

**MIDDLESEX COUNTY
IMPROVEMENT AUTHORITY**

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

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**



**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
MIDDLESEX COUNTY, NEW JERSEY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
MIDDLESEX COUNTY, NEW JERSEY
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INDEPENDENT AUDITORS' REPORT

The Honorable Chairperson and
Board of Commissioners
Middlesex County Improvement Authority
Cranbury, New Jersey 08512

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the the business-type activities of the Middlesex County Improvement Authority, Cranbury, New Jersey (the "Authority"), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2021 and 2020, and the changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the requirements of the Division will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the requirements of the Division, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Other Required Supplementary Information as identified in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 supplementary 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 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 September 28, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Cranford, New Jersey
September 28, 2022



Andrew Hodulik
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
December 31, 2021**

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, 2021. Please read it in conjunction with the Authority's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- Operating revenues were \$52,128,366 for the year ended December 31, 2021. This is a \$5,343,932, or a 11.42 % increase, from the previous year.
- Cash increased \$51,869,803, or a 196.17% increase over last year.
- Investments decreased \$2,227,779, or a 18.38% decrease over last year.
- Capital Assets – Net decreased by \$12,066,495, or a 14.76% decrease over last year.
- Total Revenue Bonds Payable increased \$35,386,122 or a 13.23% increase from last year.
- Net Position increased by \$5,601,639 or a 2.00% increase 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 \$4,262,450 on budgeted expenses of \$64,111,205 for the year ended December 31, 2021. 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 increased from last year by 2% due to the net income. 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,			2021-2020 INCREASE(DECREASE)		2020-2019 INCREASE(DECREASE)	
	2021	2020	2019	\$	%	\$	%
Assets:							
Current and Other Assets	\$ 319,143,427	\$ 228,262,809	\$ 239,104,756	\$ 90,880,618	40%	\$ (10,841,947)	-5%
Capital Assets	66,442,544	69,709,353	81,775,848	(3,266,809)	-5%	(12,066,495)	-15%
Total Assets	385,585,971	297,972,162	320,880,604	87,613,809	29%	(22,908,442)	-7%
Deferred Outflows of Resources	27,720,164	37,659,736	41,123,316	(9,939,572)	-26%	(3,463,580)	-8%
Current Liabilities	50,100,800	44,322,041	40,086,138	5,778,759	13%	4,235,903	11%
Noncurrent Liabilities	579,205,890	501,854,872	546,144,808	77,351,018	15%	(44,289,936)	-8%
Total Liabilities	629,306,690	546,176,913	586,230,946	83,129,777	15%	(40,054,033)	-7%
Deferred Inflows of Resources	59,579,171	70,636,350	46,437,843	(11,057,179)	-16%	24,198,507	52%
Net Position							
Net Investment in							
Capital Assets	(33,541,410)	(29,951,153)	(16,713,246)	(3,590,257)	-12%	(13,237,907)	-79%
Unrestricted	(242,038,316)	(251,230,212)	(253,951,623)	9,191,896	4%	2,721,411	1%
Total Net Position	\$ (275,579,726)	\$ (281,181,365)	\$ (270,664,869)	\$ 5,601,639	2%	\$ (10,516,496)	-4%

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,			2021-2020		2020-2019	
	2021	2020	2019	INCREASE(DECREASE) \$	%	INCREASE(DECREASE) \$	%
REVENUES							
Operating Revenues:							
Financing/Administrative Fees	\$ 313,232	\$ 211,789	\$ 273,060	\$ 101,443	48%	\$ (61,271)	-22%
Roosevelt Care Center Facilities	39,607,712	35,577,192	34,955,503	4,030,520	11%	621,689	2%
Recycling Operations	12,207,422	10,995,239	8,306,131	1,212,183	11%	2,689,108	32%
Golf Course Operations	-	214	2,460,619	(214)	-100%	(2,460,405)	-100%
Total Operating Revenues	52,128,366	46,784,434	45,995,313	5,343,932	11%	789,121	2%
Operating Expenses:							
Administrative	8,876,759	9,084,144	9,518,518	(207,385)	-2%	(434,374)	-5%
Cost of Providing Services	49,951,673	54,246,749	56,745,982	(4,295,076)	-8%	(2,499,233)	-4%
Depreciation	963,351	2,036,438	1,739,944	(1,073,087)	-53%	296,494	17%
Total Operating Expenses	59,791,783	65,367,331	68,004,444	(5,575,548)	-9%	(2,637,113)	-4%
Net Non-Operating Revenues							
(Expenses)	13,265,056	16,485,577	11,489,660	(3,220,521)	-20%	4,995,917	43%
Special Items	-	(8,419,176)	-	8,419,176	100%	(8,419,176)	100%
Increase (Decrease) in Net Position	\$ 5,601,639	\$ (10,516,496)	\$ (10,519,471)	\$ 16,118,135	153%	\$ 2,975	0%

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 \$16,118,135 in 2021 relative to the change in net position in 2020.

REVENUES:

Table A-2 shows "Total Revenues" increased by \$5,343,932 or 11% to \$52,128,366 for fiscal year ended December 31, 2021 up from \$46,784,434 for fiscal year ended December 31, 2020.

EXPENSES:

A further review of Table A-2 reveals that "Total Operating Expenses" decreased by \$5,575,548 for the fiscal year ended December 31, 2021.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At December 31, 2021, the Authority had \$66,442,544 in net capital assets, which consist of leasehold improvements, vehicles and equipment. Accumulated depreciation amounted to \$56,250,514 as of December 31, 2021. The following table summarizes the Authority's capital assets and changes therein for the years ended December 31, 2021, 2020, and 2019. Capital asset detail information is presented in Note 4 to the financial statements.

Table A-3
Gross Capital Assets

	DECEMBER 31,			2021-2020		2020-2019	
	2021	2020	2019	INCREASE(DECREASE)	%	INCREASE(DECREASE)	%
	\$	\$	\$	\$	%	\$	%
Furniture and Fixtures	\$ 6,340,550	\$ 6,345,155	\$ 6,377,708	\$ (4,605)	0%	\$ (32,553)	-1%
Machinery & Equipment	368,089	368,089	2,865,111	-	0%	(2,497,022)	-87%
Vehicles	191,848	261,183	397,384	(69,335)	-27%	(136,201)	-34%
Leasehold Improvements	9,286	11,811	4,167,009	(2,525)	-21%	(4,155,198)	-100%
Recreation Equipment	-	-	822,364	-	0%	(822,364)	-100%
Golf Courses	-	-	6,292,903	-	0%	(6,292,903)	-100%
Buildings	22,163,602	22,163,602	22,155,990	-	0%	7,612	0%
Heldrich Center	93,619,683	93,569,683	93,389,683	50,000	0%	180,000	0%
	<u>\$ 122,693,058</u>	<u>\$ 122,719,523</u>	<u>\$ 136,468,152</u>	<u>\$ (26,465)</u>	<u>0%</u>	<u>\$ (13,748,629)</u>	<u>-10%</u>

At December 31, 2021, the Authority had outstanding revenue bonds in the amount of \$300,605,300. Debt Service Schedules go out through calendar year 2051. Interest rates range from 2.0% to 9.125% on bonds issued. Principal payments are due annually each year. The current principal due on the bonds payable is \$36,363,104 and the noncurrent principal totals \$249,161,170. Further detail of the Authority's debt is presented in Note 6 and the supplementary schedules.

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.

