and cash equivalents	5,928,161	(59,042,654)	(53,114,493)
Cash and Cash Equivalents, Beginning of Year	27,456,969	109,903,161	137,360,130
Cash and Cash Equivalents, End of Year	\$ 33,385,130	\$ 50,860,507	\$ 84,245,637
Summary of Cash and Cash Equivalents, End of Year			
Unrestricted cash and cash equivalents	\$ 19,125,485	\$ 24,990,398	\$ 44,115,883
Restricted cash and cash equivalents	16,925,054	25,870,110	42,795,164
	\$ 36,050,539	\$ 50,860,508	\$ 86,911,047
Non-cash Financing and Investing activities			
Issuance of loans payable:			
Increase in due from trustee	\$ 45,680,881	\$ -	\$ 45,680,881

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	Supplementary Information		Consolidated
	Wastewater Division	Solid Waste Division	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 10,866,007	\$ 13,159,643	\$ 24,025,650
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	29,848,483	4,074,057	33,922,540
Non-cash portion of change in net pension liability and related deferrals	(1,711,243)	(301,985)	(2,013,228)
Non-cash portion of change in other post employment benefits deferrals	(21,496,744)	(3,793,543)	(25,290,287)
Changes in operating assets and liabilities:			
Decrease (increase) in receivables and other assets:			
Unrestricted accounts	(14,167)	1,133,932	1,119,765
Restricted accounts	(2,994)		(2,994)
(Decrease) increase in liabilities:			
Payable from unrestricted assets	(203,161)	2,488,883	2,285,722
Payable from restricted assets	(166,725)	5,838,014	5,671,289
Funds held in escrow	5,873	76,218	82,091
Other liabilities	6,726,685	1,622,857	8,349,542
Net cash provided by operating activities	\$ 23,852,014	\$ 24,298,076	\$ 48,150,090

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
Cash Flows from Operating Activities				
Cash received from customers and miscellaneous income from vendors	\$ 98,615,363	\$ 51,731,068		\$ 150,346,431
Cash payments for goods and services	(53,591,003)	(24,516,461)		(78,107,464)
Cash payments to employees	(17,638,070)	(3,462,325)		(21,100,395)
Net cash provided by operating activities	27,386,290	23,752,282	-	51,138,572
Cash Flows from NonCapital Financing Activities				
Payments of early retirement incentive liabilities	(50,720)			(50,720)
Advances from Solid Waste Division to Wastewater Division - unrestricted	2,610	(2,610)		
Net cash (used in) noncapital financing activities	(48,110)	(2,610)	-	(50,720)
Cash Flows from Capital and Related Financing Activities				
Acquisition of property, plant and equipment and construction in progress	(23,946,771)	(1,303,084)		(25,249,855)
Cash paid for interest on bonds and related party debt	(1,816,119)	(117,058)		(1,933,177)
Repayment of NJIB construction loan	(2,040,815)			(2,040,815)
Cash received from FEMA	2,307,100			2,307,100
Cash payments for goods and services - Hurricane	(846)			(846)
Note repayments from Wastewater Division to Solid Waste Division - restricted	(1,955,212)		\$ 1,955,212	
Repayment from Wastewater Division to Solid Waste Division - restricted	(1,000,000)	1,000,000		
Payments of bonds payable	(13,683,715)	(1,761,482)		(15,445,197)
Net cash (used in) capital and related financing activities	(42,136,378)	(2,181,624)	1,955,212	(42,362,790)
Cash Flows from Investing Activities				
Cash received from interest	245,031	550,309		795,340
Redemption of investments	6,281,167	155,450,548		161,731,715
Purchase of investments	(21,586,000)	(162,534,124)		(184,120,124)
Funded reserves	1,000,000			1,000,000
Increase in renewable energy credits generated and unsold	245,321			245,321
Note repayments from Wastewater Division to Solid Waste Division		1,955,212	(1,955,212)	
Cash received from bond trustee	1,959,536			1,959,536
Net cash (used in) provided by investing activities	(11,854,945)	(4,578,055)	(1,955,212)	(18,388,212)
(Decrease) Increase in cash and cash equivalents	(26,653,143)	16,989,993		(9,663,150)
Cash and Cash Equivalents, Beginning of Year	54,110,112	92,913,168		147,023,280
Cash and Cash Equivalents, End of Year	\$ 27,456,969	\$ 109,903,161	\$ -	\$ 137,360,130
Summary of Cash and Cash Equivalents, End of Year				
Unrestricted cash and cash equivalents	\$ 18,135,539	\$ 57,050,289	\$ -	\$ 75,185,828
Restricted cash and cash equivalents	9,321,430	52,852,872	-	62,174,302
	\$ 27,456,969	\$ 109,903,161	\$ -	\$ 137,360,130
Non-cash Financing and Investing activities				
Issuance of bonds payable:				
Increase in due from bond trustee	\$ 6,035,240	\$ -	\$ -	\$ 6,035,240

See accompanying notes to basic financial statements.

MIDDLESEX COUNTY UTILITIES AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	Supplementary Information			Consolidated
	Wastewater Division	Solid Waste Division	Eliminations	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 10,306,190	\$ 18,946,073	\$ -	\$ 29,252,263
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	29,859,694	3,797,401		33,657,095
Non-cash portion of change in net pension liability and related deferrals	(3,432,871)	(605,803)		(4,038,674)
Non-cash portion of change in other post employment benefits deferrals	10,198,820	1,341,472		11,540,292
Changes in operating assets and liabilities:				
(Increase) decrease in receivables and other assets:				
Unrestricted accounts	175,901	118,863		294,764
Restricted accounts	(280)			(280)
Increase (decrease) in liabilities:				
Payable from unrestricted assets	1,800,260	(618,429)		1,181,831
Payable from restricted assets	1,105	4,440,984		4,442,089
Funds held in escrow	(1,760)	154,934		153,174
Other liabilities	(21,520,769)	(3,823,213)		(25,343,982)
Net cash provided by operating activities	\$ 27,386,290	\$ 23,752,282	\$ -	\$ 51,138,572

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2023 AND 2022**

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,	
	2023	2022
<u>Wastewater Division:</u>		
Restricted Funds	\$ 29,263,769	\$ 31,184,207
Trust accounts	127,714	124,720
Cash held with bond trustee	42,437,038	6,176,369
	71,828,521	37,485,296
 <u>Solid Waste Division:</u>		
Acquisition or construction of property, plant and equipment and related improvements	\$ 23,368,589	\$ 22,590,220
Landfill closure and post-closure	84,327,078	75,772,642
Future contingencies	30,142,002	29,613,341
Funds held in escrow	1,630,482	1,556,372
	139,468,151	129,532,575
 Total	 \$ 211,296,672	 \$ 167,017,871

Investments – Wastewater Division investments consist of certificates of deposit and U.S. Government obligations which are purchased with the intent to hold to maturity. Solid Waste Division investments consist of certificates of deposit 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, 2023 or 2022.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2023 and 2022, the balance of unamortized original issue premiums were as follows:

	December 31,	
	2023	2022
Wastewater Division	\$ 1,701,455	\$ 1,873,257
Solid Waste Division	39,562	82,722
	\$ 1,741,017	\$ 1,955,979

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

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

Amortization of the related bond premium for the years ended December 31, 2023 and 2022 was as follows:

	December 31,	
	2023	2022
Wastewater Division	\$ 171,802	\$ 171,807
Solid Waste Division	43,160	43,159
	\$ 214,962	\$ 214,966

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 assets 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 assets 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. 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 reviewed the requirement of the statement and has determined that it did not have a material impact on the financial statements.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has reviewed the requirement of the statement and has determined that it did not have a material impact on the financial statements.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

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

The GASB issued Statement No. 99, *Omnibus 2022* in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has reviewed the requirements of GASB Statement No. 99 and deemed the impact immaterial to the financial statements.

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 102, *Certain Risk Disclosures* in January 2024. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for periods beginning after June 15, 2024, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 103, *Financial Reporting Model Improvements* in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

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, 2023 through August 23, 2024, 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.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 3 – Cash and Cash Equivalents (continued):

	December 31,	
	2023	2022
<u>Carrying amount of cash and cash equivalents:</u>		
Wastewater Division	\$ 36,050,539	\$ 27,456,969
Solid Waste Division	50,860,508	109,903,161
	\$ 86,911,047	\$ 137,360,130

	December 31,	
	2023	2022
<u>Bank balances:</u>		
Wastewater Division	\$ 37,559,945	\$ 48,294,677
Solid Waste Division	50,607,732	107,996,430
	\$ 88,167,677	\$ 156,291,107
 <u>Insured by FDIC:</u>		
Wastewater Division	\$ 750,000	\$ 500,000
Solid Waste Division	571,834	520,841
	\$ 1,321,834	\$ 1,020,841

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, 2023 and 2022, 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.

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.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 4 – Investments:

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,	
	2023	2022
<u>Wastewater Division</u>		
Certificates of deposit	\$ 19,620,000	\$ 29,036,000
	\$ 19,620,000	\$ 29,036,000
<u>Solid Waste Division</u>		
Certificates of deposit	\$ 77,523,574	\$ 3,386,312
United States Government Obligations:		
FNMA and FHLMC Obligations	19,446,545	17,969,725
US Treasury Notes	49,964,356	44,698,559
	\$ 146,934,475	\$ 66,054,596
Total	\$ 166,554,475	\$ 95,090,596

The amortized cost of the Wastewater Division’s investments and their approximate fair values at December 31, 2023 and 2022 were as follows:

	Amortized Cost	Fair Value
<u>Certificates of deposit to be held to maturity</u>		
<u>December 31, 2023</u>		
Certificates of Deposit	\$ 19,620,000	\$ 19,620,000
<u>December 31, 2022</u>		
Certificates of Deposit	\$ 29,036,000	\$ 29,036,000

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 4 – Investments (continued):

The amortized cost of the Solid Waste Division’s investment securities and their approximate fair values at December 31, 2023 and 2022 were as follows:

Securities and certificates of deposit to be held to maturity:	Amortized Cost	Unrealized Losses	Fair Value
December 31, 2023			
Certificates of Deposit	\$ 77,609,896	\$ (86,322)	\$ 77,523,574
United States Government Obligations:			
FNMA and FHLMC Obligations	19,838,784	(392,239)	19,446,545
US Treasury Notes	50,748,272	(783,916)	49,964,356
	<u>\$ 148,196,952</u>	<u>\$ (1,262,477)</u>	<u>\$ 146,934,475</u>
December 31, 2022			
Certificates of Deposit	\$ 3,386,312		\$ 3,386,312
United States Government Obligations:			
FNMA and FHLMC Obligations	18,881,915	\$ (912,190)	17,969,725
US Treasury Notes	46,424,813	(1,726,254)	44,698,559
	<u>\$ 68,693,040</u>	<u>\$ (2,638,444)</u>	<u>\$ 66,054,596</u>

Investment ratings and contractual maturities of the Wastewater Division’s held-to-maturity certificates of deposit at December 31, 2023 and 2022 are as follows:

		December 31, 2023 Investment Maturities			
<u>Investment Type</u>	<u>S&P Ratings</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	<u>\$ 19,620,000</u>	<u>\$ 19,620,000</u>	<u>\$ -</u>	<u>\$ -</u>
		December 31, 2022 Investment Maturities			
<u>Investment Type</u>	<u>S&P Ratings</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	<u>\$ 29,036,000</u>	<u>\$ 29,036,000</u>	<u>\$ -</u>	<u>\$ -</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2023 and 2022 are as follows:

<u>Investment Type</u>	<u>S&P Ratings</u>	<u>December 31, 2023 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	\$ 77,523,574	\$ 75,383,853	\$ 2,139,721	\$ -
United States Government Obligations:					
FNMA and FHLMC Obligations	AA	19,446,545	4,990,390	14,456,155	-
US Treasury Notes	N/A	49,964,356	14,315,252	26,491,682	9,157,422
		<u>\$ 146,934,475</u>	<u>\$ 94,689,495</u>	<u>\$ 43,087,558</u>	<u>\$ 9,157,422</u>

<u>Investment Type</u>	<u>S&P Ratings</u>	<u>December 31, 2022 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	\$ 3,386,312	\$ 750,062	\$ 2,636,250	\$ -
United States Government Obligations:					
FNMA and FHLMC Obligations	AA	17,969,725	6,717,793	11,251,932	-
US Treasury Notes	N/A	44,698,559	14,126,371	30,572,188	-
		<u>\$ 66,054,596</u>	<u>\$ 21,594,226</u>	<u>\$ 44,460,370</u>	<u>\$ -</u>

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

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

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 4 – Investments (continued):

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, 2023 and 2022:

	Assets at Fair Value as of December 31, 2023	
	Level 2	Total
Wastewater Division:		
Certificates of Deposit	\$ 19,620,000	\$ 19,620,000
Solid Waste Division:		
Certificates of Deposit	77,523,574	77,523,574
FNMA and FHLMC Obligations	19,446,545	19,446,545
US Treasury Notes	49,964,356	49,964,356
Total	\$ 166,554,475	\$ 166,554,475

	Assets at Fair Value as of December 31, 2022	
	Level 2	Total
Wastewater Division:		
Certificates of Deposit	\$ 29,036,000	\$ 29,036,000
Solid Waste Division:		
Certificates of Deposit	3,386,312	3,386,312
FNMA and FHLMC Obligations	17,969,725	17,969,725
US Treasury Notes	44,698,559	44,698,559
Total	\$ 95,090,596	\$ 95,090,596

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 4 – Investments (continued):

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.

