

**MIDDLESEX COUNTY  
IMPROVEMENT AUTHORITY**

(A Component Unit of the County of Middlesex, New Jersey)

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**



**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
MIDDLESEX COUNTY, NEW JERSEY  
FOR THE YEARS ENDED December 31, 2020 and 2019**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1 - 3
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	4
Management's Discussion and Analysis	5 - 10
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	11
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14 - 15
Notes to Financial Statements	16 - 59
<b><u>OTHER REQUIRED SUPPLEMENTARY INFORMATION</u></b>	60
Schedule I - Schedule of Authority's Proportionate Share of the Net Pension Liability – PERS For the year ended December 31, 2020	61
Schedule II – Schedule of Authority Contributions – PERS For the year ended December 31, 2020	62
Schedule III – Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios For the year ended December 31, 2020	63
<b><u>OTHER SUPPLEMENTARY INFORMATION</u></b>	64
Schedule IV - Schedule of Revenues and Expenses Compared to Budget (Budgetary Basis) For the years ended December 31, 2020 and 2019	65 - 66
Schedule V - Schedule of Revenue Bonds and Notes Payable For the year ended December 31, 2020	67 - 73
Schedule VI - Schedule of Revenue Bonds and Notes Payable For the year ended December 31, 2019	74 - 80
Schedule VII –Schedules of Loans Payable For the year ended December 31, 2020	81
Schedule VIII –Schedules of Loans Payable For the year ended December 31, 2019	82
Schedule IX –Roster of Officials	83

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
MIDDLESEX COUNTY, NEW JERSEY  
FOR THE YEARS ENDED December 31, 2020 and 2019**

**TABLE OF CONTENTS (concluded)**

	<u>Page</u>
<b><u>SINGLE AUDIT SECTION</u></b>	84
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	85 - 86
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	87 - 88
Schedule of Expenditures of Federal Awards	89
Notes to Schedule of Expenditures of Federal Awards	90
Schedule of Findings and Questioned Costs	91 - 92
Schedule of Prior Year Findings and Questioned Costs	93
<b><u>GENERAL COMMENTS AND RECOMMENDATIONS</u></b>	94
General Comments and Recommendations	95 - 98



## INDEPENDENT AUDITORS' REPORT

Honorable Chairman and Members of the  
Middlesex County Improvement Authority  
County of Middlesex, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Middlesex County Improvement Authority, County of Middlesex, New Jersey (the "Authority") as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with the audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

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**Chairman and Members of  
Middlesex County Improvement Authority  
Middlesex, New Jersey**

Page 2

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Middlesex County Improvement Authority, County of Middlesex, New Jersey, as of December 31, 2020 and 2019 and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of the Authority's proportionate share of the net pension liability – PERS, schedule of the Authority contributions – PERS, and the schedule of changes in the Authority's net OPEB liability and related ratios, as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplemental financial information, such as the schedule of revenues and expenses compared to budget, schedules of revenue bonds and notes payable, schedules of loans payable, and the other information, such as the roster of officials and the general comments and recommendations are presented for purposes of additional analysis and are also not a required part of the basic

**Chairman and Members of  
Middlesex County Improvement Authority  
Middlesex, New Jersey**

Page 3

financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information identified above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021, on our consideration of the Authority's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*  
Cranford, New Jersey  
November 19, 2021



Andrew G. Hodulik  
Registered Municipal Accountant

**REQUIRED SUPPLEMENTARY INFORMATION**

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
MIDDLESEX COUNTY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
December 31, 2020**

The Middlesex County Improvement Authority (the "Authority") is a component-unit of the County of Middlesex, New Jersey (the "County"). The following Management's Discussion and Analysis of the activities and financial performance of the Authority provide an introduction to the financial statements of the Authority for the year ended December 31, 2020. Please read it in conjunction with the Authority's financial statements and accompanying notes.

**FINANCIAL HIGHLIGHTS**

- Operating revenues were \$46,784,434 for the year ended December 31, 2020. This is a \$789,121, or a 1.72 % increase, from the previous year.
- Investments increased \$1,685,772, or a 16% increase over last year.
- Capital Assets – Net decreased to \$12,066,495, or a 14.76% decrease over last year.
- Total Debt and Debt-Related Liabilities decreased \$11,314,583 or a 3.81% decrease from last year.
- Net Position decreased by \$10,516,496 or a 3.89% decrease from last year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Authority is a self-supporting entity and follows enterprise fund reporting. The Authority's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with generally accepted accounting principles as promulgated by GASB. While detailed sub-fund information is not presented, separate accounts are maintained for each program and certain restricted funds or accounts have been established as required by bond resolutions and agreements. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

**REQUIRED FINANCIAL STATEMENTS**

Enterprise fund statements reflect short- and long-term financial information about the activities and operations of the Authority. These statements are presented in a manner similar to a private business.

The **Statements of Net Position** includes all of the Authority's assets, deferred outflows, liabilities, and deferred inflows and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.



The **Statements of Revenues, Expenses and Changes in Net Position** accounts for all of the current year's revenues and expenses. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all of its costs through its user fees and other charges. This statement also measures the Authority's profit and credit worthiness.

The **Statements of Cash Flows** provides information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing and financing activities. This statement provides the answers to such questions as "where did the cash come from, what was the cash used for, and what was the change in the cash balance during the reporting period?"

## **FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE**

One of the most important questions asked about the Authority's finances is "Is the Authority, as a whole, better or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position report information about the Authority's activities in a way that will help answer this question. These two statements report the net position of the Authority, and changes in them. The Authority's net position – the difference between assets, deferred outflows and liabilities, deferred inflows – are a measurement of the financial health or financial position.

Over time, increases or decreases in the Authority's net position are an indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in economic conditions, customer growth and legislative mandates also need to be considered.

## **BUDGETARY HIGHLIGHTS**

The State of New Jersey requires local authorities to prepare and adopt annual budgets in accordance with the Local Authorities Fiscal Control Law and regulations adopted by the Local Finance Board pursuant to this statute and codified as N.J.A.C. 5:31-1 et seq. The statutory budget was designed to demonstrate to the Bureau of Authority Regulation of the Division of Local Government Services that the cash flows of the Authority for the coming year will be sufficient to cover operating expenses, interest accruing on bonded indebtedness and cash payments of maturing bond and loan principal.

Supplemental Schedule IV shows that, on a budgetary basis, the Authority realized an unfavorable variance of \$6,356,651 on budgeted expenses of \$59,555,498 for the period ended December 31, 2020. As shown by the reconciliation of the budgetary basis to GAAP on page 2 of the schedule, the most significant adjustments required to adjust to the budgetary basis are:

- Add Unrecorded Pension and OPEB Expenses
- Eliminate Maturing Bond Principal from Expenses
- Add Unrecorded Depreciation and Amortization Expenses

Readers should be cautioned that the statutory operating results presented in supplementary schedule IV are not intended to present and do not present financial results in accordance with GAAP.

## NET POSITION

The Authority's total net position decreased from last year by 3.89% due to the operating loss. The analysis, which follows focuses on the Authority's net position (Table A-1) and changes in in net position (Table A-2) during the year.

**Table A-1  
Net Position**

	DECEMBER 31,			2020-2019 INCREASE(DECREASE)		2019-2018 INCREASE(DECREASE)	
	2020	2019	2018	\$	%	\$	%
<b>Assets:</b>							
Current and Other Assets	\$ 228,262,809	\$ 239,104,756	\$ 284,771,034	\$ (10,841,947)	-5%	\$ (45,666,278)	-16%
Capital Assets	69,709,353	81,775,848	85,487,305	(12,066,495)	-15%	(3,711,457)	-4%
<b>Total Assets</b>	<b>297,972,162</b>	<b>320,880,604</b>	<b>370,258,339</b>	<b>(22,908,442)</b>	<b>-7%</b>	<b>(49,377,735)</b>	<b>-13%</b>
Deferred Outflows of Resources	37,659,736	41,123,316	12,880,242	(3,463,580)	-8%	28,243,074	219%
Current Liabilities	44,716,749	40,086,138	40,992,999	4,630,611	12%	(906,861)	-2%
Long-term Debt/Other Liabilities	501,460,164	546,144,808	559,351,829	(44,684,644)	-8%	(13,207,021)	-2%
<b>Total Liabilities</b>	<b>546,176,913</b>	<b>586,230,946</b>	<b>600,344,828</b>	<b>(40,054,033)</b>	<b>-7%</b>	<b>(14,113,882)</b>	<b>-2%</b>
Deferred Inflows of Resources	70,636,350	46,437,843	42,939,150	24,198,507	52%	3,498,693	8%
<b>Net Position</b>							
Invested in Capital Assets, Net of Debt	(29,951,153)	(16,713,246)	(10,849,322)	(13,237,907)	-79%	(5,863,924)	54%
Restricted	-	-	8,996	-	0%	(8,996)	-100%
Unrestricted	(251,230,212)	(253,951,623)	(249,305,072)	2,721,411	1%	(4,646,551)	-2%
<b>Total Net Position</b>	<b>\$ (281,181,365)</b>	<b>\$ (270,664,869)</b>	<b>\$ (260,145,398)</b>	<b>\$ (10,516,496)</b>	<b>-4%</b>	<b>\$ (10,519,471)</b>	<b>-4%</b>

**CHANGES IN NET POSITION**

Changes in the Authority's net position can be determined by reviewing the following condensed statement of revenues, expenses, and changes in net position for the year.

**Table A-2  
Statement of Revenues, Expenses, and Changes in Net Position**

	YEARS ENDED DECEMBER 31,			2020-2019		2019-2018	
	2020	2019	2018	INCREASE(DECREASE)		INCREASE(DECREASE)	
				\$	%	\$	%
<b>REVENUES</b>							
Operating Revenues:							
Financing/Administrative Fees	\$ 211,789	\$ 273,060	\$ 282,077	\$ (61,271)	-22%	\$ (9,017)	-3%
Roosevelt Care Center Facilities	35,577,192	34,955,503	34,853,923	621,689	2%	101,580	0%
Recycling Operations	10,995,239	8,306,131	8,140,298	2,689,108	32%	165,833	2%
Golf Course Operations	214	2,460,619	2,153,171	(2,460,405)	-100%	307,448	14%
<b>Total Operating Revenues</b>	<b>46,784,434</b>	<b>45,995,313</b>	<b>45,429,469</b>	<b>789,121</b>	<b>2%</b>	<b>565,844</b>	<b>1%</b>
Operating Expenses:							
Administrative	9,084,144	9,518,518	9,540,624	(434,374)	-5%	(22,106)	0%
Cost of Providing Services	54,246,749	56,745,982	45,833,285	(2,499,233)	-4%	10,912,697	24%
Depreciation	2,036,438	1,739,944	1,628,254	296,494	17%	111,690	7%
<b>Total Operating Expenses</b>	<b>65,367,331</b>	<b>68,004,444</b>	<b>57,002,163</b>	<b>(2,637,113)</b>	<b>-4%</b>	<b>11,002,281</b>	<b>19%</b>
Net Non-Operating Revenues							
(Expenses)	16,485,577	11,489,660	28,526,563	4,995,917	43%	(17,036,903)	-60%
Special Items	(8,419,176)	-	-	(8,419,176)	100%	-	0%
<b>Increase (Decrease) in Net Position</b>	<b>\$ (10,516,496)</b>	<b>\$ (10,519,471)</b>	<b>\$ 16,953,870</b>	<b>\$ 2,975</b>	<b>0%</b>	<b>\$ (27,473,341)</b>	<b>-162%</b>

While the Statements of Net Position show change in net position, the Statements of Revenues, Expenses, and Changes in Net Position, provide answers as to the nature and source of these changes. As can be seen in Table A-2 above, the change in net position increased \$2,975 in 2020 relative to the change in net position in 2019.

**REVENUES:**

Table A-2 shows "Total Revenues" increased by \$789,121 or 2% to \$46,784,434 for fiscal year ended December 31, 2020 up from \$45,995,313 for fiscal year ended December 31, 2019.

**EXPENSES:**

A further review of Table A-2 reveals that "Total Operating Expenses" decreased by \$2,637,113 for the fiscal year ended December 31, 2020.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At December 31, 2020, the Authority had \$69,709,353 in net capital assets, which consist of leasehold improvements, vehicles and equipment. Accumulated depreciation amounted to \$53,010,170 as of December 31, 2020.

The following table summarizes the Authority's capital assets and changes therein for the years ended December 31, 2020, 2019, and 2018. Capital asset detail information is presented in Note 7 to the financial statements. Detail of the Authority's debt is presented in Note 4 to the financial statements.

**Table A-3  
Gross Capital Assets**

	DECEMBER 31,			2020-2019 INCREASE(DECREASE)		2019-2018 INCREASE(DECREASE)	
	2020	2019	2018	\$	%	\$	%
Furniture and Fixtures	\$ 6,345,155	\$ 6,377,708	\$ 6,366,782	\$ (32,553)	-1%	\$ 10,926	0%
Machinery & Equipment	368,089	2,865,111	2,869,698	(2,497,022)	-87%	(4,587)	0%
Vehicles	261,183	397,384	352,615	(136,201)	-34%	44,769	13%
Leasehold Improvements	11,811	4,167,009	4,117,183	(4,155,198)	-100%	49,826	1%
Recreation Equipment	-	822,364	833,720	(822,364)	-100%	(11,356)	-1%
Golf Courses	-	6,292,903	6,213,589	(6,292,903)	-100%	79,314	1%
Buildings	22,163,602	22,155,990	22,120,032	7,612	0%	35,958	0%
Heldrich Center	93,569,683	93,389,683	93,339,683	180,000	0%	50,000	0%
	<u>\$ 122,719,523</u>	<u>\$ 136,468,152</u>	<u>\$ 136,213,302</u>	<u>\$ (13,748,629)</u>	<u>-10%</u>	<u>\$ 254,850</u>	<u>0%</u>

## **CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide Middlesex County residents and taxpayers, and the Authority's customers, investors and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Middlesex County Improvement Authority, 101 Interchange Plaza, Cranbury, New Jersey, 08512, or visit the Authority's website at: [www.mciauth.com](http://www.mciauth.com).

## **BASIC FINANCIAL STATEMENTS**

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
MIDDLESEX COUNTY, NEW JERSEY

STATEMENTS OF NET POSITION  
DECEMBER 31, 2020 AND 2019

	<u>BALANCE</u>	<u>BALANCE</u>		<u>BALANCE</u>	<u>BALANCE</u>
	<u>DEC. 31, 2020</u>	<u>DEC. 31, 2019</u>		<u>DEC. 31, 2020</u>	<u>DEC. 31, 2019</u>
<b>ASSETS</b>			<b>LIABILITIES</b>		
Current Assets:			Current Liabilities Payable from Unrestricted Assets:		
Unrestricted Assets:			Accounts Payable	\$ 4,882,651	\$ 4,367,025
Cash and Cash Equivalents	\$ 10,301,841	\$ 8,829,431	Accrued Expenses	315,062	223,854
Accounts Receivable	338,770	1,621,137	Total Current Liabilities Payable from Unrestricted Assets	<u>5,197,713</u>	<u>4,590,879</u>
Due from Municipalities and Participants	1,668,159	974,432	Current Liabilities Payable from Restricted Assets:		
Total Current Unrestricted Assets	<u>12,308,770</u>	<u>11,425,000</u>	Revenue Bonds Payable	32,993,878	30,153,917
Restricted Assets:			Accrued Expenses	602,800	1,155,608
Cash and Cash Equivalents	16,139,106	21,994,546	Reserve for Special RCC Funds	598,987	606,822
Investments	8,083,024	6,397,252	Prepaid Lease Payments	394,650	429,525
Inventory	-	147,458	Accrued Interest on Bonds	594,199	571,320
Accounts Receivable	3,760,435	3,724,022	Accounts Payable	2,816,102	2,578,067
Patient Fees Receivable	4,182,290	4,085,436	Unearned Revenue	1,518,420	-
Interest Receivable	543,346	571,320	Total Current Liabilities Payable from Restricted Assets	<u>39,519,036</u>	<u>35,495,259</u>
Loans Receivable	6,080,000	5,780,000	Total Current Liabilities	<u>44,716,749</u>	<u>40,086,138</u>
Net Investment in Perth Amboy Utility Franchise Lease Programs	609,706	573,869	Noncurrent Liabilities Payable from Unrestricted Assets:		
Total Current Restricted Assets	<u>26,304,182</u>	<u>23,800,048</u>	Reserve for COBRA/Workers Comp Insurance	394,453	505,511
Total Current Assets	<u>78,010,859</u>	<u>78,498,951</u>	Total Noncurrent Liabilities Payable from Unrestricted Assets	<u>394,453</u>	<u>505,511</u>
Noncurrent Assets:			Noncurrent Liabilities Payable from Restricted Assets:		
Restricted Assets:			Revenue Bonds Payable	232,495,478	246,650,022
Investments	4,040,292	4,040,292	Loan Payable-CRDA	20,000,000	20,000,000
Loans Receivable	69,890,000	75,970,000	Due to County-CIP Participation	-	1,292,977
Net Investment in Perth Amboy Utility Franchise Lease Programs	13,616,013	14,225,719	Accrued Post-Employment Health Benefits Liability	196,487,561	220,611,288
Net Investment in Capital Lease and Improvement Programs	62,705,645	66,369,794	Net Pension Liability	36,285,947	40,783,711
Total Restricted Assets	<u>150,251,950</u>	<u>160,605,805</u>	Reserve for Proceeds, Acq. Funds and Refunding Escrows	297,357	265,803
Noncurrent Assets:			Funds Held for Other Purposes:		
Capital Assets (Net)	69,709,353	81,775,848	Heldrich Hotel/Conference Ctr. Project	10,369,507	11,423,444
Total Noncurrent Assets	<u>219,961,303</u>	<u>242,381,653</u>	South Plainfield Housing Project	264,165	265,353
Total Assets	<u>297,972,162</u>	<u>320,880,604</u>	North Brunswick Senior Citizen Housing Project	1,777,126	1,711,290
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			New Brunswick Cultural Center Project	45,549	267,577
Pension Deferrals	4,295,234	6,205,739	Middlesex County Educational Services Commission	49,255	48,047
OPEB Deferrals	33,364,502	34,917,577	Perth Amboy Lease & Franchise Ext. Project	2,993,766	2,319,785
Total Deferred Outflows of Resources	<u>37,659,736</u>	<u>41,123,316</u>	Total Noncurrent Liabilities Payable from Restricted Assets:	<u>501,065,711</u>	<u>545,639,297</u>
			Total Noncurrent Liabilities	<u>501,460,164</u>	<u>546,144,808</u>
			Total Liabilities	<u>546,176,913</u>	<u>586,230,946</u>
			<b>DEFERRED INFLOWS OF RESOURCES</b>		
			Pension Deferrals	20,915,352	22,912,627
			OPEB Deferrals	49,720,998	23,525,216
			Total Deferred Inflows of Resources	<u>70,636,350</u>	<u>46,437,843</u>
			<b>NET POSITION</b>		
			Net investment in Capital Assets, Net of Related Debt Unrestricted	(29,951,153)	(16,713,246)
			Total Net Position	<u>(281,181,365)</u>	<u>(270,664,869)</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 335,631,898</u>	<u>\$ 362,003,920</u>	<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 335,631,898</u>	<u>\$ 362,003,920</u>