BASIC FINANCIAL STATEMENTS

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
MIDDLESEX COUNTY, NEW JERSEY

STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

	DEC. 31, 2021	DEC. 31, 2020		DEC. 31, 2021	DEC. 31, 2020
ASSETS			LIABILITIES		
Current Assets:			Current Liabilities Payable from Unrestricted Assets:		
Unrestricted Assets:			Accounts Payable	\$ 4,517,189	\$ 4,882,651
Cash and Cash Equivalents	\$ 11,455,862	\$ 10,301,841	Accrued Expenses	107,900	216,775
Accounts Receivable	312,896	338,770	Total Current Liabilities Payable from Unrestricted Assets	4,625,089	5,099,426
Due from Municipalities and Participants	1,436,850	1,668,159			
Total Current Unrestricted Assets	13,205,608	12,308,770	Current Liabilities Payable from Restricted Assets:		
Restricted Assets:			Revenue Bonds Payable	36,363,104	32,993,878
Cash and Cash Equivalents	66,854,888	16,139,106	Accrued Expenses	266,377	306,379
Investments	5,855,245	8,083,024	Reserve for Special RCC Funds	644,737	598,987
Accounts Receivable	6,853,183	3,760,435	Prepaid Lease Payments	381,690	394,650
Patient Fees Receivable	4,941,075	4,182,290	Accrued Interest on Bonds	545,317	594,199
Interest Receivable	545,345	543,346	Accounts Payable	7,274,486	2,816,102
Loans Receivable	7,295,000	6,080,000	Unearned Revenue	-	1,518,420
Net Investment in Perth Amboy Utility Franchise Lease	742,595	609,706	Total Current Liabilities Payable from Restricted Assets	45,475,711	39,222,615
Net Investment in Capital Lease and Improvement Programs	24,107,205	26,304,182	Total Current Liabilities	50,100,800	44,322,041
Total Current Restricted Assets	117,194,536	65,702,089	Noncurrent Liabilities Payable from Unrestricted Assets:		
Total Current Assets	130,400,144	78,010,859	Compensated Absences	65,364	98,287
			Reserve for COBRA/Workers Comp Insurance	907,488	394,453
Noncurrent Assets:			Total Noncurrent Liabilities Payable from Unrestricted Assets	972,852	492,740
Restricted Assets:			Noncurrent Liabilities Payable from Restricted Assets:		
Investments	4,040,292	4,040,292	Revenue Bonds Payable	264,242,196	232,495,478
Loans Receivable	112,960,000	69,890,000	Loan Payable-CRDA	20,000,000	20,000,000
Net Investment in Perth Amboy Utility Franchise Lease	12,873,418	13,616,013	Compensated Absences	293,554	296,421
Net Investment in Capital Lease and Improvement Programs	58,869,573	62,705,645	Accrued Post-Employment Health Benefits Liability	203,313,471	196,487,561
Total Restricted Assets	188,743,283	150,251,950	Net Pension Liability	22,985,491	36,285,947
Noncurrent Assets:			Reserve for Proceeds, Acq. Funds and Refunding Escrows	51,522,204	297,357
Capital Assets (Net)	66,442,544	69,709,353	Funds Held for Other Purposes:		
Total Noncurrent Assets	255,185,827	219,961,303	Heldrich Hotel/Conference Ctr. Project	10,372,307	10,369,507
Total Assets	385,585,971	297,972,162	South Plainfield Housing Project	292,203	264,165
			North Brunswick Senior Citizen Housing Project	1,882,873	1,777,126
DEFERRED OUTFLOWS OF RESOURCES			New Brunswick Cultural Center Project	44,304	45,549
Pension Deferrals	1,618,363	4,295,234	Middlesex County Educational Services Commission	49,837	49,255
OPEB Deferrals	26,101,801	33,364,502	Perth Amboy Lease & Franchise Ext. Project	3,234,598	2,993,766
Total Deferred Outflows of Resources	27,720,164	37,659,736	Total Noncurrent Liabilities Payable from Restricted Assets:	578,233,038	501,362,132
			Total Noncurrent Liabilities	579,205,890	501,854,872
			Total Liabilities	629,306,690	546,176,913
			DEFERRED INFLOWS OF RESOURCES		
			Pension Deferrals	22,494,803	20,915,352
			OPEB Deferrals	37,084,368	49,720,998
			Total Deferred Inflows of Resources	59,579,171	70,636,350
			NET POSITION		
			Net investment in Capital Assets, Net of Related Debt	(33,541,410)	(29,951,153)
			Unrestricted	(242,038,316)	(251,230,212)
			Total Net Position	(275,579,726)	(281,181,365)
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 413,306,135	\$ 335,631,898	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 413,306,135	\$ 335,631,898

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
MIDDLESEX COUNTY, NEW JERSEY

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Operating Revenues:		
Financing/Administrative Fees	\$ 313,232	\$ 211,789
Roosevelt Care Center Facilities	39,607,712	35,577,192
Curbside/Yardwaste Pick Up	8,328,951	7,111,040
Recycling Operations	3,878,471	3,884,199
Golf Course Operations	-	214
	52,128,366	46,784,434
Total Operating Revenues		
Operating Expenses:		
Administrative	8,876,759	9,084,144
Cost of Providing Services	49,951,673	54,246,749
Depreciation	963,351	2,036,438
	59,791,783	65,367,331
Total Operating Expenses		
Operating Loss	(7,663,417)	(18,582,897)
Non-Operating Revenues (Expenses):		
Provider Relief Funds COVID-19 Federal Grant	2,895,757	1,841,592
Coronavirus Relief Fund grant - pass-through County of Middlesex	-	15,235,296
Interest Income	98,286	76,388
Lease Revenues	10,385,000	9,055,000
Local Subsidy & Donations	11,000,000	458,675
Interest on Bonds	(10,902,939)	(9,563,867)
Loss on Sale of Assets	(16,217)	-
Depreciation-Heldrich Hotel/Conference Ctr. Proj.	(2,337,241)	(2,335,992)
Payment to County-CELP	-	(304,943)
Miscellaneous	2,142,410	2,023,428
	13,265,056	16,485,577
Net Non-Operating Revenues		
Net Income (Loss) Before Special Items	5,601,639	(2,097,320)
Special Items:		
Net Loss on Transfer of Golf Course - County of Middlesex	-	(8,419,176)
	-	(8,419,176)
Total Special Items		
Change in Net Position	5,601,639	(10,516,496)
Total Net Position - Beginning	(281,181,365)	(270,664,869)
Total Net Position - Ending	\$ (275,579,726)	\$ (281,181,365)

See Accompanying Notes to the Financial Statements

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
MIDDLESEX COUNTY, NEW JERSEY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 45,000,447	\$ 50,773,377
Cash Payments for Goods and Supplies	(29,636,997)	(28,803,283)
Cash Payments for Employee Expenses	<u>(32,347,022)</u>	<u>(35,173,830)</u>
Net Cash Flows from Operating Activities	<u>(16,983,572)</u>	<u>(13,203,736)</u>
Cash Flows from Non-Capital Financing Activities:		
Other Non-Operating Income	2,142,410	2,023,428
County Subsidy and Sale Proceeds	11,000,000	153,732
Federal Aid Grant Income	<u>4,895,630</u>	<u>15,077,015</u>
Net Cash Flows from Non-Capital Financing Activities	<u>18,038,040</u>	<u>17,254,175</u>
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on Revenue Bond Maturities/ Long Term Debt Maturities	(27,853,878)	(26,838,917)
Interest Paid on Bonds/Other	(566,821)	(485,988)
Proceeds Bond Sale (Net)	63,240,000	15,135,000
Loan Payments Received (Net of Loan Issuance)	(44,285,000)	5,780,000
Bond Issue Costs (Net)	(270,178)	389,334
Net Investment in Bond Projects	<u>58,277,146</u>	<u>(106,377)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>48,541,269</u>	<u>(6,126,948)</u>