Note 5 – Capital Assets:

Capital assets at December 31, 2023 and 2022 consist of the following:

	December 31, 2023		
	Wastewater Division	Solid Waste Division	Total
Depreciable:			
Landfill and landfill expansion, including initial preparatory cost		\$ 241,597,650	\$ 241,597,650
Buildings and improvements	\$ 305,257,340	11,345,822	316,603,162
Improvements other than buildings	572,851,006	40,318,467	613,169,473
Machinery and equipment	57,352,429	15,623,560	72,975,989
Furniture and fixtures	227,060	9,124	236,184
Landfill gas collection facility	81,241,322		81,241,322
Landfill gas collection equipment	15,030,022		15,030,022
	1,031,959,179	308,894,623	1,340,853,802
Less: Accumulated depreciation and amortization	(520,408,093)	(275,736,977)	(796,145,070)
	511,551,086	33,157,646	544,708,732
Non-depreciable:			
Land	8,401,828	37,934,488	46,336,316
Construction in progress	27,529,908	3,857,277	31,387,185
	<u>\$ 547,482,822</u>	<u>\$ 74,949,411</u>	<u>\$ 622,432,233</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 5 – Capital Assets (continued):

	December 31, 2022		
	Wastewater Division	Solid Waste Division	Total
Depreciable:			
Landfill and landfill expansion, including initial preparatory cost		\$ 241,597,650	\$ 241,597,650
Buildings and improvements	\$ 305,257,340	11,345,822	316,603,162
Improvements other than buildings	565,319,477	40,008,676	605,328,153
Machinery and equipment	53,652,566	13,512,929	67,165,495
Furniture and fixtures	170,056		170,056
Landfill gas collection facility	75,663,913		75,663,913
Landfill gas collection equipment	15,030,022		15,030,022
	1,015,093,374	306,465,077	1,321,558,451
Less: Accumulated depreciation and amortization	(490,559,609)	(271,662,921)	(762,222,530)
	524,533,765	34,802,156	559,335,921
Non-depreciable:			
Land	8,401,828	37,934,488	46,336,316
Construction in progress	15,337,543	38,398	15,375,941
	\$ 548,273,136	\$ 72,775,042	\$ 621,048,178

Depreciation expense for the years ended December 31, 2023 and 2022 was as follows:

	December 31,	
	2023	2022
Wastewater Division	\$ 29,848,483	\$ 29,859,695
Solid Waste Division	4,074,057	3,797,400
	\$ 33,922,540	\$ 33,657,095

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 5 – Capital Assets (continued):

Changes in capital assets for the years ended December 31, 2023 and 2022 were as follows:

	January 1, 2023	Increase	Transfers	Disposals	December 31, 2023
<u>Wastewater Division:</u>					
Buildings and improvements	\$ 305,257,340				\$ 305,257,340
Other improvements	565,319,477	\$ 3,933,842	\$ 3,597,687		572,851,006
Machinery and equipment	53,652,566	2,925,919	773,944		57,352,429
Furniture and fixtures	170,056	57,004			227,060
Landfill gas collection facility	75,663,913		5,577,409		81,241,322
Landfill gas collection equipment	15,030,022				15,030,022
	1,015,093,374	6,916,765	9,949,040		1,031,959,179
Less: Accumulated depreciation	(490,559,609)	(29,848,484)			(520,408,093)
	524,533,765	(22,931,719)	9,949,040		511,551,086
Land	8,401,828				8,401,828
Construction in progress	15,337,543	22,568,891	(9,949,040)	\$ (427,486)	27,529,908
	<u>\$ 548,273,136</u>	<u>\$ (362,828)</u>	<u>\$ -</u>	<u>\$ (427,486)</u>	<u>\$ 547,482,822</u>

	January 1, 2023	Increase	Transfers	December 31, 2023
<u>Solid Waste Division:</u>				
Landfill and landfill expansion, including initial preparatory cost	\$ 241,597,650			\$ 241,597,650
Buildings and improvements	11,345,822			11,345,822
Other improvements	40,008,676	\$ 309,792		40,318,468
Furniture and Fixtures		9,124		9,124
Machinery and equipment	13,512,929	2,096,991	\$ 13,640	15,623,560
	306,465,077	2,415,907	13,640	308,894,624
Less: Accumulated depreciation	(271,662,921)	(4,074,056)	-	(275,736,977)
	34,802,156	(1,658,149)	13,640	33,157,647
Land	37,934,488			37,934,488
Construction in progress	38,398	3,832,518	(13,640)	3,857,276
	<u>\$ 72,775,042</u>	<u>\$ 2,174,369</u>	<u>\$ -</u>	<u>\$ 74,949,411</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 5 – Capital Assets (continued):

	<u>January 1, 2022</u>	<u>Increase</u>	<u>December 31, 2022</u>
<u>Wastewater Division:</u>			
Buildings and improvements	\$ 305,009,391	\$ 247,949	\$ 305,257,340
Other improvements	553,172,155	12,147,322	565,319,477
Machinery and equipment	51,326,965	2,325,601	53,652,566
Furniture and fixtures	149,463	20,593	170,056
Landfill gas collection facility	72,536,359	3,127,554	75,663,913
Landfill gas collection equipment	15,030,022		15,030,022
	<u>997,224,355</u>	<u>17,869,019</u>	<u>1,015,093,374</u>
Less: Accumulated depreciation	<u>(460,699,915)</u>	<u>(29,859,694)</u>	<u>(490,559,609)</u>
	536,524,440	(11,990,675)	524,533,765
Land	8,401,828		8,401,828
Construction in progress	9,259,791	6,077,752	15,337,543
	<u>\$ 554,186,059</u>	<u>\$ (5,912,923)</u>	<u>\$ 548,273,136</u>

	<u>January 1, 2022</u>	<u>Increase</u>	<u>Transfers</u>	<u>Disposals</u>	<u>December 31, 2022</u>
<u>Solid Waste Division:</u>					
Landfill and landfill expansion, including initial preparatory cost	\$ 241,597,650				\$ 241,597,650
Buildings and improvements	11,345,822				11,345,822
Other improvements	38,127,693	\$ 199,134	\$ 1,706,427	\$ (24,578)	40,008,676
Machinery and equipment	12,422,798	1,090,131			13,512,929
	<u>303,493,963</u>	<u>1,289,265</u>	<u>1,706,427</u>	<u>(24,578)</u>	<u>306,465,077</u>
Less: Accumulated depreciation	<u>(267,865,520)</u>	<u>(3,797,401)</u>			<u>(271,662,921)</u>
	35,628,443	(2,508,136)	1,706,427	(24,578)	34,802,156
Land	37,934,488				37,934,488
Construction in progress	1,342,311	402,514	(1,706,427)		38,398
	<u>\$ 74,905,242</u>	<u>\$ (2,105,622)</u>	<u>\$ -</u>	<u>\$ (24,578)</u>	<u>\$ 72,775,042</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 6 – New Jersey Infrastructure Bank Loans:

During 2021, 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 \$17,800,000. In 2023, the NJIB approved an increase to the loan of \$8,200,000 bringing the loan total to \$26,000,000. The approved drawdown for the Final Clarifier Rehabilitation Phase 4 in 2022 was \$6,035,240. The approved drawdown for the Gravity Thickeners Phase 2 in 2023 was \$14,531,522 and non-emergency Primary Tank work in 2023 was \$2,434,330. 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 bears minimal interest during the drawdown period.

During 2023, the Authority was approved for a New Jersey Infrastructure Bank (“NJIB”) construction loan to fund the rehabilitation of the Central Treatment Plant Phase 5. The NJIB approved the loan for \$19,000,000. The approved drawdown for the Administrative Annex in 2023 was \$5,876,882. 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 bears minimal interest during the drawdown period.

During 2023, the Authority was approved for a New Jersey Infrastructure Bank (“NJIB”) construction loan to fund the rehabilitation of Return Sludge Pump Stations. The NJIB approved the loan for \$23,066,519. The approved drawdown for the Return Sludge Pump Stations rehabilitation phase 1 was \$22,838,137. 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 bears minimal interest during the drawdown period.

The following presents the changes in the loan balances from NJIB for the years ended December 31, 2023 and 2022, respectively:

	<u>January 1, 2023</u>	<u>Additions</u>	<u>Retired</u>	<u>December 31, 2023</u>
NJIB construction loan 17	\$ 8,076,055	\$ 16,965,852	\$ -	\$ 25,041,907
NJIB construction loan 18		5,876,882		5,876,882
NJIB construction loan 21		22,838,137		22,838,137
	<u>\$ 8,076,055</u>	<u>\$ 45,680,871</u>	<u>\$ -</u>	<u>\$ 53,756,926</u>
	<u>January 1, 2022</u>	<u>Additions</u>	<u>Retired</u>	<u>December 31, 2022</u>
NJIB construction loan 17	\$ 2,040,815	\$ 6,035,240	\$ -	\$ 8,076,055
	<u>\$ 2,040,815</u>	<u>\$ 6,035,240</u>	<u>\$ -</u>	<u>\$ 8,076,055</u>

The Wastewater Division has recorded the reimbursement requests due from NJIB on the statement of net position as Cash Held with Bond Trustee.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities:

During the years ended December 31, 2023 and 2022 the following changes occurred in long-term liabilities:

	January 1, 2023	Additions	Retired	December 31, 2023	Due Within One Year
<u>Wastewater Division:</u>					
Bonds payable	\$ 108,918,132		\$ 13,909,185	\$ 95,008,947	\$ 14,039,327
Unamortized original issue premium	<u>1,873,257</u>		<u>171,802</u>	<u>1,701,455</u>	<u>171,802</u>
	110,791,389		14,080,987	96,710,402	14,211,129
Net pension liability	29,038,664		683,094	28,355,570	
Liability for other post employment benefits	85,071,202	\$ 9,496,712		94,567,914	2,665,409
Liability for early retirement incentives	1,373,000		59,622	1,313,378	69,375
NJIB construction loan	8,076,055	45,680,871		53,756,926	
	<u>\$ 234,350,310</u>	<u>\$ 55,177,583</u>	<u>\$ 14,823,703</u>	<u>\$ 274,704,190</u>	<u>\$ 16,945,913</u>
<u>Solid Waste Division:</u>					
Bonds payable	\$ 3,408,462		\$ 1,800,482	\$ 1,607,980	\$ 1,607,980
Unamortized original issue premium	<u>82,722</u>		<u>43,160</u>	<u>39,562</u>	<u>39,562</u>
	3,491,184		1,843,642	1,647,542	1,647,542
Net pension liability	5,124,470		120,546	5,003,924	
Liability for other post employment benefits	15,012,565	\$ 1,675,891		16,688,456	470,366
	<u>\$ 23,628,219</u>	<u>\$ 1,675,891</u>	<u>\$ 1,964,188</u>	<u>\$ 23,339,922</u>	<u>\$ 2,117,908</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

	<u>January 1, 2022</u>	<u>Additions</u>	<u>Retired</u>	<u>December 31, 2022</u>	<u>Due Within One Year</u>
<u>Wastewater Division:</u>					
Bonds payable	\$ 122,601,847		\$ 13,683,715	\$ 108,918,132	\$ 13,909,185
Unamortized original issue premium	<u>2,045,064</u>		<u>171,807</u>	<u>1,873,257</u>	<u>171,803</u>
	124,646,911		13,855,522	110,791,389	14,080,988
Net pension liability	21,564,691	\$ 7,473,973		29,038,664	
Liability for other post employment benefits	106,669,965		21,598,763	85,071,202	
Liability for early retirement incentives	1,423,720		50,720	1,373,000	59,622
NJIB construction loan	<u>2,040,815</u>	<u>6,035,240</u>		<u>8,076,055</u>	
	<u>\$ 256,346,102</u>	<u>\$ 13,509,213</u>	<u>\$ 35,505,005</u>	<u>\$ 234,350,310</u>	<u>\$ 14,140,610</u>
<u>Solid Waste Division:</u>					
Bonds payable	\$ 5,169,944		\$ 1,761,482	\$ 3,408,462	\$ 1,800,482
Unamortized original issue premium	<u>125,881</u>		<u>43,159</u>	<u>82,722</u>	<u>43,160</u>
	5,295,825		1,804,641	3,491,184	1,843,642
Net pension liability	3,805,534	\$ 1,318,936		5,124,470	
Liability for other post employment benefits	18,824,111		3,811,546	15,012,565	
	<u>\$ 27,925,470</u>	<u>\$ 1,318,936</u>	<u>\$ 5,616,187</u>	<u>\$ 23,628,219</u>	<u>\$ 1,843,642</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

The following is a summary of bonds payable as of December 31, 2023 and 2022:

	December 31,	
	2023	2022
<u>Wastewater Division:</u>		
Issue of 2005A, N.J.I.B. Bonds (a)		
Federal portion	\$ 702,609	\$ 1,052,690
State portion	968,973	1,424,006
Issue of 2006, N.J.I.B. Bonds (b)		
Federal portion	6,073,666	8,097,798
State portion	8,718,908	11,489,000
Issue of 2009A, N.J.I.B. Bonds (c)		
Federal portion	2,811,414	3,306,280
State portion*	3,627,000	4,153,000
Issue of 2009 N.J.I.B. Bonds (d)		
Federal portion - D-1	1,331,291	1,553,173
State portion - C-1**	1,168,000	1,338,000
Issue of 2009 N.J.I.B. Bonds (e)		
Federal portion - D-2	3,709,359	4,327,586
State portion - C-2**	1,510,000	1,728,000
Issue of 2010 N.J.I.B. Bonds (f)		
Federal portion	2,055,153	2,348,746
State portion	2,325,000	2,598,000
Issue of 2014A N.J.I.B. Bonds (g)		
Federal portion	2,145,014	2,359,515
State portion	850,000	920,000
Issue of 2016A N.J.I.B. Bonds (h)		
Federal portion	9,109,793	9,889,900
State portion	3,401,167	3,631,167
Issue of 2019A N.J.I.B. Bonds (i)		
Federal portion	9,308,762	9,929,346
State portion	3,385,000	3,550,000
Issue of 2020A N.J.I.B. Bonds (j)		
Federal portion	13,146,284	13,967,927
State portion	4,635,000	4,835,000
Issue of 2021A N.J.I.B. Bonds (k)		
Federal portion	6,076,554	6,433,998
State portion	1,985,000	2,065,000
Solar Project (l)	5,965,000	7,920,000
	95,008,947	108,918,132
Current portion	14,039,327	13,909,185
Long-term portion	\$ 80,969,620	\$ 95,008,947

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

	December 31,	
	2023	2022
<u>Solid Waste Division:</u>		
Issue of 2009A, N.J.I.B. bonds (m):		
Federal portion	\$ 593,980	\$ 1,418,462
State portion*	1,014,000	1,990,000
	1,607,980	3,408,462
Current portion	1,607,980	1,800,482
Long-term portion	\$ -	\$ 1,607,980

*This bond issue was refunded by the N.J.I.B. 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.I.B. 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 \$350,000 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 \$352,160 to \$520,000 through August 2025. Current portion as of December 31, 2023 is \$828,306.