See Notes to the Financial Statements

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
MIDDLESEX COUNTY, NEW JERSEY

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Financing/Administrative Fees	\$ 211,789	\$ 273,060
Roosevelt Care Center Facilities	35,577,192	34,955,503
Curbside/Yardwaste Pick Up	7,111,040	4,183,789
Recycling Operations	3,884,199	4,122,342
Golf Course Operations	214	2,460,619
	<u>46,784,434</u>	<u>45,995,313</u>
Total Operating Revenues		
Operating Expenses:		
Administrative	9,084,144	9,518,518
Cost of Providing Services	54,246,749	56,745,982
Depreciation	2,036,438	1,739,944
	<u>65,367,331</u>	<u>68,004,444</u>
Total Operating Expenses		
Operating Loss	<u>(18,582,897)</u>	<u>(22,009,131)</u>
Non-Operating Revenues (Expenses):		
Provider Relief Fund COVID-19 federal grant	1,841,592	-
Coronavirus Relief Fund grant - pass-through County of Middlesex	15,235,296	-
Interest Income	76,388	119,013
Lease Revenues	9,055,000	9,345,000
Local Subsidy & Donations	458,675	11,638,475
Receivables/Reserves/Payables-Cancelled	-	1,117,176
Interest on Bonds	(9,563,867)	(9,950,818)
Gain on Sale of Assets	-	52,871
Depreciation-Heldrich Hotel/Conference Ctr. Proj.	(2,335,992)	(2,334,742)
Payment to County-CELP	(304,943)	-
Miscellaneous	2,023,428	1,502,685
	<u>16,485,577</u>	<u>11,489,660</u>
Net Non-Operating Revenues		
Net Loss Before Special Items	<u>(2,097,320)</u>	<u>(10,519,471)</u>
Special Items:		
Net Loss on Transfer of Golf Course - County of Middlesex	<u>(8,419,176)</u>	<u>-</u>
Total Special Items	<u>(8,419,176)</u>	<u>-</u>
Net Loss	<u>(10,516,496)</u>	<u>(10,519,471)</u>
Total Net Position - Beginning	<u>(270,664,869)</u>	<u>(260,145,398)</u>
Total Net Position - Ending	<u>\$ (281,181,365)</u>	<u>\$ (270,664,869)</u>

See Notes to Financial Statements



MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
MIDDLESEX COUNTY, NEW JERSEY

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 50,773,377	\$ 46,883,589
Cash Payments for Goods and Supplies	(28,865,038)	(22,647,408)
Cash Payments for Employee Expenses	<u>(35,112,075)</u>	<u>(35,849,831)</u>
Net Cash Flows from Operating Activities	<u>(13,203,736)</u>	<u>(11,613,650)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Other Non-Operating Income	2,023,428	1,502,685
County Subsidy and Sale Proceeds	153,732	11,638,475
Federal Aid Grant Income	<u>15,077,015</u>	<u>-</u>
Net Cash Flows from Non-Capital Financing Activities	<u>17,254,175</u>	<u>13,141,160</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Principal Paid on Revenue Bond Maturities/ Long Term Debt Maturities	(26,838,917)	(26,889,175)
Interest Paid on Bonds/Other	(485,988)	(768,988)
Proceeds Bond Sale (Net)	15,135,000	9,530,000
Loan Payments Received	5,780,000	3,380,000
Bond Issue Costs (Net)	389,334	(1,493,021)
Net Investment in Bond Projects	<u>(106,377)</u>	<u>(10,375,109)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(6,126,948)</u>	<u>(26,616,293)</u>

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
MIDDLESEX COUNTY, NEW JERSEY

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
<b>Cash Flows from Investing Activities:</b>		
Acquisition and Constr. of Capital Assets	(725,111)	(310,358)
Purchases of Investments	(3,196,696)	(3,679,033)
Redemptions of Investments	1,510,924	19,799,584
Interest on Investments and Deposits	104,362	283,273
	(2,306,521)	16,093,466
Net Cash Flows from Investing Activities	(2,306,521)	16,093,466
Change in Cash and Cash Equivalents	(4,383,030)	(8,995,317)
Cash and Cash Equivalents, Beginning of Year	30,823,977	39,819,294
Cash and Cash Equivalents, End of Year	\$ 26,440,947	\$ 30,823,977
<b>Reconciliation to Statements of Net Position:</b>		
Current Cash and Cash Equivalents	\$ 10,301,841	\$ 8,829,431
Noncurrent Restricted Cash and Cash Equivalents	16,139,106	21,994,546
	\$ 26,440,947	\$ 30,823,977
<b>Reconciliation of Operating Loss to Net Cash</b>		
<b>Flows from Operating Activities:</b>		
Operating loss	\$ (18,582,897)	\$ (22,009,131)
<b>Adjustments to Reconcile Operating Loss to</b>		
<b>Net Cash Used by Operating Activities:</b>		
Depreciation and Amortization	2,036,438	1,739,944
Net Pension Liability Credit	(4,235,759)	(622,788)
Net OPEB Liability Expense	3,625,130	9,659,481
Non-operating portion of change in pension accrual	(348,776)	(3,302,487)
Cancellation of County Payable	-	1,117,176
Change in Operating Assets and Liabilities:		
Receivables/Deposits	3,988,943	888,276
Prepaid Expenses	-	3,417
Inventory	147,458	13,626
Accounts Payable/Other Liabilities	165,727	898,836
	5,379,161	10,395,481
Total Adjustments	5,379,161	10,395,481
Net Cash Flows from Operating Activities	\$ (13,203,736)	\$ (11,613,650)

See Notes to Financial Statements

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**1. General**

The Middlesex County Improvement Authority (the Authority) is a public body, politic and corporate constituting a political subdivision of the State of New Jersey. It was established as an instrumentality exercising public and essential governmental functions under the provisions of the County Improvement Authorities Law, P.L. 1960, C.183 (N.J.S.A. 40:37A-44 et seq.), as amended and supplemented. The Authority was established September 6, 1990 by resolution of the Board of Chosen Freeholders of the County of Middlesex.

The Authority is governed by a board consisting of five members, each of whom is appointed by the Board of County Commissioners of Middlesex County for a term of five years. The Board of County Commissioners also approves all new debt issues of the Authority. Therefore, in accordance with Governmental Accounting Standards Board Statement No. 14, the Authority is considered a component-unit of the County of Middlesex.

As a public body under existing statute, the Authority is exempt from both federal and state income taxes.

The Authority was established to provide a wide range of public services, including recycling services and project financing for governmental and nonprofit entities. The Authority's operations consist primarily of the following programs/projects and financings:

Capital Equipment Lease/Improvement Programs –  
2008 Series through 2020 Series

The Authority issues bonds to finance the acquisition and installation of certain items of equipment, which are simultaneously leased to the County of Middlesex and participating municipalities located in Middlesex County, New Jersey. During the term of the lease, the Authority will hold title to the equipment and lease such items of equipment to the respective participant. Each participant will make payments of basic rent to the trustee for the benefit of the Authority on dates set forth in lease agreements in each year during the lease term in an amount equal to the participant's allocable share of debt service due on the bonds on the next succeeding interest payment date and principal installment date, as applicable.

Middlesex County Educational Services Commission Project –  
Series 2010, 2014 and 2017

The Authority financed a portion of the costs relating to the construction and equipping of a special education school facilities for the Middlesex County Educational Services Commission. The proceeds of the bonds were loaned to the Commission and, under the

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**1. General – (Continued)**

terms of the loan agreements, the Commission is required to make payments to the Authority for debt service on the bonds.

North Brunswick Taxable Guaranteed Revenue Bonds –  
Senior Citizen’s Housing Project – Series 1994

The Authority financed a portion of the costs of construction of a senior citizen’s housing project located in the Township of North Brunswick. Payment, when due, of the principal and interest on the bonds is secured by a full and unconditional guaranty by Township of North Brunswick.

Roosevelt Care Center Facilities

The Authority, pursuant to a lease and agreement with the County of Middlesex, provides for the long-term management, administration, and operation and maintenance services for the Roosevelt Care Center facilities.

County Guaranteed Open Space Trust Fund Revenue Bonds –  
Series 2008, 2009, 2011 and 2016 Refunding Bonds

The Bonds were issued to finance the acquisition of various parcels of real property by the County of Middlesex for the purposes of providing open space, farmland, historic preservation and recreational areas throughout the County of Middlesex. The Authority has entered into loan and security agreements with the County of Middlesex. The County of Middlesex will make payments of basic rent to the trustee for the benefit of the Authority in each year during the loan term equal to the debt service due on the bonds.

Perth Amboy Franchise Acquisition Project - Utility  
System Revenue Bonds - Series 1999B and 2004

The Franchise Acquisition Project provides for the leasing of the City of Perth Amboy water supply, transmission and distribution system and wastewater collection system in order to upgrade and improve as well as manage and maintain the System by way of an agreement with a designated affiliate or subsidiary of Middlesex Water Company. The project involved the issuance of a series of revenue bonds of the Authority. Series B Bonds were issued in the amount of \$24,469,076 to provide proceeds for ongoing and certain additional capital improvements along with the current refunding of the balance of City note indebtedness. The Series 1999 Bonds carry municipal bond insurance. The City has adopted a City bond guaranty for the Series 1999B Bonds.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**1. General – (Continued)**

Authority of South Plainfield Guaranteed Revenue Bonds -  
South Plainfield Senior Housing Project - Series 2000

The Authority issued bonds in the amount of \$6,000,000 in connection with the project. Total sources of funds, net of the \$3,275,000 of interim financing included in the \$6,000,000 are expected to be \$12,114,650. The Bonds matured on September 1, 2003 and thereafter, excluding the interim financing of \$3,275,000 that matured September 1, 2002, carry municipal bond insurance.

Heldrich Center Hotel/Conference Project –  
Series 2005 and 2007

The revenue bonds are issued to provide moneys to fund, together with moneys contributed from Heldrich Associates, LLC, grant and loan moneys received from the State of New Jersey and from the Casino Reinvestment Development Authority (CRDA) for development and construction of a mixed-use building located within the City of New Brunswick. The site consists of a 250 guest room and suites hotel, a full-service restaurant and lounge, 500 seat ballroom, ground floor retail space and ancillary services and approximately 50,000 square-foot conference center and related support facilities.

New Brunswick Cultural Center Project –  
Series 2017

The proceeds of the sale of the Series 2017 Bonds were loaned to the Cultural Center Redevelopment Associates Urban Renewal LLC (“Borrower”), in accordance with a Loan/Grant Agreement, dated as of September 7, 2017, by and between the Authority and the Borrower, to be used by the Borrower, together with other available funds, to: (i) finance a portion of the costs of the development and construction by the Borrower and its assigns of a multi-story building (“Tower”) to be built on the current site of the George Street Playhouse and Crossroads Theater in the City of New Brunswick, New Jersey, which Tower will be comprised of (I) two state-of-the art theaters and rehearsal space in the lower portion of the Tower, (II) approximately 200 rental apartments, including an affordable component, in the upper portion of the Tower, and (III) approximately 30,000 square feet of office space for use by the County; (ii) fund capitalized interest on the Series 2017 Bonds; and (iii) pay the costs and expenses incurred by the Authority, the Borrower and the County in connection with the issuance of the Series 2017 Bonds.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**2. Summary of Significant Accounting Policies**

**A. Basis of Accounting and Presentation:**

The Authority is generally a self-supporting entity and follows a proprietary fund type basis of accounting; accordingly, the accompanying financial statements are presented on that basis as an enterprise fund and have been prepared on the accrual basis and in accordance with generally accepted accounting principles. While detailed sub-fund information is not presented, separate accounts are maintained for each program/project and include certain funds which are unrestricted and those that are legally restricted as to use.

In its accounting and financial reporting, the Authority follows the pronouncements of the Government Accounting Standards Board (GASB). In addition, the Authority follows the pronouncements of all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedures issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. As permitted by accounting principles generally accepted in the United States, the Authority has elected to not adopt Financial Accounting Standards Board pronouncements issued after November 30, 1989. Under GAAP, the Authority is considered to be a component unit of the County of Middlesex. Based upon the requirements set forth by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, the Authority's reporting obligation is to issue stand alone financial statements, prepared on a GAAP basis.

**B. Description of the Funds:**

The Authority maintains unrestricted and restricted funds to account for its assets, liabilities, revenues, expenses and fund equity. Also, as the Authority chooses to utilize reserves in its accounting for various projects, in addition to restricted cash accounts, the financial statement account "net investment in project", is utilized as the offset to the applicable reserve category.

**C. Net Position:**

In the statement of net position, there are three classes of net position:

Net Investment in Capital Assets – consists of capital assets less accumulated depreciation as adjusted by outstanding debt.

Restricted Net Position – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**2. Summary of Significant Accounting Policies – (Continued)**

**C. Net Position – (Continued):**

Unrestricted Net Position – any portion of net position not already classified as either net investment in capital assets or net position – restricted, is classified as net position – unrestricted.

**D. Revenues:**

Revenues are recognized in the period in which they are earned. Expenses are recorded when the liability is incurred.

**E. Property, Equipment and Leasehold Improvements:**

Property, equipment and leasehold improvements are stated at historical cost. Depreciation is determined using the straight-line basis, over estimated useful lives, and or, life of lease, where applicable, when placed in service. The capitalization of interest in capital assets is not recorded for the Authority’s participation in conduit financings.

**F. Cash Equivalents:**

The Authority considers investments with maturities of three months or less at date of purchase to be cash equivalents.

**G. Investments:**

Investments are valued at fair value.

**H. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**I. Disclosures about Fair Value of Financial Instruments:**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments: The carrying amount approximates fair value because of the short maturity of those instruments.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**2. Summary of Significant Accounting Policies – (Continued)**

**I. Disclosures about Fair Value of Financial Instruments – (Continued):**

Long-term investments: The fair values of long-term investments are estimated based on quoted market prices for those or similar investments. Additional information pertinent to the value of these investments is provided in Note 3.

Long-term debt: The Authority's long-term debt is stated at face value, net of unamortized discounts and premiums. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Authority's long-term debt is provided in Note 4.

**J. Unamortized Debt Issue Costs**

Previously, deferred debt issue costs incurred with the various bond issues of the Authority were being amortized over the life of the respective issues. With the implementation of GASB 65, prior debt issue costs have been expensed and all current and future debt issue costs are and will also be expensed in the year in which the debt is issued.

**K. Comparative Data**

Comparative amounts for the prior year have been presented in order to provide an understanding of changes on the Authority's financial position and operations.

**L. Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. The current financial statements report deferred outflows for pension and other postemployment health benefit related reporting, including amounts related to differences between expected and actual experience; changes in assumptions and changes in proportion. In addition, if applicable, a deferred charge on refunding results will be reported from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding bonds.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recorded as an inflow of resources (revenue) until that time. The financial statements report pension and other postemployment health benefit related deferred inflows relating to the difference in projected and actual earning along with changes in proportion.



**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**2. Summary of Significant Accounting Policies – (Continued)**

**M. Reporting of and Disclosures About Pension Liabilities**

The financial statements include information relating to the net pension liabilities of the state sponsored, cost-sharing, multiple employer defined benefit pension plan in which the Authority participates, including information presented in these notes to the financial statements and the accompanying required supplementary information.

**N. Reporting of and Disclosures About OPEB Liabilities**

The financial statements include information relating to the OPEB liabilities of the employer defined benefit retiree welfare plan (health benefits for retirees) in which the Authority participates, including information presented in these notes to the financial statements and the accompanying required supplementary information.

**O. Adopted and Recent Pronouncements**

Adopted - The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2019. There was no impact on the financial statements as a result of this Statement.

Recent - The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019 to June 15, 2021. Due to the COVID-19 pandemic, the effective date has been postponed by eighteen months. Management has not determined the impact of the Statement on the financial statements. Management has not yet determined the impact of this Statement on the financial statements.

**3. Deposits and Investments**

**Cash and Cash Equivalents:**

Operating cash, in the form of checking and money market accounts, is held in the Authority's name by commercial banking institutions. At December 31, 2020, the carrying amount of the Authority's deposits was \$26,440,947 and the bank balance was \$26,559,969. Of the bank balance, \$1,112,195 was insured with Federal Deposit Insurance Corporation, \$18,460,343 was covered by GUDPA, and \$6,987,431 was uninsured. Of the uninsured balance, \$5,773,072 was on deposit at U.S. Bank, a non-GUDPA institution and the remainder consisted of funds held on behalf of others, which is not covered by GUDPA. At December 31, 2019, the carrying amount of the Authority's deposits was \$30,823,977 and the bank balance was \$30,205,269. Of the bank balance, \$1,103,706 was insured with Federal Deposit Insurance Corporation, \$19,476,306 was covered by GUDPA, and \$9,625,257 was insured. Of the uninsured balance, \$8,275,140, was on deposit at U.S. Bank, a non-GUDPA institution and the remainder consisted of funds held on behalf of others, which is not covered by GUDPA.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**3. Deposits and Investments – (Continued)**

**Cash and Cash Equivalents – (Continued):**

Pursuant to GASB Statement No. 40, “*Deposit and Investment Risk Disclosures*” (“GASB 40”), the Authority’s accounts are examined in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of bank failure, the Authority’s deposits or investments may not be returned). 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 Authority’s name.