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
MIDDLESEX COUNTY, NEW JERSEY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows from Investing Activities:		
Acquisition and Constr. of Capital Assets	(50,000)	(725,111)
Purchases of Investments	(158,996)	(3,196,696)
Redemptions of Investments	2,386,775	1,510,924
Interest on Investments and Deposits	96,287	104,362
	2,274,066	(2,306,521)
Net Cash Flows from Investing Activities	2,274,066	(2,306,521)
Change in Cash and Cash Equivalents	51,869,803	(4,383,030)
Cash and Cash Equivalents, Beginning of Year	26,440,947	30,823,977
Cash and Cash Equivalents, End of Year	\$ 78,310,750	\$ 26,440,947
Reconciliation to Statements of Net Position:		
Current Cash and Cash Equivalents	\$ 11,455,862	\$ 10,301,841
Noncurrent Restricted Cash and Cash Equivalents	66,854,888	16,139,106
	\$ 78,310,750	\$ 26,440,947
Reconciliation of Operating Loss to Net Cash		
Flows from Operating Activities:		
Operating Loss	\$ (7,663,417)	\$ (18,582,897)
Adjustments to Reconcile Operating Loss to		
Net Cash Used by Operating Activities:		
Depreciation and Amortization	963,351	2,036,438
Net Pension Liability Credit	(9,286,963)	(4,235,759)
Net OPEB Liability Expense	1,451,981	3,625,130
Non-operating portion of change in pension accrual	242,829	(348,776)
Receivables/Deposits	(7,127,919)	3,988,943
Inventory	-	147,458
Accounts Payable/Other Liabilities	4,472,356	227,482
Compensated Absences	(35,790)	(61,755)
	(9,320,155)	5,379,161
Total Adjustments	(9,320,155)	5,379,161
Net Cash Flows from Operating Activities	\$ (16,983,572)	\$ (13,203,736)

See Accompanying Notes to the Financial Statements

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

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 2021 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, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020

1. General – (Continued)

New Brunswick Parking Deck Bonds –
Series 2021

The proceeds of the sale of the New Brunswick Parking Revenue Bonds, Series 2021, to the City of New Brunswick dated September 15, 2021 by and between the Authority and the Borrower to be used to: (i) pay the costs of the development, construction and equipping (including the costs of the acquisition of certain real property) of an approximately 975 space parking facility to be located in the City of New Brunswick, New Jersey to provide parking for, among others patients, staff, employees and visitors of and to the approximately 510,000 square foot, 12- story, expansion of the Rutgers Cancer Institute of New Jersey located in the City immediately adjacent to the Parking Facility; (ii) fund capitalized interest on the Bonds through and including September 1, 2024; and (iii) pay certain costs and expenses incurred by the Authority in connection with the Bonds.

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.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

2. Summary of Significant Accounting Policies – (Continued)

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.

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.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

2. Summary of Significant Accounting Policies – (Continued)

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.

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. Debt Issue Costs

Debt issue costs are 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.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

2. Summary of Significant Accounting Policies – (Continued)

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 assets 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 assets 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.

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

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.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

2. Summary of Significant Accounting Policies – (Continued)

O. Adopted and Recent Pronouncements (continued)

issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The Authority has determined that GASB 91 will not impact its 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, 2021, the carrying amount of the Authority's deposits was \$78,310,750 and the bank balance was \$77,619,310. Of the bank balance, \$1,356,908 was insured with Federal Deposit Insurance Corporation, \$69,364,207 was covered by GUDPA, and \$6,898,195 was uninsured. Of the uninsured balance, \$5,677,619 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, 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.

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

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

3. Deposits and Investments (Continued)

Cash and Cash Equivalents (Continued):

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.

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, 2021 and 2020.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

3. Deposits and Investments (Continued)

Investments (Continued):

	Level 1	Level 2	Level 3	Total
<u>December 31, 2021</u>				
U.S. Government Securities	\$ 568,726	\$ -	\$ -	\$ 568,726
U.S. Treasury Notes	4,040,292	-	-	4,040,292
Repurchase Agreement	-	2,036,219	-	2,036,219
Certificates of Deposit	-	3,250,300	-	3,250,300
Total Investments	<u>\$ 4,609,018</u>	<u>\$ 5,286,519</u>	<u>\$ -</u>	<u>\$ 9,895,537</u>
	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>

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.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

3. Deposits and Investments - (Continued)

Investments – (Continued):

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.

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, 2021, investments had the following maturities:

<u>Investment Maturities (in Years)</u>	<u>Amount</u>
1 to 5	\$ 5,855,245
6 to 10	2,446,908
11 to 15	<u>1,593,384</u>
	<u>\$ 9,895,537</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

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

4. Capital Assets - (Continued)

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.

Net Investment in Capital Assets, Net of Related Debt – Included in the Net Position section of the Statements of Net Position, is the account category “Net Investment in Capital Assets, Net of Related Debt”, which at December 31, 2021 and 2020 is reported at (\$33,541,410) and (\$29,951,153), 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, 2021 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	\$ 6,345,155	\$ -	\$ (4,605)	\$ 6,340,550
Machinery and Equipment	368,089	-	-	368,089
Vehicles	261,183	-	(69,335)	191,848
Leasehold Improvements	11,811	-	(2,525)	9,286
Buildings	22,163,602	-	-	22,163,602
Heldrich Center	93,569,683	50,000	-	93,619,683
Totals at Historical Cost	<u>122,719,523</u>	<u>50,000</u>	<u>(76,465)</u>	<u>122,693,058</u>
Less Accumulated Depreciation for:				
Furniture and Fixtures	(6,215,810)	(50,857)	4,055	(6,262,612)
Machinery and Equipment	(229,257)	(39,492)	-	(268,749)
Vehicles	(201,600)	(13,520)	55,309	(159,811)
Leasehold Improvements	(8,354)	(798)	884	(8,268)
Buildings	(14,389,633)	(858,683)	-	(15,248,316)
Heldrich Center	(31,965,516)	(2,337,242)	-	(34,302,758)
Total Accumulated Depreciation	<u>(53,010,170)</u>	<u>(3,300,592)</u>	<u>60,248</u>	<u>(56,250,514)</u>
Total Capital Assets being Depreciated (Net of Accumulated Depreciation)	<u>\$ 69,709,353</u>	<u>\$ (3,250,592)</u>	<u>\$ (16,217)</u>	<u>\$ 66,442,544</u>

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

4. Capital Assets - (Continued)

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
Totals at Historical Cost	<u>136,468,152</u>	<u>242,676</u>	<u>(13,991,305)</u>	<u>122,719,523</u>
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)
Total Accumulated Depreciation	<u>(54,692,304)</u>	<u>(4,372,430)</u>	<u>6,054,564</u>	<u>(53,010,170)</u>
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>

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

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

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 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>2021</u>	<u>2020</u>
Total minimum lease payment to be received	79,166,101	87,769,742
net accounts receivable/(unearned income)	<u>3,810,677</u>	<u>1,240,084</u>
Net investment in capital lease and improvement programs	<u>\$ 82,976,778</u>	<u>\$ 89,009,826</u>
Future minimum lease payments receivable:		
<u>Year</u>	<u>Amount</u>	
2022	\$ 24,107,205	
2023	22,359,488	
2024	11,890,785	
2025	9,577,402	
2026	6,174,792	
Thereafter	<u>8,867,106</u>	
	<u>\$ 82,976,778</u>	

6. Long-Term Liabilities

During the year ended December 31, 2021, 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	\$ 250,138,152	\$ 63,240,000	\$ 27,853,878	\$ 285,524,274
Loans payable	20,000,000	-	-	20,000,000
Unamortized premium	15,351,204	(270,178)	-	15,081,026
Total bonds and loans payable	<u>285,489,356</u>	<u>62,969,822</u>	<u>27,853,878</u>	<u>320,605,300</u>
Other Liabilities:				
Compensated Absences	394,708	-	35,790	358,918
Reserve for COBRA/Workers Comp Insurance	394,453	513,035	-	907,488
Post-employment health benefits liability	196,487,561	6,825,910	-	203,313,471
Net pension liability	36,285,947	-	13,300,456	22,985,491
Reserve for proceeds, acquisitions and refunding escrow	297,357	51,224,847	-	51,522,204
Funds held in trust	15,499,368	376,754	-	15,876,122
Total other liabilities	<u>249,359,394</u>	<u>58,940,546</u>	<u>13,336,246</u>	<u>294,963,694</u>
Total	<u>\$ 534,848,750</u>	<u>\$ 121,910,368</u>	<u>\$ 41,190,124</u>	<u>\$ 615,568,994</u>
Current portion	<u>\$ 32,993,878</u>			<u>\$ 36,363,104</u>