- b. Bonds payable in two separate portions. The Federal portion is payable in semiannual principal amounts totaling approximately \$2,024,000, 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 \$3,024,000 through August 2026. Current portion as of December 31, 2023 is \$4,792,174.

- c. 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 \$547,000, increasing annually to \$665,000 through August 2029. Amounts payable from August 2024 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, 2023 is \$1,041,866.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

- d. Bonds payable in two separate portions. The Federal portion (D-1) is payable in semi-annual installments of \$227,000 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 \$175,000, increasing annually to \$214,000 through August 2029. Amounts payable from August 2024 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, 2023 is \$402,000.
- e. 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 \$221,882, increasing annually to \$276,000 through August 2029. Amounts payable from August 2024 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 and results in a total principal reduction of \$138,000. Current portion as of December 31, 2023 is \$840,109.
- f. 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, 2023 is \$580,593.
- g. 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 \$75,000, increasing annually to \$95,000 through August 2033. Current portion as of December 31, 2023 is \$289,501.
- h. 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, 2023 is \$1,025,107.
- i. 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, 2023 is \$795,584.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

- j. Bonds payable in two separate portions. The Federal portion is payable in semiannual installments that aggregate to approximately \$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 through August 2039. The current portion as of December 31, 2023 is \$1,031,643.
- k. 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 through August 2040. The current portion as of December 31, 2023 is \$442,444.
- l. In September 2022, 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 through September 2026. The bonds bear interest at 0.80% per annum. The current portion as of December 31, 2023 is \$1,970,000.
- m. In 2009, the Solid Waste Division borrowed \$23,537,398 in supplemental bond financing from the New Jersey Infrastructure Bank. The bonds are payable in two separate portions. The federal portion is payable in two final semi-annual principal amounts aggregating approximately \$593,980 without interest. The state portion bears interest at rates ranging from 3.5% to 5.0% per annum and is payable in a final annual installment of \$1,014,000 in August 2024. Current portion as of December 31, 2023 is \$1,607,980.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 7 – Long-Term Liabilities (continued):

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.

Annual repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Wastewater Division:</u>			
Year Ending December 31,			
2024	\$ 14,039,327	\$ 1,299,867	\$ 15,339,194
2025	14,405,378	1,032,407	15,437,785
2026	13,574,995	784,681	14,359,676
2027	6,716,849	556,240	7,273,089
2028	6,818,848	458,270	7,277,118
2029-2033	22,748,778	1,202,713	23,951,491
2034-2038	14,513,241	410,350	14,923,591
2039-2040	2,191,531	18,350	2,209,881
	<u>\$ 95,008,947</u>	<u>\$ 5,762,878</u>	<u>\$ 100,771,825</u>
<u>Solid Waste Division:</u>			
Year Ending December 31,			
2024	\$ 1,607,980	\$ 40,560	\$ 1,648,540
	<u>\$ 1,607,980</u>	<u>\$ 40,560</u>	<u>\$ 1,648,540</u>
<u>Total:</u>			
Year Ending December 31,			
2024	\$ 15,647,307	\$ 1,340,427	\$ 16,987,734
2025	14,405,378	1,032,407	15,437,785
2026	13,574,995	784,681	14,359,676
2027	6,716,849	556,240	7,273,089
2028	6,818,848	458,270	7,277,118
2029-2033	22,748,778	1,202,713	23,951,491
2034-2038	14,513,241	410,350	14,923,591
2039-2040	2,191,531	18,350	2,209,881
	<u>\$ 96,616,927</u>	<u>\$ 5,803,438</u>	<u>\$ 102,420,365</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans:

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 Plan – The Authority participates in the Public Employees’ 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, 2023, 2022 and 2021 were as follows:

	December 31,		
	2023	2022	2021
Wastewater Division	\$ 2,616,474	\$ 2,426,495	\$ 2,131,833
Solid Waste Division	461,731	428,205	376,206
	\$ 3,078,205	\$ 2,854,700	\$ 2,508,039

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

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

Public Employees’ Retirement System (PERS)

The Authority reported a liability of \$33,359,494 and \$34,163,134 at December 31, 2023 and 2022, respectively, for its proportionate share of the net pension liability. The December 31, 2023 net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at July 1, 2022, which was rolled forward to June 30, 2023. The December 31, 2022 net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at July 1, 2021, which was rolled forward to June 30, 2022. 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, 2023, the Authority’s proportion was 0.2303136714 percent, which was an increase of 0.00393847 from its proportion measured as of June 30, 2022.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

For the years ended December 31, 2023 and 2022, the Authority recognized a pension expense of \$1,176,729 and benefit of (\$1,010,644), respectively. At December 31, 2023, 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	\$ 318,960	\$ 136,363
Changes of assumptions	73,284	2,021,728
Net difference between projected and actual earnings on pension plan investments	153,625	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	2,646,460	
Authority contributions subsequent to the measurement date	1,539,103	
	\$ 4,731,432	\$ 2,158,091

At December 31, 2022, 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	\$ 246,574	\$ 217,443
Changes of assumptions	105,848	5,115,574
Net difference between projected and actual earnings on pension plan investments	1,413,981	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	3,503,017	
Authority contributions subsequent to the measurement date	1,427,350	
	\$ 6,696,770	\$ 5,333,017

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

\$1,539,103 and \$1,427,350 was reported as deferred outflows of resources related to pensions at December 31, 2023 and 2022, 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,	
2024	\$ (578,812)
2025	(191,119)
2026	1,866,868
2027	(78,448)
2028	15,749
	<u>\$ 1,034,238</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases	2.75 - 6.55%
	based on years of service
Investment rate of return	7.00%

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases	2.75 - 6.55%
	based on years of service
Investment rate of return	7.00%

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. 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, 2023) 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.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real assets	3.00%	8.40%
Real estate	8.00%	8.58%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation strategies	3.00%	6.21%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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, 2022. 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.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

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, 2023 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	\$ 43,426,963	\$ 33,359,494	\$ 24,790,747

The following presents the Authority's proportionate share of the net pension liability as of December 31, 2022 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	\$ 43,889,620	\$ 34,163,134	\$ 25,885,503

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, 2023 are as follows:

Deferred outflows of resources	\$	1,080,204,730
Deferred inflows of resources	\$	1,780,216,457
Net pension liability	\$	14,606,489,066
Authority's Proportion		0.2303136714%

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

Collective pension benefit for the Local Group for the measurement period ended June 30, 2023 is (\$79,181,803).

Collective balances of the Local Group at the end of the measurement period, June 30, 2022 are as follows:

Deferred outflows of resources	\$	1,660,772,008
Deferred inflows of resources	\$	3,236,303,935
Net pension liability	\$	15,219,184,920
Authority's Proportion		0.2263752014%

Collective pension benefit for the Local Group for the measurement period ended June 30, 2022 is (\$1,032,778,934).

The average of the expected remaining service lives of all plan members is 5.08, 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

Early Retirement Incentive (“ERI”) Liabilities – In July 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 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, 2023 and 2022, the remaining balance on this liability is \$1,313,378 and \$1,373,000, respectively, with an interest rate of 7.5%.

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

In the December 31, 2023, actuarial valuation the number of retirees and active employees covered under the plan were not updated. At December 31, 2022, there were 188 retirees and 208 active employees covered under the plan.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

Net OPEB Liability

The net OPEB liability is \$111,256,370 and \$100,083,767 at December 31, 2023 and 2022, respectively. The net OPEB liability at December 31, 2023 includes liabilities for retirees and actives of \$55,660,951 and \$55,595,419, respectively. The net OPEB liability at December 31, 2022 includes liabilities for retirees and actives of \$53,866,813 and \$46,216,954, respectively.

Actuarial assumptions and other inputs

The net OPEB liability of \$111,256,370 was reported in the December 31, 2023 actuarial valuation prepared by the Authority's actuary. The major actuarial assumptions, among others, were the use of a 3.26% 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 \$100,083,767 was reported in the December 31, 2022 actuarial valuation prepared by the Authority's actuary. The major actuarial assumptions, among others, were the use of a 3.72% 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 3.26% at December 31, 2023 and 3.72% at December 31, 2022. The inflation rate was 2.50% per year.

Mortality rates

Pre-retirement mortality rates for 2023 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-2021. 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-2021. 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-2021. 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-2021.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

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.

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:

	<u>Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Beginning Net OPEB Liability, January 1,	\$ 100,083,767	\$ 125,494,076
Changes for the year:		
Service cost	2,807,553	4,727,633
Interest	3,769,232	2,644,353
Actuarial assumption changes	7,731,593	(36,776,843)
Actuarial experience changes		7,704,668
Benefit payments	<u>(3,135,775)</u>	<u>(3,710,120)</u>
Net changes	<u>11,172,603</u>	<u>(25,410,309)</u>
Ending Net OPEB Liability, December 31,	<u>\$ 111,256,370</u>	<u>\$ 100,083,767</u>

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

Changes of assumptions and other inputs reflect a change in the discount rate from 2.06% in 2021 to 3.72% in 2022 and from 3.72% in 2022 to 3.26% in 2023.

For the years ended December 31, 2023 and 2022, the Authority recognized an OPEB benefit of (\$10,981,909) and (\$11,225,901), respectively.

At December 31, 2023, 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	\$ 5,633,520	\$ 10,117,712
Changes of assumptions	11,713,346	26,890,595
	\$ 17,346,866	\$ 37,008,307

At December 31, 2022, 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		\$ 26,444,434
Changes of assumptions	\$ 16,814,188	35,321,482
	\$ 16,814,188	\$ 61,765,916

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,	
2024	\$ (8,128,635)
2025	(2,704,845)
2026	(2,868,357)
2027	(2,868,357)
2028	(2,868,357)
Thereafter	(222,890)
	\$ (19,661,441)

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 8 – Pension and Retirement Plans (continued):

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 (2.26%) or 1-percentage-point higher (4.26%) than the current discount rate:

	At 1% Decrease (2.26%)	At Current Discount rate (3.26%)	At 1% Increase (4.26%)
Net OPEB liability	\$ 131,207,070	\$ 111,256,370	\$ 95,416,310

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	\$ 93,347,663	\$ 111,256,370	\$ 134,562,990

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

Note 9 – Solid Waste Division Service Revenues:

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

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

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

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

The landfill rate structure per ton as adopted in the Solid Waste Division's original 2023 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	\$ 57.03	\$ 60.03	\$ 62.25	\$ 71.78	\$ 85.75
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	0.85	0.85	0.85	0.85	0.85
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>14.25</u>	<u>14.25</u>	<u>14.25</u>	<u>14.25</u>	<u>14.25</u>
Total 2023 rate per ton	<u>\$ 71.28</u>	<u>\$ 74.28</u>	<u>\$ 76.50</u>	<u>\$ 86.03</u>	<u>\$ 100.00</u>
2022 rates per ton	<u>\$ 70.00</u>	<u>\$ 73.00</u>	<u>\$ 75.00</u>	<u>\$ 88.00</u>	<u>\$ 100.00</u>

Note 10 – Inter-Division Transactions:

Management Fee – The operating revenues for the Wastewater Division include management fees from the Solid Waste Division which, for the years ended December 31, 2023 and 2022, amounted to \$2,532,000 and \$1,980,000, respectively.

Note Payable – The Solid Waste Division advanced the Wastewater Division \$15,100,000 in the form of a note which bears interest at 0%. The note calls for principal repayments at the discretion of the Board of Commissioners. There is no stated maturity date for the note. The balance of the note was \$10,249,347 and \$10,349,347 at December 31, 2023 and 2022, respectively.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 10 – Inter-Division Transactions (continued):

The following is the activity and amounts loaned between Divisions during the years ended December 31, 2023 and 2022:

	January 1, 2023	Advances	Payments	December 31, 2023
Notes Payable	\$ 10,349,347	\$ -	\$ 100,000	\$ 10,249,347
	January 1, 2022	Advances	Payments	December 31, 2022
Notes Payable	\$ 13,304,559	\$ -	\$ 2,955,212	\$ 10,349,347

Note 11 – Commitments and Contingencies:

Wastewater Division:

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

Long-Term Contracts – The Authority has entered into several contracts for construction of facilities, some of which extend beyond December 31, 2023. 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 \$42,437,038 at December 31, 2023. During 2023, the Authority received approval for an increase to the 2021 short term construction loan to finance two operating segments, Primary Tank Emergency and Final Clarifier Rehabilitation Phase 4 and received approval for two new short term construction loans to finance two operating segments, for Central Treatment Plant Rehabilitation Phase 5 and Return Sludge Pump Rehabilitation Phase 1.

