

SYNOPSIS OF THE AUDIT REPORT OF THE
MIDDLESEX COUNTY UTILITIES AUTHORITY
WASTEWATER DIVISION
AS OF DECEMBER 31, 2010 AND 2009
AS REQUIRED BY N.J.S. 40A:5A-16

STATEMENT OF NET ASSETS

	December 31,	
	2010	2009
ASSETS		
Current assets unrestricted		
Cash and cash equivalents	\$ 3,660,004	\$ 4,692,741
Interest receivable	268	162
Annual charges receivable, net	4,595,447	3,163,576
Other charges receivable	705,687	627,349
Total current assets	8,961,406	8,483,828
Restricted assets		
Cash and cash equivalents	33,560,059	28,551,443
Trust accounts	242,103	241,409
Accrued interest receivable	17,882	21,668
Due from NJEIT, bond proceeds receivable	37,155,564	39,211,288
Due from Solid Waste Division construction fund	-	2,891,434
Total restricted assets	70,975,608	70,917,242
Capital Assts, net		
Land and depreciable assets	494,419,794	493,947,555
Less: accumulated depreciation	(213,551,848)	(202,351,640)
	280,867,946	291,595,915
Construction in progress		
	161,001,035	138,829,686
Net capital assets	441,868,981	430,425,601
Other assets		
Bond issuance costs, less accumulated amortization of \$1,773,132 in 2010 and \$1,309,293 in 2009	2,262,225	1,078,697
Total assets	\$ 524,068,220	\$ 510,905,368

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STATEMENT OF NET ASSETS

	December 31,	
	2010	2009
LIABILITIES AND NET ASSETS		
Current liabilities payable from unrestricted assets		
Accounts payable-operations and payroll	\$ 3,083,172	\$ 2,952,180
Accrued expenses	755,099	198,888
Refunds due to participants	3,462,283	3,684,198
Deferred interest income	82,802	-
Related party interest payable	-	577,298
Total current liabilities payable from unrestricted assets	7,383,356	7,412,564
Current liabilities payable from restricted assets:		
Accounts payable-construction accounts	504,253	1,644,353
Contractors' retainages	882,719	792,417
Revenue bonds payable-current budget year	22,074,927	24,397,268
Accrued interest payable on bonds	1,820,978	1,848,787
Deferred grant revenue- principal forgiveness	2,015,258	5,000,000
Current portion of bonds payable	211,111	211,111
Total current liabilities payable from restricted current assets	27,509,246	33,893,936
Long-term liabilities payable from restricted assets		
Bonds payable	228,984,221	232,925,148
Note payable, Solid Waste Division	15,100,000	14,500,000
Unamortized gain on 1990 defeasance	-	79,159
Unamortized original issue premium	4,417,849	3,493,630
Less: unamortized bond discounts	(77)	(421)
	248,501,993	250,997,516
Liability for other post employment benefits	17,536,759	12,036,420
Port Authority notes payable	-	211,112
Reserve for insurance claims	4,810,768	5,306,894
CPS/MCUA trust account	117,103	116,409
Total long-term liabilities payable from restricted assets	270,966,623	268,668,351
Total liabilities	305,859,225	309,974,851
Net assets		
Contributed capital, net	83,692,984	87,053,006
Restricted net assets:		
Restricted for operations	200,000	200,000
Restricted for future reconstruction and replacement	562,227	560,445
Restricted for future debt service	14,467,547	18,903,766
Restricted for construction	48,681,171	51,315,962
Unrestricted retained earnings	70,605,066	42,897,338
Total net assets	218,208,995	200,930,517
Total liabilities and net assets	\$ 524,068,220	\$ 510,905,368

SYNOPSIS OF THE AUDIT REPORT OF THE
MIDDLESEX COUNTY UTILITIES AUTHORITY
WASTE WATER DIVISION
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
AS REQUIRED BY N.J.S. 40A:5A-16

STATEMENTS OF REVENUES AND EXPENSES

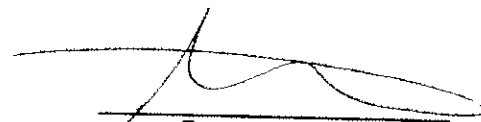
	Years ended December 31,	
	2010	2009
Operating revenues		
Annual charges	\$ 73,436,719	\$ 69,384,461
Treatment of septic tank waste	132,012	113,513
Service fees, review of plans, etc.	2,200	2,450
Permit fees, industrial pretreatment	40,650	22,000
Miscellaneous income	74,491	122,435
Employee medical insurance reimbursement	84,452	-
Management fees	1,834,608	1,804,896
Sampling and lab fees	12,385	19,166
Analytical services	23,146	26,916
Groundwater discharge fees	847,635	623,386
Sale of synthetic soil	697,470	792,826
Utilities rebate	26,621	180,499
Penalty assessments	4,500	45,300
Praxair-sale of oxygen	1,411,810	1,868,758
Praxair-sale of nitrogen	1,253,860	1,236,669
Praxair-sale of water usage	26,040	24,840
PSE&G - REC credit income	332,233	274,702
Sale of plans and specifications	2,450	5,925
Total operating revenues	<u>80,243,282</u>	<u>76,548,742</u>
Operating expenses		
Salaries and wages	11,005,017	11,136,227
Administration	15,998,788	17,325,226
Central treatment plant	19,042,443	20,204,737
Sayreville pumping station	1,577,667	1,352,630
Edison pumping station	593,710	564,118
Bound Brook pumping station	53,237	33,161
Green Brook pumping station	135,306	90,344
South Amboy pumping station	165,039	184,954
Lines, meters, and small pumping stations	297,777	274,483
WWT - administrative fee	270,608	257,280
DEP fees	60,201	-
Depreciation	13,922,927	13,659,747
Total operating expenses	<u>63,122,720</u>	<u>65,082,907</u>
Operating income (loss)	<u>17,120,562</u>	<u>11,465,835</u>

SYNOPSIS OF THE AUDIT REPORT OF THE
MIDDLESEX COUNTY UTILITIES AUTHORITY
WASTE WATER DIVISION
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
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STATEMENTS OF REVENUES AND EXPENSES

	<u>Years ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Nonoperating revenues (expenses)		
Interest on investments and deposits	3,294,689	117,779
Interest on investments (plant reconstruction and replacement)	1,782	8,066
Interest on investments (other restrictive accounts)	115,901	370,864
Amortization of bond discount	(342)	(348)
Amortization of bond issue costs	(463,838)	(183,025)
Amortization of gain on defeasance	79,159	79,164
Amortization of original issue premium	519,463	330,057
Income from grant proceeds - ARRA funds	2,984,742	-
Interest on bonds	(5,959,701)	(7,100,400)
Related party interest	(413,939)	(385,419)
Total non-operating revenues (expenses)	<u>157,916</u>	<u>(6,763,262)</u>
Change in net assets	<u>\$ 17,278,478</u>	<u>\$ 4,702,573</u>

The above summary or synopsis was prepared from the report of audit of the Middlesex County Utilities Authority - Wastewater Division, as of and for the year ended December 31, 2010. This report of audit, submitted by ParenteBeard LLC, Certified Public Accountants, is on file at the Executive Director's office and may be inspected by any interested person.


 Executive Director