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

6. Long-Term Liabilities – (Continued)

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

	Beginning Balance	Increases	Decreases	Ending Balance
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:				
Compensated Absences	456,462	-	61,754	394,708
Reserve for COBRA/Workers Comp Insurance	505,511	-	111,058	394,453
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>279,951,248</u>	<u>31,554</u>	<u>30,623,408</u>	<u>249,359,394</u>
Total	<u>\$ 576,755,187</u>	<u>\$ 15,555,888</u>	<u>\$ 57,462,325</u>	<u>\$ 534,848,750</u>
Current portion	<u>\$ 30,153,917</u>			<u>\$ 32,993,878</u>

Bonds, Notes and Loans Payable

The Authority's bonds payable at December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</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.	\$ 3,645,000	\$ 4,085,000
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%	8,333,261	10,637,433
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	1,635,000	1,725,000
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%	13,616,013	14,225,719
Heldrich Hotel/Conference Project Revenue Bonds, Series 2005, maturing serially through 2037, at interest rates from 4.95% to 8.75%	62,855,000	62,855,000

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

6. Long-Term Liabilities – (Continued)

Bonds, Notes and Loans Payable – (Continued)

	<u>2021</u>	<u>2020</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	\$ 1,805,000
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%	120,000	175,000
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%	550,000	725,000
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%	1,275,000	1,670,000
Open Space Trust Fund Revenue Bonds, \$40,000,000, Series 2009, County-Guaranteed, maturing serially through 2021, at interest rates from 2.000% through 4.000%	-	2,080,000
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%	11,155,000	16,415,000
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%	245,000	515,000
Middlesex County Golf Courses Revenue Refunding Bonds, Series 2013, County-Guaranteed, maturing serially through 2029, at interest rates from 2.000% to 4.716%	7,025,000	7,765,000
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%	435,000	640,000
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%	3,920,000	4,800,000
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%	25,315,000	26,870,000
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%	260,000	325,000

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

6. Long-Term Liabilities – (Continued)

Bonds, Notes and Loans Payable – (Continued)

	<u>2021</u>	<u>2020</u>
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
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%	3,215,000	5,225,000
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%	11,550,000	12,305,000
New Brunswick Cultural Center Project County-Guaranteed, Series 2017, maturing serially through 2029, at an interest rate of 5.000%	23,825,000	26,185,000
Capital Equipment and Improvement Revenue Bonds \$8,650,000, Series 2018, County-Guaranteed, maturing serially through 2025, at interest rate of 4.000%	3,945,000	5,575,000
Capital Equipment and Improvement Revenue Bonds \$9,530,000, Series 2019, County-Guaranteed, maturing serially through 2029, at interest rate of 4.000%	6,175,000	7,860,000
Capital Equipment and Improvement Revenue Bonds \$15,005,000, Series 2020, County-Guaranteed, maturing serially through 2029, at interest rates of 2.000% to 5.000%	12,225,000	15,005,000
Capital Equipment and Improvement Revenue Bonds \$12,875,000, Series 2021, County-Guaranteed, maturing serially through 2027, at interest rate of 5.000%	12,875,000	-
City of New Brunswick Parking Deck Project Bond \$50,365,000, Series 2021, County-Guaranteed, maturing serially through 2051, at an interest rate of 4.000% to 5.000%	<u>50,365,000</u>	<u>-</u>
Subtotal - Bonds and Notes Payable	<u>285,524,274</u>	<u>250,138,152</u>

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

6. Long-Term Liabilities – (Continued)

Bonds, Notes and Loans Payable – (Continued)

	2021	2020
<u>Loans Payable:</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	20,000,000	20,000,000
Subtotal Bonds, Notes and Loans Payable	305,524,274	270,138,152
Unamortized Bond Discounts/Premiums - Net	15,081,026	15,351,204
Total Debt and Debt Related Liabilities	\$ 320,605,300	\$ 285,489,356

Aggregate long-term debt outstanding is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 45,823,104	\$ 16,274,662	\$ 62,097,766
2023	31,265,316	16,210,997	47,476,313
2024	24,705,090	13,993,356	38,698,446
2025	23,101,456	10,197,127	33,298,583
2026	19,695,012	11,183,458	30,878,470
2027-2031	71,869,883	27,605,671	99,475,554
2032-2036	43,449,413	14,542,526	57,991,939
2037-2041	16,800,000	6,980,544	23,780,544
2042-2046	12,610,000	4,808,800	17,418,800
2047-2051	16,205,000	1,976,400	18,181,400
	\$ 305,524,274	\$ 123,773,541	\$ 429,297,815

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
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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
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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. The agreement was not renewed after the termination date, however the Authority and MCUA continue to operate under the same terms of the expired agreement.

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.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
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8. Roosevelt Care Center Facilities - (Continued)

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. 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 \$4,941,075 and \$4,182,290 for the years 2021 and 2020, 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 Plan

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

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
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Years Ended December 31, 2021 and 2020

9. Pension Plans – (Continued)

benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

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, 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Inactive plan members or beneficiaries currently receiving benefits	184,775	182,492
Inactive plan members entitled to but not yet receiving benefits	877	942
Active plan members	<u>246,776</u>	<u>249,045</u>
Total	<u>432,428</u>	<u>432,479</u>
Contributing Employers –	1,683	1,691

For the year ended December 31, 2021 and 2020 the Authority's covered payroll for all employees was \$12,405,671 and \$13,612,570. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Authority to active employees covered by the Plan.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

9. Pension Plans – (Continued)

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 2020 and State fiscal year 2021. 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, except for FYE 2021 and FYE 2022 when the impact of the recent demographic assumption changes is phased-in, and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution. The State contributed 107.91% of the actuarially determined contribution for fiscal year ending June 30, 2022 at the beginning of the fiscal year. This contribution has been included in the projections. In subsequent years, it is assumed that the State will contribute 100% of their actuarially determined contribution and NCGIPF contribution. The 100% contribution rate is the total State contribution rate expected to be paid in fiscal year ending June 30, 2023 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2023 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, 2021 and 2020 consisted of the following:

	2021	2020
Total Regular Billing	\$2,434,175	\$2,209,640

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.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

9. Pension Plans – (Continued)

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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the PERS reported a collective net pension liability of \$11,972,782,878 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 \$22,985,491 or 0.1940277106%, which was a decrease of 0.0284846503% from its proportion measured as of June 30, 2020.

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%.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

9. Pension Plans – (Continued)

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 December 31, 2021 and 2020:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 362,511	\$ 164,549
Changes of assumptions	119,708	8,182,984
Net difference between projected and actual investment earnings on pension plan investments	-	6,054,982
Changes in proportion	-	8,092,288
Authority contributions subsequent to the measurement date	1,136,144	-
	\$ 1,618,363	\$ 22,494,803

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
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	-
	\$ 4,295,234	\$ 20,915,352

The \$1,136,144 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, 2022. 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
2022	\$ (8,929,552)
2023	(6,180,892)
2024	(3,823,455)
2025	(2,923,927)
2026	(154,758)
Total	\$ (22,012,584)

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

9. Pension Plans – (Continued)

Actuarial Assumptions- The collective pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

June 30, 2021 and 2020	
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. 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, 2020 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
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Years Ended December 31, 2021 and 2020

9. Pension Plans – (Continued)

2021		
Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

2020		
Asset Class	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%

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021 and June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

9. Pension Plans – (Continued)

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:

<u>June 30, 2021</u>			
	At 1% Decrease	At Current Discount Rate (7.00%)	At 1% Increase
PERS	\$ 31,301,578	\$ 22,985,491	\$ 15,928,113
<u>June 30, 2020</u>			
	At 1% Decrease	At Current Discount Rate (7.00%)	At 1% Increase
PERS	\$ 45,677,954	\$ 36,285,947	\$ 28,316,572

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2021 and 2020 were \$35,707,804,636 and \$29,045,369,302, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2021 and 2020 was \$28,386,785,177 and \$22,997,176,445, respectively.

