

**Middlesex County Utilities  
Authority - Solid Waste Division**

Financial Statements  
and Supplementary Information

March 31, 2014



# Middlesex County Utilities Authority - Solid Waste Division

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Table of Contents

March 31, 2014

	<u>Page</u>
<b>Accountants' Compilation Report</b>	1
<b>Basic Financial Statements</b>	
Statement of Net Position	2
Statement of Revenues and Expenses	4
Statement of Changes in Net Position	5
Statement of Cash Flows	6
Notes to Financial Statements	8
<b>Supplementary Information</b>	
Schedule of Changes in Unrestricted Cash and Cash Equivalents	21
Schedule of Changes in Restricted Cash, Cash Equivalents and Investments	22
Schedule of Revenues - Budget and Actual	28
Schedule of Expenses - Budget and Actual	29

## Accountants' Compilation Report

The Board of Commissioners of  
Middlesex County Utilities Authority - Solid Waste Division  
Sayreville, New Jersey

We have compiled the accompanying statement of net position of the Middlesex County Utilities Authority - Solid Waste Division as of March 31, 2014, and the related statements of revenues and expenses, changes in net position and cash flows for the three months then ended and the accompanying supplementary information listed in the table of contents, which is presented only for purposes of additional analysis. We have not audited or reviewed the accompanying financial statements and supplementary information and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary information are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements and supplementary information in accordance with accounting principles generally accepted in the United States of America, and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements and supplementary information.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements and supplementary information without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements and supplementary information.

Management of the Middlesex County Utilities Authority - Solid Waste Division has omitted Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our compilation report on the basic financial statements is not affected by this missing information.

The statement of net position as of December 31, 2013 was audited by us and we expressed an unmodified opinion thereon in our report dated April 29, 2014; however, we have not performed any auditing procedures since that date.



Clark, New Jersey  
June 3, 2014

## Middlesex County Utilities Authority - Solid Waste Division

Statement of Net Position

March 31, 2014 and December 31, 2013

(See Accountants' Compilation Report)

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
<b>Unrestricted Current Assets</b>		
Cash and cash equivalents	\$ 6,777,243	\$ 5,740,158
Accounts receivable	<u>1,211,779</u>	<u>1,144,447</u>
Total unrestricted current assets	<u>7,989,022</u>	<u>6,884,605</u>
<b>Restricted Current Assets</b>		
Cash and cash equivalents	59,270,215	66,392,222
Investments	43,110,474	38,065,485
Loan receivable, Wastewater Division	13,100,000	13,100,000
Interest receivable	<u>368,476</u>	<u>330,465</u>
Total restricted current assets	<u>115,849,165</u>	<u>117,888,172</u>
Total current assets	123,838,187	124,772,777
<b>Capital Assets, Net</b>	<u>108,048,057</u>	<u>111,124,221</u>
Total assets	<u>\$ 231,886,244</u>	<u>\$ 235,896,998</u>

See notes to financial statements

## Middlesex County Utilities Authority - Solid Waste Division

Statement of Net Position

March 31, 2014 and December 31, 2013

(See Accountants' Compilation Report)

	<u>2014</u>	<u>2013</u>
<b>Liabilities and Net Position</b>		
<b>Current Liabilities Payable from Unrestricted Assets</b>		
Accounts payable	\$ 1,616,089	\$ 1,972,733
Accrued liabilities	8,700	246,392
Unearned service revenue	<u>751,717</u>	<u>841,650</u>
Total current liabilities payable from unrestricted assets	2,376,506	3,060,775
<b>Current Liabilities Payable from Restricted Assets</b>		
Accrued interest payable	209,896	541,103
Current portion of bonds payable	<u>7,245,809</u>	<u>7,285,469</u>
Total current liabilities	9,832,211	10,887,347
<b>Long-Term Liabilities</b>		
Bonds payable, net of discount and current portion	47,290,425	47,866,916
Liability for other post employment benefits	6,404,305	6,178,955
Accrued closure and postclosure liabilities	65,029,264	64,864,799
Unamortized original issue premium	633,946	652,283
Funds held in escrow	<u>1,696,393</u>	<u>1,748,594</u>
Total liabilities	<u>130,886,544</u>	<u>132,198,894</u>
<b>Net Position</b>		
Net investment in capital assets	53,511,823	55,971,836
Unrestricted	21,711,379	21,975,057
Restricted - funded reserves:		
Environmental self-insurance	20,283,896	20,273,896
Public liability insurance	1,998,495	1,997,510
Auto, workers compensation and general liability insurance	<u>3,494,107</u>	<u>3,479,805</u>
Total net position	<u>100,999,700</u>	<u>103,698,104</u>
Total liabilities and net position	<u>\$ 231,886,244</u>	<u>\$ 235,896,998</u>

See notes to financial statements

## Middlesex County Utilities Authority - Solid Waste Division

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Statement of Revenues and Expenses  
Three months ended March 31, 2014  
(See Accountants' Compilation Report)

### Revenues

Tipping fees	\$ 7,038,674
Soil program income	281,221
Miscellaneous income	9,665
	<hr/>
	7,329,560

### Operating Expenses

	<hr/>
	6,467,210
Operating income before depreciation and amortization	862,350

### Depreciation and Amortization

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	3,360,100
Operating loss	(2,497,750)

### Nonoperating Income and Expense

Interest expense	(323,733)
Interest income	110,497
	<hr/>

Total nonoperating income and expense, net	<hr/>
	(213,236)
Net loss	<hr/>
	<u>\$ (2,710,986)</u>