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.

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 11 – Commitments and Contingencies (continued):

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 2022, the Authority applied to the DEP for a renewal permit and a major modification to increase the height of the landfill. The DEP has determined the permit renewal is administratively complete, however their review process is ongoing as of the date of these financial statements.

Host Community Benefit Agreements –

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

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

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

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

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

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 11 – Commitments and Contingencies (continued):

Solid Waste Division (continued):

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 \$84.2 million reported as landfill closure and postclosure care liabilities at December 31, 2023 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 \$137 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 \$3,594,545 and \$3,203,401 for closure and post-closure care costs for the years ended December 31, 2023 and 2022, 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, 2023, cash, cash equivalents and investments with a fair value of \$84,249,099 are held for these purposes. These are reported as restricted assets on the statement of net position. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions; however, if interest earnings are inadequate or additional post-closure care requirements are determined, due to changes in technology or applicable laws or regulations, for example, these costs may need to be covered by charges to future landfill users or from future tax revenues.

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

**MIDDLESEX COUNTY UTILITIES AUTHORITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTES TO BASIC FINANCIAL STATEMENTS

Note 11 – Commitments and Contingencies (continued):

Environmental Regulations – The Authority operates its landfill subject to extensive federal and state environmental regulations. Accordingly, the Authority is subject to the administrative directives, 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.

Note 12 – Risk Management:

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

Self-Insurance – Workers’ Compensation

The Authority estimates that the liabilities for workers’ compensation claims are sufficiently covered by the reserves at December 31, 2023 and 2022. During the years ended December 31, 2023 and 2022, the following changes occurred in the workers’ compensation claims reserve:

	January 1, 2023	Additions	Reductions	December 31, 2023
Wastewater Division	\$ 861,951	\$ 170,139	\$ 277,750	\$ 754,340
Solid Waste Division	725,089	119,216	172,250	672,055
	<u>\$ 1,587,040</u>	<u>\$ 289,355</u>	<u>\$ 450,000</u>	<u>\$ 1,426,395</u>
	January 1, 2022	Additions	Reductions	December 31, 2022
Wastewater Division	\$ 784,237	\$ 355,704	\$ 277,990	\$ 861,951
Solid Waste Division	736,755	104,745	116,411	725,089
	<u>\$ 1,520,992</u>	<u>\$ 460,449</u>	<u>\$ 394,401</u>	<u>\$ 1,587,040</u>

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

Last Ten Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017
Balance, Beginning of Year	\$ 100,083,767	\$ 125,494,076	\$ 120,594,097	\$ 175,522,217	\$ 150,163,131	\$ 168,496,147	\$ 155,058,140
Changes for the year:							
Service cost	2,807,553	4,727,633	4,555,758	5,503,892	3,996,656	4,858,296	4,412,459
Interest cost	3,769,232	2,644,353	2,616,355	4,938,852	6,262,867	6,021,833	5,939,395
Benefit payments	(3,135,775)	(3,710,120)	(3,473,809)	(2,863,000)	(2,813,848)	(2,604,186)	(2,173,470)
Actuarial assumption changes	7,731,593	(29,072,175)	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	11,172,603	(25,410,309)	4,899,979	(54,928,120)	25,359,086	(18,333,016)	13,438,007
Balance, End of Year	\$ 111,256,370	\$ 100,083,767	\$ 125,494,076	\$ 120,594,097	\$ 175,522,217	\$ 150,163,131	\$ 168,496,147
Total OPEB Liability	\$ 111,256,370	\$ 100,083,767	\$ 125,494,076	\$ 120,594,097	\$ 175,522,217	\$ 150,163,131	\$ 168,496,147
OPEB plan's fiduciary net position	-	-	-	-	-	-	-
Net OPEB Liability	\$ 111,256,370	\$ 100,083,767	\$ 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%	0.00%	0.00%
Covered employee payroll	\$ 18,517,143	\$ 17,829,225	\$ 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	600.83%	561.35%	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, 2022 of 3.72% to 3.26% as of the measurement date of December 31, 2023.

The discount rate changed from the measurement date of December 31, 2021 of 2.06% to 3.72% as of the measurement date of December 31, 2022.

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

Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,135,775	\$ 3,710,120	\$ 3,473,809	\$ 2,863,000	\$ 2,813,848	\$ 2,604,186	\$ 2,173,470	1,948,730	1,676,985	\$ 1,338,354
Contributions in relation to the contractually required contribution	(3,135,775)	(3,710,120)	(3,473,809)	(2,863,000)	(2,813,848)	(2,604,186)	(2,173,470)	(1,948,730)	(1,676,985)	(1,338,354)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Last Ten Fiscal Years

	Years Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset) - Local Group	0.2303136714%	0.2263752014%	0.2141579927%	0.2125408774%	0.2055135080%	0.1953715800%	0.1911748702%	0.1902580115%	0.1872540940%	0.1838347300%
Authority's proportionate share of the net pension liability (asset)	\$ 33,359,494	\$ 34,163,134	\$ 25,370,225	\$ 34,659,859	\$ 36,496,681	\$ 38,467,690	\$ 44,502,454	\$ 56,348,966	\$ 42,034,792	\$ 34,418,889
Authority's covered-employee payroll	\$ 16,796,298	\$ 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
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	198.61%	214.14%	165.33%	232.46%	259.96%	283.04%	341.09%	435.94%	326.77%	276.25%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	48.72%

* 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

There were none.

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

Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	Years Ended December 31,		<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
					<u>2019</u>	<u>2018</u>				
Contractually required contribution	\$ 3,078,205	\$ 2,854,700	\$ 2,508,039	\$ 2,325,090	\$ 1,970,238	\$ 1,943,316	\$ 1,771,031	\$ 1,690,225	\$ 1,609,883	\$ 1,515,507
Contributions in relation to the contractually required contribution	(3,078,205)	(2,854,700)	(2,508,039)	(2,325,090)	(1,970,238)	(1,943,316)	(1,771,031)	(1,690,225)	(1,609,883)	(1,515,507)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Authority's covered-employee payroll	\$ 17,268,643	\$ 16,796,298	\$ 15,953,351	\$ 15,344,792	\$ 14,910,042	\$ 14,039,389	\$ 13,590,915	\$ 13,047,089	\$ 12,925,708	\$ 12,863,805
Contributions as a percentage of covered-employee payroll	17.83%	17.00%	15.72%	15.15%	13.21%	13.84%	13.03%	12.95%	12.45%	11.78%

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
 WASTEWATER DIVISION
 December 31, 2023

	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)	\$ 19,125,485	Certificates of Deposit	10/12/2023	4/11/2024	\$ 6,908,000	\$ 6,908,000	\$ 26,033,485
		Certificates of Deposit	10/12/2023	4/11/2024	542,000	542,000	542,000
					<u>7,450,000</u>	<u>7,450,000</u>	<u>26,575,485</u>
Other Accounts - Restricted							
Unemployment claims reserve	228,938						228,938
General liability insurance reserve	2,388,173						2,388,173
Collision insurance reserve	311,180						311,180
Worker's compensation insurance reserve	754,341						754,341
Future plant, reconstr. or replacement reserve	6,080,557						6,080,557
Construction fund 1991 issue	6,850,231						6,850,231
Debt service rate stabilization	890	Certificates of Deposit	11/8/2023	5/8/2024	8,170,000	8,170,000	8,170,890
		Certificates of Deposit	11/21/2023	5/8/2024	4,000,000	4,000,000	4,000,000
Solid Waste Division loan reserve	84,859						84,859
WWD FSA Escrow	45,570						45,570
CPV Escrow	145,808						145,808
Solar Project	34,507						34,507
Total restricted accounts	<u>16,925,054</u>				<u>12,170,000</u>	<u>12,170,000</u>	<u>29,095,054</u>
Total - combined	<u>\$ 36,050,539</u>				<u>\$ 19,620,000</u>	<u>\$ 19,620,000</u>	<u>\$ 55,670,539</u>
					Unrestricted - Current	\$ 7,450,000	
					Restricted - Current	<u>12,170,000</u>	
						<u>\$ 19,620,000</u>	

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
SOLID WASTE DIVISION
December 31, 2023

	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	\$ 24,990,398	Certificates of Deposit	various	various	\$ 45,481,560	\$ 45,481,560	\$ 70,471,958
Other Accounts - Restricted							
General liability insurance reserve	3,023,137						3,023,137
Collision insurance reserve	201,623						201,623
Worker's compensation insurance reserve	672,055						672,055
Land acquisition and improvement reserve	2,715,608	Certificates of Deposit	various	various	4,437,849	4,437,849	7,153,457
DEP Closure Phase I	4,226,935						4,226,935
Environmental self reserve	3,980,444	Certificates of Deposit	various	various	17,964,454	17,964,454	21,944,898
Closure/Post-Closure II	328,991	Certificates of Deposit	various	various	3,299,928	3,386,250	3,628,919
		U.S. Treasury Notes	various	various	49,964,356	50,748,272	49,964,356
CJ Nesti Soil escrow	326,146						326,146
Supplemental fund	27,338	Certificates of Deposit	various	various	2,113,261	2,113,261	2,140,599
Public liability insurance reserve	46,429	Certificates of Deposit	various	various	2,113,261	2,113,261	2,159,690
Aforce escrow	326,491						326,491
Construction reserve	1,158,934						1,158,934
Service fee escrow	651,699						651,699
Reconstruction/Replacement reserve	2,693,590	Certificates of Deposit	various	various	2,113,261	2,113,261	4,806,851
DEP Closure Phase II Amboy	5,164,544	Other Government Obligations	various	various	19,446,545	19,838,784	24,611,089
United Energy Soil escrow	326,146						326,146
Total restricted accounts	<u>25,870,110</u>				<u>101,452,915</u>	<u>102,715,392</u>	<u>127,323,025</u>
Total - combined	<u>\$ 50,860,508</u>				<u>\$ 146,934,475</u>	<u>\$ 148,196,952</u>	<u>\$ 197,794,983</u>
					Restricted - Current	\$ 41,778,188	
					Restricted - Non-Current	59,674,727	
					Unrestricted - Current	45,481,560	
						<u>\$ 146,934,475</u>	

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2023

Sources	Operating Fund
Prior year deficiencies	\$ 1,818,298
2023 annual charges	87,742,744
Septage treatment/Hauled waste fees	457,943
Service fees, plan approvals, etc.	29,675
Industrial pretreatment permit fees	33,640
Interest on investments	758,723
Groundwater discharge fees	709,811
Expense reimbursements	3,968,022
Management fees	2,532,000
Lab and sampling fees	135,785
Sale of synthetic soil	320,046
Sale of landfill gas	4,089,986
Sale of solar power	95,544
Sale of S-RECs	1,163,856
Penalty assessments	29,400
Grid sales	166,123
Miscellaneous income	372,711
Effluent reuse - CPV	899,881
Sale of oxygen - Linde	41,299
Sale of nitrogen - Linde	1,315,771
Sale of water - Linde	42,704
Fixed gas costs - Linde	869,649
Total sources	<u>107,593,611</u>
 Uses	
Budget expenses and accounts payable	106,883,088
Refunds to participants	1,468,205
Total uses	<u>108,351,293</u>
 Transfers (to) from Restricted Funds:	
Total debt service funds (net)	(15,683,600)
Transfers to Restricted funds	(4,000,000)
Transfers from Restricted funds	21,431,228
Transfers (to) from Restricted Funds	<u>1,747,628</u>
Increase for year	989,946
Balance, beginning of year	<u>25,585,539</u>
Balance, end of year	<u>\$ 26,575,485</u>
 Balance Comprised of:	
Cash and cash equivalents	\$ 19,125,485
Investments	7,450,000
	<u>\$ 26,575,485</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2023

Sources	Operating Fund
Service revenues	\$ 37,594,479
Interest income	1,382,291
Soil program income	10,246,322
Miscellaneous receipts	490,683
Enrollment fees	12,535
Expense reimbursement	413,166
Service fee income	1,574,071
Transfers from reserves	1,908,213
Grant Income	2,225,304
Total sources	<u>55,847,064</u>
Uses	
Vouchers paid	38,594,429
Escrow withdrawals	8,336
Payments made from reserve accounts	1,908,213
Total uses	<u>40,510,978</u>
Transfers (to) Restricted Funds:	
Debt service, net	<u>(1,914,417)</u>
Increase for year	13,421,669
Balance, beginning of year	<u>57,050,289</u>
Balance, end of year	<u>\$ 70,471,958</u>
Balance Comprised of:	
Cash and cash equivalents	\$ 24,990,398
Investments	45,481,560
	<u>\$ 70,471,958</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2023