Additional information

Collective Local Group balances at June 30, 2021 are as follows:

Collective deferred outflows of resources	\$ 1,164,738,169
Collective deferred inflows of resources	8,339,123,762
Collective net pension liability	11,972,782,878
Authority's Proportion	0.1940277106%

Collective Local Group pension expense for the Local Group for the measurement period ended June 30, 2021 and 2020 was (\$1,599,674,464) and \$407,705,399, respectively. The average of the expected remaining service lives of all plan members is 5.13, 5.16, 5.21, 5.63, 5.48, and 5.57 years for the 2021, 2020, 2019, 2018, 2017, and 2016, respectively.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
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9. Pension Plans – (Continued)

State Contribution Payable Dates

Consistent with Chapter 83, P.L. 2016, it is assumed that the State will make pension contributions in equal amounts at the end of each quarter. This assumption does not apply to the fiscal year ending June 30, 2022 contribution that was paid in full at the beginning of the fiscal year.

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, 2021 and June 30, 2020 are \$1,207,896,120 and \$1,144,889,253, 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, 2021, 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.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

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

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.

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 December 31, 2021 and December 31, 2020, the following employees were covered by the benefit terms:

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
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Years Ended December 31, 2021 and 2020

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

	2021	2020
Active participants	259	259
Inactive participants	297	297
	556	556

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, 2021 and 2020

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>2021</u>	<u>2020</u>
Total OPEB liability at beginning of year	\$ 196,487,561	\$220,611,288
Changes for the year:		
Service cost	6,430,689	5,684,458
Interest cost	4,240,649	6,160,584
Benefits payments	(5,775,235)	(4,549,000)
Actuarial assumption changes	1,929,807	4,444,796
Actuarial demographic (gain) of loss	-	(35,985,675)
Plan changes	-	121,110
Net Changes	<u>6,825,910</u>	<u>(24,123,727)</u>
Total OPEB liability at end of year	<u>\$ 203,313,471</u>	<u>\$ 196,487,561</u>
Changes in plan fiduciary net position during year	<u>2021</u>	<u>2020</u>
Fair value of plan assets at beginning of year	\$ -	\$ -
Changes for the year:		
Employer contributions	5,775,235	4,549,000
Benefit payments	<u>(5,775,235)</u>	<u>(4,549,000)</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>\$ 203,313,471</u>	<u>\$ 196,487,561</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%
Covered-employee payroll	\$14,242,144	\$13,827,324
Total OPEB liability as a percentage of covered-employee payroll	1427.55%	1421.01%

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

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 2021 and 2020 is \$1,782 and \$1,782, 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, 2021 Actuarial Valuation to value the GASB obligations.

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, 2.12% at December 31, 2020 and 2.06% at December 31, 2021. 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, 2021		
	1% Decrease (1.06%)	At Discount Rate (2.06%)	1% Increase (3.06%)
Total Net OPEB Liability	\$ 239,606,699	\$ 203,313,471	\$ 174,233,129
	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

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:

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Notes to the Basic Financial Statements
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10. Post-Employment Benefits Other than Pensions – (Continued)

	December 31, 2021		
	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
Total Net OPEB Liability	\$ 169,640,776	\$ 203,313,471	\$ 246,788,522

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

At December 31, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31, 2021	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Demographic experience different than expected	\$ 1,331,860	\$ 29,680,845
Changes of assumptions	24,769,941	7,403,523
	\$ 26,101,801	\$ 37,084,368

	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

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

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:

Year ending	Amount
2022	\$ (3,444,125)
2023	(4,337,198)
2024	(589,682)
2025	(2,711,675)
2026	95,537
Thereafter	4,576
Total	\$ (10,982,567)

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, 2021 for a reporting date of December 31, 2021. The total OPEB liability as of December 31, 2019 was determined by 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 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, 2021 and 2020:

Inflation rate	2.50%
Salary Increase	3.00% per year

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Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

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

December 31, 2021:

Mortality:

Pre-Retirement: Pub-2010 Public Retirement Plans Mortality Tables – General Employee – Full Dataset – Headcount-Weighted Healthy Employee Male/Female Mortality, projected generationally with MP-2020

Post-Retirement: Pub-2010 Public Retirement Plans Mortality Tables – General Employee – Full Dataset – Headcount-Weighted Healthy Retiree Male/Female Mortality, projected generationally with MP-2020

Disabled: Pub-2010 Public Retirement Plans Mortality Tables – General Employee – Full Dataset – Headcount-Weighted Disabled Retiree Male/Female Mortality, projected generationally with MP-2020

Contingent Survivor: Pub-2010 Public Retirement Plans Mortality Tables – General Employee – Full Dataset – Headcount-Weighted Contingent Survivor Male/Female Mortality, projected generationally with MP-2020

December 31, 2020:

Mortality:

Pre-Retirement: Pub-2010 Public Retirement Plans Mortality Tables – General Employee – Full Dataset – Headcount-Weighted Healthy Employee Male/Female Mortality, projected generationally with MP-2020

Post-Retirement: Pub-2010 Public Retirement Plans Mortality Tables – General Employee – Full Dataset – Headcount-Weighted Healthy Retiree Male/Female Mortality, projected generationally with MP-2020

Disabled: Pub-2010 Public Retirement Plans Mortality Tables – General Employee – Full Dataset – Headcount-Weighted Disabled Retiree Male/Female Mortality, projected generationally with MP-2020

Contingent Survivor: Pub-2010 Public Retirement Plans Mortality Tables – General Employee – Full Dataset – Headcount-Weighted Contingent Survivor Male/Female Mortality, projected generationally with MP-2020

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

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

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 2021 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.

Discount Rate:

The discount rate for December 31, 2021 and 2020 was 2.06% and 2.12%, 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, 2021 and 2020, the Authority has accrued \$358,918 and \$394,708, 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.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

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.

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 2021 and 2020, as follows:

<u>AGENCY</u>	<u>2021 TOTAL</u>	<u>2020 TOTAL</u>
County College	\$953,247	\$588,355
Board of Social Services	75,321	72,981
County Improvement Authority	<u>324,459</u>	<u>324,988</u>
	<u>\$1,353,027</u>	<u>\$986,324</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, 2021 and 2020, was as follows:

Limits of Insurance:	<u>2021</u>	<u>2020</u>
Each Accident or Occurrence Limit	\$ 5,000,000	\$10,000,000
Policy Aggregate Limit	6,000,000	20,000,000
Self-Insured Limit Retention	1,500,000	1,000,000

The activity as reported within the Self-Insurance Fund reserves (unaudited) for the year ended December 31, 2021 was as follows:

	Balance December 31, 2020	Increases to Reserves	Decreases to Reserves	Balance December 31, 2021
Self-Insurance Fund	\$1,327,825	\$8,937,110	\$5,466,133	\$4,798,802

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

13. Risk Management (continued)

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.