See notes to financial statements

## Middlesex County Utilities Authority - Solid Waste Division

Statement of Changes in Net Position  
Three Months Ended March 31, 2014  
(See Accountants' Compilation Report)

	<b>Net Investment in Capital Assets</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
<b>Balance, Beginning of Period</b>	\$ 55,971,836	\$ 21,975,057	\$ 25,751,211	\$ 103,698,104
Net income (loss)	(3,378,437)	654,746	12,705	(2,710,986)
Net transfers from reserves	918,424	(918,424)	-	-
Insurance and FEMA reimbursements, net of claims of \$33,461	-	-	12,582	12,582
<b>Balance, End of Period</b>	<u>\$ 53,511,823</u>	<u>\$ 21,711,379</u>	<u>\$ 25,776,498</u>	<u>\$ 100,999,700</u>

See notes to financial statements

## Middlesex County Utilities Authority - Solid Waste Division

### Statement of Cash Flows

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

#### Cash Flows from Operating Activities

Cash received from customers	\$ 6,897,826
Miscellaneous income from customers and vendors	2,555,411
Cash payments for goods and services	(8,479,685)
Cash payments to employees	<u>(576,007)</u>
Net cash provided by operating activities	<u>397,545</u>

#### Cash Flows from Capital and Related Financing Activities

Additions to capital assets	(302,273)
Interest paid	(654,940)
Net reimbursement to funded reserves	12,582
Repayments of bonds payable	<u>(616,151)</u>
Net cash used in capital and related financing activities	<u>(1,560,782)</u>

#### Cash Flows from Investing Activities

Purchase of investment securities	16,277,447
Proceeds from sale and maturities of investments	(21,322,436)
Interest income received on investments	<u>123,304</u>
Net cash used in investing activities	<u>(4,921,685)</u>

Decrease in cash and cash equivalents (6,084,922)

**Cash and Cash Equivalents, Beginning of Period** 72,132,380

**Cash and Cash Equivalents, End of Period** \$ 66,047,458

#### Summary of Cash and Cash Equivalents at End of Period

Unrestricted assets	\$ 6,777,243
Restricted assets	<u>59,270,215</u>
	<u>\$ 66,047,458</u>



## Middlesex County Utilities Authority - Solid Waste Division

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Statement of Cash Flows

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

### Reconciliation of Operating Loss to Net Cash Provided by Operating Activities

Operating loss	\$ (2,497,750)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	3,360,100
Changes in operating assets and liabilities	
Accounts receivable	(67,332)
Accounts payable, accrued liabilities and retainage payable	(594,336)
Unearned service revenue	(89,933)
Liability for other post employment benefits	225,350
Accrued closure and postclosure liabilities	113,647
Funds held in escrow	<u>(52,201)</u>
Net cash provided by operating activities	<u>\$ 397,545</u>

See notes to financial statements

# Middlesex County Utilities Authority - Solid Waste Division

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Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

## 1. Organization

The Middlesex County Utilities Authority (the "Authority") is a public body, politic and corporate of the State of New Jersey. As a public body under existing statute, the Authority is exempt from both federal and state income taxes.

The Authority has two divisions: the Solid Waste Division and the Wastewater Division. The two divisions are operated as separate enterprises with the assets, liabilities, net position, revenues and expenses of each segregated from the other. Certain common expenses are allocated between the divisions. Each division prepares separate sets of financial statements.

### The Solid Waste Division

The Solid Waste Division (the "Division") commenced landfill operations on January 1, 1988, and is responsible for the implementation of the principal elements of the County's Solid Waste Management Plan.

### The Wastewater Division

The Wastewater Division is authorized and empowered to construct, maintain and operate sewage and sludge treatment facilities and to issue revenue bonds payable from the annual charges collected from the Authority's participants. Such sewer revenue bonds are secured solely by revenues derived from the operation of the Wastewater Division and have no lien or claim upon any of the assets or revenues of the Solid Waste Division.

## 2. Summary of Significant Accounting Policies

These financial statements include the operations of the landfill and the Division's activities relative to the implementation of the principal elements of the County's Solid Waste Management Plan, but exclude the assets, liabilities, net position and operations of the Wastewater Division.

### General Statement

The accounting and reporting policies of the Division included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America as applicable to local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (the "GASB") and by the Financial Accounting Standards Board (the "FASB"), where applicable, in accordance with GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

### Basis of Presentation

The operations of the Solid Waste Division are accounted for as a proprietary fund. The accompanying financial statements of the Solid Waste Division have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America applicable to proprietary funds as defined by the GASB.

## Middlesex County **Utilities Authority - Solid Waste Division**

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Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Subsequent Events**

The Authority has evaluated subsequent events through June 3, 2014, which is the date the financial statements were available to be issued.

### **Operating Revenues and Expenses**

Operating revenues result from providing landfill operations which are principally derived from receipts of funds from customers. Operating expenses for these operations include all costs related to providing the services. All other revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

### **Cash Equivalents**

Cash equivalents include certificates of deposit and a cash management fund. The Solid Waste Division considers investments with original maturities of three months or less at the date of purchase to be cash equivalents.

### **Accounts Receivable**

Accounts receivable consist of receivables at original invoice amounts. Credit is generally extended on a short-term basis; thus, receivables do not bear interest. Receivables are periodically evaluated for collectability based on past credit history with customers and their current financial condition. Changes in the estimated collectability of receivables are recorded in the results of operations for the period in which the estimate is revised. No allowance for doubtful accounts was required at March 31, 2014.