The types of securities which are permitted investments for Authority funds are established by New Jersey Statutes and the Authority’s approved investment policy. All funds of the Authority may be invested in obligations of, or guaranteed by, the United States Government. In addition, certain funds of the Authority may be invested in: obligations of agencies of the U.S. government; obligations of, or guaranteed by, the State of New Jersey; collateralized certificates of deposit and repurchase agreements; commercial paper; and other securities which shall be authorized for the investment of funds in the custody of the Treasurer of the State of New Jersey. The Authority has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act.

Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**3. Deposits and Investments – (Continued)**

**Investments:**

New Jersey statutes permit the Authority to purchase the following types of securities:

- Bonds and other obligations of the United States or obligations guaranteed by the United States.
- Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank which have a maturity date not greater than 397 days from the date of purchase.
- New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and Government money market mutual funds.

The Authority's investments consisted of U.S Government Securities, U.S. Treasury Notes, Repurchase Agreements, and Certificates of Deposit.

*Credit Risk* – GASB 40 requires credit risk disclosure for all debt security investments except for obligations of the U.S. government.

*Custodial Credit Risk* – For investments, custodial credit risk is the risk that in the event of the failure of the counter-party, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the Authority.

The Authority manages custodial credit risk by limiting its investments to Fixed Income Securities, Certificates of Deposit and United States Treasury Securities and Notes.

The following is the detail of the balance of the Authority's investments as of December 31, 2020 and 2019.

	Level 1	Level 2	Level 3	Total
<u>December 31, 2020</u>				
U.S. Government Securities	\$ 486,023	\$ -	\$ -	\$ 486,023
U.S. Treasury Notes	4,040,292	-	-	4,040,292
Repurchase Agreement	-	2,036,219	-	2,036,219
Certificates of Deposit	-	5,560,782	-	5,560,782
Total Investments	<u>\$ 4,526,315</u>	<u>\$ 7,597,001</u>	<u>\$ -</u>	<u>\$ 12,123,316</u>
	Level 1	Level 2	Level 3	Total
<u>December 31, 2019</u>				
U.S. Government Securities	\$ 446,770	\$ -	\$ -	\$ 446,770
U.S. Treasury Notes	4,040,292	-	-	4,040,292
Repurchase Agreement	-	2,036,219	-	2,036,219
Certificates of Deposit	-	3,914,263	-	3,914,263
Total Investments	<u>\$ 4,487,062</u>	<u>\$ 5,950,482</u>	<u>\$ -</u>	<u>\$ 10,437,544</u>

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**3. Deposits and Investments - (Continued)**

**Investments – (Continued):**

These investments are held in trust, with offsetting reserve accounts for the benefit of program participants and it is the intent of the Authority to hold all investments until their maturity.

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:

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.

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

- *Repurchase Agreement*: Valued at the acquisition price as these assets are not traded and are held to maturity.
- *US Treasury Bills and Securities*: Valued at the closing price reported on the active market in which the security is traded. The U.S. Treasury Bills and Notes have a rating by S&P of AA to Aa.
- *Certificates of Deposit*: Valued at the acquisition price which equals fair value.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**3. Deposits and Investments - (Continued)**

**Investments – (Continued):**

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.

As of December 31, 2020 and 2019, investments had the following maturities:

<b>Investment</b>	
<u><b>Maturities (in Years)</b></u>	<u><b>Amount</b></u>
1 to 5	\$ 8,083,024
6 to 10	2,446,908
11 to 15	1,593,384
	<u>\$ 12,123,316</u>

**4. Capital Assets**

Capital assets are stated at cost, which includes equipment acquisition costs and cost of construction, engineering, administrative and financial expenses, interest on bonds and notes during construction and organization expenses. Based upon the transfer of Roosevelt Care Center's title, the Authority recorded as contributed capital at December 31, 1999, the historical cost of the Center in the amount of \$33,418,754 along with accumulated depreciation of \$24,630,388 for a net contribution to capital in the amount of \$8,788,367. Also, on April 21, 2005, the County transferred the title of the new 180-bed facility in the amount of \$25,152,288 along with accumulated depreciation of \$1,227,070 for a net contribution to capital in the amount of \$23,925,218. Subsequently, operations in the historic Roosevelt Care Center building were transferred to the new facilities. The County of Middlesex has chosen to undertake a project concerning this historic property and the historic building and adjoining buildings were transferred to the County of Middlesex, effective September 10, 2014. Additionally, the County of Middlesex determined to acquire the "The Meadows at Middlesex Golf Course," located in Plainsboro Authority, for the County's Open Space Program. As a result, the Meadows Golf Course was sold to the County of Middlesex for the sum of \$7,070,000, effective March 7, 2014. The funds inuring to the Authority as the result of the sale have been reserved to pay future years' debt service associated with the debt issued to purchase the Meadows at Middlesex Golf Course. The table below sets forth the capital asset activity for the year, including the transactions described above.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**4. Capital Assets – (Continued)**

Net Invested in Capital Assets, Net of Related Debt – Included in the Net Position section of the Statements of Net Position, is the account category “Net Invested in Capital Assets, Net of Related Debt”, which at December 31, 2020 and 2019 is reported at (\$29,951,153) and (\$16,713,246), respectively. The negative position of this account is a result of the recording of depreciation on the Heldrich Center project coupled with the non-payment by the Heldrich Center project of maturing bond principal and interest of the Center’s CRDA loans and various series of its revenue bonds that were issued with respect to the project (See Note 14).

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets That Are Being Depreciated:				
Furniture and Fixtures	\$ 6,377,708	\$ 26,865	\$ (59,418)	\$ 6,345,155
Machinery and Equipment	2,865,111	3,954	(2,500,976)	368,089
Vehicles	397,384	24,245	(160,446)	261,183
Leasehold Improvements	4,167,009	-	(4,155,198)	11,811
Recreation Equipment	822,364	-	(822,364)	-
Golf Courses	6,292,903	-	(6,292,903)	-
Buildings	22,155,990	7,612	-	22,163,602
Heldrich Center	93,389,683	180,000	-	93,569,683
	<u>136,468,152</u>	<u>242,676</u>	<u>(13,991,305)</u>	<u>122,719,523</u>
Totals at Historical Cost				
Less Accumulated Depreciation for:				
Furniture and Fixtures	(5,548,080)	(718,601)	50,871	(6,215,810)
Machinery and Equipment	(1,336,505)	(120,407)	1,227,655	(229,257)
Vehicles	(222,700)	(68,954)	90,054	(201,600)
Leasehold Improvements	(3,344,432)	(3,046)	3,339,124	(8,354)
Recreation Equipment	(520,241)	-	520,241	-
Golf Courses	(826,619)	-	826,619	-
Buildings	(13,264,203)	(1,125,430)	-	(14,389,633)
Heldrich Center	(29,629,524)	(2,335,992)	-	(31,965,516)
	<u>(54,692,304)</u>	<u>(4,372,430)</u>	<u>6,054,564</u>	<u>(53,010,170)</u>
Total Accumulated Depreciation				
Total Capital Assets being Depreciated (Net of Accumulated Depreciation)	<u>\$ 81,775,848</u>	<u>\$ (4,129,754)</u>	<u>\$ (7,936,741)</u>	<u>\$ 69,709,353</u>

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**4. Capital Assets – (Continued)**

Capital asset activity for the year ended December 31, 2019 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
Capital Assets That Are Being Depreciated:				
Furniture and Fixtures	\$ 6,366,782	\$ 48,284	\$ (37,358)	\$ 6,377,708
Machinery and Equipment	2,869,698	38,613	(43,200)	2,865,111
Vehicles	352,615	61,234	(16,465)	397,384
Leasehold Improvements	4,117,183	49,826	-	4,167,009
Recreation Equipment	833,720	-	(11,356)	822,364
Golf Courses	6,213,589	79,314	-	6,292,903
Buildings	22,120,032	35,958	-	22,155,990
Heldrich Center	93,339,683	50,000	-	93,389,683
Totals at Historical Cost	<u>136,213,302</u>	<u>363,229</u>	<u>(108,379)</u>	<u>136,468,152</u>
Less Accumulated Depreciation for:				
Furniture and Fixtures	(5,565,173)	(20,264)	37,358	(5,548,079)
Machinery and Equipment	(1,077,644)	(302,061)	43,200	(1,336,505)
Vehicles	(218,239)	(20,926)	16,465	(222,700)
Leasehold Improvements	(3,179,526)	(164,906)	-	(3,344,432)
Recreation Equipment	(379,897)	(151,700)	11,356	(520,241)
Golf Courses	(557,111)	(269,509)	-	(826,620)
Buildings	(12,453,625)	(810,578)	-	(13,264,203)
Heldrich Center	(27,294,782)	(2,334,742)	-	(29,629,524)
Total Accumulated Depreciation	<u>(50,725,997)</u>	<u>(4,074,686)</u>	<u>108,379</u>	<u>(54,692,304)</u>
Total Capital Assets being Depreciated (Net of Accumulated Depreciation)	<u>\$ 85,487,305</u>	<u>\$ (3,711,457)</u>	<u>\$ -</u>	<u>\$ 81,775,848</u>

Depreciation and amortization is calculated on a straight-line basis for each of applicable capital asset categories.

Furniture and Fixtures	5 years
Machinery and Equipment	7 years
Vehicles	5 years
Leasehold Improvements	5 years
Recreation Equipment	5 years
Golf Courses	5 years
Buildings	10-25 years
Heldrich Center	40 years

**5. Net Investment in Capital Lease and Improvement Programs**

Minimum payments from participants are equal to the annual debt service of the outstanding bonds. These programs are accounted for as direct financing leases and loans. The unearned income represents the corresponding cost to be incurred in connection with the purchase, acquisition and installation of equipment and

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**5. Net Investment in Capital Lease and Improvement Programs – (Continued)**

improvements identified in the program. The net investment in the capital lease and improvement programs represents the cost of the capital equipment and improvements.

	<u>2020</u>	<u>2019</u>
Total minimum lease payment to be received	\$ 87,769,743	\$ 91,839,181
net accounts receivable/(unearned income)	<u>1,240,084</u>	<u>(1,669,339)</u>
 Net investment in capital lease and improvement programs	 <u>\$ 89,009,827</u>	 <u>\$ 90,169,842</u>
 Future minimum lease payments receivable:		
<u>Year</u>	<u>Amount</u>	
2021	\$ 25,427,328	
2022	20,005,401	
2023	18,306,579	
2024	8,785,385	
2025	6,363,752	
Thereafter	<u>10,121,382</u>	
	<u>\$ 89,009,827</u>	

**6. Long-Term Liabilities**

During the year ended December 31, 2020, the following changes occurred in long-term liabilities.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Bonds and loans payable:				
Revenue bonds payable	\$ 261,842,069	\$ 15,135,000	\$ 26,838,917	\$ 250,138,152
Loans payable	20,000,000	-	-	20,000,000
Unamortized premium	14,961,870	389,334	-	15,351,204
Total bonds and loans payable	<u>296,803,939</u>	<u>15,524,334</u>	<u>26,838,917</u>	<u>285,489,356</u>
Other Liabilities:				
Due to County - CIP Participation	1,292,977	-	1,292,977	-
Post-employment health benefits liability	220,611,288	-	24,123,727	196,487,561
Net pension liability	40,783,711	-	4,497,764	36,285,947
Reserve for proceeds, acquisitions and refunding escrow	265,803	31,554	-	297,357
Funds held in trust	16,035,496	-	536,128	15,499,368
Total other liabilities	<u>278,989,275</u>	<u>31,554</u>	<u>30,450,596</u>	<u>248,570,233</u>
Total	<u>\$ 575,793,214</u>	<u>\$ 15,555,888</u>	<u>\$ 57,289,513</u>	<u>\$ 534,059,589</u>
 Current portion	 <u>\$ 30,153,917</u>			 <u>\$ 32,993,878</u>



**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**6. Long-Term Liabilities – (Continued)**

During the year ended December 31, 2019, the following changes occurred in long-term liabilities.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Bonds and loans payable:				
Revenue bonds payable	\$ 279,201,244	\$ 9,530,000	\$ 26,889,175	\$ 261,842,069
Loans payable	20,000,000	-	-	20,000,000
Unamortized premium	16,454,891	-	1,493,021	14,961,870
Total bonds and loans payable	<u>315,656,135</u>	<u>9,530,000</u>	<u>28,382,196</u>	<u>296,803,939</u>
Other Liabilities:				
Due to County - CIP Participation	1,330,405	-	37,428	1,292,977
Post-employment health benefits liability	184,394,168	36,217,120	-	220,611,288
Net pension liability	46,522,243	-	5,738,532	40,783,711
Reserve for proceeds, acquisitions and refunding escrow	20,667,633	-	20,401,830	265,803
Funds held in trust	22,097,337	-	6,061,841	16,035,496
Total other liabilities	<u>275,011,786</u>	<u>36,217,120</u>	<u>32,239,631</u>	<u>278,989,275</u>
Total	<u>\$ 590,667,921</u>	<u>\$ 45,747,120</u>	<u>\$ 60,621,827</u>	<u>\$ 575,793,214</u>
Current portion				
	<u>\$ 31,779,175</u>			<u>\$ 30,153,917</u>

**Bonds, Notes and Loans Payable**

The Authority's bonds payable at December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Senior Citizens Housing Project - North Brunswick Taxable Guaranteed Revenue Bonds \$8,300,000, Series 1994, guaranteed by North Brunswick, maturing serially through 2027, at interest rates from 8.00% to 9.125%; bonds maturing in 2014 and 2027 subject to mandatory redemption commencing in 2005 and 2015, respectively.	\$ 4,085,000	\$ 4,490,000
Utility System Revenue Bonds, Perth Amboy Franchise Acquisition Project, \$24,469,076.20, Series B Capital Appreciation Bonds, City- Guaranteed, maturing serially from 2015 through 2026, at interest rates from 5.030% to 5.18%	10,637,433	12,997,481
South Plainfield Senior Housing Project \$6,000,000, Series 2000, Borough of South Plainfield-Guaranteed except for interim bonds maturing 2002, maturing serially from 2003 to 2014, with term bonds maturing 2020 and 2030, at interest rates from 4.60% to 5.50%; bonds maturing in 2020 and 2030 subject to scheduled mandatory redemption commencing in 2015	1,725,000	1,810,000
Perth Amboy Lease & Franchise Extension Project Revenue Bonds, Series 2004, City-Guaranteed, maturing serially through 2034, at interest rates from 5.14% to 6.67%	14,225,719	14,799,588
Heldrich Hotel/Conference Project Revenue Bonds, Series 2005, maturing serially through 2037, at interest rates from 4.95% to 8.75%	62,855,000	63,695,000

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**6. Long-Term Liabilities – (Continued)**

**Bonds, Notes and Loans Payable – (Continued)**

	<u>2020</u>	<u>2019</u>
Heldrich Center Hotel/Conference Project Senior Revenue Bonds, Series 2007, maturing serially through 2037, at an interest rate of 8.750 %	\$ 1,805,000	\$ 1,800,000
Capital Equipment and Improvement Revenue Bonds \$13,100,000, Series 2008, County-Guaranteed, maturing serially through 2023, at interest rates from 3.500% to 4.80%	175,000	230,000
Capital Equipment and Improvement Revenue Bonds \$13,115,000, Series 2009, County-Guaranteed, maturing serially through 2024, at interest rates from 1.000% to 3.25%	725,000	895,000
Meadows at Middlesex Golf Course Refunding Bonds \$4,755,000, Series 2009, County-Guaranteed, maturing serially through 2024, at interest rates from 2.000% to 4.00%	1,670,000	2,050,000
Open Space Trust Fund Revenue Bonds, \$40,000,000, Series 2009, County-Guaranteed, maturing serially through 2029, at interest rates from 2.000% through 2029	2,080,000	4,075,000
Open Space Trust Fund Refunding Revenue Bonds, \$46,830,000, Series 2011, County-Guaranteed, maturing serially through 2023, at interest rates from 3.000% to 5.00%	16,415,000	21,425,000
Capital Equipment and Improvement Revenue Bonds \$11,815,000, Series 2012, County-Guaranteed, maturing serially through 2022, at interest rates from 1.250% to 3.00%	515,000	845,000
Middlesex County Golf Courses Revenue Refunding Bonds, Series 2013, County-Guaranteed, maturing serially through 2029, at interest rates from 2.000% to 4.716%	7,765,000	8,485,000
Capital Equipment and Improvement Revenue Bonds \$13,840,000, Series 2013, County-Guaranteed, maturing serially through 2023, at interest rates from 2.000% to 4.00%	640,000	840,000
Middlesex County Educational Services Commission Revenue Refunding Bonds, \$9,385,000. Series 2014, County-Guaranteed, maturing serially through 2025, at interest rates from 2.000% to 5.000%	4,800,000	5,650,000
Middlesex County Educational Services Commission Revenue Refunding Bonds, \$30,170,000. Series 2014A, County-Guaranteed, maturing serially through 2033, at interest rates from 2.000% to 3.125%	26,870,000	28,350,000
Capital Equipment and Improvement Revenue Bonds \$8,080,000, Series 2015, County-Guaranteed, maturing serially through 2025, at interest rates from 1.500% to 4.00%	325,000	1,975,000

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**6. Long-Term Liabilities – (Continued)**

**Bonds, Notes and Loans Payable – (Continued)**

	2020	2019
Capital Equipment and Improvement Revenue Bonds \$7,075,000, Series 2016, County-Guaranteed, maturing serially through 2021, at interest rates from 2.000% to 4.00%	\$ 1,510,000	\$ 2,970,000
Open Space Trust Fund Refunding Revenue Bonds, \$19,160,000 Series 2016, County-Guaranteed, maturing serially through 2029, at interest rates from 2.125% to 5.00%	19,160,000	19,160,000
Capital Equipment and Improvement Revenue Bonds \$10,915,000, Series 2017, County-Guaranteed, maturing serially through 2027, at interest rates from 3.000% to 4.00%	5,225,000	7,180,000
Educational Services Commission of New Jersey Revenue Refunding Bonds, \$13,170,000. Series 2017, County-Guaranteed, maturing serially through 2037, at interest rates from 3.000% to 5.000%	12,305,000	13,020,000
New Brunswick Cultural Center Project County-Guaranteed, Series 2017, maturing serially through 2029, at an interest rate of 5.000%	26,185,000	28,430,000
Capital Equipment and Improvement Revenue Bonds \$8,650,000, Series 2018, County-Guaranteed, maturing serially through 2025, at interest rate of 4.000%	5,575,000	7,140,000
Capital Equipment and Improvement Revenue Bonds \$9,530,000, Series 2019, County-Guaranteed, maturing serially through 2029, at interest rate of 4.000%	7,860,000	9,530,000
Capital Equipment and Improvement Revenue Bonds \$15,005,000, Series 2020, County-Guaranteed, maturing serially through 2029, at interest rate of 2.000% to 5.000%	15,005,000	-
Subtotal - Bonds and Notes Payable	250,138,152	261,842,069

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**6. Long-Term Liabilities – (Continued)**

**Bonds, Notes and Loans Payable – (Continued)**

<u>Loans Payable:</u>	<u>2020</u>	<u>2019</u>
Casino Reinvestment Development Authority Loans - 2005 payable serially 2011 through 2031 at 3.821% interest rate	\$ 15,000,000 5,000,000	\$ 15,000,000 5,000,000
Subtotal Loans Payable	<u>20,000,000</u>	<u>20,000,000</u>
Subtotal Bonds, Notes and Loans Payable	270,138,152	281,842,069
Unamortized Bond Discounts/Premiums - Net	<u>15,351,204</u>	<u>14,961,870</u>
Total Debt and Debt Related Liabilities	<u>\$ 285,489,356</u>	<u>\$ 296,803,939</u>

Aggregate long-term debt outstanding is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 41,483,878	\$ 16,527,430	\$ 58,011,308
2022	29,908,104	15,706,016	45,614,120
2023	28,935,317	15,681,497	44,616,814
2024	22,260,090	13,580,356	35,840,446
2025	20,526,456	9,906,377	30,432,833
2026-2030	73,801,987	24,113,521	97,915,508
2031-2035	39,562,320	7,704,702	47,267,022
2036-2040	13,660,000	456,776	14,116,776
	<u>\$ 270,138,152</u>	<u>\$ 103,676,675</u>	<u>\$ 373,814,827</u>

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**7. Middlesex County Utilities Authority Operating Agreement**

On July 1, 1994, the Middlesex County Improvement Authority (MCIA) entered into a one-year renewable agreement with the Middlesex County Utilities Authority (MCUA) allowing operation of an Interim Bulky Waste Recycling Program (BWRP) on a portion of the Middlesex County Landfill by the Improvement Authority. This agreement, in its original form, remained in place until 1997.