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 3,688 and 4,553 retirees, cobra participants and active employees as of December 31, 2021 and 2020 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, 2021 and 2020 are as follows:

<u>Fund</u>	<u>At December 31,</u>	
	2021	2020
<u>Fiscal</u>	Fund/Surplus	Fund/Surplus
<u>Year</u>	(Deficit)	(Deficit)
	<u>Balance</u>	Balance
2021	\$6,940,473	
2020	26,964,636	\$14,959,241
2019		20,963,277

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, 2021 and 2020.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

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, 2021, 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, 2021 for a portion of the estimated claims along with providing additional funding in the Authority's 2022 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, 2021 and 2020

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>2021</u>	<u>2020</u>
Total Unrestricted Net Position	(\$242,038,316)	(\$251,230,212)
As Adjusted by:		
Net Pension Liability, Deferred Inflows/Outflows	43,861,931	52,906,065
OPEB Liability, Deferred Inflows/Outflows	<u>214,296,038</u>	<u>212,844,057</u>
Total Unrestricted Net Position - Budgetary	<u>\$ 16,119,653</u>	<u>\$ 14,519,910</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, 2021, 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 \$10,858 for the period January 1, 2021 through July 31, 2021, \$11,094 for the period of August 1, 2021 through December 31, 2021, for a total rent expense of \$131,712 for 2021. 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.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

16. Commitments and Contingencies – (Continued)

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

Year Ended <u>December 31,</u>	
2022	\$ 134,308
2023	79,310
	<u>\$ 213,618</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, 2021, 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, 2021 and 2020

18. Coronavirus Aid, Relief, and Economic Security Act

In order to mitigate the financial effects of the COVID-19 pandemic, in March 2020, the Federal government enacted the CARES Act. As a result of the CARES Act, the Authority received funding from the following programs:

Coronavirus Relief Fund

The purpose of the Coronavirus Relief Fund was to provide direct payments to state, territorial, tribal, and certain eligible local governments to cover:

1. Necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019;
2. Costs that were not accounted for in the government's most recently approved budget as of March 27, 2020; and
3. Costs that were incurred during the period that begins on March 1, 2020; and ends on December 31, 2021.

During the year ended December 31, 2020, the Authority was a subrecipient of pass-through Coronavirus Relief Funds from the County of Middlesex. The Authority recognized \$15,235,296 of Coronavirus Relief Funds grant revenue during the year ended December 31, 2020 and included this amount in non-operating revenues in the accompanying statements of revenue, expenses and changes in net position. These funds were subject to a Uniform Grant Guidance audit for the year ended December 31, 2020. The Authority did not receive any funding under this program during the year ended December 31, 2021.

Provider Relief Funds

Provider Relief Funds ("PRF") were established under the CARES Act and are the distribution vehicle for funding to support hospitals, physicians, skilled nursing facilities and other eligible healthcare providers in response to the COVID-19 pandemic. Entitlement to PRF payments is conditioned upon having incurred health care related expenses that are attributable to COVID-19 that will not be reimbursed by other sources and/or lost patient care revenue. PRF payments are subject to a Uniform Grant Guidance audit. In addition, noncompliance with the PRF terms and conditions are grounds for recoupment by the U.S. government. The criteria for what qualify as health care related expenses attributable to COVID-19 that will not be reimbursed by other sources and lost revenue has been evolving. As a result, there is at least a reasonable possibility that recorded amounts for PRF, or a portion thereof may need to be repaid in the future.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
Notes to the Basic Financial Statements
Years Ended December 31, 2021 and 2020

18. Coronavirus Aid, Relief, and Economic Security Act – (Continued)

Provider Relief Funds (continued)

For the years ended December 31, 2021 and 2020, the Authority received PRF payments of \$1,377,339 and \$3,360,012. The Authority accounted for the PRF payments as a government grant and recognized revenue for the years ended December 31, 2021 and 2020 of \$2,895,757 and \$1,841,592 in non-operating revenues in the accompanying statements of revenue, expenses and changes in net position.

19. Subsequent Events

On April 26, 2022 the \$5,505,000 Middlesex County Improvement Authority (County of Middlesex, State of New Jersey) County Guaranteed Parking Revenue Bonds, Series 2022 (Carteret Parking Project) was issued. The bonds are being issued to provide funds which will finance costs of the acquisition of certain real property designated in the Borough of Carteret and the parking facility located thereon.

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>	<u>2021</u>
Authority's Proportion of the Net Pension Liability	0.3101930000%	0.2929921836%	0.2746051564%	0.2552401065%	0.2362794350%	0.2263437541%	0.2225123609%	0.1940277106%
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	\$ 22,985,491
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	\$ 12,405,671
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%	185.28%
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%	70.33%

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 remained the same at 7.00% as of June 30, 2020 and June 30, 2021.

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>	<u>2021</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	\$ 2,434,175
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>	<u>(2,434,175)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<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	\$ 12,405,671
Contributions as a percentage of Covered Employee Payroll	11.83%	13.70%	14.59%	14.92%	15.07%	15.10%	16.23%	19.62%

* 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*

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 6,430,689	\$ 5,684,458	\$ 4,027,273	\$ 4,730,104
Interest cost	4,240,649	6,160,584	7,645,343	7,057,797
Benefit payments	(5,775,235)	(4,549,000)	(3,899,302)	(3,659,813)
Actuarial assumption (gain)/loss	1,929,807	4,444,796	38,905,643	(22,210,568)
Actuarial experience (gain)/loss	-	(35,985,675)	(10,461,807)	(274,524)
Plan changes	-	121,110	-	-
Net change in total OPEB liability	6,825,910	(24,123,727)	36,217,150	(14,357,004)
Total OPEB liability - beginning	196,487,561	220,611,288	184,394,138	198,751,142
Total OPEB liability - ending (a)	<u>\$ 203,313,471</u>	<u>\$ 196,487,561</u>	<u>\$ 220,611,288</u>	<u>\$ 184,394,138</u>
Plan fiduciary net position	\$ -	\$ -	\$ -	\$ -
Contributions - employer	\$ 5,775,235	\$ 4,549,000	\$ 3,899,302	\$ 3,659,813
Benefit payments	(5,775,235)	(4,549,000)	(3,899,302)	(3,659,813)
Net change in fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's net OPEB liability - ending (a) - (b)	<u>\$ 203,313,471</u>	<u>\$ 196,487,561</u>	<u>\$ 220,611,288</u>	<u>\$ 184,394,138</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%
Covered-employee payroll	\$ 14,242,144	\$ 13,827,324	\$ 19,732,360	\$ 16,147,781
Total OPEB liability as a percentage of covered-employee payroll	1427.55%	1421.01%	1118.02%	1141.92%

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

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021.