## Middlesex County Utilities Authority - Solid Waste Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

### Restricted Assets

Restricted assets consist of funds provided from issuance of bonds and/or revenues and are restricted for specific purposes under the resolution authorizing the issuance of the bonds or the Authority budget. Restricted assets were as follows at:

Purpose	March 31, 2014	December 31, 2013
Acquisition or construction of property, plant and equipment and related improvements	\$ 21,366,067	\$ 23,543,601
Landfill closure and post-closure	65,029,264	64,864,799
Future contingencies	27,757,441	27,731,178
Funds held in escrow	1,696,393	1,748,594
	\$ 115,849,165	\$ 117,888,172

### Investments

Investments are purchased with the intent to hold to maturity. Investments consist of certificates of deposit and U.S. Government obligations which are stated at cost (adjusted for accumulated amortization/accretion of any premium or discounts) which approximates fair value.

### Capital Assets

Property, plant and equipment are stated at cost or estimated historical cost. Cost includes interest expense, net of related interest income on tax-exempt borrowings obtained to finance construction projects. Landfill improvements are amortized based on the units of airspace used during the year.

Depreciation is computed on a straight-line basis over the following estimated useful lives:

	Years
Building and improvements	3 - 20
Machinery and equipment	3 - 10
Furniture and fixtures	3 - 10

### Accrued Closure and Post-Closure Liabilities

Landfill site closure and post-closure cost liabilities are accrued based on estimates of closure and post-closure costs to be incurred and units of airspace filled during the period.

### Insurance Reserves

The Authority self insures for a portion of the losses that could arise during the normal course of its operations, such as losses from general liability, collision losses and workers compensation claims. The Authority's policy is to set up funded reserves for claims that may arise and to purchase commercial insurance to cover the liability for claims in excess of self-insured amounts.

## Middlesex County Utilities Authority - Solid Waste Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

### 3. Cash and Cash Equivalents

The components of cash and cash equivalents are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<b>March 31, 2014</b>			
Cash on deposit	\$ 6,777,243	\$ 49,080,851	\$ 55,858,094
Cash equivalents	-	10,189,364	10,189,364
Total	<u>\$ 6,777,243</u>	<u>\$ 59,270,215</u>	<u>\$ 66,047,458</u>
<b>December 31, 2013</b>			
Cash on deposit	\$ 5,740,158	\$ 51,367,410	\$ 57,107,568
Cash equivalents	-	15,024,812	15,024,812
Total	<u>\$ 5,740,158</u>	<u>\$ 66,392,222</u>	<u>\$ 72,132,380</u>

The cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000 in each depository. At March 31, 2014, the Authority had on deposit, bank balances of approximately \$58,883,208, exclusive of cash held in brokerage accounts and certificates of deposit held as investments, in two commercial banks, \$273,850 of which was covered by federal deposit insurance. Balances above the federal deposit insurance amount are insured by the Governmental Unit Deposit Protection Act ("GUDPA"), N.J.S.A. 17:9-41, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums. See Note 4 for risk disclosures.

### 4. Investments

The Authority's investment policy permits the investing of monies in the following types of investments:

- a) Any direct and general obligation of the United States of America.
- b) Negotiable or non-negotiable certificates of deposit issued by any bank, savings and loan association, or national banking association if qualified to serve as a depository for public funds under the provisions of the Governmental Unit Deposit Protection Act, N.J.S.A. 17:9-41 et seq.
- c) Deposits in the State of New Jersey Cash Management Fund.

## Middlesex County Utilities Authority - Solid Waste Division

### Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

The Authority's investments which are held in the Authority's name on the records of the various financial institutions are summarized below:

Type	March 31, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
United States Government obligations:				
FNMA and FHLMC obligations				
Short-term	\$ 8,740,153	\$ 8,536,012	\$ 8,220,000	\$ 8,266,158
Long-term	8,842,197	8,802,927	9,229,080	8,929,425
US Treasury Notes				
Short-term	-	-	-	-
Long-term	18,778,594	18,847,240	13,866,875	13,917,850
Certificates of deposit:				
Short-term	4,250,000	4,246,413	4,750,000	4,744,455
Long-term	2,499,530	2,515,905	1,999,530	2,005,343
<b>Total</b>	<b>\$ 43,110,474</b>	<b>\$ 42,948,497</b>	<b>\$ 38,065,485</b>	<b>\$ 37,863,231</b>

Pursuant to Governmental Accounting Standards Board Statement No. 40, *Deposits and Investment Risk Disclosures* ("GASB 40"), the Authority's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of a failure of the counterparty, the Authority would not be able to recover the value of its deposits or investments.) Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At March 31, 2014, all of the Authority's deposits were collateralized by securities held by the GUDPA collateral pool and, accordingly, are not exposed to Custodial Credit Risk.

**Credit Risk:** The Authority does not have an investment policy regarding the management of credit risk, because it is the Authority's policy to only invest in securities that are obligations of the U.S. Government or securities guaranteed by the U.S. Government. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments, except for obligations of the U.S. Government or investments guaranteed by the U.S. Government.

**Interest Rate Risk:** The Authority only invests in securities of, or guaranteed by, the U.S. Government, which it generally holds until maturity. As such, management believes that they do not have a significant exposure to interest rate risk, therefore, the Authority does not have a policy to limit interest rate risk.