	2009 NJEIT Debt Service	LBSM Construction Fund 1985 Issue	Renewal and Replacement 1985 Issue	General Fund 1985 Issue
Sources				
Interest income	\$ -	\$ -	\$ -	\$ -
Expense reimbursement				
Escrow deposits				
Transfers – unrestricted funds	1,215,426			
Transfer - Interfund				
Budget appropriation				
Total sources	<u>1,215,426</u>	<u>-</u>	<u>-</u>	<u>-</u>
Uses				
Bond principal paid	1,020,866			
Bond interest paid	166,120			
Vouchers paid				
Claims paid				
N.J. Wastewater admin. fees	28,440			
Transfers - unrestricted funds				
Transfer - Interfund		304	20	24
Total uses	<u>1,215,426</u>	<u>304</u>	<u>20</u>	<u>24</u>
Increase (decrease)	-	(304)	(20)	(24)
Balance, beginning of year	<u>-</u>	<u>304</u>	<u>20</u>	<u>24</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Balance comprised of				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments:				
Certificates of deposit	-	-	-	-
	<u>\$ -</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, 2023

	1991 Construction Fund	2006 Construction Fund	Solid Waste Division Loan Reserve	Tru-Val Retainage
Sources				
Interest income	\$ 277,896	\$ -	\$ 2,407	\$ 63
Expense reimbursement	14,146,462			
Escrow deposits				
Transfers – unrestricted funds				
Transfer - Interfund				
Budget appropriation			100,000	
Total sources	<u>14,424,358</u>	<u>-</u>	<u>102,407</u>	<u>63</u>
Uses				
Bond principal paid				
Bond interest paid				
Vouchers paid			100,000	
Claims paid				
N.J. Wastewater admin. fees				
Transfers - unrestricted funds	21,153,478			
Transfer - Interfund		843		2,336
Total uses	<u>21,153,478</u>	<u>843</u>	<u>100,000</u>	<u>2,336</u>
Increase (decrease)	(6,729,120)	(843)	2,407	(2,273)
Balance, beginning of year	<u>13,579,351</u>	<u>843</u>	<u>82,452</u>	<u>2,273</u>
Balance, end of year	<u>\$ 6,850,231</u>	<u>\$ -</u>	<u>\$ 84,859</u>	<u>\$ -</u>
Balance comprised of				
Cash and cash equivalents	\$ 6,850,231	\$ -	\$ 84,859	\$ -
Investments:				
Certificates of deposit	-	-	-	-
	<u>\$ 6,850,231</u>	<u>\$ -</u>	<u>\$ 84,859</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, 2023

	Allied Retainage	Bond Service 1993A	2010 Debt Service	Solar Project
Sources				
Interest income	\$ 1,595	\$ -	\$ -	\$ 1,179
Expense reimbursement				
Escrow deposits				
Transfers – unrestricted funds			454,537	2,018,360
Transfer - Interfund				
Budget appropriation				
Total sources	<u>1,595</u>	<u>-</u>	<u>454,537</u>	<u>2,019,539</u>
Uses				
Bond principal paid			391,882	1,955,000
Bond interest paid			53,520	63,360
Vouchers paid				
Claims paid				
N.J. Wastewater admin. fees			9,135	
Transfers - unrestricted funds				
Transfer - Interfund	58,800	437		
Total uses	<u>58,800</u>	<u>437</u>	<u>454,537</u>	<u>2,018,360</u>
Increase (decrease)	(57,205)	(437)	-	1,179
Balance, beginning of year	<u>57,205</u>	<u>437</u>	<u>-</u>	<u>33,328</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,507</u>
Balance comprised of				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 34,507
Investments:				
Certificates of deposit	-	-	-	
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,507</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2023

	Collision Insurance Reserve	Unemploy. Claims Reserve	Worker's Compensation Insurance Reserve	General Liability Insurance Reserve
Sources				
Interest income	\$ 8,759	\$ 6,091	\$ 20,140	\$ 79,885
Expense reimbursement				
Escrow deposits		96,416		
Transfers – unrestricted funds				
Transfer - Interfund				
Budget appropriation			150,000	
Total sources	<u>8,759</u>	<u>102,507</u>	<u>170,140</u>	<u>79,885</u>
Uses				
Bond principal paid				
Bond interest paid				
Vouchers paid				
Claims paid		369		
N.J. Wastewater admin. fees				
Transfers - unrestricted funds			277,750	
Transfer - Interfund				
Total uses	<u>-</u>	<u>369</u>	<u>277,750</u>	<u>-</u>
Increase (decrease)	8,759	102,138	(107,610)	79,885
Balance, beginning of year	<u>302,421</u>	<u>126,800</u>	<u>861,951</u>	<u>2,308,288</u>
Balance, end of year	<u>\$ 311,180</u>	<u>\$ 228,938</u>	<u>\$ 754,341</u>	<u>\$ 2,388,173</u>
Balance comprised of				
Cash and cash equivalents	\$ 311,180	\$ 228,938	\$ 754,341	\$ 2,388,173
Investments:				
Certificates of deposit				
	<u>\$ 311,180</u>	<u>\$ 228,938</u>	<u>\$ 754,341</u>	<u>\$ 2,388,173</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2023

	Future Reconstruct. Replacement Reserve	Bond Service 2005 Issue	2006 NJEIT Bond Service	CPV Escrow
Sources				
Interest income	\$ 154,640	\$ -	\$ -	\$ 4,104
Expense reimbursement				
Escrow deposits				
Transfers – unrestricted funds		883,584	5,390,139	
Transfer - Interfund	174,113			
Budget appropriation	500,000			
Total sources	<u>828,753</u>	<u>883,584</u>	<u>5,390,139</u>	<u>4,104</u>
Uses				
Bond principal paid		805,114	4,794,224	
Bond interest paid		56,960	477,760	
Vouchers paid				
Claims paid				
N.J. Wastewater admin. fees		21,510	118,155	
Transfers - unrestricted funds				
Transfer - Interfund				
Total uses	<u>-</u>	<u>883,584</u>	<u>5,390,139</u>	<u>-</u>
Increase (decrease)	828,753	-	-	4,104
Balance, beginning of year	<u>5,251,804</u>	<u>-</u>	<u>-</u>	<u>141,704</u>
Balance, end of year	<u>\$ 6,080,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,808</u>
Balance comprised of				
Cash and cash equivalents	\$ 6,080,557	\$ -	\$ -	\$ 145,808
Investments:				
Certificates of deposit	-	-	-	-
	<u>\$ 6,080,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,808</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2023

	2010 Traditional Debt Service	WWD FSA Escrow	Northeast Remsco Retainage	2007 Construction Fund
Sources				
Interest income	\$ -	\$ 1,220	\$ 10	\$ 25
Expense reimbursement				
Escrow deposits		16,867		
Transfers – unrestricted funds	917,197			
Transfer - Interfund				
Budget appropriation				
Total sources	<u>917,197</u>	<u>18,087</u>	<u>10</u>	<u>25</u>
Uses				
Bond principal paid	836,227			
Bond interest paid	69,120			
Vouchers paid				
Claims paid		16,318		
N.J. Wastewater admin. fees	11,850			
Transfers - unrestricted funds				
Transfer - Interfund			478	1,116
Total uses	<u>917,197</u>	<u>16,318</u>	<u>478</u>	<u>1,116</u>
Increase (decrease)	-	1,769	(468)	(1,091)
Balance, beginning of year	<u>-</u>	<u>43,801</u>	<u>468</u>	<u>1,091</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 45,570</u>	<u>\$ -</u>	<u>\$ -</u>
Balance comprised of				
Cash and cash equivalents	\$ -	\$ 45,570	\$ -	\$ -
Investments:				
Certificates of deposit	-	-	-	-
	<u>\$ -</u>	<u>\$ 45,570</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, 2023

	2014A Bond Service	Kenny Construction Retainage	2010B OSPS Debt Service	2021 A-1 Debt Service	2016A Bond Service
Sources					
Interest income	\$ -	\$ 2,977	\$ -	\$ -	\$ -
Expense reimbursement					
Escrow deposits					
Transfers – unrestricted funds	319,468		705,493	515,414	1,139,787
Transfer - Interfund					
Budget appropriation					
Total sources	<u>319,468</u>	<u>2,977</u>	<u>705,493</u>	<u>515,414</u>	<u>1,139,787</u>
Uses					
Bond principal paid	284,502		566,593	437,444	1,010,107
Bond interest paid	30,856		122,805	71,550	115,025
Vouchers paid					
Claims paid					
N.J. Wastewater admin. fees	4,110		16,095	6,420	14,655
Transfers - unrestricted funds					
Transfer - Interfund		109,756			
Total uses	<u>319,468</u>	<u>109,756</u>	<u>705,493</u>	<u>515,414</u>	<u>1,139,787</u>
Increase (decrease)	-	(106,779)	-	-	-
Balance, beginning of year	-	106,779	-	-	-
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Balance comprised of					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments:					
Certificates of deposit	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</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, 2023

	2019A-1 NJEIT Debt Service	2020A-1 NJEIT Debt Service	Debt Service Rate Stabilization	Total Restricted Accounts
Sources				
Interest income	\$ -	\$ -	\$ 164,804	\$ 725,795
Expense reimbursement				14,146,462
Escrow deposits				113,283
Transfers – unrestricted funds	917,175	1,207,020	4,000,000	19,683,600
Transfer - Interfund				174,113
Budget appropriation				750,000
Total sources	<u>917,175</u>	<u>1,207,020</u>	<u>4,164,804</u>	<u>35,593,253</u>
Uses				
Bond principal paid	785,584	1,021,643		13,909,186
Bond interest paid	119,606	169,762		1,516,444
Vouchers paid				100,000
Claims paid				16,687
N.J. Wastewater admin. fees	11,985	15,615		257,970
Transfers - unrestricted funds				21,431,228
Transfer - Interfund				174,114
Total uses	<u>917,175</u>	<u>1,207,020</u>	<u>-</u>	<u>37,405,629</u>
Increase (decrease)	-	-	4,164,804	(1,812,376)
Balance, beginning of year	<u>-</u>	<u>-</u>	<u>8,006,086</u>	<u>30,907,430</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,170,890</u>	<u>\$ 29,095,054</u>
Balance comprised of				
Cash and cash equivalents	\$ -	\$ -	\$ 890	\$ 16,925,054
Investments:				
Certificates of deposit	-	-	12,170,000	12,170,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,170,890</u>	<u>\$ 29,095,054</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2023

	General Liability Insurance Fund	Collision Insurance Reserve	Worker's Compensation Insurance	Land Acquisition and Improvement Reserve
Sources				
Interest income	\$ 97,222	\$ 5,675	\$ 19,216	\$ 146,991
Miscellaneous income				
Due from Wastewater Division				100,000
Escrow deposits				
Transfers – unrestricted funds				
Budget appropriation			100,000	
Total sources	<u>97,222</u>	<u>5,675</u>	<u>119,216</u>	<u>246,991</u>
Uses				
Bond principal paid				
Bond interest paid				
Vouchers paid			172,250	
Trustee fee				
NJEIT Admin fee				
Transfer – Unrestricted funds				
Total uses	<u>-</u>	<u>-</u>	<u>172,250</u>	<u>-</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease)	97,222	5,675	(53,034)	246,991
Balance, beginning of year	<u>2,925,915</u>	<u>195,948</u>	<u>725,089</u>	<u>6,906,466</u>
Balance, end of year	<u>\$ 3,023,137</u>	<u>\$ 201,623</u>	<u>\$ 672,055</u>	<u>\$ 7,153,457</u>
Balance comprised of				
Cash and cash equivalents	\$ 3,023,137	\$ 201,623	\$ 672,055	\$ 2,715,608
Investments:				
Certificates of deposit				4,437,849
Treasury notes				
Other government obligations				
	<u>\$ 3,023,137</u>	<u>\$ 201,623</u>	<u>\$ 672,055</u>	<u>\$ 7,153,457</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2023

	DEP Closure Phase I	Environmental Self Insurance	Closure/ Post- Closure II
Sources			
Interest income	\$ 118,977	\$ 407,263	\$ 995,259
Miscellaneous income			138,252
Due from Wastewater Division			
Escrow deposits			3,514,698
Transfers – unrestricted funds			
Budget appropriation			
Total sources	<u>118,977</u>	<u>407,263</u>	<u>4,648,209</u>
Uses			
Bond principal paid			
Bond interest paid			
Vouchers paid			
Trustee fee			62,364
NJEIT Admin fee			
Transfer – Unrestricted funds			
Total uses	<u>-</u>	<u>-</u>	<u>62,364</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>856,016</u>
Increase (decrease)	118,977	407,263	5,441,861
Balance, beginning of year	<u>4,107,958</u>	<u>21,537,635</u>	<u>48,151,414</u>
Balance, end of year	<u>\$ 4,226,935</u>	<u>\$ 21,944,898</u>	<u>\$ 53,593,275</u>
Balance comprised of			
Cash and cash equivalents	\$ 4,226,935	\$ 3,980,444	\$ 328,991
Investments:			
Certificates of deposit		17,964,454	3,299,928
Treasury notes			49,964,356
Other government obligations			
	<u>\$ 4,226,935</u>	<u>\$ 21,944,898</u>	<u>\$ 53,593,275</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2023