Under this agreement, MCUA was responsible for filing all required applications and submissions and obtaining all required permits for the operation of the landfill and the BWRP for applicable state, county and municipal agencies, for all billing and collection of tipping fees including applicable landfill taxes imposed by law for each ton of waste entering the landfill.

The MCUA was then obligated to remit \$21.00 per ton of Bulky Waste (ID-13) to the Improvement Authority following the end of each month. Any revenue generated from the marketing of materials from the Bulky Waste Recycling Operation was the property of the MCIA.

The MCIA is responsible for providing adequate management personnel to operate and maintain the BWRP and to ensure all plans, licenses and regulations are followed.

Under the same agreement, the Improvement Authority had entered into an operating lease with the Utilities Authority for equipment, equipment maintenance and insurance in the amount of \$30,630 per month.

On January 1, 1998, entering into a one-year agreement with the option to be extended by both parties for three additional one-year periods amended the original agreement.

In addition to the amended operating agreement, on January 1, 1998, the MCUA and MCIA entered into a three-year agreement whereby MCUA will pay to the MCIA \$1.85 per ton for all waste deposited at the Middlesex County Landfill which it collects from municipalities and haulers. This requirement supersedes the payment of \$21.00 per ton of Bulky Waste stipulated in the previous agreement.

The operating agreement between the MCIA and the MCUA was renewed on January 1, 2005 for a period of five calendar years terminating in 2009. Under the terms of this Interlocal Service Agreement, the MCUA will pay to the MCIA a flat annual fee of \$2,000,000. In addition, the MCIA will receive a portion of the MCUA Solid Waste Services Fee in the amount of \$3.00 per ton collected on all waste entering the landfill and \$3.00 per ton for all waste transported out of Middlesex County as reported and paid by solid waste haulers. In exchange, MCIA has agreed to use the amounts received to provide for recycling activities and effectively manage, operate and maintain the recycling activities in an efficient and environmentally responsible manner.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**7. Middlesex County Utilities Authority Operating Agreement – (Continued)**

Under the terms of the renewal agreement, the MCUA will continue to lease heavy equipment to the MCIA, at no cost, for landfill recycling activities.

On January 1, 2010, entering into a five-year agreement, the MCUA pays the MCIA \$5.00 per ton for all waste collected at the Middlesex County Landfill which it collects from municipalities and haulers. The MCUA will pay a sum of \$6.00 per ton in 2012 and 2013 for all waste transported out of Middlesex County as reported and paid by solid waste haulers. In exchange, MCIA has agreed to use the fee from the MCUA for expenses it incurs with regard to the County Recycling Programs and shared services program in order to be able to reduce costs of the municipalities for the County Recycling Programs, to reduce the volume of material going to the Landfill, and for expenses incurred by the MCIA related to associated activities. On January 1, 2015, entering into a five-year agreement, the MCUA agrees to contribute funds annually to the MCIA to be used to assist the MCIA in funding the County Recycling Programs and other solid waste and recycling programs beneficial to both agencies.

**8. Roosevelt Care Center Facilities**

The Roosevelt Care Center, Edison facility, is a 530-bed long-term healthcare facility (“Roosevelt Care Center”, the “Facility” or the “Center”) owned by the County of Middlesex (the “County”). In June 1997, the County, through the Authority, implemented a public/private partnership undertaking for the effective and efficient operation of the Facility.

Pursuant to a lease and agreement dated June 14, 1997 between the County and the Authority (the “Lease Agreement”), the County leased to the Authority, for a nominal fee, the Facility’s real and personal property and other related records for a period of ten years, which may be extended to the maximum term permitted under the law. The Lease Agreement obligates the Authority to provide, either directly or by contract, for the long-term management, administration, operation and maintenance services (the “Management Services”) for the Roosevelt Care Center. The Lease Agreement also required the Authority to assume substantially all of the personnel employed by the County at the Roosevelt Care Center (the “Roosevelt employees”). Subsequently, on May 6, 1999, the Board of Chosen Freeholders adopted a resolution authorizing the transfer of ownership of the Center from the County to the Authority. On November 15, 1999, the Board of Chosen Freeholders adopted a resolution affirming the sale of the Roosevelt Care Center to the Authority. Agreements and contracts authorizing the transfer of lands and buildings were executed on January 19, 2000 and title of the property was transferred to the Authority.

Subsequent to the initial transfer of the Center to the Authority, the Center was managed via a series of management agreements with third-party vendors. Effective October 1, 2002, the MCIA is operating the Center utilizing Authority personnel.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**8. Roosevelt Care Center Facilities - (Continued)**

Additionally, as per resolutions adopted by both the County of Middlesex and the Authority, an Interagency Agreement was made effective February 9, 2011 for the Authority to own and hold the license to operate a new 180-bed long-term care facility constructed by the County of Middlesex located in the Authority of Old Bridge. Roosevelt Care Center in Old Bridge began operations in the later part of 2011.

Roosevelt Care Center facilities reviews its accounts receivable with corresponding adjustments to revenue reported on a periodic basis. The facilities had patient's receivable recorded at year-end in the amounts of \$4,182,290 and \$4,085,436 for the years 2020 and 2019, respectively. As a result of the transfer of the Center's title for the Edison facility, the Authority recorded as contributed capital the historical cost of the Center in the amount of \$33,418,754 along with accumulated depreciation of \$24,630,388 for a net contribution to capital in the amount of \$8,788,367. Also, with the transfer of title of the 180-bed facility also on the Edison campus, the amount of \$25,152,288 is recorded as contributed capital. As indicated above, operations in the historic Roosevelt Care Center building were transferred to new facilities and the County of Middlesex desired to undertake a project concerning the historic property, resulting in the transfer of the historic building and adjoining buildings to the County of Middlesex, effective September 10, 2014. The Authority's financial statements reflect the capital asset activity based upon this transfer.

**9. Pension Plans**

*Description of Plans*

The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the public Employees Retirement System (PERS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**9. Pension Plans – (Continued)**

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Public Employees' Retirement System

The Public Employees' Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

*Plan Membership and Contributing Employers* - Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund.

Membership and contributing employers of the defined benefit pension plan consisted of the following at June 30, 2019 and 2018:

	<u>2020</u>	<u>2019</u>
Inactive plan members or beneficiaries currently receiving benefits	182,492	178,748
Inactive plan members entitled to but not yet receiving benefits	942	609
Active plan members	<u>249,045</u>	<u>252,598</u>
 Total	 <u>432,479</u>	 <u>431,955</u>
 Contributing Employers –	 1,691	 1,697

*Significant Legislation* – Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided



**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**9. Pension Plans – (Continued)**

under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2020 and 2019 the Authority's total and covered payroll for all employees was \$13,612,570 and \$15,614,831. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Commission to active employees covered by the Plan.

*Specific Contribution Requirements and Benefit Provisions* – The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate was 7.50% in State fiscal year 2019 and State fiscal year 2020. Employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Authority contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

It is assumed that the Local employers will contribute 100% of their actuarially determined contribution and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution while the State will contribute 78% of their actuarially determined contribution and 100% of their NCGIPF contribution for all years of the projection. The 78% contribution rate is the total State contribution rate expected to be paid in fiscal year ending June 30, 2020 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2020 for all State administered retirement systems.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

The Authority's contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. The Authority's payments to PERS during the years ending December 31, 2020 and 2019 consisted of the following:

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**9. Pension Plans – (Continued)**

	2020	2019
Total Regular Billing	\$2,209,640	\$2,358,601

The Authority recognizes liabilities to PERS and records expenses for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible on or after November 1, 2009 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier.

Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**9. Pension Plans – (Continued)**

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – At June 30, 2020, the PERS reported a collective net pension liability of \$16,435,616,426 for its Non-State Employer Member Group. The Authority's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Authority was \$36,285,947 or 0.2225123609%, which was a decrease of 0.0038313932% from its proportion measured as of June 30, 2019.

At June 30, 2019, the PERS reported a collective net pension liability of \$18,143,832,135 for its Non-State Employer Member Group. The Authority's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Authority was \$40,783,711 or 0.2263437541%.

The following presents a summary of the proportionate share of the State of New Jersey's changes in the collective deferred outflows of resources and deferred inflows of resources attributable to the Authority for the years ended June 30, 2020 and 2019:

	<u>2020</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 660,707	\$ 128,323
Changes of assumptions	1,177,157	15,193,269
Net difference between projected and actual investment earnings on pension plan investments	1,240,283	-
Changes in proportion	-	5,593,760
Authority contributions subsequent to the measurement date	1,217,087	-
	<u>\$ 4,295,234</u>	<u>\$ 20,915,352</u>
	<u>2019</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 732,014	\$ 180,164
Changes of assumptions	4,072,403	14,155,897
Net difference between projected and actual investment earnings on pension plan investments		643,787
Changes in proportion	300,493	7,932,779
Authority contributions subsequent to the measurement date	1,100,829	-
	<u>\$ 6,205,739</u>	<u>\$ 22,912,627</u>

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**9. Pension Plans – (Continued)**

The \$1,217,087 of deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Amount
2021	\$ (6,727,226)
2022	(6,242,590)
2023	(3,493,930)
2024	(1,136,493)
2025	(236,966)
Total	<u>\$ (17,837,205)</u>

*Actuarial Assumptions-* The collective pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions:

<u>6/30/2020 and 2019</u>	
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00%
	based on years of service
Thereafter	3.00 - 7.00%
	based on years of service
Investment rate of return	7.00%

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.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**9. Pension Plans – (Continued)**

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 and July 1, 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experiences 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.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 and 2019 are summarized in the following tables:

Asset Class	2020	
	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	50.00%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**9. Pension Plans – (Continued)**

2019		
Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

*Discount Rate* – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020 and 6.28% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**9. Pension Plans – (Continued)**

**June 30, 2020**

	At 1% Decrease	At Current Discount Rate (7.00%)	At 1% Increase
PERS	\$ 45,677,954	\$ 36,285,947	\$ 28,316,572

**June 30, 2019**

	At 1% Decrease	At Current Discount Rate (6.28%)	At 1% Increase
PERS	\$ 51,516,454	\$ 40,783,711	\$ 31,739,854

*Plan Fiduciary Net Position* – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2020 and 2019 were \$29,045,369,302 and \$29,847,977,666, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2020 and 2019 was \$22,997,176,445 and \$23,347,631,751, respectively.

*Additional information*

Collective Local Group balances at June 30, 2020 are as follows:

Collective deferred outflows of resources	\$ 2,347,583,337
Collective deferred inflows of resources	7,849,949,407
Collective net pension liability	16,435,616,426
Authority's Proportion	0.2225123609%

Collective Local Group pension expense for the Local Group for the measurement period ended June 30, 2020 and 2019 was \$407,705,399 and \$974,471,686, respectively. The average of the expected remaining service lives of all plan members is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for the 2020, 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

**State Contribution Payable Dates**

Prior to July 1, 2019 valuation, it is assumed the State will make pension contributions the June 30<sup>th</sup> following the valuation date. Effective with the July 1, 2019 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**9. Pension Plans – (Continued)**

**Receivable Contributions**

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2020 and June 30, 2019 are \$1,144,889,253 and \$1,038,892,124, respectively.

**10. Post-Employment Benefits Other than Pensions**

The Authority provides health benefits through the Middlesex County Joint Health Insurance Fund to certain retirees and their dependents, as follows:

Retired employees pay the full cost of coverage under the Plan, in most cases. However, the former employer may assume that cost if the retired employee meets certain requirements. If the retired employee is paying the full cost of coverage, the monthly premiums will be billed to such retired employee on a monthly basis or as otherwise established by the Middlesex County Joint Health Insurance Fund. The Plan Sponsor has agreed to pay retiree coverage if:

1. the retiree receives retirement benefits from a State of New Jersey administered retirement system; and,
2. he or she has 25 or more years of service credited in that retirement system or was a participant in a State of New Jersey Early Retirement Incentive Program; or
3. he or she retired on an approved disability retirement (regardless of years of service) in that retirement system;
4. the employer has agreed to pay for coverage of a surviving spouse of a retiree who qualified under the provision listed above until the retiree's death.

At December 31, 2020, approximately 150 retirees, representing the Authority and Roosevelt Care Center, were receiving non-contributory health coverage benefits at an estimated annual cost to the County of approximately \$4,549,000.

At December 31, 2019, approximately 173 retirees, representing the Authority and Roosevelt Care Center, were receiving non-contributory health coverage benefits at an estimated annual cost to the County of approximately \$3,899,302.



**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**10. Post-Employment Benefits Other than Pensions – (Continued)**

The Authority participates in the Middlesex County Joint Health Insurance Fund (MCJHIF), an agent multiple-employer current and postemployment healthcare plan administered by MCJHIF. The MCJHIF consists of seven (7) County agencies within Middlesex County and covers both current and retired employees of the County and its participating agencies. The MCJHIF receives an annual report that includes its financial statements and required supplementary information for its benefits plan. Benefit provisions for the Authority are established and amended through negotiations between the Authority and the respective unions along with prior contracts negotiated between the respective unions and the Authority.

The contribution requirements of plan members and the participating agencies are established and may be amended by the MCJHIF Commissioners. The Authority's annual postemployment benefit (OPEB) cost (expense) is calculated based on amounts actuarially determined in accordance with the requirements of GASB Statement 75.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health-care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Benefits projections for financial reporting purposes are based on the substantive plan and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Employees covered by benefit terms:

At January 1, 2020 and January 1, 2019, the following employees were covered by the benefit terms:

	<u><b>2020</b></u>	<u><b>2019</b></u>
Active participants	301	332
Inactive participants	<u>297</u>	<u>251</u>
	<u><u>598</u></u>	<u><u>583</u></u>

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**10. Post-Employment Benefits Other than Pensions – (Continued)**

Summary of Postretirement Welfare (Health) Benefits:

A. Eligibility

Premium Free -

Post-retirement medical benefits are provided to employees who:

Retire with 25 years of service in the New Jersey State Retirement System;

Retire under a disability retirement;

Were members in the retirement system as of August 29, 1985 and were forced to retire by

mandatory retirement at age 55 with less than 25 years of service.

Direct Bill –

Employees who do not meet the above requirements and retire after age 60 may purchase coverage for themselves and their dependents through direct billing.

Dependents –

Dependents of Premium Free and Direct Bill retirees are covered until the death of the retiree.

Dependent spouses may continue coverage through direct billing upon the death of the retiree.

B. Medical Benefits

Medical benefits are provide through plans offered by the Middlesex County Joint Health Insurance Fund. Summaries of these plans are included in Appendix 4. Retirees can change plans at Open Enrollment. Members who become Medicare eligible must enroll in Medicare Part A and Part B in order to maintain eligibility for coverage. The Authority reimburses Part B premiums for retirees with 25 years of service.

C. Death

No death benefits are provided for retirees.

D. Dental

Dental benefits are available until age 65 or for 18 months, whichever comes first, for retirees to purchase. Retirees pay 100% of the premium.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**10. Post-Employment Benefits Other than Pensions – (Continued)**

**E. Contributions**

Current retirees and dependents are not required to contribute toward the cost of the postretirement medical and prescription drug coverage. All costs are paid 100% by the Authority. Any employee who retires after satisfying the eligibility requirements who had less than 15 years of service in PERS as of June 28, 2011, shall be required to contribute toward the cost of postretirement healthcare benefits. The retiree contributions are based on a percentage of the postretirement healthcare cost. The contribution percentages vary based on healthcare coverage tier and amount of PERS or PFRS pension amounts.

**F. Medicare**

The Authority reimburses retirees with 25 years of service for Medicare Part B premium charges. The Authority receives a subsidy from Medicare for providing prescription drug coverage to retirees.