## Middlesex County Utilities Authority - Solid Waste Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

### 5. Capital Assets

Property, plant and equipment consist of the following:

Purpose	March 31, 2014	December 31, 2013
Landfill and landfill expansion, including initial preparatory cost and construction in progress	\$ 279,532,138	\$ 279,532,138
Construction in Progress	2,512,353	2,210,080
Buildings, machinery and equipment	21,058,720	22,030,667
	303,103,211	303,772,885
Less accumulated depreciation and amortization	195,055,154	192,648,664
	<u>\$ 108,048,057</u>	<u>\$ 111,124,221</u>

Depreciation expense on buildings, machinery and equipment amounted to \$389,450 for the three months ended March 31, 2014. The amortization expense on landfill and landfill expansion was \$2,988,987 for the three months ended March 31, 2014.

	Balance January 1, 2014	Increase	Decrease	Balance March 31, 2014
Landfill and landfill expansion	\$ 279,532,138	\$ -	\$ -	279,532,138
Construction in progress	2,210,080	302,273	-	2,512,353
Other assets	22,030,667	-	971,947	21,058,720
	<u>\$ 303,772,885</u>	<u>\$ 302,273</u>	<u>\$ 971,947</u>	<u>\$ 303,103,211</u>

### 6. Long-Term Debt

In 2007, the Authority borrowed \$64,962,245 from the New Jersey Environmental Infrastructure Trust. The bonds are payable in two separate portions. The federal portion is payable in semi-annual principal amounts of approximately \$2,850,000 per year without interest. The state portion bears interest at rates ranging from 3.4% to 5.0% per annum and is payable in annual installments ranging from \$2,890,000 to \$3,640,000 through August 2019. Current portion as of March 31, 2014 is \$5,736,327.

In 2009, the Authority borrowed \$23,537,398 in supplemental bond financing from the New Jersey Environmental Infrastructure Trust. The bonds are payable in two separate portions. The federal portion is payable in semi-annual principal amounts aggregating approximately \$824,500 per year without interest. The state portion bears interest at rate ranging from 2.0% to 5.0% per annum and is payable in annual installments ranging from \$685,000 to \$1,055,000 through August 2024. Current portion as of March 31, 2014 is \$1,509,482.

## Middlesex County Utilities Authority - Solid Waste Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

The following changes occurred in long-term debt obligations:

	<u>Balance January 1, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance March 31, 2014</u>
Bonds payable	\$ 55,152,385	\$ -	\$ 616,151	\$ 54,536,234

Annual repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
Years ended March 31:			
2015	\$ 7,245,809	\$ 1,240,895	\$ 8,486,704
2016	7,364,116	1,079,000	8,443,116
2017	7,551,448	888,750	8,440,198
2018	7,745,495	688,875	8,434,370
2019	7,947,159	479,000	8,426,159
2020 through 2024	15,308,053	752,750	16,060,803
2025	1,374,154	21,100	1,395,254
	<u>\$ 54,536,234</u>	<u>\$ 5,150,370</u>	<u>\$ 59,686,604</u>

### 7. 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:

*Short-term investments:* The carrying amount approximates fair value because of the short maturity of those instruments.

*Long-term investments:* The fair value 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 4.

*Long-term debt:* The Authority's long-term debt is stated at face value, which management believes approximates fair value based on the current rates available to the Authority and the remaining terms of the obligations.

### 8. Reservations on Net Position

Under its budget practices, the Authority reserves the use of unexpended funds for Solid Waste Division's appropriations specifically earmarked for acquisition of property, plant and equipment and for future contingencies and liabilities. Certain of these reserves are restricted fund reserves and others are funded reserves of unrestricted net position.



## Middlesex County Utilities Authority - Solid Waste Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

### 9. Service Revenues

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

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

The landfill rate structure per ton as adopted in the Authority's original 2014 budget is as follows:

	Contract (Tier 1)	Contract (Tier II)	Regular	C&D	Special
Rates to cover operating costs, capital costs and reserves	\$ 48.58	\$ 51.58	\$ 54.83	\$ 60.83	\$ 85.83
Mandated taxes:					
DEP closure tax	1.00	1.00	1.00	1.00	1.00
State closure and contingency tax	0.50	0.50	0.50	0.50	0.50
State solid waste recycling tax	3.00	3.00	3.00	3.00	3.00
Host community tax	5.30	5.30	5.30	5.30	5.30
County tax	0.77	0.77	0.77	0.77	0.77
Adjoining host community tax	3.60	3.60	3.60	3.60	3.60
Total mandated taxes	14.17	14.17	14.17	14.17	14.17
Total rate per ton	<u>\$ 62.75</u>	<u>\$ 65.75</u>	<u>\$ 69.00</u>	<u>\$ 75.00</u>	<u>\$ 100.00</u>
2013 rates	<u>\$ 62.50</u>	<u>\$ 65.50</u>	<u>\$ 69.00</u>	<u>\$ 69.00</u>	<u>\$ 100.00</u>

## Middlesex County Utilities Authority - Solid Waste Division

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Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

### 10. Related Party Transactions

#### Management Fee

The operating expenses for the Solid Waste Division include management fees to the Wastewater Division, which amounted to \$413,001 for the three months ended March 31, 2014.

#### Note Receivable

The Solid Waste Division has loaned the Wastewater Division \$13,100,000. The note bears interest at the rate of 2.75% per annum and requires the Wastewater Division to make principal repayments at the discretion of the Board of Commissioners. There is no stated maturity date for the note. Interest income for the three months ended March 31, 2014 was \$88,829.