	CJ Nesti Soil Escrow	Supplemental Fund	Public Liability Insurance Reserve	Aforce Escrow
Sources				
Interest income	\$ 9,180	\$ 35,498	\$ 36,036	\$ 9,190
Miscellaneous income				
Due from Wastewater Division				
Escrow deposits				
Transfers – unrestricted funds				
Budget appropriation				
Total sources	<u>9,180</u>	<u>35,498</u>	<u>36,036</u>	<u>9,190</u>
Uses				
Bond principal paid				
Bond interest paid				
Vouchers paid				
Trustee fee				
NJEIT Admin fee				
Transfer – Unrestricted funds				
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)	9,180	35,498	36,036	9,190
Balance, beginning of year	<u>316,966</u>	<u>2,105,101</u>	<u>2,123,654</u>	<u>317,301</u>
Balance, end of year	<u>\$ 326,146</u>	<u>\$ 2,140,599</u>	<u>\$ 2,159,690</u>	<u>\$ 326,491</u>
Balance comprised of				
Cash and cash equivalents	\$ 326,146	\$ 27,338	\$ 46,429	\$ 326,491
Investments:				
Certificates of deposit		2,113,261	2,113,261	
Treasury notes				
Other government obligations				
	<u>\$ 326,146</u>	<u>\$ 2,140,599</u>	<u>\$ 2,159,690</u>	<u>\$ 326,491</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2023

	Construction Reserve	Northeast Remsco Retainage	Service Fee Escrow	Reconstruction/ Replacement Reserve
Sources				
Interest income	\$ 32,621	\$ 813	\$ 36,979	\$ 98,758
Miscellaneous income				
Due from Wastewater Division				
Escrow deposits			3,350,277	
Transfers – unrestricted funds				
Budget appropriation				500,000
Total sources	<u>32,621</u>	<u>813</u>	<u>3,387,256</u>	<u>598,758</u>
Uses				
Bond principal paid				
Bond interest paid				
Vouchers paid			3,309,834	
Trustee fee				
NJEIT Admin fee				
Transfer – Unrestricted funds		29,967		
Total uses	<u>-</u>	<u>29,967</u>	<u>3,309,834</u>	<u>-</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease)	32,621	(29,154)	77,422	598,758
Balance, beginning of year	<u>1,126,313</u>	<u>29,154</u>	<u>574,277</u>	<u>4,208,093</u>
Balance, end of year	<u>\$ 1,158,934</u>	<u>\$ -</u>	<u>\$ 651,699</u>	<u>\$ 4,806,851</u>
Balance comprised of				
Cash and cash equivalents	\$ 1,158,934	\$ -	\$ 651,699	\$ 2,693,590
Investments:				
Certificates of deposit				2,113,261
Treasury notes				
Other government obligations				
	<u>\$ 1,158,934</u>	<u>\$ -</u>	<u>\$ 651,699</u>	<u>\$ 4,806,851</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

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

YEAR ENDED DECEMBER 31, 2023

	2009A Debt Service	DEP Closure Phase II Amboy	United Energy Soil Escrow	SWD FSA Escrow	Total
Sources					
Interest income	\$ -	\$ 370,600	\$ 9,180	\$ 48	\$ 2,429,506
Miscellaneous income					138,252
Due from Wastewater Division					100,000
Escrow deposits		511,663			7,376,638
Transfers – unrestricted funds	1,914,417				1,914,417
Budget appropriation					600,000
Total sources	<u>1,914,417</u>	<u>882,263</u>	<u>9,180</u>	<u>48</u>	<u>12,558,813</u>
Uses					
Bond principal paid	1,800,482				1,800,482
Bond interest paid	79,600				79,600
Vouchers paid					3,482,084
Trustee fee		28,634			90,998
NJEIT Admin fee	34,335				34,335
Transfer – Unrestricted funds				1,756	31,723
Total uses	<u>1,914,417</u>	<u>28,634</u>	<u>-</u>	<u>1,756</u>	<u>5,519,222</u>
Net increase (decrease) in the fair value of investments	<u>-</u>	<u>519,950</u>	<u>-</u>	<u>-</u>	<u>1,375,966</u>
Increase (decrease)	-	1,373,579	9,180	(1,708)	8,415,557
Balance, beginning of year	<u>-</u>	<u>23,237,510</u>	<u>316,966</u>	<u>1,708</u>	<u>118,907,468</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 24,611,089</u>	<u>\$ 326,146</u>	<u>\$ -</u>	<u>\$ 127,323,025</u>
Balance comprised of					
Cash and cash equivalents	\$ -	\$ 5,164,544	\$ 326,146	\$ -	\$ 25,870,110
Investments:					
Certificates of deposit					32,042,014
Treasury notes					49,964,356
Other government obligations		19,446,545			19,446,545
	<u>\$ -</u>	<u>\$ 24,611,089</u>	<u>\$ 326,146</u>	<u>\$ -</u>	<u>\$ 127,323,025</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

**SUPPLEMENTARY INFORMATION - SCHEDULE OF CAPITAL ASSETS
December 31, 2023**

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	257,256,805	305,257,340
Improvements other than buildings	122,703,613	450,147,393	572,851,006
Machinery and equipment		57,352,429	57,352,429
Furniture and fixtures		227,060	227,060
Landfill gas collection facility		81,241,322	81,241,322
Landfill gas collection equipment		15,030,022	15,030,022
	<u>\$ 170,704,148</u>	<u>\$ 869,656,859</u>	<u>\$ 1,040,361,007</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		40,318,468	40,318,468
Furniture and fixtures		9,124	9,124
Machinery and equipment		15,623,560	15,623,560
	<u>\$ -</u>	<u>\$ 346,829,112</u>	<u>\$ 346,829,112</u>

Note: Excludes construction in progress.

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF ACCUMULATED DEPRECIATION
WASTEWATER DIVISION

YEAR ENDED DECEMBER 31, 2023

	Accumulated Depreciation January 1, 2023	Depreciation Expense	Accumulated Depreciation December 31, 2023
Buildings and improvements:			
Acquired with capital contributions	\$ 41,291,355	\$ 1,019,188	\$ 42,310,543
Other	84,400,711	5,680,180	90,080,891
Improvements other than buildings:			
Acquired with capital contributions	91,516,488	2,567,026	94,083,514
Other	189,211,385	11,858,647	201,070,032
Machinery and equipment	31,257,804	4,029,391	35,287,195
Furniture and fixtures	87,889	26,723	114,612
Landfill gas collection facility	47,010,689	3,833,401	50,844,090
Landfill gas collection equipment	5,783,288	833,928	6,617,216
	<u>\$ 490,559,609</u>	<u>\$ 29,848,484</u>	<u>\$ 520,408,093</u>
Analysis:			
Depreciation attributable to assets acquired with capital contributions	\$ 132,807,843	\$ 3,586,214	\$ 136,394,057
Depreciation attributable to assets acquired with other than capital contributions	357,751,766	26,262,270	384,014,036
	<u>\$ 490,559,609</u>	<u>\$ 29,848,484</u>	<u>\$ 520,408,093</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF ACCUMULATED DEPRECIATION
SOLID WASTE DIVISION

YEAR ENDED DECEMBER 31, 2023

	Accumulated Depreciation January 1, 2023	Depreciation Expense	Accumulated Depreciation December 31, 2023
	<u> </u>	<u> </u>	<u> </u>
Landfill and landfill expansion including initial preparatory cost	\$ 241,597,650		\$ 241,597,650
Buildings	9,897,207	\$ 318,046	10,215,253
Improvements other than buildings	12,257,020	2,111,914	14,368,934
Furniture and fixtures		915	915
Machinery and equipment	7,911,044	1,643,181	9,554,225
	<u>\$ 271,662,921</u>	<u>\$ 4,074,056</u>	<u>\$ 275,736,977</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF CONSTRUCTION IN PROGRESS

YEAR ENDED DECEMBER 31, 2023

	Total Costs through January 1, 2023	Increases January - December 31, 2023	Decreases January - December 31, 2023	Total Costs through December 31, 2023
<u>Wastewater Division</u>				
Final Tank Rehab	\$ 497,423	\$ 3,727,345		\$ 4,224,768
Storage Building	1,042,423	154,913		1,197,336
Dewatering Bldg Roof Rehab	96,990		\$ 96,990	
Primary Tank Rehab	74,911	1,646,916		1,721,827
Primary Tank Rehab - Phase IV - Emergency Work	1,770,688		1,770,688	
Gravity Thickener Phase II	404,318	421,053		825,371
Meter Chamber Upgrade Phase II	315,028	6,384		321,412
Outfall Repairs	1,064,401	1,749,430	1,064,401	1,749,430
Main Trunk Sewer Phase III	746,893	6,623		753,516
Main Trunk Sewer Phase IV		104,367		104,367
RAS Pipe Rehab	330,498		330,498	
Grit Chamber Upgrade	1,067,798	416,572		1,484,370
Process Air Piping Upgrade	189,111	57,626		246,737
Advanced Digestion	500,653	181,590		682,243
Septage Handling Improvements	49,314		49,314	
LFG Booster Pump Project	123,185	18,848		142,033
BBPS Building Replacement	483,493	72,403		555,896
GBPS Bar Screen Replacement	390,693	157,584		548,277
GBPS FEMA- Rest/Mit (Ida)	3,165,274	104,207		3,269,481
Hypo Tank Replacement	139,164	9,497	148,661	
Maint/Annex Rehab	82,001	4,104,722		4,186,723
New Dewatering Building	622,267	1,211,431		1,833,698
PSL/WSL Screening Facility		26,738		26,738
HVAC Upgrades Admin Bldg (ARPA)		87,006		87,006
MCUA Storage Facility (ARPA)		64,119		64,119
Incoming Substation (ISS) Rehab		144,266		144,266
Landing Lane Connection Improv		203,096		203,096
Other Assets Purchased	1,337,959	5,621,142	6,351,352	607,749
Cloth Media Filtration System Upgrade	43,585	521,037	564,622	
Wind Turbine	590	119,555		120,145
Solar Panel Canopies	36,050	80,505		116,555
New Cogen Facility	662,942	15,120		678,062
RSPS Rehab-Phase I	73,469	372,515		445,984
RNG/Alternate Power Supply	26,422	723,133		749,555
CTP Ops Bldg Restroom Renovation		183,504		183,504
L&M Storage Building		90,604		90,604
Above-Ground Storage Tank Demo		165,039		165,039
	<u>\$ 15,337,543</u>	<u>\$ 22,568,891</u>	<u>\$ 10,376,526</u>	<u>\$ 27,529,908</u>
<u>Solid Waste Division</u>				
Stormwater Basin		\$ 711,409		\$ 711,409
LF Temp Cap PhII		2,189,750		2,189,750
LF HVAC Upgrade	\$ 24,758	673,407		698,165
Other Assets Purchased	13,640	257,952	\$ 13,640	257,952
	<u>\$ 38,398</u>	<u>\$ 3,832,518</u>	<u>\$ 13,640</u>	<u>\$ 3,857,276</u>

MIDDLESEX COUNTY UTILITIES AUTHORITY

SUPPLEMENTARY INFORMATION - SCHEDULE OF REVENUE SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2023

	Balance	Principal	Balance	Analysis of Balance	
	January 1, 2023		Reduction	December 31, 2023	Current Portion
<u>Wastewater Division</u>					
Issue of 2005A - N.J. IB (Federal)	\$ 1,052,690	\$ 350,081	\$ 702,609	\$ 352,160	\$ 350,449
Issue of 2005A - N.J. IB (State)	1,424,006	455,033	968,973	476,146	492,827
Issue of 2006 - N.J. IB (Federal)	8,097,798	2,024,132	6,073,666	2,024,870	4,048,796
Issue of 2006 - N.J. IB (State)	11,489,000	2,770,092	8,718,908	2,767,304	5,951,604
Issue of 2009A - N.J. IB (Federal)	3,306,280	494,866	2,811,414	494,866	2,316,548
Issue of 2009A - N.J. IB (State)	4,153,000	526,000	3,627,000	547,000	3,080,000
Issue of 2009 C-1 - N.J. IB (Trust/State)	1,338,000	170,000	1,168,000	175,000	993,000
Issue of 2009 C-2 - N.J. IB (Trust/State)	1,728,000	218,000	1,510,000	221,882	1,288,118
Issue of 2009 D-1 - N.J. IB (Federal)	1,553,173	221,882	1,331,291	227,000	1,104,291
Issue of 2009 D-2 - N.J. IB (Federal)	4,327,586	618,227	3,709,359	618,227	3,091,132
Issue of 2010B - N.J. IB (Federal)	2,348,746	293,593	2,055,153	293,593	1,761,560
Issue of 2010B - N.J. IB (Trust/State)	2,598,000	273,000	2,325,000	287,000	2,038,000
Issue of 2014A - N.J. IB (Federal)	2,359,515	214,501	2,145,014	214,501	1,930,513
Issue of 2014A - N.J. IB (Trust/State)	920,000	70,000	850,000	75,000	775,000
Issue of 2016A - N.J. IB (Federal)	9,889,900	780,107	9,109,793	780,107	8,329,686
Issue of 2016A - N.J. IB (Trust/State)	3,631,167	230,000	3,401,167	245,000	3,156,167
Issue of 2019A - N.J. IB (Federal)	9,929,346	620,584	9,308,762	620,584	8,688,178
Issue of 2019A - N.J. IB (Trust/State)	3,550,000	165,000	3,385,000	175,000	3,210,000
Issue of 2020A - N.J. IB (Federal)	13,967,927	821,643	13,146,284	821,643	12,324,641
Issue of 2020A - N.J. IB (Trust/State)	4,835,000	200,000	4,635,000	210,000	4,425,000
Issue of 2021A - N.J. IB (Federal)	6,433,998	357,444	6,076,554	357,444	5,719,110
Issue of 2021A - N.J. IB (Trust/State)	2,065,000	80,000	1,985,000	85,000	1,900,000
2021 Solar Project	7,920,000	1,955,000	5,965,000	1,970,000	3,995,000
	<u>\$ 108,918,132</u>	<u>\$ 13,909,185</u>	<u>\$ 95,008,947</u>	<u>\$ 14,039,327</u>	<u>\$ 80,969,620</u>
<u>Solid Waste Division</u>					
Issue of 2009A - N.J. IB (Federal)	\$ 1,418,462	\$ 824,482	\$ 593,980	\$ 593,980	\$ -
Issue of 2009A - N.J. IB (Trust/State)	1,990,000	976,000	1,014,000	1,014,000	-
	<u>\$ 3,408,462</u>	<u>\$ 1,800,482</u>	<u>\$ 1,607,980</u>	<u>\$ 1,607,980</u>	<u>\$ -</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, 2023