Changes in the Total OPEB Liability	<u>2020</u>	<u>2019</u>
Total OPEB liability at beginning of year	\$ 220,611,288	\$184,394,138
Changes for the year:		
Service cost	5,684,458	4,027,273
Interest cost	6,160,584	7,645,343
Benefits payments	(4,549,000)	(3,899,302)
Actuarial assumption changes	4,444,796	38,905,643
Actuarial demographic (gain) of loss	(35,985,675)	(10,461,807)
Plan changes	121,110	-
Net Changes	<u>(24,123,727)</u>	<u>36,217,150</u>
Total OPEB liability at end of year	<u>\$ 196,487,561</u>	<u>\$ 220,611,288</u>
Changes in plan fiduciary net position during year	<u>2020</u>	<u>2019</u>
Fair value of plan assets at beginning of year	\$ -	\$ -
Changes for the year:		
Employer contributions	4,549,000	3,899,302
Benefit payments	<u>(4,549,000)</u>	<u>(3,899,302)</u>
Net Changes	<u>-</u>	<u>-</u>
Fair value of plan assets at end of year	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability at end of year	<u>\$ 196,487,561</u>	<u>\$ 220,611,288</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%
Covered-employee payroll	\$13,827,324	\$19,732,360
Total OPEB liability as a percentage of covered-employee payroll	1421.01%	1118.02%

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**10. Post-Employment Benefits Other than Pensions – (Continued)**

Total employer contributions for the retiree plan were for benefit payments and there were no fiduciary plan assets at the beginning or end of the year.

Benefit assumptions are based upon blended plan rates to produce annual composite rates. The annual per capita cost for Medicare Part B premium for 2019 and 2018 is \$1,782 and \$1,735, respectively. Salary increases are scheduled at 3% per year. Retiree contributions assumes the cost for current Premium Free retirees and their dependents is 100% paid by the Authority prior to the application of Chapter 78. Direct Bill retirees and their dependents pay 100% of the costs to continue medical coverage.

In accordance with local Finance Notice 2007-15 issued by the New Jersey Department of Community Affairs, the County demographic and health care assumptions utilized are consistent with the assumptions used by the New Jersey Division of Pensions and Benefits and the State Health Benefits Plan as reported in their June 30, 2020 Actuarial Valuation to value the GASB obligations.

Changes since prior valuation – The mortality assumption was revised from Scale MP-2019 to MP-2020 and the discount rate was decreased from 2.75% to 2.12% to reflect current market rates.

The actuary for the plan used the “20-Bond GO Index” to establish a discount rate of 3.50% at December 31, 2017, 4.10% at December 31, 2018, 2.75% at December 31, 2019 and 2.12% at December 31, 2020. Inflation is assumed at 2.50% per year.

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current discount rate:

	December 31, 2020		
	1% Decrease (1.12%)	At Discount Rate (2.12%)	1% Increase (3.12%)
Total Net OPEB Liability	\$ 231,754,238	\$ 196,487,561	\$ 168,273,729

  

	December 31, 2019		
	1% Decrease (1.75%)	At Discount Rate (2.75%)	1% Increase (3.75%)
Total Net OPEB Liability	\$ 264,326,477	\$ 220,611,288	\$ 186,106,311

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:

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

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**10. Post-Employment Benefits Other than Pensions – (Continued)**

	December 31, 2020		
	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
Total Net OPEB Liability	\$ 165,497,402	\$ 196,487,561	\$ 236,307,946

  

	December 31, 2019		
	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
Total Net OPEB Liability	\$ 181,548,150	\$ 220,611,288	\$ 271,774,074

At December 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31, 2020	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Demographic experience different than expected	\$ 1,997,791	\$ 38,615,713
Changes of assumptions	31,366,711	11,105,285
	\$ 33,364,502	\$ 49,720,998

  

	December 31, 2019	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes of assumptions	\$ 35,100,593	\$ 14,807,044
Difference between expected and actual experience	(183,016)	8,718,172
	\$ 34,917,577	\$ 23,525,216

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**10. Post-Employment Benefits Other than Pensions – (Continued)**

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

Year ended December 31:

<u>Year ending</u>	<u>Amount</u>
2021	\$ (3,792,024)
2022	(3,792,024)
2023	(4,685,098)
2024	(937,583)
2025	(3,059,575)
Thereafter	<u>(90,192)</u>
Total	<u>\$ (16,356,496)</u>

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

*Actuarial Assumptions and Other Inputs:*

A full actuarial valuation was performed based on census data as of December 31, 2020, premium information as of January 1, 2021, measured as of December 31, 2020 for a reporting date of December 31, 2020. The total OPEB liability as of December 31, 2019 was determined by an actuarial valuation as of January 1, 2019, which was rolled forward to December 31, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in.

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement as of December 31, 2020 and 2019:

Inflation rate	2.50%
Salary Increase	3.00% per year

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**10. Post-Employment Benefits Other than Pensions – (Continued)**

December 31, 2020:

Mortality:

Pre-Retirement: U.S. Public Pension Plan Mortality (2010) Headcount-Weighted Healthy Employee Male/Female Mortality Projected with Scale MP-2020

Post-Retirement: U.S. Public Pension Plan Mortality (2010) Headcount-Weighted Healthy Employee Male/Female Mortality Projected with Scale MP-2020

Disabled: U.S. Public Pension Plan Mortality (2010) Headcount-Weighted Healthy Employee Male/Female Mortality Projected with Scale MP-2020

December 31, 2019:

Mortality:

Pre-Retirement: U.S. Public Pension Plan Mortality (2010) Headcount-Weighted Healthy Employee Male/Female Mortality Projected with Scale MP-2019

Post-Retirement: U.S. Public Pension Plan Mortality (2010) Headcount-Weighted Healthy Employee Male/Female Mortality Projected with Scale MP-2019

Disabled: U.S. Public Pension Plan Mortality (2010) Headcount-Weighted Healthy Employee Male/Female Mortality Projected with Scale MP-2019

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

Healthcare Trend Assumptions:

For pre-Medicare medical benefits, the trend is initially 5.5% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long-term trend rate after seven years.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**10. Post-Employment Benefits Other than Pensions – (Continued)**

Discount Rate:

The discount rate for December 31, 2020 and 2019 was 2.12% and 2.75%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**11. Compensated Absences**

The Authority has adopted policies which set forth the terms under which an employee may accumulate earned, but unused vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vest with the employee. GASB Statement 16 provides the authoritative source of GAAP recognition and reporting of the accrued liability for compensated absences and provides alternatives for the purpose of calculating the accrued liability. The Authority maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay.

At December 31, 2020 and 2019, the Authority has accrued \$394,708 and \$456,462, respectively, for accumulated sick and vacation pay earned and unused and management indicates the accrued liability approximates the value of the liability calculated in accordance with the provisions of GASB 16.

**12. Deferred Compensation Plans**

The Middlesex County Improvement Authority Deferred Compensation Plans were established pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C.39; and P.L. 1980, C. 78 of the Statutes of New Jersey. The Plans are an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The MCIA has engaged private contractors to administer the plans.

**13. Risk Management**

The Authority participates in a self-insurance risk management program maintained by the County of Middlesex for claims relating to general liability, public official liability and auto liability (Self-Insurance Liability Fund). The county insurance commissioners establish the amount of cash reserves deemed necessary to meet the payment of claims.



**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**13. Risk Management (continued)**

The county self-insurance commissioners authorized the following autonomous entities to participate in the Self-Insurance Fund: the Mosquito Commission, the County College, the County Improvement Authority, and the Board of Social Services.

The Commissioners assessed the following participants for 2020 and 2019, as follows:

<u>AGENCY</u>	<u>2020 TOTAL</u>	<u>2019 TOTAL</u>
County College	\$588,355	\$372,899
Board of Social Services	72,981	61,723
County Improvement Authority	<u>324,988</u>	<u>128,055</u>
	<u>\$986,324</u>	<u>\$562,677</u>

The respective agency assessments have been computed by an actuarial analysis. The Fund has purchased commercial public entity excess liability insurance for general liability and automobile liability coverage. The coverage in effect at December 31, 2020 and 2019, was as follows:

Limits of Insurance:	<u>2020</u>	<u>2019</u>
Each Accident or Occurrence Limit	\$ 10,000,000	\$10,000,000
Policy Aggregate Limit	20,000,000	20,000,000
Self-Insured Limit Retention	1,000,000	1,000,000

The activity as reported within the Self-Insurance Fund reserves (unaudited) for the year ended December 31, 2020 was as follows:

	Balance December 31, 2019	Increases to Reserves	Decreases to Reserves	Balance December 31, 2020
Self-Insurance Fund	\$1,739,812	\$5,587,016	\$5,999,003	\$1,327,825

Increases to reserves represents amounts received from participant assessments, charges to the County Operating Budget, interest on investments and deposits, subrogations and third party reimbursements and refunds. Decreases to reserves represent the payment on adjudicated or settled claims, asserted costs and administrative fees and charges.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**13. Risk Management (continued)**

The Authority participates in the Middlesex County Joint Health Insurance Fund (MCJHIF). The MCJHIF consists of seven (7) County agencies within Middlesex County, representing a total of 4,553 and 3,472 retirees, cobra participants and active employees as of December 31, 2020 and 2019 respectively. The MCJHIF's purpose is to provide health care benefits to all eligible participants for medically necessary services covered under the health plan choices offered. The Fund is regulated by the State of New Jersey Department of Insurance as provided by statute and regulations and is subject to reporting requirements mandated by the State.

The assessments of the participating members are determined and certified by the actuary and approved by a majority vote of the Fund Commissioners.

The Commissioners of the MCJHIF have the authority, by majority vote, to levy on the participating local units an additional assessment to assure the payment of the Funds' obligations.

Changes in the MCJHIF's fund balance for each fund year at December 31, 2020 and 2019 are as follows:

<u>Fund</u> <u>Fiscal</u> <u>Year</u>	<u>At December 31,</u>	
	2020 Fund/Surplus (Deficit) <u>Balance</u>	2019 Fund/Surplus (Deficit) Balance
2020	\$14,959,241	
2019	20,963,277	\$12,517,750
2018		17,589,540

The Fund utilizes reinsurance agreements to reduce its exposure to large losses on certain types of insured events. Reinsurance may allow recovery of a portion of losses from reinsurers.

Accordingly, the financial statements of the Authority do not report or reflect its participatory share of fund claims expenditures of fund balance (deficit) at December 31, 2020 and 2019.

In addition, there were no significant reductions in insurance coverage from the prior year and the amount of settlements did not exceed insurance coverage in each of the past three years.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**13. Risk Management (continued)**

The Authority has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Authority is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to former employees and charged to its account with the State. The Authority is billed quarterly for amounts due to the State.

Effective August 4, 2001, the Authority instituted a risk management program, which combines risk retention, and reinsurance coverage for claims relating to statutory worker's compensation. The Authority has engaged an outside claims service company to serve as administrator of the program. The administrator for estimated benefits and expenses for reported claims establish loss reserves. Established reserves are subject to change as facts and circumstances relating to claims dictate, and no provision is made for estimated losses relating to costs incurred but not reported (IBNR). At December 31, 2020, the administrator has established an estimated reserve requirement for reported claims in the amount of \$505,511. The Authority has provided reserves at December 31, 2020 for a portion of the estimated claims along with providing additional funding in the Authority's 2020 budget.

**14. Loan Agreements**

In connection with the Heldrich Center Hotel Project, a loan agreement was executed between the County of Middlesex and the Heldrich Center Hotel Project for an original amount of \$3,000,000 with payments beginning in 2008 and final payment in 2037. With respect to the Heldrich Center Project, debt service requirements for Series A bonds have been satisfied as scheduled, however, based upon the lack of timely deposits to certain debt service reserves required of the trustee agreement, the trustee has issued the Heldrich Center Project notice of event of default.

The Heldrich Center Project is in the process of reviewing its requirements for compliance with the trustee agreement based upon the notification. No amount of Middlesex County's fund balance is impaired based upon the notification. As to the security for the Series A, B and C Bonds and the CRDA Loan issued for the Hotel Project, all Bond financing documentation expressly state that the Bonds and Loan are limited, non-recourse obligations payable solely from Project revenues, and that other than such pledge of Project revenues and assets, the Bonds and Loan are not a debt, liability or obligation of the MCIA nor of the County of Middlesex, nor is the County of Middlesex a guarantor of the Bonds and Loan.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**15. Unrestricted Net Position - Budgetary**

The unrestricted net position as reported in the financial statements is comprised of the following components and is reconciled to the unrestricted net position utilized for budgetary purposes, as follows:

	<u>2020</u>	<u>2019</u>
Total Unrestricted Net Position	(\$251,230,212)	(\$253,951,623)
As Adjusted by:		
Net Pension Liability, Deferred Inflows/Outflows	52,906,065	57,490,499
OPEB Liability, Deferred Inflows/Outflows	<u>212,844,057</u>	<u>209,218,927</u>
Total Unrestricted Net Position - Budgetary	<u>\$ 14,519,910</u>	<u>\$ 12,757,903</u>

**16. Commitments and Contingencies**

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 revenues. The Authority expects such amounts, if any, will not have a material effect on the financial statements.

As of December 31, 2020, the Authority has signed agreements with contractors to perform certain services related to the following projects:

	<u>Amount</u>
Yard Waste Program	\$1,242,500/Year
Recycling Curbside Program	Based on unit prices

The Authority leases office premises under a lease agreement that commenced August 25, 1994. The lease agreement was amended August 24, 1998, which amendment included the rental of additional office space and the extension of the lease period to July 31, 2023. Monthly base rents were \$10,622 for the period January 1, 2020 through July 31, 2020, \$10,858 for the period of August 1, 2020 through December 31, 2020, for a total rent expense of \$128,643 for 2020. Monthly base rents were \$10,386 for the period January 1, 2019 through July 31, 2019, \$10,622 for the period of August 1, 2019 through December 31, 2019, for a total rent expense of \$125,810 for 2019.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**16. Commitments and Contingencies – (Continued)**

Upcoming lease payments for the remainder of the lease term are as follows:

Year Ended <u>December 31,</u>	
2021	\$ 131,475
2022	134,308
2023	79,310
	<u>\$ 345,093</u>

In addition, Medicaid and Medicare amounts recorded as revenue by Roosevelt Care Center Facilities are also subject to audit and possible future adjustments. As of December 31, 2020, the Authority does not believe that any material liabilities will result from such audits.

The Authority's operations and financial performance may be affected by the recent COVID-19 outbreak, which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the Authority may experience a disruption in operations as well as a decline in revenue activities. Economic uncertainty is related to the difficulties in collection of revenues, investment losses, as well as increasing cost of supplies and materials. The outbreak may adversely affect the Authority's activities, financial condition, results of operations, and cash flows. Management is closely monitoring the impact of COVID-19 and believes that the Authority is taking appropriate actions to mitigate the negative impact. However, management is unable to estimate the financial impact, if any, related to this matter.

**17. Transfer of Golf Course Operations to County- Special Item**

Effective January 1, 2020, the Authority executed an agreement to transition the operations and management of the golf courses to the County of Middlesex. As part of this agreement, the golf course revenues and expenditures will be retained by the County and no longer included in the Authority's financial statements. Additionally, the golf courses' current assets, current liabilities and capital assets were transferred to the County of Middlesex. The transfer of the current assets and liabilities resulted in a net loss to the Authority of \$482,435. The transfer of the golf course capital assets resulted in a loss on disposal of capital assets of \$7,936,741. In total, the Authority recognized a net loss of \$8,419,176 on the disposal of its golf course operations as a special item. The debt associated with the golf courses will remain the responsibility of the Authority.

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY**  
**Notes to the Basic Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**18. Subsequent Events**

On September 29, 2021, the \$50,365,000 Middlesex County Improvement Authority (County of Middlesex, State of New Jersey) County Guaranteed Parking Revenue Bonds, Series 2021 were issued for the City of New Brunswick Parking Deck Project. These bonds are being issued by the Authority to provide funds that will be used to pay the costs of the development, construction and equipping (including the costs of the acquisition of real property) of an estimated 975 space parking facility located in the City of New Brunswick, New Jersey. This will provide parking for patients, staff, employees and visitors to the 12 story expansion of the Rutgers Cancer Institute of New Jersey.

On or about October 27, 2021 the \$12,875,000 Middlesex County Improvement Authority (County of Middlesex, State of New Jersey) County Guaranteed Capital Equipment and Improvement Revenue Bonds, Series 2021 were issued. The bonds are being issued to facilitate financing for Middlesex County local townships and boroughs to assist with their capital needs such as police cruisers and emergency services vehicles.

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
MIDDLESEX COUNTY, NEW JERSEY

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years\*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Authority's Proportion of the Net Pension Liability	0.3101930000%	0.2929921836%	0.2746051564%	0.2552401065%	0.2362794350%	0.2263437541%	0.2225123609%
Authority's Proportionate Share of the Net Pension Liability	\$ 58,076,560	\$ 65,770,874	\$ 81,330,171	\$ 59,415,817	\$ 46,522,243	\$ 40,783,711	\$ 36,285,947
Authority's Covered-Employee Payroll	\$ 18,285,992	\$ 18,659,176	\$ 17,266,026	\$ 16,442,695	\$ 15,870,604	\$ 15,614,831	\$ 13,612,570
Authority's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	317.60%	352.49%	471.04%	361.35%	293.13%	261.19%	266.56%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability**	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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

\* 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.

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.



MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
MIDDLESEX COUNTY, NEW JERSEY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF AUTHORITY'S CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years\*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually Required Contribution	\$ 2,163,845	\$ 2,557,184	\$ 2,518,947	\$ 2,453,206	\$ 2,391,421	\$ 2,358,601	\$ 2,209,640
Contribution in Relation to Contractually Required Contribution	<u>(2,163,845)</u>	<u>(2,557,184)</u>	<u>(2,518,947)</u>	<u>(2,453,206)</u>	<u>(2,391,421)</u>	<u>(2,358,601)</u>	<u>(2,209,640)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 18,285,992	\$ 18,659,176	\$ 17,266,026	\$ 16,442,695	\$ 15,870,604	\$ 15,614,831	\$ 13,612,570
Contributions as a percentage of Covered Employee Payroll	11.83%	13.70%	14.59%	14.92%	15.07%	15.10%	16.23%

\* 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.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
MIDDLESEX COUNTY, NEW JERSEY

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE AUTHORITY'S  
NET OPEB LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years\*

	2020	2019	2018
<b>Total OPEB Liability</b>			
Service cost	\$ 5,684,458	\$ 4,027,273	\$ 4,730,104
Interest cost	6,160,584	7,645,343	7,057,797
Benefit payments	(4,549,000)	(3,899,302)	(3,659,813)
Actuarial assumption changes	4,444,796	38,905,643	(22,210,568)
Actuarial demographic (gain) or loss	(35,985,675)	(10,461,807)	(274,524)
Plan changes	121,110	-	-
<b>Net change in total OPEB liability</b>	(24,123,727)	36,217,150	(14,357,004)
<b>Total OPEB liability - beginning</b>	220,611,288	184,394,138	198,751,142
<b>Total OPEB liability - ending (a)</b>	<u>\$ 196,487,561</u>	<u>\$ 220,611,288</u>	<u>\$ 184,394,138</u>
<b>Plan fiduciary net position</b>	\$ -	\$ -	\$ -
Contributions - employer	\$ 4,549,000	\$ 3,899,302	\$ 3,659,813
Benefit payments	(4,549,000)	(3,899,302)	(3,659,813)
<b>Net change in fiduciary net position</b>	-	-	-
<b>Plan fiduciary net position - beginning</b>	-	-	-
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Authority's net OPEB liability - ending (a) - (b)</b>	<u>\$ 196,487,561</u>	<u>\$ 220,611,288</u>	<u>\$ 184,394,138</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0%	0%	0%
<b>Covered-employee payroll</b>	13,827,324	19,732,360	16,147,781
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	1421.01%	1118.02%	1141.92%

\* Schedule will be completed through results of subsequent years' activity

Notes to Required Supplementary Information

Benefit Changes

The survivor benefit was amended to include coverage for surviving spouse and/or any dependant children of employees with 10 years or more of creditable service that pass away on or after January 1, 2018. The coverage is not to exceed a term of 36 months as of the date of death at the applicable Chapter 78 contribution rate. Upon expiration of the 36 months, the spouse and/or covered children will be eligible for further continuation of medical coverage for up to three years through COBRA.

Changes of Assumptions

The discount rate changed from 2.75% as of December 31, 2019 to 2.12% as of December 31, 2020.

Mortality projection scale has been updated from MP-2019 to MP-2020.

The prescription cost increase trend has been reduced from 7.75% grading down to 5.00% to 6.75% grading down to 4.50%.

The pre-65 medical cost increase trend has been reduced from 6.00% grading down to 4.90% to 5.50% grading down to 4.50%.

**OTHER SUPPLEMENTARY INFORMATION**

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
MIDDLESEX COUNTY, NEW JERSEY

SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET  
(BUDGETARY BASIS)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	For the Year Ended December 31, 2020				For the Year Ended December 31, 2019			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Operating Revenues:								
Financing/Administrative Fees:								
Capital Lease Programs	\$ 132,246	\$ 113,801	\$ 211,789	\$ 97,988	\$ 84,000	\$ 88,263	\$ 273,060	\$ 184,797
Roosevelt Care Centers (Resident Fees)	37,773,000	37,816,144	35,577,192	(2,238,952)	38,295,671	32,259,746	34,955,503	2,695,757
Golf Course Operations	-	-	214	214	2,201,364	2,447,525	2,460,619	13,094
Recycling Operations	10,022,754	10,247,754	10,995,239	747,485	7,927,000	8,425,000	8,306,131	(118,869)
Total Operating Revenues	47,928,000	48,177,699	46,784,434	(1,393,265)	48,508,035	43,220,534	45,995,313	2,774,779
Non-Operating Revenues:								
Interest Income	-	73,864	76,388	2,524	-	61,348	119,013	57,665
Local Subsidy & Donations	10,197,864	9,972,864	458,675	(9,514,189)	7,963,475	9,963,475	11,638,475	1,675,000
Other Non-Operating Revenues	1,429,634	1,331,071	2,023,428	692,357	292,329	1,323,643	1,502,685	179,042
Grants & Entitlements	-	-	17,076,888	17,076,888	-	-	-	-
Total Non-Operating Revenues	11,627,498	11,377,799	19,635,379	8,257,580	8,255,804	11,348,466	13,260,173	1,911,707
Total Revenues - Budgetary	\$ 59,555,498	\$ 59,555,498	\$ 66,419,813	\$ 6,864,315	\$ 56,763,839	\$ 54,569,000	\$ 59,255,486	\$ 4,686,486
Operating Expenses:								
Administration:								
Salary and Wages:								
General Operations	\$ 656,904	\$ 650,212	\$ 1,285,084	\$ (634,872)	\$ 692,460	\$ 627,396	\$ 654,661	\$ (27,265)
Golf Course Operations	-	-	-	-	642,770	150,468	85,054	65,414
Roosevelt Care Centers	785,546	1,486,319	1,179,723	306,596	736,754	1,243,439	1,244,017	(578)
Fringe Benefits:								
General Operations	594,658	600,686	695,255	(94,569)	618,006	700,529	672,664	27,865
Golf Course Operations	-	-	-	-	178,501	84,456	83,705	751
Roosevelt Care Centers	3,957,242	4,032,105	3,918,328	113,777	4,280,471	4,022,089	4,008,160	13,929
Other Expenses:								
General Operations	1,035,383	69,245	64,502	4,743	833,281	64,876	9,483	55,393
Golf Course Operations	-	-	10,000	(10,000)	378,819	87,081	86,795	286
Roosevelt Care Centers	1,383,422	1,670,192	2,006,813	(336,621)	1,466,025	1,763,701	1,779,167	(15,466)
Total Administration	8,413,155	8,508,759	9,159,705	(650,946)	9,827,087	8,744,035	8,623,706	120,329
Cost of Providing Services:								
Salary and Wages:								
General Operations	258,156	236,643	227,345	9,298	247,860	205,975	216,777	(10,802)
Golf Course Operations	-	-	-	-	931,290	139,786	142,087	(2,301)
Roosevelt Care Centers	18,853,115	19,073,970	17,226,798	1,847,172	17,682,098	17,701,957	17,691,087	10,870
Fringe Benefits:								
General Operations	93,614	93,614	76,150	17,464	83,985	88,295	83,904	4,391
Golf Course Operations	-	-	-	-	293,231	108,152	112,941	(4,789)
Roosevelt Care Centers	10,780,189	11,036,797	10,503,392	533,405	10,344,445	10,973,230	10,854,774	118,456
Other Expenses:								
General Operations	7,685,378	8,673,693	9,293,255	(619,562)	5,492,267	6,783,788	6,414,741	369,047
Golf Course Operations	-	-	-	-	896,512	775,342	3,066,684	(2,291,342)
Roosevelt Care Centers	11,552,130	10,012,261	17,454,877	(7,442,616)	11,235,316	7,096,693	10,021,106	(2,924,413)
Total Cost of Providing Services	49,222,582	49,126,978	54,781,817	(5,654,839)	47,207,004	43,873,218	48,604,101	(4,730,883)

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
MIDDLESEX COUNTY, NEW JERSEY

SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET  
(BUDGETARY BASIS)  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	For the Year Ended December 31, 2020				For the Year Ended December 31, 2019			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Principal Payments on Debt Service in Lieu of Depreciation -								
General Operations	\$ 49,122	\$ 49,122	\$ 49,122	\$ -	\$ 37,073	\$ 37,073	\$ 37,073	\$ -
Golf Course Operations	1,156,817	1,156,817	1,156,817	-	1,112,322	1,112,322	1,071,697	40,625
Roosevelt Care Centers	255,821	255,821	255,821	-	297,172	297,172	297,172	-
<b>Total Principal Payments on Debt Service</b>	<b>1,461,760</b>	<b>1,461,760</b>	<b>1,461,760</b>	<b>-</b>	<b>1,446,567</b>	<b>1,446,567</b>	<b>1,405,942</b>	<b>40,625</b>
<b>Total Operating Expenses</b>	<b>59,097,497</b>	<b>59,097,497</b>	<b>65,403,282</b>	<b>(6,305,785)</b>	<b>58,480,658</b>	<b>54,063,820</b>	<b>58,633,749</b>	<b>(4,569,929)</b>
Non-Operating Expenses:								
Interest Expense on Debt -								
General Operations	6,785	6,785	6,785	-	6,068	6,068	6,068	-
Golf Course Operations	415,681	415,681	466,547	(50,866)	453,393	453,393	554,031	(100,638)
Roosevelt Care Centers	35,535	35,535	35,535	-	45,720	45,719	45,719	-
<b>Total Non-Operating Expenses:</b>	<b>458,001</b>	<b>458,001</b>	<b>508,867</b>	<b>(50,866)</b>	<b>505,181</b>	<b>505,180</b>	<b>605,818</b>	<b>(100,638)</b>
<b>Total Expenses - Budgetary</b>	<b>59,555,498</b>	<b>59,555,498</b>	<b>65,912,149</b>	<b>(6,356,651)</b>	<b>58,985,839</b>	<b>54,569,000</b>	<b>59,239,567</b>	<b>(4,670,567)</b>
<b>Budgetary Revenues over Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 507,664</b>	<b>\$ 13,220,966</b>	<b>\$ (2,222,000)</b>	<b>\$ -</b>	<b>\$ 15,919</b>	<b>\$ 9,357,053</b>

Reconciliation of Budgetary Basis to Change in Net Position:

Budgetary Revenues over Expenses	\$ 507,664	\$ 15,919
Adjustments to Budgetary Basis:		
Lease Revenues	9,055,000	9,345,000
Interest Expense	(9,055,000)	(9,345,000)
Depreciation Expense	(2,036,438)	(1,739,944)
Depreciation Expense-Heldrich Hotel/Conference Ctr.	(2,335,992)	(2,334,742)
Bond Principal-Roosevelt Care Centers	-	37,073
Bond Principal-Golf Courses	1,156,817	1,071,697
Bond Principal-General Operations	-	297,172
Receivables/Reserves/Payable-Cancelled	-	1,117,176
Net Pension Liability Credit	4,235,759	622,788
OPEB Liability	(3,625,130)	(9,659,481)
Gain/(Loss) on Disposal of Capital Assets	-	52,871
Transfer of Capital Assets - County of Middlesex	-	-
Transfer of Golf Current Assets and Current Liabilities - County of Middlesex	-	-
<b>Total Adjustments</b>	<b>(2,604,984)</b>	<b>(10,535,390)</b>
<b>Change in Net Position</b>	<b>\$ (2,097,320)</b>	<b>\$ (10,519,471)</b>

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

Schedule V

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE  
AT DECEMBER 31, 2020

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2019</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2020</u>
Senior Citizen's Housing Project North Brunswick Taxable Guaranteed Revenue Bonds Series 1994	11/01/94	\$ 8,300,000	9.125%	12/01/21	\$ 440,000	\$ 4,490,000	\$ -	\$ 405,000	\$ 4,085,000
			9.125%	12/01/22	485,000				
			9.125%	12/01/23	525,000				
			9.125%	12/01/24	575,000				
			9.125%	12/01/25	625,000				
			9.125%	12/01/26	685,000				
			9.125%	12/01/27	750,000				
Perth Amboy Franchise Acq. Project Series 1999B	01/01/99	24,469,075	5.170%	09/01/21	2,304,172	12,997,481	-	2,360,048	10,637,433
			5.170%	09/01/22	2,105,509				
			5.180%	09/01/23	2,058,477				
			5.180%	09/01/24	1,880,244				
			5.180%	09/01/25	1,202,546				
			5.180%	09/01/26	1,086,485				
South Plainfield Senior Citizens' Housing Project- Borough of South Plainfield Guaranteed Bonds Series 2000	11/15/00	6,000,000	5.580%	09/01/21	90,000	1,810,000	-	85,000	1,725,000
			5.580%	09/01/22	95,000				
			5.580%	09/01/23	100,000				
			5.580%	09/01/24	105,000				
			5.580%	09/01/25	110,000				
			5.580%	09/01/26	115,000				
			5.580%	09/01/27	125,000				
			5.580%	09/01/28	130,000				
			5.580%	09/01/29	135,000				
			5.580%	09/01/30	720,000				
			Perth Amboy Lease & Franchise Extension Project Series 2004	10/01/04	15,933,834				
6.630%	10/01/22	742,595							
6.650%	10/01/23	766,840							
6.670%	10/01/24	909,846							
6.670%	10/01/25	1,328,911							
6.670%	10/01/26	1,498,526							
6.670%	10/01/27	1,052,528							
6.670%	10/01/28	944,979							
6.670%	10/01/29	996,420							
6.670%	10/01/30	1,248,048							
6.670%	10/01/31	1,147,908							
6.670%	10/01/32	1,051,546							
6.670%	10/01/33	968,629							
6.670%	10/01/34	959,237							

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

Schedule V

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE  
AT DECEMBER 31, 2020

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2019</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2020</u>
Heldrich Center Hotel/Conference Project, Series 2005A	01/01/05	\$ 30,000,000	5.000%	01/01/21	\$ 880,000	\$ 23,650,000	\$ -	\$ 840,000	\$ 22,810,000
			5.000%	01/01/22	925,000				
			5.000%	01/01/23	975,000				
			5.000%	01/01/24	1,020,000				
			5.000%	01/01/25	1,070,000				
			5.000%	01/01/26	1,125,000				
			5.000%	01/01/27	1,180,000				
			5.000%	01/01/28	1,240,000				
			5.000%	01/01/29	1,305,000				
			5.000%	01/01/30	1,370,000				
			5.000%	01/01/31	1,435,000				
			5.000%	01/01/32	1,510,000				
			5.125%	01/01/33	1,585,000				
			5.125%	01/01/34	1,665,000				
			5.125%	01/01/35	1,750,000				
			5.125%	01/01/36	1,840,000				
			5.125%	01/01/37	1,935,000				
Heldrich Center Hotel/Conference Project, Series 2005B	01/01/05	37,295,000	6.125%	01/01/11	45,000	37,295,000	-	-	37,295,000
			6.125%	01/01/12	100,000				
			6.125%	01/01/13	150,000				
			6.125%	01/01/14	210,000				
			6.125%	01/01/15	275,000				
			6.125%	01/01/16	340,000				
			6.125%	01/01/17	415,000				
			6.125%	01/01/18	495,000				
			6.125%	01/01/19	580,000				
			6.125%	01/01/20	670,000				
			6.125%	01/01/21	765,000				
			6.125%	01/01/22	870,000				
			6.125%	01/01/23	985,000				
			6.125%	01/01/24	1,105,000				
			6.125%	01/01/25	1,235,000				
			6.250%	01/01/26	1,370,000				
			6.250%	01/01/27	1,520,000				
			6.250%	01/01/28	1,680,000				
			6.250%	01/01/29	1,855,000				
			6.250%	01/01/30	2,035,000				
			6.250%	01/01/31	2,235,000				
			6.250%	01/01/32	2,445,000				
			6.250%	01/01/33	2,670,000				
			6.250%	01/01/34	2,910,000				
			6.250%	01/01/35	3,165,000				
			6.250%	01/01/36	3,440,000				
			6.250%	01/01/37	3,730,000				

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

Schedule V

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE  
AT DECEMBER 31, 2020

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2019</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2020</u>
Heldrich Center Hotel/Conference Project, Series 2005C	01/01/05	\$ 2,750,000	8.750%	01/01/17	\$ 5,000	\$ 2,750,000	\$ -	\$ -	\$ 2,750,000
			8.750%	01/01/18	10,000				
			8.750%	01/01/19	20,000				
			8.750%	01/01/20	25,000				
			8.750%	01/01/21	30,000				
			8.750%	01/01/22	40,000				
			8.750%	01/01/23	50,000				
			8.750%	01/01/24	60,000				
			8.750%	01/01/25	70,000				
			8.750%	01/01/26	80,000				
			8.750%	01/01/27	95,000				
			8.750%	01/01/28	110,000				
			8.750%	01/01/29	125,000				
			8.750%	01/01/30	140,000				
			8.750%	01/01/31	160,000				
			8.750%	01/01/32	180,000				
			8.750%	01/01/33	200,000				
			8.750%	01/01/34	225,000				
			8.750%	01/01/35	255,000				
			8.750%	01/01/36	280,000				
		8.750%	01/01/37	590,000					
Heldrich Center Hotel/Conference Project Senior Revenue Bonds 2007	05/11/07	3,000,000	4.890%	01/01/21	125,000	1,800,000	130,000	125,000	1,805,000
			4.890%	01/01/22	115,000				
			4.890%	01/01/23	115,000				
			4.890%	01/01/24	110,000				
			4.890%	01/01/25	110,000				
			4.890%	01/01/26	110,000				
			4.890%	01/01/27	105,000				
			4.890%	01/01/28	105,000				
			4.890%	01/01/29	105,000				
			4.890%	01/01/30	105,000				
			4.890%	01/01/31	105,000				
			4.890%	01/01/32	100,000				
			4.890%	01/01/33	100,000				
			4.890%	01/01/34	100,000				
			4.890%	01/01/35	100,000				
			4.890%	01/01/36	100,000				
			4.890%	01/01/37	95,000				
Capital Equipment and Improvement Revenue Bonds Series 2008	12/12/08	13,100,000	4.625%	09/15/21	55,000	230,000	-	55,000	175,000
			4.750%	09/15/22	60,000				
			4.800%	09/15/23	60,000				



MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

Schedule V

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE  
AT DECEMBER 31, 2020

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2019</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2020</u>
Capital Equipment and Improvement Revenue Bonds Series 2009	09/30/09	\$ 13,115,000	3.000%	09/15/21	\$ 175,000	\$ 895,000	\$ -	\$ 170,000	\$ 725,000
			3.125%	09/15/22	175,000				
			3.125%	09/15/23	185,000				
			3.250%	09/15/24	190,000				
Meadows at Middlesex Golf Course Project Refunding Bonds Series 2009	12/18/09	4,755,000	4.000%	10/01/21	395,000	2,050,000	-	380,000	1,670,000
			4.000%	10/01/22	410,000				
			4.000%	10/01/23	425,000				
			4.000%	10/01/24	440,000				
County - Guaranteed Open Space Trust Refunding Bonds Series 2009	12/23/09	40,000,000	4.000%	12/15/21	2,080,000	4,075,000	-	1,995,000	2,080,000
Open Space Trust Fund Revenue Refunding Bonds Series 2011	09/21/11	46,830,000	5.000%	09/15/21	5,260,000	21,425,000	-	5,010,000	16,415,000
			5.000%	09/15/22	5,440,000				
			3.000%	09/15/23	5,715,000				
Capital Equipment and Improvement Revenue Bonds Series 2012	09/28/12	11,815,000	3.000%	09/15/21	270,000	845,000	-	330,000	515,000
			3.000%	09/15/22	245,000				
Middlesex County Golf Courses Refunding Bonds Series 2013	06/01/13	11,875,000	3.115%	06/01/21	740,000	8,485,000	-	720,000	7,765,000
			3.425%	06/01/22	755,000				
			4.114%	06/01/23	790,000				
			4.299%	06/01/24	820,000				
			3.866%	06/01/25	860,000				
			4.031%	06/01/26	890,000				
			4.281%	06/01/27	925,000				
			4.716%	06/01/28	965,000				
			4.444%	06/01/29	1,020,000				
Capital Equipment and Improvement Revenue Bonds Series 2013	10/15/13	13,840,000	4.000%	10/15/21	205,000	840,000	-	200,000	640,000
			4.000%	10/15/22	215,000				
			4.000%	10/15/23	220,000				