### 11. Pension and Retirement Plans

#### Pension Plan

The Authority participates in the Public Employees' Retirement System of New Jersey, which is administered by the Division of Pensions in the Department of Treasury, State of New Jersey. This multiple-employer defined benefit pension plan is funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plan, which covers public employees throughout the state, does not maintain separate records for each reporting unit and, accordingly, the actuarial data specific to the employees of the Authority who are members of the plan are not available. There were no contributions for the three months ended March 31, 2014.

The Authority has adopted the provisions of the revision to Governmental Accounting Standards Board Statement No. 32, "Accounting for Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" ("GASB 32"), for both the deferred compensation and the discretionary supplemental retirement plans mentioned below, and has complied with the provisions of the Small Business Job Protection Act of 1996 (the "Act"). The Act requires that amounts deferred under this plan are to be held for the exclusive benefit of participating employees and are not accessible by the Authority or its creditors.

#### Deferred Compensation

The Authority's deferred compensation program is offered to all Authority employees. The program was created in accordance with Sections 403(b) and 457 of the Internal Revenue Code. The program is offered by the Authority, through a program administrator, The Variable Annuity Life Insurance Company ("VALIC").

## Middlesex County Utilities Authority - Solid Waste Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

### Other Post Employment Benefits ("OPEB") - Retiree Welfare Plan

The Authority maintains a Retiree Welfare Plan which provides post retirement medical benefits to eligible retirees as described under the plan. During the year ended December 31, 2008, the Authority adopted the provisions of Statement of Governmental Accounting Standards No. 45 ("GASB 45") which requires that the Authority record an actuarially calculated liability and record its annual OPEB cost. The major actuarial assumptions, among others, were the use of a 4.5% discount rate and a computed Health Care Trend Rate ("HCTR") which ranged from 5% to 12% depending on the type of coverage. Tables were used for mortality, morbidity and disability variables in computing the HCTR. The Authority does not fund the actuarial cost of the plan and only contributes the amount necessary to pay for benefits of current retirees.

The Authority's annual OPEB cost is calculated based on the Annual Required Contribution ("ARC"), which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of time not to exceed thirty years. Also, the Authority elected to compute the Net OPEB Obligation ("NOO") at transition on a prospective rather than retroactive basis. The following table shows the components of the Authority's annual OPEB cost for the three months ended March 31, 2014, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation:

Required contribution	\$	123,539
Interest on Net OPEB obligation		68,378
Amortization on Net OPEB obligation		<u>84,413</u>
Annual OPEB cost		276,330
Contributions made		<u>50,980</u>
Increase in Net OPEB obligation		225,350
Net OPEB obligation - beginning of period		<u>6,178,955</u>
Net OPEB obligation - end of period	\$	<u><u>6,404,305</u></u>

## Middlesex County Utilities Authority - Solid Waste Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

### Funded Status and Funding Progress

The funded status of the plan as of January 1, 2013, the date of the most recent actuarial valuation, is as follows:

Actuarial Accrued Liability ("AAL")	\$ 11,578,452
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 11,578,452</u>
Funded Ratio - Actuarial Value of Plan Assets/AAL	<u>0.0%</u>
Covered Payroll	<u>\$ 2,501,944</u>
UAAL as a percentage of covered payroll	<u>462.78%</u>

### Discretionary Supplemental Retirement Plan

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

## 12. Commitments and Contingencies

### Acquisition of Property Interests in Edgeboro II

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

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

### Host Community Benefit Agreements

*Township of East Brunswick:* Under the Host Community Benefit Statute, the Township of East Brunswick is entitled to host benefits in consideration for the location of an operating landfill within its borders. The benefits provided to the Township of East Brunswick, under the agreement currently in effect, are based on solid waste accepted at the landfill, at the rate of \$5.30 per ton. The required annual payment can vary from a minimum of \$3,090,000 to a maximum of \$3,296,000. There is also an annual basic payment of \$910,000, increased by the percentage increase on tipping rate (excluding taxes) using 1988 as the base year.

## Middlesex County Utilities Authority - Solid Waste Division

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Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

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

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

### **MCIA Agreement**

On January 1, 2011, the Middlesex County Utilities Authority renewed a five-year agreement, to be renegotiated annually, with the Middlesex County Improvement Authority ("MCIA") allowing operation of an Interim Bulky Waste Recycling Program by the Improvement Authority. Under the renegotiated agreement, the Authority subsidizes the County of Middlesex Recycling Program in the amount of \$2,750,000 annually.

### **Closure and Post-Closure Care Cost**

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

Federal and state laws and regulations require the Authority to place a final cover on each utilized area of the landfill site when the respective area stops accepting waste and to perform certain maintenance and monitoring functions at each site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that these landfill areas stop accepting waste, the Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used each year. The \$65.03 million reported as landfill closure and post-closure care liability at March 31, 2014 represents the cumulative amount reported to date based on the use of approximately 86.7% of the estimated capacity of the landfill. Total costs are estimated to be approximately \$75 million.

The Authority has expensed \$165,077 for closure and post-closure care costs for the three months ended March 31, 2014. These amounts are based on what it would cost to perform all closure and post-closure care for the Authority's share of closure costs. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

## Middlesex County Utilities Authority - Solid Waste Division

### Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

The Authority also provides funding for closure and post-closure liabilities to meet regulatory requirements from tipping fee revenues. At March 31, 2014, cash and investments with a cost of \$65,029,264 which approximates fair value, are held for these purposes. These are reported as restricted assets on the balance sheet. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions; however, if interest earnings are inadequate or additional post-closure care requirements are determined, due to changes in technology or applicable laws or regulations, for example, these costs may need to be covered by charges to future landfill users or from future tax revenues.