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Operating Revenues			
Appropriated net position	\$ 2,879,000	\$ -	(1) \$ 2,879,000
Bond reserve refund	12,450,000		(1) 12,450,000
Annual charges	89,760,500	89,162,301	598,199
Treatment of septic tank waste	275,000	478,176	(203,176)
Service fees, review of plans, etc.	20,000	29,675	(9,675)
Industrial pretreatment program fees	30,300	33,640	(3,340)
Miscellaneous income	200,000	388,930	(188,930)
Interest on investments and deposits	25,000	1,287,311	(1,262,311)
Management fees	2,532,000	2,532,000	
Sampling, lab fees, and analytical services	70,000	123,532	(53,532)
Groundwater discharge fees	400,000	824,328	(424,328)
Penalty assessments	5,000	29,400	(24,400)
Effluent reuse sales	600,000	796,517	(196,517)
Sale of synthetic soil	400,000	321,607	78,393
Sale of landfill gas	4,200,000	4,001,633	198,367
Linde	2,180,000	1,948,679	231,321
Grants	31,344,200	4,766,011	26,578,189
Electric generation income and Solar Power	1,160,000	1,301,790	(141,790)
Total revenues	<u>148,531,000</u>	<u>108,025,530</u>	<u>40,505,470</u>
Less: Revenues to fund Bonded and Reimbursable projects			
Grants	<u>(31,344,200)</u>	<u>(4,766,011)</u>	<u>(26,578,189)</u>
Total operating revenues less revenues to fund bonded and reimbursable projects	<u>\$ 117,186,800</u>	<u>\$ 103,259,519</u>	<u>\$ 13,927,281</u>
Operating Expenses			
Salaries and wages			
Central Administration	\$ 1,728,000	\$ 1,613,517	\$ 114,483
WWD Administration	2,829,000	2,713,646	115,354
Operations	3,246,000	3,108,837	137,163
Operations (solids)	2,224,000	2,098,781	125,219
Laboratory	2,031,000	1,694,872	336,128
Maintenance	4,504,000	4,217,548	286,452
Sayreville pump station	970,000	886,919	83,081
Lines and meters	1,239,000	1,299,631	(60,631)
Temporary help	35,000	64,899	(29,899)
Total salaries and wages	<u>18,806,000</u>	<u>17,698,650</u>	<u>1,107,350</u>

(1) Not an operating revenue for GAAP purposes.

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, 2023

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Administration			
Pension expense	\$ 2,200,000	\$ 2,616,474	\$ (416,474)
Social security tax	1,444,000	1,273,699	170,301
Employee Benefits	6,680,000	5,801,535	878,465
Insurance	2,200,000	1,988,714	211,286
Professional fees	3,000,500	2,645,774	354,726
Regulatory fees and permits	964,600	839,247	125,353
Host community benefits	1,724,000	1,723,680	320
General administrative expenses	1,284,100	1,279,453	4,647
Interest expense on early retirement incentive liabilities		97,888	(97,888)
Environmental studies	328,000	261,290	66,710
Total administration	<u>19,825,200</u>	<u>18,527,754</u>	<u>1,297,446</u>
Central Treatment Plant			
Chemicals	4,882,000	5,874,088	(992,088)
Health, safety and training	686,300	830,166	(143,866)
ARPA - Public Safety	116,200	112,124	4,076
Power and light	1,836,000	2,230,284	(394,284)
Fuel oil	1,661,000	1,445,328	215,672
Water	400,000	267,673	132,327
Grit processing	263,000	227,300	35,700
Transportation of synthetic soil	3,650,000	3,294,631	355,369
Maintenance	7,246,100	6,495,778	750,322
Laboratory	463,700	346,798	116,902
Industrial pretreatment program	140,500	116,949	23,551
Electric generation plant	11,911,800	11,820,286	91,514
Transportation	345,500	420,427	(74,927)
Operations	1,325,000	1,245,618	79,382
Total central treatment plant	<u>34,927,100</u>	<u>34,727,450</u>	<u>199,650</u>
Less: Reimbursable Projects	<u>(116,200)</u>	<u>(112,124)</u>	<u>(4,076)</u>
Total central treatment plant funded by Operations	<u>34,810,900</u>	<u>34,615,326</u>	<u>195,574</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, 2023

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Sayreville Pumping Station			
Utilities	\$ 720,000	\$ 767,851	\$ (47,851)
Maintenance	216,500	310,937	(94,437)
Total Sayreville Pumping Station	<u>936,500</u>	<u>1,078,788</u>	<u>(142,288)</u>
Edison Pumping Station			
Utilities	160,000	189,148	(29,148)
Maintenance	124,000	49,223	74,777
Total Edison Pumping Station	<u>284,000</u>	<u>238,371</u>	<u>45,629</u>
Bound Brook Pumping Station			
Utilities	31,000	25,970	5,030
Maintenance	24,500	28,555	(4,055)
Total Bound Brook Pumping Station	<u>55,500</u>	<u>54,525</u>	<u>975</u>
Green Brook Pumping Station			
Utilities	46,000	60,313	(14,313)
Maintenance	40,000	2,653	37,347
Total Green Brook Pumping Station	<u>86,000</u>	<u>62,966</u>	<u>23,034</u>
South Amboy Pumping Station			
Utilities	105,000	108,317	(3,317)
Maintenance	80,500	7,624	72,876
Total South Amboy Pumping Station	<u>185,500</u>	<u>115,941</u>	<u>69,559</u>
Lines, Meters and Small Pumping Stations			
Utilities	12,000	9,395	2,605
Rental of rights of way	12,700	14,195	(1,495)
Maintenance	1,567,800	1,991,901	(424,101)
Total Lines, Meters and Small Pumping Stations	<u>1,592,500</u>	<u>2,015,491</u>	<u>(422,991)</u>
Hurricane loss			
Administration	-	3,891	(3,891)
***Total Hurricane Loss	<u>-</u>	<u>3,891</u>	<u>(3,891)</u>
Less: Reimbursable projects***	-	(3,891)	3,891
Total operating expense budget	<u>\$ 76,582,100</u>	<u>\$ 74,407,812</u>	<u>\$ 2,174,288</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, 2023

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Capital Outlays			
Administration			
Computer	\$ 609,000	\$ 1,094,830	\$ (485,830)
Security upgrades	140,000		140,000
Central treatment plant:			
Furniture and fixtures		57,004	(57,004)
Machinery and equipment	615,000	717,124	(102,124)
Odor Control System Updates	800,000	615,576	184,424
Electrical equipment/instrumentation	345,000	320,513	24,487
Hypo Tank Replacement	100,000	9,497	90,503
Tank Demo		165,039	(165,039)
Oxygen facility machinery and equipment	290,000	379,942	(89,942)
Dewatering building thickened sludge rehabilitation		15,946	(15,946)
Thickener Tank Overflow Screening	50,000		50,000
Grit Chambers		76,771	(76,771)
Warehouse	3,200,000	154,913	3,045,087
Cloth media filtration system upgrades	440,000	521,037	(81,037)
Buildings/roof	235,000	305,713	(70,713)
Sidewalks/roads/drainage	250,000	274,053	(24,053)
Wind power	50,000	119,555	(69,555)
Solar Project	50,000	80,506	(30,506)
Vehicles	220,000	164,892	55,108
Pumping stations:			
Sayreville Pumping Station	100,000		100,000
Green Brook Pumping Station	20,000		20,000
South Amboy Pumping Station	41,000	12,894	28,106
Bound Brook Pumping Station	35,000		35,000
Lines, meters and small pumping stations:			
Pipeline repair	3,005,000	3,551,414	(546,414)
Supplemental outfall repairs	3,250,000	1,749,430	1,500,570
Electric Generation:			
Landfill gas collection system	5,968,000	4,815,488	1,152,512
Professional fees/project support	50,000	15,120	34,880
Capital outlays funded by operating revenues	<u>19,863,000</u>	<u>15,217,257</u>	<u>4,645,743</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, 2023

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Projects Funded by Other Sources (FEMA, NJIB, Grants)			
Primary Tank Rehab Phase IV	\$ 1,965,000	\$ 1,646,917	\$ 318,083
Final Tank Rehab Phase IV	5,000,000	3,727,346	1,272,654
RSPS Pipe/Pump Station Rehab	600,000	42,018	557,982
Annex Building Rehab	4,620,000	4,104,722	515,278
Process Air Piping/Sewage Upgrades	600,000	57,627	542,373
PSL/WSL Screening Facility	200,000	26,738	173,262
Aerated Grit Chamber/Septage Handling Upgrades	650,000	416,572	233,428
Gravity Thickener Phase II	600,000	421,053	178,947
Bound Brook Pump Station Improvements	150,000	72,403	77,597
Green Brook Pump Station Improvements	750,000	261,791	488,209
South Amboy Pump Station Improvements	150,000	92	149,908
Main Trunk Sewer Rehab. Phase III	2,200,000	6,623	2,193,377
Main Trunk Sewer Rehab. Phase IV	150,000	104,367	45,633
Meter Chamber Upgrade Phase II	1,330,000	6,384	1,323,616
Landfill Gas Booster	1,650,000	18,849	1,631,151
Advanced Digestive System	4,500,000	181,589	4,318,411
Dewatering Building Rehab	1,500,000	1,098,495	401,505
CTP Incoming Substation (ISS) Rehab	500,000	144,266	355,734
DuoPhase/Dryer Bunker Rehab	500,000		500,000
RNG/alternate power supply	1,000,000	723,133	276,867
Weber Avenue Meter Chamber Bypass	50,000		50,000
Landing Lane Connection Improvements	160,000	203,096	(43,096)
Oxygenation Tank Controls Upgrade	100,000		100,000
ARPA - GBPS Gravity Sewer Rehab	550,000		550,000
ARPA - MCUA Communication Upgrades	264,000	346,121	(82,121)
ARPA - HVAC Upgrades	400,000	87,006	312,994
ARPA - Vehicles	249,000	79,588	169,412
ARPA - Training/Storage/Emrgcy Ops Bldg	840,000	64,119	775,881
	<u>31,228,000</u>	<u>13,840,915</u>	<u>17,387,085</u>
Less: Bonded and reimbursable projects	<u>(31,228,000)</u>	<u>(13,840,915)</u>	<u>(17,387,085)</u>
Capital outlays funded by operating revenues	<u>\$ 19,863,000</u>	<u>\$ 15,217,257</u>	<u>\$ 4,645,743</u>
Other Costs Funded by Operating Revenues			
Future plant reconstruction and replacement	500,000	500,000	
Post-Closure Reserve-Landfill Gas System	700,000	700,000	
Solid Waste Division loan reserve	100,000	100,000	
	<u>1,300,000</u>	<u>1,300,000</u>	
Budget subtotal	<u>\$ 97,745,100</u>	<u>\$ 90,925,069</u>	<u>\$ 6,820,031</u>
NJ- WWT - administrative fee	<u>-</u>	<u>257,970</u>	<u>(257,970)</u>
Total before debt service and amortization	<u>\$ 97,745,100</u>	<u>\$ 91,183,039</u>	<u>\$ 6,562,061</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, 2023

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Principal Maturities			
2005 NJIB	\$ 805,100	\$ 805,114	\$ (14)
2006 EPS - wastewater treatment	4,794,200	4,794,224	(24)
2009 EPS wastewater treatment	1,020,900	1,020,866	34
2010A (Traditional) - Plant upgrades	836,200	836,227	(27)
2010A (ARRA) - switchgear	391,900	391,882	18
2010 - OSPS	566,600	566,593	7
2014 - Main Trunk Sewer I	284,500	284,501	(1)
2016 NJEIT - Elec Substation	1,010,100	1,010,107	(7)
2021 Main Trunk II	437,500	437,444	56
2019 FEMA/SAIL EPS Perm	785,600	785,584	16
Debt Service Rate Stabilization Fund	4,000,000	4,000,000	-
2020 FEMA/SAIL SPS Perm	1,021,700	1,021,643	57
Solar poject	1,955,000	1,955,000	-
	<u>17,909,300</u>	<u>17,909,185</u>	<u>115</u>
Interest Expense			
2005 - wastewater treatment	57,000	56,960	40
2006 EPS - wastewater treatment	492,200	477,760	14,440
2009 EPS wastewater treatment	166,100	166,120	(20)
2010A (Traditional) - Plant upgrades	69,200	69,120	80
2010A (ARRA) - switchgear	53,600	53,520	80
2010 - OSPS	122,800	122,805	(5)
2014 NJIB - Main Trunk Sewer I	30,900	30,856	44
2016 NJIB - Electric Substation Upgrade (estimated)	115,100	115,025	75
2019 Main Trunk II	71,600	71,550	50
2019 FEMA/SAIL EPS Perm	119,600	119,606	(6)
2020 FEMA/SAIL SPS Perm	170,900	169,762	1,138
Solar project	63,400	63,360	40
	<u>1,532,400</u>	<u>1,516,444</u>	<u>15,956</u>
Total actual costs funded by operating revenues	<u>\$ 117,186,800</u>	<u>\$ 110,608,668</u>	<u>\$ 6,578,132</u>
(Deficiency) in revenues	<u></u>	<u>(7,349,149)</u>	<u>7,349,149</u>
Total actual costs funded by operating revenues and excess in revenues	<u>\$ 117,186,800</u>	<u>\$ 103,259,519</u>	<u>\$ 13,927,281</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, 2023