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, 2021 AND 2020

	For the Year Ended December 31, 2021				For the Year Ended December 31, 2020			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Operating Revenues:								
Financing/Administrative Fees:								
Capital Lease Programs	\$ 124,669	\$ 149,716	\$ 313,232	\$ 163,516	\$ 132,246	\$ 113,801	\$ 211,789	\$ 97,988
Roosevelt Care Centers (Resident Fees)	40,081,110	40,102,110	39,607,712	(494,398)	37,773,000	37,816,144	35,577,192	(2,238,952)
Golf Course Operations	-	-	-	-	-	-	214	214
Recycling Operations	12,334,930	12,334,930	12,207,422	(127,508)	10,022,754	10,247,754	10,995,239	747,485
Total Operating Revenues	52,540,709	52,586,756	52,128,366	(458,390)	47,928,000	48,177,699	46,784,434	(1,393,265)
Non-Operating Revenues:								
Interest Income	-	11,418	98,286	86,868	-	73,864	76,388	2,524
Local Subsidy & Donations	11,234,496	11,072,095	11,000,000	(72,095)	10,197,864	9,972,864	458,675	(9,514,189)
Other Non-Operating Revenues	336,000	440,936	2,126,193	1,685,257	1,429,634	1,331,071	2,023,428	692,357
Grants & Entitlements	-	-	2,895,757	2,895,757	-	-	17,076,888	17,076,888
Total Non-Operating Revenues	11,570,496	11,524,449	16,120,236	4,595,787	11,627,498	11,377,799	19,635,379	8,257,580
Total Revenues - Budgetary	\$ 64,111,205	\$ 64,111,205	\$ 68,248,602	\$ 4,137,397	\$ 59,555,498	\$ 59,555,498	\$ 66,419,813	\$ 6,864,315
Operating Expenses:								
Administration:								
Salary and Wages:								
General Operations	\$ 1,117,998	\$ 919,155	\$ 908,591	\$ 10,564	\$ 656,904	\$ 650,212	\$ 1,285,084	\$ (634,872)
Roosevelt Care Centers	707,399	1,143,287	1,179,052	(35,765)	785,546	1,486,319	1,179,723	306,596
Fringe Benefits:								
General Operations	639,067	740,226	771,156	(30,930)	594,658	600,686	695,255	(94,569)
Roosevelt Care Centers	3,824,400	4,456,239	4,391,522	64,717	3,957,242	4,032,105	3,918,328	113,777
Other Expenses:								
General Operations	1,232,844	91,401	56,991	34,410	1,035,383	69,245	64,502	4,743
Golf Course Operations	-	-	11,000	(11,000)	-	-	10,000	(10,000)
Roosevelt Care Centers	-	1,238,488	2,489,228	(1,250,740)	1,383,422	1,670,192	2,006,813	(336,621)
Total Administration	7,521,708	8,588,796	9,807,540	(1,218,744)	8,413,155	8,508,759	9,159,705	(650,946)
Cost of Providing Services:								
Salary and Wages:								
General Operations	439,361	258,585	203,644	54,941	258,156	236,643	227,345	9,298
Roosevelt Care Centers	16,977,571	15,204,100	15,281,757	(77,657)	18,853,115	19,073,970	17,226,798	1,847,172
Fringe Benefits:								
General Operations	154,683	103,820	77,281	26,539	93,614	93,614	76,150	17,464
Roosevelt Care Centers	10,419,176	9,451,153	9,498,229	(47,076)	10,780,189	11,036,797	10,503,392	533,405
Other Expenses:								
General Operations	8,982,140	10,452,906	9,530,777	922,129	7,685,378	8,673,693	9,293,255	(619,562)
Roosevelt Care Centers	17,697,770	18,133,049	22,264,186	(4,131,137)	11,552,130	10,012,261	17,454,877	(7,442,616)
Total Cost of Providing Services	54,670,701	53,603,613	56,855,874	(3,252,261)	49,222,582	49,126,978	54,781,817	(5,654,839)

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
MIDDLESEX COUNTY, NEW JERSEY

SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
(BUDGETARY BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	For the Year Ended December 31, 2021				For the Year Ended December 31, 2020			
	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	\$ 50,647	\$ 50,647	\$ -	\$ 50,647	\$ 49,122	\$ 49,122	\$ 49,122	\$ -
Golf Course Operations	1,192,303	1,192,302	1,192,302	-	1,156,817	1,156,817	1,156,817	-
Roosevelt Care Centers	264,434	264,434	-	264,434	255,821	255,821	255,821	-
Total Principal Payments on Debt Service	1,507,384	1,507,383	1,192,302	315,081	1,461,760	1,461,760	1,461,760	-
Total Operating Expenses	63,699,793	63,699,792	67,855,716	(4,155,924)	59,097,497	59,097,497	65,403,282	(6,305,785)
Non-Operating Expenses:								
Interest Expense on Debt -								
General Operations	5,260	5,260	5,260	-	6,785	6,785	6,785	-
Golf Course Operations	379,792	379,793	486,319	(106,526)	415,681	415,681	466,547	(50,866)
Roosevelt Care Centers	26,360	26,360	26,360	-	35,535	35,535	35,535	-
Total Non-Operating Expenses:	411,412	411,413	517,939	(106,526)	458,001	458,001	508,867	(50,866)
Total Expenses - Budgetary	64,111,205	64,111,205	68,373,655	(4,262,450)	59,555,498	59,555,498	65,912,149	(6,356,651)
Budgetary Revenues (under) over Expenses	\$ -	\$ -	\$ (125,053)	\$ 8,399,847	\$ -	\$ -	\$ 507,664	\$ 13,220,966

Reconciliation of Budgetary Basis to Change in Net Position:

Budgetary Revenues (under) over Expenses	\$ (125,053)	\$ 507,664
Adjustments to Budgetary Basis:		
Lease Revenues	10,385,000	9,055,000
Interest Expense	(10,385,000)	(9,055,000)
Depreciation Expense	(963,351)	(2,036,438)
Depreciation Expense-Heldrich Hotel/Conference Ctr.	(2,337,241)	(2,335,992)
Bond Principal-Golf Courses	1,192,302	1,156,817
Net Pension Liability Credit	9,286,963	4,235,759
OPEB Liability	(1,451,981)	(3,625,130)
Total Adjustments	5,726,692	(2,604,984)
Change in Net Position	\$ 5,601,639	\$ (2,097,320)

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE
AT DECEMBER 31, 2021

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2020</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2021</u>
Senior Citizen's Housing Project North Brunswick Taxable Guaranteed Revenue Bonds Series 1994	11/01/94	\$ 8,300,000	9.125%	12/01/22	\$ 485,000	\$ 4,085,000	\$ -	\$ 440,000	\$ 3,645,000
			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%	09/01/22	2,105,509	10,637,433	-	2,304,172	8,333,261
			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%	09/01/22	95,000	1,725,000	-	90,000	1,635,000
			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	14,225,719	-	609,706.00	13,616,013
			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

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE
AT DECEMBER 31, 2021

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2020</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2021</u>
Heldrich Center Hotel/Conference Project, Series 2005A	01/01/05	\$ 30,000,000	5.000%	01/01/21	\$ 880,000	\$ 22,810,000	\$ -	\$ -	\$ 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, 2021

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2020</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2021</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	1,805,000	-	-	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					4.750%	09/15/22	60,000	175,000	-	55,000	120,000
										4.800%	09/15/23	60,000				

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE
AT DECEMBER 31, 2021

	<u>ORIGINAL</u> <u>DATE</u>	<u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>MATURITIES</u> <u>DATE</u>	<u>AMOUNT</u>	<u>BALANCE</u> <u>DEC. 31, 2020</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE</u> <u>DEC. 31, 2021</u>
Capital Equipment and Improvement Revenue Bonds Series 2009	09/30/09	\$ 13,115,000	3.125%	09/15/22	\$ 175,000	\$ 725,000	\$ -	\$ 175,000	\$ 550,000
			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%	10/01/22	410,000	1,670,000	-	395,000	1,275,000
			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				2,080,000	-	2,080,000	-
Open Space Trust Fund Revenue Refunding Bonds Series 2011	09/21/11	46,830,000	5.000%	09/15/22	5,440,000	16,415,000	-	5,260,000	11,155,000
			3.000%	09/15/23	5,715,000				
Capital Equipment and Improvement Revenue Bonds Series 2012	09/28/12	11,815,000	3.000%	09/15/22	245,000	515,000	-	270,000	245,000
Middlesex County Golf Courses Refunding Bonds Series 2013	06/01/13	11,875,000	3.425%	06/01/22	755,000	7,765,000	-	740,000	7,025,000
			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%	10/15/22	215,000	640,000	-	205,000	435,000
			4.000%	10/15/23	220,000				

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

Schedule V

SUPPLEMENTAL SCHEDULE OF REVENUE BONDS AND NOTES PAYABLE
AT DECEMBER 31, 2021

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2020</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2021</u>
Middlesex Regional Educational Services Commission Refunding Bonds Series 2014	05/07/14	\$ 9,385,000	5.000%	10/15/22	\$ 910,000	\$ 4,800,000	\$ -	\$ 880,000	\$ 3,920,000
			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%	12/15/22	1,635,000	26,870,000	-	1,555,000	25,315,000
			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%	09/15/22	65,000	325,000	-	65,000	260,000
			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				1,510,000	-	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, 2021