### Litigation

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

### Environmental Regulations

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

### 13. Reservations of Unrestricted Net Position

The Authority, under its budgetary practice, has established the following reservations of its unrestricted net position:

	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Land acquisition and improvements	\$ 21,331,448	\$ 21,239,796
Reconstruction and replacement	2,240,519	4,509,705
Future contingencies	1,980,944	1,979,967
<b>Total</b>	<b>\$ 25,552,911</b>	<b>\$ 27,729,468</b>

## Middlesex County Utilities Authority - Solid Waste Division

Schedule of Changes in Unrestricted Cash and Cash Equivalents

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	<b>Operating Fund</b>
<b>Sources</b>	
Tipping fees	\$ 6,897,826
Interest income	3,349
Soil program income	281,221
Miscellaneous receipts	500
Enrollment fees	2,690
Expense reimbursement	1,635
Transfer from restricted funds	<u>2,271,000</u>
Total sources	<u>9,458,221</u>
<b>Uses</b>	
Vouchers paid	7,054,197
Transfers to debt service, net	<u>1,366,939</u>
Total uses	<u>8,421,136</u>
<b>Increase for the Period</b>	1,037,085
<b>Balance, Beginning of Period</b>	<u>5,740,158</u>
<b>Balance, End of Period</b>	<u><u>\$ 6,777,243</u></u>
<b>Balance comprised of</b>	
Cash	<u><u>\$ 6,777,243</u></u>

## Middlesex County Utilities Authority - Solid Waste Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	General Liability Insurance Fund	Collision Insurance Reserve	Workers Compensation Insurance	Land Acquisition and Improvement Reserve
<b>Sources</b>				
Interest income	\$ 1,359	\$ 92	\$ 269	\$ 569
Escrow deposits	-	-	-	-
Expense reimbursement	-	-	46,043	-
Due from WWD	-	-	-	-
Miscellaneous income (loss)	-	-	-	-
Retainage deposits	-	-	-	-
Budget appropriation	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
	<u>1,359</u>	<u>92</u>	<u>46,312</u>	<u>569</u>
Total sources				
<b>Uses</b>				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Claims paid	-	-	33,461	-
NJEIT administrative fee	-	-	-	-
Trustee fee	-	-	-	-
Escrow withdrawals	-	-	-	-
Due from WWD	-	-	-	-
DEP fee	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>33,461</u>	<u>-</u>
Total uses				
<b>Increase (Decrease)</b>	1,359	92	12,851	569
<b>Balance, Beginning of Period</b>	<u>2,755,475</u>	<u>187,015</u>	<u>537,317</u>	<u>1,152,758</u>
<b>Balance, End of Period</b>	<u>\$ 2,756,834</u>	<u>\$ 187,107</u>	<u>\$ 550,168</u>	<u>\$ 1,153,327</u>
<b>Balance comprised of</b>				
Cash	\$ 2,756,834	\$ 187,107	\$ 550,168	\$ 1,153,327
Cash equivalents	-	-	-	-
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
Other government obligations	-	-	-	-
	<u>\$ 2,756,834</u>	<u>\$ 187,107</u>	<u>\$ 550,168</u>	<u>\$ 1,153,327</u>



## Middlesex County Utilities Authority - Solid Waste Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	DEP Closure Phase I	Environmental Self Insurance	Closure/ Post- Closure I	Closure/ Post- Closure II
<b>Sources</b>				
Interest income	\$ 4,157	\$ 10,000	\$ 1,576	\$ 69,980
Escrow deposits	-	-	-	55,794
Expense reimbursement	-	-	-	-
Due from WWD	-	-	-	-
Miscellaneous income (loss)	-	-	-	-
Retainage deposits	-	-	-	-
Budget appropriation	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
	<u>4,157</u>	<u>10,000</u>	<u>1,576</u>	<u>125,774</u>
Total sources				
<b>Uses</b>				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Claims paid	-	-	-	-
NJEIT administrative fee	-	-	-	-
Trustee fee	-	-	-	11,135
Escrow withdrawals	-	-	-	-
Due from WWD	-	-	-	-
DEP fee	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,135</u>
Total uses				
<b>Increase (Decrease)</b>	4,157	10,000	1,576	114,639
<b>Balance, Beginning of Period</b>	<u>8,427,672</u>	<u>20,273,896</u>	<u>3,200,574</u>	<u>35,563,252</u>
<b>Balance, End of Period</b>	<u>\$ 8,431,829</u>	<u>\$ 20,283,896</u>	<u>\$ 3,202,150</u>	<u>\$ 35,677,891</u>
<b>Balance comprised of</b>				
Cash	\$ 8,431,829	\$ 20,283,896	\$ 3,202,150	\$ 26,026
Cash equivalents	-	-	-	10,123,741
Investments:				
Certificates of deposit	-	-	-	6,749,530
Treasury notes	-	-	-	18,778,594
Other government obligations	-	-	-	-
	<u>\$ 8,431,829</u>	<u>\$ 20,283,896</u>	<u>\$ 3,202,150</u>	<u>\$ 35,677,891</u>