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Operating Revenues			
Tipping fees	\$ 35,506,000	\$ 37,723,451	\$ (2,217,451)
Interest income	20,000	3,582,812	(3,562,812)
Soil program income	6,500,000	9,000,504	(2,500,504)
Service fee income	650,000	1,574,071	(924,071)
Miscellaneous income	196,000	294,208	(98,208)
Appropriations	2,774,800	2,225,304	549,496
Net decrease in the fair value of investments		1,375,966	(1,375,966)
Total operating revenues	<u>\$ 45,646,800</u>	<u>\$ 55,776,316</u>	<u>\$ (10,129,516)</u>
Operating Expenses			
Salaries and Wages			
Administration	\$ 1,633,000	\$ 1,511,690	\$ 121,310
Operations	2,556,000	2,206,798	349,202
Temporary help	10,000	12,563	(2,563)
Total salaries and wages	<u>4,199,000</u>	<u>3,731,051</u>	<u>467,949</u>
Administration			
Public Employee Retirement System	420,000	461,731	(41,731)
Social Security tax	320,000	264,244	55,756
Employee benefits	1,319,100	1,069,036	250,064
Insurance	431,000	384,392	46,608
Professional fees	1,372,500	1,252,535	119,965
Regulatory fees and permits	285,000	204,848	80,152
General administrative expenses	2,823,500	2,805,509	17,991
Implementing agency fee	3,500,000	3,583,874	(83,874)
Total administration	<u>10,471,100</u>	<u>10,026,169</u>	<u>444,931</u>
Landfill Operations			
Host community benefits	6,346,000	6,380,855	(34,855)
Utilities	50,000	33,357	16,643
Maintenance	764,200	618,012	146,188
Operations	7,572,500	7,424,483	148,017
Transportation	70,000	71,344	(1,344)
Mandated charges	2,568,000	2,605,293	(37,293)
Total landfill operations	<u>17,370,700</u>	<u>17,133,344</u>	<u>237,356</u>
Budget subtotal	32,040,800	30,890,564	1,150,236
NJ - WWT and DEP - administrative fee	-	34,335	(34,335)
Budget total before debt service, capital outlay and reserves	<u>32,040,800</u>	<u>30,924,899</u>	<u>1,115,901</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, 2023

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Debt Service			
Bond principal	\$ 1,801,000	\$ 1,800,482	\$ 518
Interest on bonds	80,000	79,600	400
Total debt service	<u>1,881,000</u>	<u>1,880,082</u>	<u>918</u>
Capital Outlay			
Landfill - capital	<u>8,361,000</u>	<u>6,248,423</u>	<u>2,112,577</u>
Reserves			
	<u>3,364,000</u>	<u>3,334,265</u>	<u>29,735</u>
Total actual costs funded by operating revenues	<u>45,646,800</u>	<u>42,387,669</u>	<u>3,259,131</u>
Excess in revenues	<u>-</u>	<u>13,388,647</u>	<u>(13,388,647)</u>
Total actual costs funded by operating revenues and excess in revenues	<u>\$ 45,646,800</u>	<u>\$ 55,776,316</u>	<u>\$ (10,129,516)</u>

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

YEAR ENDED DECEMBER 31, 2023

	Total Annual Charges	Flow		Biochemical Oxygen Demand		Suspended Solids		Chlorine Demand	
		Million Gallons	Charges	Tons	Charges	Tons	Charges	CWT	Charges
Municipalities									
Bound Brook	\$ 1,107,851	476.5	\$ 423,369	498.5	\$ 306,598	473.5	\$ 357,216	99.8	\$ 20,668
Carteret	2,373,887	1,265.5	884,413	1,113.5	675,616	1,012.5	751,324	314.6	62,534
Cranbury	572,234	143.6	177,958	222.9	137,965	327.9	250,039	30.3	6,272
East Brunswick	3,449,090	1,315.7	913,186	1,670.5	1,005,677	2,061.5	1,458,674	361.3	71,553
Edison	10,655,419	5,822.9	3,424,433	5,022.9	2,926,957	5,995.9	4,091,736	1,109.5	212,293
Franklin Twp.	7,846,414	3,059.1	1,887,385	4,644.7	2,712,103	4,526.9	3,109,726	709.4	137,199
Highland Park	1,648,411	721.3	570,563	656.3	402,184	871.0	649,718	125.9	25,946
Metuchen	1,215,721	535.7	458,927	480.0	295,387	583.5	438,205	112.1	23,202
Middlesex	1,553,821	715.8	567,287	622.5	381,668	777.2	580,746	116.6	24,120
Monroe Twp.	4,425,816	1,429.1	978,092	2,086.3	1,246,591	3,064.5	2,132,173	347.6	68,961
New Brunswick	7,107,046	3,681.4	2,233,461	3,049.7	1,804,390	4,269.1	2,937,451	680.4	131,744
North Brunswick	3,703,223	2,119.7	1,364,943	1,574.6	949,717	1,835.7	1,306,760	415.4	81,803
Old Bridge	5,033,217	1,919.4	1,253,581	2,270.5	1,353,263	3,373.9	2,338,994	445.0	87,380
PARSA	9,446,562	4,583.9	2,735,395	5,505.1	3,200,903	4,764.2	3,268,375	1,272.0	241,889
Perth Amboy	4,716,944	1,852.2	1,216,207	3,730.3	2,192,648	1,683.0	1,204,096	533.1	103,993
Piscataway	6,118,627	3,113.9	1,917,859	3,031.6	1,793,909	3,264.9	2,266,141	728.1	140,719
Sayreville	4,188,515	1,480.4	1,007,436	2,024.7	1,210,923	2,731.8	1,909,504	304.7	60,653
South Bound Brook	511,935	193.6	221,546	189.2	117,225	216.3	165,214	38.4	7,950
South Amboy	706,559	265.1	275,510	278.6	172,241	322.8	246,137	61.2	12,671
South Brunswick	3,067,192	1,090.0	783,967	2,083.3	1,244,864	1,286.8	937,559	516.2	100,802
South River	1,471,625	673.5	541,854	697.8	427,297	631.4	473,432	141.6	29,042
Spotswood	1,087,254	211.1	234,721	525.9	323,173	688.4	515,355	67.6	14,004
Woodbridge	4,486,725	2,091.0	1,349,006	1,781.0	1,069,831	2,816.6	1,966,306	520.3	101,583
	<u>\$ 86,494,088</u>	<u>38,760.400</u>	<u>\$ 25,421,098</u>	<u>43,760.400</u>	<u>\$ 25,951,128</u>	<u>47,579.300</u>	<u>\$ 33,354,883</u>	<u>9,051.100</u>	<u>\$ 1,766,979</u>
Industries									
Ashland Aqualon	976,985	82.7	110,663	1,151.6	698,288	149.4	114,144	270.3	53,890
Equistar Chemicals	1,246,508	39.1	61,785	223.0	138,066	1,454.1	1,046,043	3.0	614
Lanxess	444,720	68.9	95,347	491.9	302,612	56.9	43,599	15.3	3,162
	<u>\$ 2,668,213</u>	<u>190.700</u>	<u>\$ 267,795</u>	<u>1,866.500</u>	<u>\$ 1,138,965</u>	<u>1,660.400</u>	<u>\$ 1,203,785</u>	<u>288.600</u>	<u>\$ 57,667</u>
	<u>\$ 89,162,301</u>	<u>38,951.100</u>	<u>\$ 25,688,893</u>	<u>45,626.900</u>	<u>\$ 27,090,094</u>	<u>49,239.700</u>	<u>\$ 34,558,668</u>	<u>9,339.700</u>	<u>\$ 1,824,646</u>

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

YEAR ENDED DECEMBER 31, 2023

Calculations for participants are made quarterly:

Operations and Maintenance Rates:

Flow	Flat rate charge per Million Gallons	\$	433.50
Biochemical Oxygen Demand	Flat rate charge per Ton		514.58
Suspended Solids	Flat rate charge per Ton		589.91
Chlorine Demand	Flat rate charge per CWT		52.28

Debt Service Rates:

	Million Gallons Charge Per Quarter	Charge Per Million Gallons
Flow	First 5 at	\$ 1,389.80
	Next 5 at	914.19
	Next 30 at	672.59
	Next 60 at	321.45
	Next 100 at	167.98
	Next 200 at	139.01
	Over 400 at	122.64

	Tons Per Quarter	Charge Per Ton
Biochemical Oxygen Demand	First 30 at	\$ 107.59
	Next 70 at	100.84
	Next 100 at	90.88
	Next 200 at	80.26
	Next 400 at	64.41
	Over 800 at	53.50

Suspended Solids	First 10 at	\$ 178.76
	Next 70 at	172.73
	Next 170 at	145.97
	Next 450 at	82.69
	Over 700 at	78.57

	Short Hundredweights Per Quarter	Change Per Short Hundredweight
Chlorine Demand	First 30 at	\$ 154.78
	Next 60 at	141.58
	Next 180 at	136.12
	Next 540 at	129.29
	Over 810 at	121.56

MIDDLESEX COUNTY UTILITIES AUTHORITY

OTHER INFORMATION - ROSTER OF OFFICIALS

AS OF DECEMBER 31, 2023

Authority Member	Position	Term	Amount of Surety
John F. Wiley, Esq.	Chairman	1/31/2023	None
Ted H. Light, P.E.	Commissioner	1/31/2022 (hold over)	None
James Baker	Commissioner	1/31/2023(hold over)	None
Antonio L. Cruz, Esq.	Commissioner	1/31/2024	None
Thomas McCann	Commissioner	1/31/2024	None
Joseph Juliano	Commissioner	1/31/2025	None
James M. Zullo	Vice Chairman	1/31/2026	None
William Thomas	Commissioner	1/31/2026	None
Raymond Murray	Commissioner	6/30/2021 (hold over)	None
Jerome Convery Esq.	Commissioner	1/31/2020 (hold over)	None
Other Officials			
Joseph Cryan	Executive Director	2/28/2024	*
J. Joaquin Gonzalez, PE, MBA	Chief Engineer	Annual	*
Paul Clark	Solid Waste Division Manager	Annual	*
Karen L. Levenson, CPA	Treasurer / Comptroller	2/28/2024	\$250,000
Judith McCabe	Secretary	2/28/2024	*
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

Travelers Insurance

*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, 2023**

GENERAL COMMENTS AND RECOMMENDATIONS

None for the year ended December 31, 2023.



**Report on Compliance for Each Major Federal and State Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance**

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 (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the State of 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, 2023. 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 each of its major federal and state programs for the year ended December 31, 2023.

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 and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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 each 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.

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

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

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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. Non-compliance 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 each 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.

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

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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 federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
August 23, 2024

Scott A. Clelland

Scott A. Clelland, CPA
Registered Municipal Accountant, No. 455

Middlesex County Utilities Authority-Wastewater Division

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Federal Program or Cluster Title	Federal AL Number	Federal Award Identification Number	Total Award	Grant Period		Expenditures for the year ended December 31, 2023	Amounts provided to subrecipients
				From	To		
U.S. Department of the Treasury Pass-Through the County of Middlesex: COVID -19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP2094	\$ 2,225,304	3/1/2021	12/31/2024	\$ 2,225,304	-
Sub-total - Pass-Through Awards						<u>2,225,304</u>	<u>-</u>
Total Expenditures of Federal Awards						<u>\$ 2,225,304</u>	<u>\$ -</u>

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

Middlesex County Utilities Authority-Wastewater Division

Schedule of Expenditures of State Financial Assistance

Year Ended December 31, 2023

State Grantor/Program Title	Grant or State Project Number	<u>Grant Period</u>		Total Award	Expenditures for the year ended December 31, 2023	2023 Cash Received
		From	To			
State of New Jersey Department of Environmental Protection						
Passed Through New Jersey Infrastructure Bank						
NJ Environmental Infrastructure Trust						
Meter Chamber Rehabilitation, Phase II	S340699-16	1/1/2018	project completion	\$ 3,937,350	\$ 321,412	
CTP Rehab Phase 4	S340699-17	10/1/2020	project completion	25,041,907	6,161,844	\$ 5,159,713
CTP Rehab Phase 5	S340699-18	2/28/2023	project completion	5,876,882	4,395,560	3,843,755
Return Sludge Pump Station Rehab Phase I	S340699-21	11/6/2023	project completion	22,838,137	420,746	416,734
Total State Financial Assistance					<u>\$ 11,299,562</u>	<u>\$ 9,420,202</u>

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

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

MIDDLESEX COUNTY UTILITIES AUTHORITY
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2023

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

Expenditures incurred for COVID-19 Coronavirus State and Local Fiscal Recovery Funds are based upon expenditures incurred due to the public health emergency with respect to Coronavirus 2019 (COVID-19). When expenditures are incurred, a request for reimbursement is submitted to the County of Middlesex, New Jersey, for reimbursement of eligible costs.

MIDDLESEX COUNTY UTILITIES AUTHORITY
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2023

Note 5 – Indirect Costs:

The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance and New Jersey OMB Circular 15-08.

MIDDLESEX COUNTY UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

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:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery 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, 2023

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, 2023

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.