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE  
AT DECEMBER 31, 2020

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2019</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2020</u>
Middlesex Regional Educational Services Commission Refunding Bonds Series 2014	05/07/14	\$ 9,385,000	4.000%	10/15/21	\$ 880,000	\$ 5,650,000	\$ -	\$ 850,000	\$ 4,800,000
			5.000%	10/15/22	910,000				
			4.000%	10/15/23	965,000				
			5.000%	10/15/24	1,000,000				
			5.000%	10/15/25	1,045,000				
Middlesex Regional Educational Services Commission Refunding Bonds Series 2014A	12/30/14	30,170,000	5.000%	12/15/21	1,555,000	28,350,000	-	1,480,000	26,870,000
			5.000%	12/15/22	1,635,000				
			5.000%	12/15/23	1,715,000				
			5.000%	12/15/24	1,800,000				
			5.000%	12/15/25	1,895,000				
			2.500%	12/15/26	1,960,000				
			5.000%	12/15/27	2,035,000				
			5.000%	12/15/28	2,135,000				
			5.000%	12/15/29	2,240,000				
			5.000%	12/15/30	2,350,000				
			3.000%	12/15/31	2,445,000				
			3.000%	12/15/32	2,515,000				
			3.125%	12/15/33	2,590,000				
Capital Equipment and Improvement Revenue Bonds Series 2015	09/30/15	8,080,000	2.000%	09/15/21	65,000	1,975,000	-	1,650,000	325,000
			2.000%	09/15/22	65,000				
			2.250%	09/15/23	65,000				
			2.500%	09/15/24	65,000				
			2.500%	09/15/25	65,000				
Capital Equipment and Improvement Revenue Bonds Series 2016	09/15/16	7,075,000	4.000%	09/15/21	1,510,000	2,970,000	-	1,460,000	1,510,000
Open Space Trust Fund Revenue Refunding Bonds Series 2016	12/15/16	19,160,000	4.000%	12/15/22	2,065,000	19,160,000	-	-	19,160,000
			4.000%	12/15/23	2,150,000				
			5.000%	12/15/24	2,230,000				
			5.000%	12/15/25	2,340,000				
			4.000%	12/15/26	2,455,000				
			4.000%	12/15/27	2,555,000				
			2.125%	12/15/28	2,655,000				
			2.125%	12/15/29	2,710,000				

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

Schedule V

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE  
AT DECEMBER 31, 2020

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2019</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2020</u>
Capital Equipment and Improvement Revenue Bonds Series 2017	09/01/17	\$ 10,915,000	3.000%	09/01/21	\$ 2,010,000	\$ 7,180,000	\$ -	\$ 1,955,000	\$ 5,225,000
			3.000%	09/01/22	2,070,000				
			4.000%	09/01/23	210,000				
			4.000%	09/01/24	220,000				
			4.000%	09/01/25	230,000				
			4.000%	09/01/26	240,000				
			4.000%	09/01/27	245,000				
Educational Services Commission of New Jersey Refunding Bonds Series 2017	05/15/17	13,170,000	5.000%	05/15/21	755,000	13,020,000	-	715,000	12,305,000
			5.000%	05/15/22	795,000				
			5.000%	05/15/23	825,000				
			5.000%	05/15/24	875,000				
			5.000%	05/15/25	915,000				
			5.000%	05/15/26	515,000				
			5.000%	05/15/27	545,000				
			5.000%	05/15/28	570,000				
			5.000%	05/15/29	600,000				
			5.000%	05/15/30	630,000				
			5.000%	05/15/31	660,000				
			5.000%	05/15/32	695,000				
			5.000%	05/15/33	725,000				
			3.000%	05/15/34	765,000				
			3.000%	05/15/35	785,000				
		4.000%	05/15/35	810,000					
		4.000%	05/15/37	840,000					
New Brunswick Cultural Center Project Series 2017	07/01/17	28,430,000	5.000%	07/01/21	2,360,000	28,430,000	-	2,245,000	26,185,000
			5.000%	07/01/22	2,480,000				
			5.000%	07/01/23	2,610,000				
			5.000%	07/01/24	2,740,000				
			5.000%	07/01/25	2,885,000				
			5.000%	07/01/26	3,030,000				
			5.000%	07/01/27	3,185,000				
			5.000%	07/01/28	3,350,000				
			5.000%	07/01/29	3,545,000				
Capital Equipment and Improvement Revenue Bonds Series 2018	09/15/18	8,650,000	4.000%	09/15/21	1,630,000	7,140,000	-	1,565,000	5,575,000
			4.000%	09/15/22	1,690,000				
			4.000%	09/15/23	1,760,000				
			4.000%	09/15/24	245,000				
			4.000%	09/15/25	250,000				

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE  
AT DECEMBER 31, 2020

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2019</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2020</u>
Capital Equipment and Improvement Revenue Bonds Series 2019	09/15/18	\$ 9,530,000	4.000%	07/15/21	\$ 1,685,000	\$ 9,530,000	\$ -	\$ 1,670,000	\$ 7,860,000
			4.000%	07/15/22	1,755,000				
			4.000%	07/15/23	1,820,000				
			4.000%	07/15/24	1,895,000				
			4.000%	07/15/25	130,000				
			4.000%	07/15/26	135,000				
			4.000%	07/15/27	140,000				
			4.000%	07/15/28	150,000				
			4.000%	07/15/29	150,000				
Capital Equipment and Improvement Revenue Bonds Series 2020	09/30/20	15,005,000	2.000%	09/15/21	2,780,000	-	15,005,000	-	15,005,000
			2.000%	09/15/22	2,795,000				
			2.000%	09/15/23	2,845,000				
			2.000%	09/15/24	2,935,000				
			2.000%	09/15/25	3,080,000				
				09/15/26	130,000				
				09/15/27	145,000				
				09/15/28	145,000				
				09/15/29	150,000				
<b>TOTAL</b>						<u>\$ 261,842,069</u>	<u>\$ 15,135,000</u>	<u>\$ 26,838,917</u>	<u>\$ 250,138,152</u>
ANALYSIS OF BALANCE:									
Current Bonds and Notes Payable								\$ 32,993,878	
Long-Term Bonds Payable								217,144,274	
Subtotal								<u>\$ 250,138,152</u>	
Unamortized Refunding Gains/Losses and Bond Discounts/Premiums - Net								15,351,204	
<b>TOTAL</b>								<u>\$ 265,489,356</u>	

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

Schedule VI

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE  
AT DECEMBER 31, 2019

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2018</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2019</u>
Senior Citizen's Housing Project North Brunswick Taxable Guaranteed Revenue Bonds Series 1994	11/01/94	\$ 8,300,000	9.125%	12/01/20	405,000	\$ 4,860,000	\$ -	\$ 370,000	\$ 4,490,000
			9.125%	12/01/21	440,000				
			9.125%	12/01/22	485,000				
			9.125%	12/01/23	525,000				
			9.125%	12/01/24	575,000				
			9.125%	12/01/25	625,000				
			9.125%	12/01/26	685,000				
			9.125%	12/01/27	750,000				
Perth Amboy Franchise Acq. Project Series 1999B	01/01/99	24,469,075	5.160%	09/01/20	2,360,048	15,666,656	-	2,669,175	12,997,481
			5.170%	09/01/21	2,304,172				
			5.170%	09/01/22	2,105,509				
			5.180%	09/01/23	2,058,477				
			5.180%	09/01/24	1,880,244				
			5.180%	09/01/25	1,202,546				
			5.180%	09/01/26	1,086,485				
South Plainfield Senior Citizens' Housing Project- Borough of South Plainfield Guaranteed Bonds Series 2000	11/15/00	6,000,000	5.530%	09/01/20	85,000	1,890,000	-	80,000	1,810,000
			5.580%	09/01/21	90,000				
			5.580%	09/01/22	95,000				
			5.580%	09/01/23	100,000				
			5.580%	09/01/24	105,000				
			5.580%	09/01/25	110,000				
			5.580%	09/01/26	115,000				
			5.580%	09/01/27	125,000				
			5.580%	09/01/28	130,000				
			5.580%	09/01/29	135,000				
			5.580%	09/01/30	720,000				
Perth Amboy Lease & Franchise Extension Project Series 2004	10/01/04	15,933,834	6.540%	10/01/20	573,869	14,799,588	-	-	14,799,588
			6.580%	10/01/21	609,706				
			6.630%	10/01/22	742,595				
			6.650%	10/01/23	766,840				
			6.670%	10/01/24	909,846				
			6.670%	10/01/25	1,328,911				
			6.670%	10/01/26	1,498,526				
			6.670%	10/01/27	1,052,528				
			6.670%	10/01/28	944,979				
			6.670%	10/01/29	996,420				
			6.670%	10/01/30	1,248,048				
			6.670%	10/01/31	1,147,908				
			6.670%	10/01/32	1,051,546				
			6.670%	10/01/33	968,629				
			6.670%	10/01/34	959,237				

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

Schedule VI

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE  
AT DECEMBER 31, 2019

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2018</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2019</u>
Heldrich Center Hotel/Conference Project, Series 2005A	01/01/05	\$ 30,000,000	5.000%	01/01/20	840,000	\$ 24,450,000	\$ -	\$ 800,000	\$ 23,650,000
			5.000%	01/01/21	880,000				
			5.000%	01/01/22	925,000				
			5.000%	01/01/23	975,000				
			5.000%	01/01/24	1,020,000				
			5.000%	01/01/25	1,070,000				
			5.000%	01/01/26	1,125,000				
			5.000%	01/01/27	1,180,000				
			5.000%	01/01/28	1,240,000				
			5.000%	01/01/29	1,305,000				
			5.000%	01/01/30	1,370,000				
			5.000%	01/01/31	1,435,000				
			5.000%	01/01/32	1,510,000				
			5.125%	01/01/33	1,585,000				
			5.125%	01/01/34	1,665,000				
			5.125%	01/01/35	1,750,000				
			5.125%	01/01/36	1,840,000				
			5.125%	01/01/37	1,935,000				
Heldrich Center Hotel/Conference Project, Series 2005B	01/01/05	37,295,000	6.125%	01/01/11	45,000	37,295,000	-	-	37,295,000
			6.125%	01/01/12	100,000				
			6.125%	01/01/13	150,000				
			6.125%	01/01/14	210,000				
			6.125%	01/01/15	275,000				
			6.125%	01/01/16	340,000				
			6.125%	01/01/17	415,000				
			6.125%	01/01/18	495,000				
			6.125%	01/01/19	580,000				
			6.125%	01/01/20	670,000				
			6.125%	01/01/21	765,000				
			6.125%	01/01/22	870,000				
			6.125%	01/01/23	985,000				
			6.125%	01/01/24	1,105,000				
			6.125%	01/01/25	1,235,000				
			6.250%	01/01/26	1,370,000				
			6.250%	01/01/27	1,520,000				
			6.250%	01/01/28	1,680,000				
			6.250%	01/01/29	1,855,000				
			6.250%	01/01/30	2,035,000				
			6.250%	01/01/31	2,235,000				
			6.250%	01/01/32	2,445,000				
			6.250%	01/01/33	2,670,000				
			6.250%	01/01/34	2,910,000				
			6.250%	01/01/35	3,165,000				
			6.250%	01/01/36	3,440,000				
			6.250%	01/01/37	3,730,000				

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

Schedule VI

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE  
AT DECEMBER 31, 2019

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2018</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2019</u>
Heldrich Center Hotel/Conference Project, Series 2005C	01/01/05	\$ 2,750,000	8.750%	01/01/17	\$ 5,000	\$ 2,750,000	\$ -	\$ -	\$ 2,750,000
			8.750%	01/01/18	10,000				
			8.750%	01/01/19	20,000				
			8.750%	01/01/20	25,000				
			8.750%	01/01/21	30,000				
			8.750%	01/01/22	40,000				
			8.750%	01/01/23	50,000				
			8.750%	01/01/24	60,000				
			8.750%	01/01/25	70,000				
			8.750%	01/01/26	80,000				
			8.750%	01/01/27	95,000				
			8.750%	01/01/28	110,000				
			8.750%	01/01/29	125,000				
			8.750%	01/01/30	140,000				
			8.750%	01/01/31	160,000				
			8.750%	01/01/32	180,000				
			8.750%	01/01/33	200,000				
			8.750%	01/01/34	225,000				
			8.750%	01/01/35	255,000				
			8.750%	01/01/36	280,000				
			8.750%	01/01/37	590,000				
Heldrich Center Hotel/Conference Project Senior Revenue Bonds 2007	05/11/07	3,000,000	4.890%	01/01/20	100,000	1,900,000	-	100,000	1,800,000
			4.890%	01/01/21	100,000				
			4.890%	01/01/22	100,000				
			4.890%	01/01/23	100,000				
			4.890%	01/01/24	100,000				
			4.890%	01/01/25	100,000				
			4.890%	01/01/26	100,000				
			4.890%	01/01/27	100,000				
			4.890%	01/01/28	100,000				
			4.890%	01/01/29	100,000				
			4.890%	01/01/30	100,000				
			4.890%	01/01/31	100,000				
			4.890%	01/01/32	100,000				
			4.890%	01/01/33	100,000				
			4.890%	01/01/34	100,000				
			4.890%	01/01/35	100,000				
			4.890%	01/01/36	100,000				
			4.890%	01/01/37	100,000				
County - Guaranteed Open Space Trust Fund Revenue Refunding Bonds Series 2008	09/15/08	29,545,000				1,340,000	-	1,340,000	-
Capital Equipment and Improvement Revenue Bonds Series 2008	12/12/08	13,100,000	4.500%	09/15/20	55,000	280,000	-	50,000	230,000
			4.625%	09/15/21	55,000				
			4.750%	09/15/22	60,000				
			4.800%	09/15/23	60,000				

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

Schedule VI

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE  
AT DECEMBER 31, 2019

	ORIGINAL DATE	AMOUNT	INTEREST RATE	MATURITIES DATE	AMOUNT	BALANCE DEC. 31, 2018	ISSUED	PAID	BALANCE DEC. 31, 2019
Capital Equipment and Improvement Revenue Bonds Series 2009	09/30/09	\$ 13,115,000	3.000%	09/15/20	170,000	\$ 1,170,000	\$ -	\$ 275,000	\$ 895,000
			3.000%	09/15/21	175,000				
			3.125%	09/15/22	175,000				
			3.125%	09/15/23	185,000				
			3.250%	09/15/24	190,000				
Meadows at Middlesex Golf Course Project Refunding Bonds Series 2009	12/18/09	4,755,000	3.125%	10/01/20	380,000	2,420,000	-	370,000	2,050,000
			4.000%	10/01/21	395,000				
			4.000%	10/01/22	410,000				
			4.000%	10/01/23	425,000				
			4.000%	10/01/24	440,000				
County - Guaranteed Open Space Trust Refunding Bonds Series 2009	12/23/09	40,000,000	4.000%	12/15/20	1,995,000	5,995,000	-	1,920,000	4,075,000
			4.000%	12/15/21	2,080,000				
Middlesex Regional Educational Services Commission Refunding Bonds Series 2010	07/08/10	5,300,000				635,000	-	635,000	-
Open Space Trust Fund Revenue Refunding Bonds Series 2011	09/21/11	46,830,000	5.000%	09/15/20	5,010,000	26,190,000	-	4,765,000	21,425,000
			5.000%	09/15/21	5,260,000				
			5.000%	09/15/22	5,440,000				
			3.000%	09/15/23	5,715,000				
Capital Equipment and Improvement Revenue Bonds Series 2012	09/28/12	11,815,000	3.000%	09/15/20	330,000	1,165,000	-	320,000	845,000
			3.000%	09/15/21	270,000				
			3.000%	09/15/22	245,000				
Middlesex County Golf Courses Refunding Bonds Series 2013	06/01/13	11,875,000	2.776%	06/01/20	720,000	9,175,000	-	690,000	8,485,000
			3.115%	06/01/21	740,000				
			3.425%	06/01/22	755,000				
			4.114%	06/01/23	790,000				
			4.299%	06/01/24	820,000				
			3.866%	06/01/25	860,000				
			4.031%	06/01/26	890,000				
			4.281%	06/01/27	925,000				
			4.716%	06/01/28	965,000				
			4.444%	06/01/29	1,020,000				
Capital Equipment and Improvement Revenue Bonds Series 2013	10/15/13	13,840,000	4.000%	10/15/20	200,000	1,030,000	-	190,000	840,000
			4.000%	10/15/21	205,000				
			4.000%	10/15/22	215,000				
			4.000%	10/15/23	220,000				



MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

Schedule VI

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE  
AT DECEMBER 31, 2019

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2018</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2019</u>
Middlesex Regional Educational Services Commission Refunding Bonds Series 2014	05/07/14	\$ 9,385,000	4.000%	10/15/20	850,000	\$ 6,465,000	\$ -	\$ 815,000	\$ 5,650,000
			4.000%	10/15/21	880,000				
			5.000%	10/15/22	910,000				
			4.000%	10/15/23	965,000				
			5.000%	10/15/24	1,000,000				
			5.000%	10/15/25	1,045,000				
Capital Equipment and Improvement Revenue Bonds Series 2014	09/30/14	17,275,000				3,630,000	-	3,630,000	-
Middlesex Regional Educational Services Commission Refunding Bonds Series 2014A	12/30/14	30,170,000	5.000%	12/15/20	1,480,000	29,770,000	-	1,420,000	28,350,000
			5.000%	12/15/21	1,555,000				
			5.000%	12/15/22	1,635,000				
			5.000%	12/15/23	1,715,000				
			5.000%	12/15/24	1,800,000				
			5.000%	12/15/25	1,895,000				
			2.500%	12/15/26	1,960,000				
			5.000%	12/15/27	2,035,000				
			5.000%	12/15/28	2,135,000				
			5.000%	12/15/29	2,240,000				
			5.000%	12/15/30	2,350,000				
			3.000%	12/15/31	2,445,000				
			3.000%	12/15/32	2,515,000				
			3.125%	12/15/33	2,590,000				
Capital Equipment and Improvement Revenue Bonds Series 2015	09/30/15	8,080,000	4.000%	09/15/20	1,650,000	3,560,000	-	1,585,000	1,975,000
			2.000%	09/15/21	65,000				
			2.000%	09/15/22	65,000				
			2.250%	09/15/23	65,000				
			2.500%	09/15/24	65,000				
			2.500%	09/15/25	65,000				
Capital Equipment and Improvement Revenue Bonds Series 2016	09/15/16	7,075,000	4.000%	09/15/20	1,460,000	4,370,000	-	1,400,000	2,970,000
			4.000%	09/15/21	1,510,000				
Open Space Trust Fund Revenue Refunding Bonds Series 2016	12/15/16	19,160,000	4.000%	12/15/22	2,065,000	19,160,000	-	-	19,160,000
			4.000%	12/15/23	2,150,000				
			5.000%	12/15/24	2,230,000				
			5.000%	12/15/25	2,340,000				
			4.000%	12/15/26	2,455,000				
			4.000%	12/15/27	2,555,000				
			2.125%	12/15/28	2,655,000				
			2.125%	12/15/29	2,710,000				

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

Schedule VI

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE  
AT DECEMBER 31, 2019

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2018</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2019</u>
Capital Equipment and Improvement Revenue Bonds Series 2017	09/01/17	\$ 10,915,000	3.000%	09/01/20	1,955,000	\$ 9,075,000	\$ -	\$ 1,895,000	\$ 7,180,000
			3.000%	09/01/21	2,010,000				
			3.000%	09/01/22	2,070,000				
			4.000%	09/01/23	210,000				
			4.000%	09/01/24	220,000				
			4.000%	09/01/25	230,000				
			4.000%	09/01/26	240,000				
			4.000%	09/01/27	245,000				
Educational Services Commission of New Jersey Refunding Bonds Series 2017	05/15/17	13,170,000	5.000%	05/15/20	715,000	13,080,000	-	60,000	13,020,000
			5.000%	05/15/21	755,000				
			5.000%	05/15/22	795,000				
			5.000%	05/15/23	825,000				
			5.000%	05/15/24	875,000				
			5.000%	05/15/25	915,000				
			5.000%	05/15/26	515,000				
			5.000%	05/15/27	545,000				
			5.000%	05/15/28	570,000				
			5.000%	05/15/29	600,000				
			5.000%	05/15/30	630,000				
			5.000%	05/15/31	660,000				
			5.000%	05/15/32	695,000				
			5.000%	05/15/33	725,000				
			3.000%	05/15/34	765,000				
			3.000%	05/15/35	785,000				
		4.000%	05/15/35	810,000					
		4.000%	05/15/37	840,000					
New Brunswick Cultural Center Project Series 2017	07/01/17	28,430,000	5.000%	07/01/20	2,245,000	28,430,000	-	-	28,430,000
			5.000%	07/01/21	2,360,000				
			5.000%	07/01/22	2,480,000				
			5.000%	07/01/23	2,610,000				
			5.000%	07/01/24	2,740,000				
			5.000%	07/01/25	2,885,000				
			5.000%	07/01/26	3,030,000				
			5.000%	07/01/27	3,185,000				
			5.000%	07/01/28	3,350,000				
			5.000%	07/01/29	3,545,000				
Capital Equipment and Improvement Revenue Bonds Series 2018	09/15/18	8,650,000	4.000%	09/15/20	1,565,000	8,650,000	-	1,510,000	7,140,000
			4.000%	09/15/21	1,630,000				
			4.000%	09/15/22	1,690,000				
			4.000%	09/15/23	1,760,000				
			4.000%	09/15/24	245,000				
			4.000%	09/15/25	250,000				

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE  
AT DECEMBER 31, 2019

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2018</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2019</u>
Capital Equipment and Improvement Revenue Bonds Series 2019	09/15/18	9,530,000	4.000%	07/15/20	1,670,000.00	\$ -	\$ 9,530,000	\$ -	\$ 9,530,000
			4.000%	07/15/21	1,685,000.00				
			4.000%	07/15/22	1,755,000.00				
			4.000%	07/15/23	1,820,000.00				
			4.000%	07/15/24	1,895,000.00				
			4.000%	07/15/25	130,000.00				
			4.000%	07/15/26	135,000.00				
			4.000%	07/15/27	140,000.00				
			4.000%	07/15/28	150,000.00				
			4.000%	07/15/29	150,000.00				
<b>TOTAL</b>						<u>\$ 279,201,244</u>	<u>\$ 9,530,000</u>	<u>\$ 26,889,175</u>	<u>\$ 261,842,069</u>
ANALYSIS OF BALANCE:									
Current Bonds and Notes Payable									\$ 30,153,917
Long-Term Bonds Payable									231,688,152
Subtotal									<u>\$ 261,842,069</u>
Unamortized Refunding Gains/Losses and Bond Discounts/Premiums - Net									14,961,870
<b>TOTAL</b>									<u><u>\$ 276,803,939</u></u>

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
MIDDLESEX COUNTY, NEW JERSEY

Schedule VII

SUPPLEMENTAL SCHEDULE OF LOANS PAYABLE  
AT DECEMBER 31, 2019

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2019</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2020</u>
Heldrich Plaza/New Brunswick Project: Casino Reinvestment Development Authority Series K	4/4/2005	\$ 15,000,000	3.821%	1/1/2011	\$ 475,000	\$ 15,000,000	\$ -	\$ -	\$ 15,000,000
			3.821%	1/1/2012	495,000				
			3.821%	1/1/2013	515,000				
			3.821%	1/1/2014	535,000				
			3.821%	1/1/2015	555,000				
			3.821%	1/1/2016	575,000				
			3.821%	1/1/2017	595,000				
			3.821%	1/1/2018	620,000				
			3.821%	1/1/2019	645,000				
			3.821%	1/1/2020	670,000				
			3.821%	1/1/2021	700,000				
			3.821%	1/1/2022	725,000				
			3.821%	1/1/2023	750,000				
			3.821%	1/1/2024	780,000				
			3.821%	1/1/2025	810,000				
			3.821%	1/1/2026	840,000				
			3.821%	1/1/2027	875,000				
			3.821%	1/1/2028	905,000				
			3.821%	1/1/2029	940,000				
			3.821%	1/1/2030	980,000				
			3.821%	1/1/2031	1,015,000				
Casino Reinvestment Development Authority Series L	4/4/2005	5,000,000	3.821%	1/1/2011	155,000	5,000,000	-	-	5,000,000
			3.821%	1/1/2012	165,000				
			3.821%	1/1/2013	170,000				
			3.821%	1/1/2014	175,000				
			3.821%	1/1/2015	180,000				
			3.821%	1/1/2016	190,000				
			3.821%	1/1/2017	195,000				
			3.821%	1/1/2018	205,000				
			3.821%	1/1/2019	215,000				
			3.821%	1/1/2020	225,000				
			3.821%	1/1/2021	235,000				
			3.821%	1/1/2022	245,000				
			3.821%	1/1/2023	250,000				
			3.821%	1/1/2024	260,000				
			3.821%	1/1/2025	270,000				
			3.821%	1/1/2026	280,000				
			3.821%	1/1/2027	290,000				
			3.821%	1/1/2028	305,000				
			3.821%	1/1/2029	315,000				
			3.821%	1/1/2030	330,000				
			3.821%	1/1/2031	345,000				
						\$ 20,000,000	\$ -	\$ -	\$ 20,000,000

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
MIDDLESEX COUNTY, NEW JERSEY

Schedule VIII

SUPPLEMENTAL SCHEDULE OF LOANS PAYABLE  
AT DECEMBER 31, 2019

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE Dec. 31, 2018</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2019</u>
Heldrich Plaza/New Brunswick Project: Casino Reinvestment Development Authority Series K	4/4/2005	\$ 15,000,000	3.821%	1/1/2011	\$ 475,000	\$ 15,000,000	\$ -	\$ -	\$ 15,000,000
			3.821%	1/1/2012	495,000				
			3.821%	1/1/2013	515,000				
			3.821%	1/1/2014	535,000				
			3.821%	1/1/2015	555,000				
			3.821%	1/1/2016	575,000				
			3.821%	1/1/2017	595,000				
			3.821%	1/1/2018	620,000				
			3.821%	1/1/2019	645,000				
			3.821%	1/1/2020	670,000				
			3.821%	1/1/2021	700,000				
			3.821%	1/1/2022	725,000				
			3.821%	1/1/2023	750,000				
			3.821%	1/1/2024	780,000				
			3.821%	1/1/2025	810,000				
			3.821%	1/1/2026	840,000				
			3.821%	1/1/2027	875,000				
			3.821%	1/1/2028	905,000				
			3.821%	1/1/2029	940,000				
			3.821%	1/1/2030	980,000				
			3.821%	1/1/2031	1,015,000				
Casino Reinvestment Development Authority Series L	4/4/2005	5,000,000	3.821%	1/1/2011	155,000	5,000,000	-	-	5,000,000
			3.821%	1/1/2012	165,000				
			3.821%	1/1/2013	170,000				
			3.821%	1/1/2014	175,000				
			3.821%	1/1/2015	180,000				
			3.821%	1/1/2016	190,000				
			3.821%	1/1/2017	195,000				
			3.821%	1/1/2018	205,000				
			3.821%	1/1/2019	215,000				
			3.821%	1/1/2020	225,000				
			3.821%	1/1/2021	235,000				
			3.821%	1/1/2022	245,000				
			3.821%	1/1/2023	250,000				
			3.821%	1/1/2024	260,000				
			3.821%	1/1/2025	270,000				
			3.821%	1/1/2026	280,000				
			3.821%	1/1/2027	290,000				
			3.821%	1/1/2028	305,000				
			3.821%	1/1/2029	315,000				
			3.821%	1/1/2030	330,000				
			3.821%	1/1/2031	345,000				
						\$ 20,000,000	\$ -	\$ -	\$ 20,000,000

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
MIDDLESEX COUNTY, NEW JERSEY

ROSTER OF OFFICIALS

<u>AUTHORITY MEMBERS</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>	<u>AMOUNT OF SURETY</u>
James P. Nolan	Chairman	01/31/23	\$ 250,000
Anthony Raczynski	Vice Chairman	01/31/19 Hold Over	\$ 250,000
Paul Abbey	Secretary-Treasurer	01/31/20 Hold Over	\$ 250,000
Christine D'Agostino	Member	01/31/22	\$ 250,000
Samuel A. Delgado	Member	01/31/21	\$ 250,000

OTHER OFFICIALS

H. James Polos	Executive Director		\$ 250,000
William Brennan	Chief Financial Officer		\$ 300,000

SURETY COMPANY

Western Surety Company

**SINGLE AUDIT SECTION**

**INDEPENDENT AUDITORS' 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**

**Honorable Chairman and Members of the  
Middlesex County Improvement Authority  
County of Middlesex, New Jersey**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Middlesex County Improvement Authority, County of Middlesex, State of New Jersey (the "Authority") as of December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 19, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



**Honorable Chairman and Members of the  
Middlesex County Improvement Authority  
County of Middlesex, New Jersey**

Page 2

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey 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  
November 19, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

**Honorable Chairman and Members of the  
Middlesex County Improvement Authority  
County of Middlesex, New Jersey**

**Report on Compliance for Each Major Federal Program**

We have audited the Middlesex County Improvement Authority's, County of Middlesex, New Jersey (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2020. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Authority's compliance.

**Honorable Chairman and Members of the  
Middlesex County Improvement Authority  
County of Middlesex, New Jersey**

Page 2

***Opinion on each Major Federal Program***

In our opinion, the Middlesex County Improvement Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

**Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based upon the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
November 19, 2021

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>FEDERAL GRANTOR/PASS - THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL C.F.D.A. NUMBER</u>	<u>GRANT PERIOD</u>	<u>AWARD AMOUNT</u>	<u>CASH RECEIPTS</u>	<u>SUB RECIPIENT EXPENDITURES</u>	<u>CURRENT YEAR EXPENDITURES</u>
<b>United States Department of the Treasury</b>						
<u>Passed through: County of Middlesex</u>						
Covid-19 Coronavirus Relief Fund- 2020	21.019	3/1/2020-12/30/2020	\$ 15,250,572	\$ 11,717,003	\$ -	\$ 15,235,296
				<u>\$ 11,717,003</u>	<u>\$ -</u>	<u>\$ 15,235,296</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Middlesex County Improvement Authority

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

**1. General**

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of Middlesex County Improvement Authority (the "Authority"). The Authority is defined in Note 1 to the Authority's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies is included on the schedule of expenditures of federal awards.

**2. Basis of Accounting**

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements. The Authority did not elect to utilize the 10-percent de minimus indirect cost rate under the Uniform Guidance and has not charged any indirect costs to its funded programs.

**3. Relationship to Basic Financial Statements**

Amounts reported in the accompanying schedules agree with amounts reported in the Authority's financial statements except for the reporting of the Assistance Listing 93.498 Provider Relief Funds received from the U.S. Department of Health and Human Services in the amount of \$1,814,592. In accordance with, 2 CFR Part 200, Appendix XI, Compliance Supplement, the Provider Relief Fund expenditures for the year ended December 31, 2020 should be reported on the schedule of expenditures of federal awards for the year ended December 31, 2021. Therefore, Provider Relief Fund income and expenditures are recognized in the financial statements of the Authority as of December 31, 2020, but will not be reported on the schedule of federal awards and will not be subject to single audit until the year ended December 31, 2021.

**4. Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal financial reports, where applicable, except for the reporting of the Assistance Listing 93.498 Provider Relief Funds. The Provider Relief Fund expenditures for the year ended December 31, 2020 will be reported on federal financial reports for the year ended December 31, 2020, however, as per grantor guidance, will not be reported as expenditures on the schedule of federal awards until the year ended December 31, 2021.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

Section 1 - Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal Control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  No

Noncompliance material to basic financial statements noted? \_\_\_\_\_ Yes  X  No

**Federal Awards**

Internal Control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)? \_\_\_\_\_ Yes  X  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes  X  No

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

Section II - Financial Statement Findings

NONE

Section III - Federal Awards Findings and Questioned Costs

NONE

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

STATUS OF PRIOR YEAR AUDIT FINDINGS

Not Applicable- No single audit in prior year



## **GENERAL COMMENTS AND RECOMMENDATIONS**

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF MIDDLESEX, NEW JERSEY  
FOR THE YEAR ENDED DECEMBER 31, 2020**

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Middlesex County Improvement Authority, County of Middlesex, New Jersey, for the year ended December 31, 2020, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department of the Middlesex County Improvement Authority, County of Middlesex, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the Governing Body. Cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

CONTROL DEFICIENCIES

Segregation of Duties

Conditions exist in limited circumstances where the same individual may initiate investment transactions and may also reconcile detail investment records with the general ledger control accounts. In addition, also in limited circumstances, conditions exist where the same individual may receive, deposit and record check or cash receipt transactions.

This condition is the result of staffing limitations and multiple tasks that may be performed by the same individual within this office.

OTHER MATTERS

Contracts and Agreements Required to  
be Advertised for N.J.S.A. 40A:11-4 and Payment of Claims

*N.J.S.A.40A:11-4* - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$40,000 (through June 30, 2020) and \$44,000 (effective July 1, 2020) except by contract or agreement.

## GENERAL COMMENTS

### OTHER MATTERS

#### Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 and Payment of Claims (Cont'd.)

On September 28, 2015, the Local Public Contracts Law was amended, effective on July 1, 2015. The amendment addresses the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount from \$36,000 to \$40,000 under which a contract may be awarded without public advertising for those governmental entities that have appointed a Qualified Purchasing Agent.

The Authority has the responsibility of determining whether the expenditures in any category will exceed the thresholds cited above during the fiscal year. Where question arises as to whether any contract or agreement might result in violation of this statute, the Authority Counsel's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Examination of expenditures revealed that no individual payments in excess of the thresholds cited above "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement were made.

Upon inquiry of officials responsible for the purchases of materials, supplies, equipment, etc., for the Authority in relation to the Local Public Contracts Laws regarding the solicitation of quotations when the cost is 15% or more of the bid threshold, it was indicated procedures are presently in place for compliance with the applicable regulations. We suggest the Authority continue to review certain purchasing related matters for continued compliance with applicable statutes and regulations.

Resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Any interpretation as to possible violation of N.J.S.A. 40A: 11-4 and N.J.A.C. would be in the province of the Authority's solicitor.

## GENERAL COMMENTS

### OTHER MATTERS

#### Condition of Records - Finance Department

The Authority maintains a computerized general ledger accounting system for the processing of its financial transactions. The Department of Finance provided a general ledger trial balance and unaudited balance sheet and income and loss statements to be utilized as the basis for financial statement presentation and reporting. The information processing system provides the general ledger reporting capabilities within the finance office. This information is supported by electronic spreadsheets, which are also utilized to transition the general ledger into financial statement reporting. Adjustments were required in order to allow the system to be utilized as the basis for financial statement preparation.

#### Investments

The Authority's funds were invested in interest bearing investments or accounts during 2020. The Board adopted the 2020 cash management plan at its 2020 reorganization meeting.

#### Internal Control Documentation

An internal control document was formally adopted by action of the governing body. The documentation utilizes the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. The document also provides for the internal controls over grant compliance.

#### Codification of Guides

The Authority utilizes guides for levels of pay scales. We suggest these guides be updated to reflect recent activity with respect to applicable salary and wage agreements.

#### Insurance Coverage

Insurance policies in force were provided for review and are on file at the Authority's main office. No attempt was made to determine the adequacy of coverage as part of this report.

RECOMMENDATIONS

None

\* \* \* \* \*

ACKNOWLEDGMENT

During the course of our engagement we received the complete cooperation of the various officials and employees of the Authority, and the courtesies extended to us were greatly appreciated.

Very truly yours,

PKF O'Connor Davies



Andrew G. Hodulik, CPA, RMA  
No. 406