## Middlesex County Utilities Authority - Solid Waste Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	<b>Supplemental Fund</b>	<b>Public Liability Insurance Reserve</b>	<b>Aforce Escrow</b>	<b>Construction Reserve</b>
<b>Sources</b>				
Interest income	\$ 977	\$ 985	\$ 158	\$ 2,255
Escrow deposits	-	-	-	-
Expense reimbursement	-	-	-	-
Due from WWD	-	-	-	-
Miscellaneous income (loss)	-	-	-	-
Retainage deposits	-	-	-	-
Budget appropriation	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
	<u>977</u>	<u>985</u>	<u>158</u>	<u>2,255</u>
Total sources				
<b>Uses</b>				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Claims paid	-	-	-	-
NJEIT administrative fee	-	-	-	-
Trustee fee	-	-	-	-
Escrow withdrawals	-	-	226,198	-
Due from WWD	-	-	-	-
DEP fee	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>226,198</u>	<u>-</u>
Total uses				
<b>Increase (Decrease)</b>	977	985	(226,040)	2,255
<b>Balance, Beginning of Period</b>	<u>1,979,967</u>	<u>1,997,510</u>	<u>526,198</u>	<u>4,570,909</u>
<b>Balance, End of Period</b>	<u>\$ 1,980,944</u>	<u>\$ 1,998,495</u>	<u>\$ 300,158</u>	<u>\$ 4,573,164</u>
<b>Balance comprised of</b>				
Cash	\$ 1,980,944	\$ 1,998,495	\$ 300,158	\$ 4,573,164
Cash equivalents	-	-	-	-
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
Other government obligations	-	-	-	-
	<u>\$ 1,980,944</u>	<u>\$ 1,998,495</u>	<u>\$ 300,158</u>	<u>\$ 4,573,164</u>

## Middlesex County Utilities Authority - Solid Waste Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	<b>Service Fee Escrow</b>	<b>Reconstruction Replacement Reserve</b>	<b>HMC Assoc., Inc. Escrow</b>	<b>Ozark Environmental Escrow</b>
<b>Sources</b>				
Interest income	\$ 230	\$ 1,814	\$ 172	\$ 158
Escrow deposits	373,667	-	-	-
Expense reimbursement	-	-	-	-
Due from WWD	-	-	-	-
Miscellaneous income (loss)	-	-	-	-
Retainage deposits	-	-	-	-
Budget appropriation	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
Total sources	<u>373,897</u>	<u>1,814</u>	<u>172</u>	<u>158</u>
<b>Uses</b>				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Claims paid	-	-	-	-
NJEIT administrative fee	-	-	-	-
Trustee fee	-	-	-	-
Escrow withdrawals	3,000	-	-	222,393
Due from WWD	-	-	-	-
DEP fee	-	-	-	-
Transfers - unrestricted funds	-	2,271,000	-	-
Total uses	<u>3,000</u>	<u>2,271,000</u>	<u>-</u>	<u>222,393</u>
<b>Increase (Decrease)</b>	370,897	(2,269,186)	172	(222,235)
<b>Balance, Beginning of Period</b>	<u>296,727</u>	<u>4,509,705</u>	<u>348,329</u>	<u>522,393</u>
<b>Balance, End of Period</b>	<u>\$ 667,624</u>	<u>\$ 2,240,519</u>	<u>\$ 348,501</u>	<u>\$ 300,158</u>
<b>Balance comprised of</b>				
Cash	\$ 667,624	\$ 2,240,519	\$ 348,501	\$ 300,158
Cash equivalents	-	-	-	-
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
Other government obligations	-	-	-	-
	<u>\$ 667,624</u>	<u>\$ 2,240,519</u>	<u>\$ 348,501</u>	<u>\$ 300,158</u>

## Middlesex County Utilities Authority - Solid Waste Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	<b>DEP Closure Phase II</b>	<b>2009 Debt Service</b>	<b>SWD Benefits Escrow</b>	<b>SWD FSA Escrow</b>
<b>Sources</b>				
Interest income	\$ 86,068	\$ -	\$ 34	\$ 1
Escrow deposits	80,961	-	23,770	-
Expense reimbursement	-	-	-	-
Due from WWD	-	-	-	-
Miscellaneous income (loss)	(62,176)	-	-	-
Retainage deposits	-	-	-	-
Budget appropriation	-	-	-	-
Transfers - unrestricted funds	-	529,551	-	-
Total sources	<u>104,853</u>	<u>529,551</u>	<u>23,804</u>	<u>1</u>
<b>Uses</b>				
Bond principal paid	-	274,827	-	-
Bond interest paid	-	207,325	-	-
Claims paid	-	-	-	-
NJEIT administrative fee	-	17,168	-	-
Trustee fee	9,944	-	-	-
Escrow withdrawals	-	-	-	-
Due from WWD	-	-	-	-
DEP fee	-	30,231	-	-
Transfers - unrestricted funds	-	-	-	-
Total uses	<u>9,944</u>	<u>529,551</u>	<u>-</u>	<u>-</u>
<b>Increase (Decrease)</b>	94,909	-	23,804	1
<b>Balance, Beginning of Period</b>	<u>17,553,064</u>	<u>-</u>	<u>52,642</u>	<u>2,304</u>
<b>Balance, End of Period</b>	<u>\$ 17,647,973</u>	<u>\$ -</u>	<u>\$ 76,446</u>	<u>\$ 2,305</u>
<b>Balance comprised of</b>				
Cash	\$ -	\$ -	\$ 76,446	\$ 2,305
Cash equivalents	65,623	-	-	-
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
Other government obligations	17,582,350	-	-	-
	<u>\$ 17,647,973</u>	<u>\$ -</u>	<u>\$ 76,446</u>	<u>\$ 2,305</u>