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2020</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2021</u>
Capital Equipment and Improvement Revenue Bonds Series 2017	09/01/17	\$ 10,915,000	3.000%	09/01/22	\$ 2,070,000	\$ 5,225,000	\$ -	\$ 2,010,000	\$ 3,215,000
			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%	05/15/22	795,000	12,305,000	-	755,000	11,550,000
			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%	07/01/22	2,480,000	26,185,000	-	2,360,000	23,825,000
			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%	09/15/22	1,690,000	5,575,000
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, 2021

	ORIGINAL DATE	AMOUNT	INTEREST RATE	MATURITIES DATE	AMOUNT	BALANCE DEC. 31, 2020	ISSUED	PAID	BALANCE DEC. 31, 2021
Capital Equipment and Improvement Revenue Bonds Series 2019	09/15/18	\$ 9,530,000	4.000%	07/15/22	\$ 1,755,000	\$ 7,860,000	\$ -	\$ 1,685,000	\$ 6,175,000
			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%	09/15/22	2,795,000	15,005,000.00	-	2,780,000	12,225,000
			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				
2021 County Guaranteed Parking Revenue Bonds Series 2021- City of New Brunswick Parking Deck Project	09/29/21	50,365,000	5.000%	09/01/26	450,000	-	50,365,000	-	50,365,000
			5.000%	09/01/27	630,000				
			5.000%	09/01/28	925,000				
			5.000%	09/01/29	955,000				
			5.000%	09/01/30	990,000				
			5.000%	09/01/31	1,025,000				
			5.000%	09/01/32	1,150,000				
			5.000%	09/01/33	1,350,000				
			5.000%	09/01/34	1,405,000				
			5.000%	09/01/35	1,460,000				
			4.000%	09/01/36	1,600,000				
			4.000%	09/01/37	1,650,000				
			4.000%	09/01/38	1,860,000				
			4.000%	09/01/39	1,915,000				
			4.000%	09/01/40	2,060,000				
			4.000%	09/01/41	2,125,000				
			4.000%	09/01/42	2,190,000				
			4.000%	09/01/43	2,420,000				
			4.000%	09/01/44	2,585,000				
			4.000%	09/01/45	2,665,000				
			4.000%	09/01/46	2,750,000				
			4.000%	09/01/47	2,840,000				
			4.000%	09/01/48	3,180,000				
			4.000%	09/01/49	3,285,000				
			4.000%	09/01/50	3,395,000				
			4.000%	09/01/51	3,505,000				
County Guaranteed Capital Equipment and Improvement Revenue Bonds, Series 2021	10/27/21	12,875,000	5.000%	09/15/22	2,285,000	-	12,875,000	-	12,875,000
			5.000%	09/15/23	2,330,000				
			5.000%	09/15/24	2,445,000				
			5.000%	09/15/25	2,575,000				
			5.000%	09/15/26	2,700,000				
			5.000%	09/15/27	540,000				
TOTAL						\$ 250,138,152	\$ 63,240,000	\$ 27,853,878	\$ 285,524,274
ANALYSIS OF BALANCE:									
Current Bonds and Notes Payable								\$ 36,363,104	
Long-Term Bonds Payable								249,161,170	
Subtotal								285,524,274	
Unamortized Refunding Gains/Losses and Bond Discounts/Premiums - Net								15,081,026	
TOTAL								\$ 300,605,300	

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

Schedule VI

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	6.580%	10/01/21	609,706	14,799,588	-	573,869
			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, 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 VI

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	100,000	1,800,000	130,000	125,000	1,805,000
			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				
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 VI

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 VI

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	1,755,000.00				
			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				
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				
TOTAL						\$ 261,842,069	\$ 15,135,000	\$ 26,838,917	\$ 250,138,152
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
TOTAL									<u>\$ 265,489,356</u>

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
MIDDLESEX COUNTY, NEW JERSEY

Schedule VII

SUPPLEMENTAL SCHEDULE OF LOANS PAYABLE
AT DECEMBER 31, 2021

	<u>ORIGINAL DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2020</u>	<u>ISSUED</u>	<u>PAID</u>	<u>BALANCE DEC. 31, 2021</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, 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 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	01/30/19 Hold Over	\$ 250,000
Anthony Raczynski	Vice Chairman	01/30/15 Hold Over	\$ 250,000
Paul Abbey	Secretary-Treasurer	01/30/16 Hold Over	\$ 250,000
Christine D'Agostino	Member	01/30/18 Hold Over	\$ 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 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 and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 28, 2022.

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 or significant deficiencies may exist that were not identified.

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

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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 Authority'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 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
September 28, 2022



**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, 2021. 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.

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

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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, 2021.

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
September 28, 2022

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2021**

<u>FEDERAL GRANTOR/PASS - THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>PROVIDED TO SUBRECIPIENTS</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Health and Human Services Direct Program			
COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	<u>\$ -</u>	<u>\$ 3,360,012</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, 2021

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 minimis indirect cost rate under the Uniform Guidance and has not charged any indirect costs to its funded programs.

3. Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

For the awards from the Department of Health and Human Services ("HHS") related to the Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution ("PRF") program, HHS has indicated that the amount on the Schedule of Expenditures of Federal Awards should be reported in accordance with the reporting requirements of the Health Resources and Service Administration ("HRSA") PRF Reporting Portal. Payments from HHS for PRF are assigned to "Payment Received Periods" (each, a Period) based upon the date each payment from the PRF was received. Each Period has a specified Period of Availability and timing of reporting requirements. Entities receiving PRF are required to report in the HRSA PRF Reporting Portal after each Period's deadline (i.e., after the end of the Period of Availability).

The Schedule of Expenditures of Federal Awards includes all Period 1 PRF payments received between April 10, 2020 and June 30, 2020 and all Period 2 PRF payments received between July 1, 2020 and December 31, 2020 reported by the Authority to HRSA in the PRF Reporting Portal totaling \$3,360,012. The Authority recognized PRF revenue for the years ended December 31, 2021 and 2020 of \$2,895,757 and \$1,841,592, respectively, in the financial statement line item Provider Relief Funds COVID-19 Federal Grant in the accompanying Statements of Revenue, Expenses and Changes in Net Position.

4. Personal Protective Equipment ("PPE") (Unaudited)

The Authority did not receive donated PPE from a federal source during the year ended December 31, 2021.

MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

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:

Federal Assistance Listing Number	Name of Federal Program or Cluster
93.498	COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

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
YEAR ENDED DECEMBER 31, 2021

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
YEAR ENDED DECEMBER 31, 2021**

STATUS OF PRIOR YEAR AUDIT FINDINGS

No findings were noted in the prior year.

GENERAL COMMENTS AND RECOMMENDATIONS

**MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
COUNTY OF MIDDLESEX, NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2021**

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Middlesex County Improvement Authority, County of Middlesex, New Jersey, for the fiscal year ended December 31, 2021, has been completed. The General Comments are herewith set forth:

Cash Balances

Cash and investment balances were reconciled with independent certifications obtained directly from the depositories.

Contracts and Agreements Requiring Advertisement for Bids

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.

It is pointed out that the Members of the Authority have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

In as much 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. The results of our examination did not disclose any discrepancies.

The minutes indicate that bids were requested by public advertising and awarded by resolution for the various projects in the current fiscal year.

The minutes also indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

GENERAL COMMENTS (continued)

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclose it to be a partial payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Property, Plant & Equipment

The property, plant and equipment subsidiary ledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

Budget Adoption

The State of New Jersey requires that the Authority's operating and capital budgets be approved and adopted for each fiscal year. In accordance with the Bond Resolution, Section 610, the Authority adopted annual operating and capital budgets for the years ending December 31, 2021 and 2020.

Recommendations

None.

Follow-Up of Prior Years' Findings

In accordance with *Government Auditing Standards* and audit requirements prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, our procedures included a review of all prior year findings. There were no findings noted in the prior year.

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, LLP
PKF O'Connor Davies, LLP



Andrew G. Hodulik, CPA, RMA
No. 406