## Middlesex County Utilities Authority - Solid Waste Division

### Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	2007 Debt Service	Northeast Remsco Retainage	Total
<b>Sources</b>			
Interest income	\$ -	\$ -	\$ 180,854
Escrow deposits	-	-	534,192
Expense reimbursement	-	-	46,043
Due from WWD	-	-	-
Miscellaneous income (loss)	-	-	(62,176)
Retainage deposits	-	1,200	1,200
Budget appropriation	-	-	-
Transfers - unrestricted funds	837,388	-	1,366,939
	<u>837,388</u>	<u>-</u>	<u>1,366,939</u>
Total sources	<u>837,388</u>	<u>1,200</u>	<u>2,067,052</u>
<b>Uses</b>			
Bond principal paid	341,324	-	616,151
Bond interest paid	447,616	-	654,941
Claims paid	-	-	33,461
NJEIT administrative fee	48,448	-	65,616
Trustee fee	-	-	21,079
Escrow withdrawals	-	-	451,591
Due from WWD	-	-	-
DEP fee	-	-	30,231
Transfers - unrestricted funds	-	-	2,271,000
	<u>837,388</u>	<u>-</u>	<u>4,144,070</u>
Total uses	<u>837,388</u>	<u>-</u>	<u>4,144,070</u>
<b>Increase (Decrease)</b>	-	1,200	(2,077,018)
<b>Balance, Beginning of Period</b>	<u>-</u>	<u>-</u>	<u>104,457,707</u>
<b>Balance, End of Period</b>	<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ 102,380,689</u>
<b>Balance comprised of</b>			
Cash	\$ -	\$ 1,200	\$ 49,080,851
Cash equivalents	-	-	10,189,364
Investments:			
Certificates of deposit	-	-	6,749,530
Treasury notes	-	-	18,778,594
Other government obligations	-	-	17,582,350
	<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ 102,380,689</u>

## Middlesex County Utilities Authority - Solid Waste Division

Schedule of Revenues - Budget and Actual

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

<u>Description</u>	<u>Annual Budget</u>	<u>Actual</u>	<u>Unrealized (Excess Over) Under Budget</u>
Tipping fees	\$ 33,190,000	\$ 7,038,674	\$ 26,151,326
Unreserved retained earnings (1)	5,210,800	-	5,210,800
Interest income (2)	8,000	110,497	(102,497)
Soil program income	1,000,000	281,221	718,779
Miscellaneous income	396,200	9,665	386,535
	<u>\$ 39,805,000</u>	<u>\$ 7,440,057</u>	<u>\$ 32,364,943</u>

(1) Not a revenue for GAAP purposes.

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

## Middlesex County Utilities Authority - Solid Waste Division

Schedule of Expenses - Budget and Actual  
 Three Months Ended March 31, 2014  
 (See Accountants' Compilation Report)

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
<b>Salaries and Wages</b>			
Administration	\$ 870,000	\$ 191,428	\$ 678,572
Operations	1,774,000	383,649	1,390,351
Temporary help	20,000	930	19,070
Total salaries and wages	<u>2,664,000</u>	<u>576,007</u>	<u>2,087,993</u>
<b>Administration</b>			
Public Employee Retirement System	285,000	255,567	29,433
Social Security tax	204,000	43,016	160,984
Employee benefits	884,000	445,209	438,791
Less: Nonbudgeted accrual for OPEB costs	-	(225,350)	225,350
Insurance	242,000	-	242,000
Professional fees	922,500	151,963	770,537
Regulatory fees and permits	130,000	27,849	102,151
General administrative expenses	1,746,000	434,112	1,311,888
Implementing agency fee	3,500,000	904,809	2,595,191
Total administration	<u>7,913,500</u>	<u>2,037,175</u>	<u>5,876,325</u>
<b>Landfill Operations</b>			
Host community benefits	6,155,000	1,685,406	4,469,594
Utilities	109,000	27,703	81,297
Maintenance	421,000	63,547	357,453
Operations	6,187,000	1,460,657	4,726,343
Transportation	59,000	11,212	47,788
Mandated charges	2,525,000	229,280	2,295,720
Total landfill operations	<u>15,456,000</u>	<u>3,477,805</u>	<u>11,978,195</u>
Budget subtotal	26,033,500	6,090,987	19,942,513
NJ - WWT and DEP - administrative fee	-	95,849	(95,849)
<b>Budget total before debt service capital outlay and reserves</b>	<u>26,033,500</u>	<u>6,186,836</u>	<u>19,846,664</u>

## Middlesex County Utilities Authority - Solid Waste Division

Schedule of Expenses - Budget and Actual

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

<u>Description</u>	<u>Annual Budget</u>	<u>Actual</u>	<u>Unrealized (Excess Over) Under Budget</u>
<b>Debt Service</b>			
Bond principal	7,285,500	616,151	6,669,349
Interest on bonds	1,310,000	654,940	655,060
Total debt service	<u>8,595,500</u>	<u>1,271,091</u>	<u>7,324,409</u>
<b>Capital Outlay</b>			
Landfill - capital	<u>4,516,000</u>	<u>302,273</u>	<u>4,213,727</u>
<b>Reserves</b>	<u>660,000</u>	<u>55,026</u>	<u>604,974</u>
Total budgetary expenses	<u><u>\$ 39,805,000</u></u>	<u><u>\$ 7,815,226</u></u>	<u><u>\$ 31,989,774</u></u>