

Middlesex County Utilities Authority - Wastewater Division

Financial Statements and
Supplementary Information

March 31, 2014



Middlesex County Utilities Authority - Wastewater Division

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March 31, 2014

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Accountants' Compilation Report

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

We have compiled the accompanying statement of net position of the Middlesex County Utilities Authority - Wastewater 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 supplemental 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 - Wastewater 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.

ParenteBeard LLC

Clark, New Jersey
July 2, 2014

Middlesex County Utilities Authority - Wastewater Division

Statement of Net Position
March 31, 2014 and December 31, 2013
(See Accountants' Compilation Report)

	<u>2014</u>	<u>2013</u>
Assets		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 5,396,110	\$ 4,030,303
Interest receivable	61	175
Annual charges receivable	3,112,685	3,584,983
Grant receivable	13,201,745	20,189,491
Other charges receivable	<u>270,832</u>	<u>501,790</u>
Total unrestricted current assets	<u>21,981,433</u>	<u>28,306,742</u>
Restricted Assets		
Cash and cash equivalents	36,905,925	32,715,487
Trust accounts	243,528	243,469
Interest receivable	563	2,594
Due from NJEIT, bond proceeds receivable	<u>1,597,972</u>	<u>2,095,672</u>
Total restricted assets	<u>38,747,988</u>	<u>35,057,222</u>
Capital Assets		
Land and depreciable assets	566,019,913	566,175,655
Less: accumulated depreciation	<u>(252,298,148)</u>	<u>(248,539,720)</u>
Construction projects in progress	313,721,765	317,635,935
	<u>143,438,931</u>	<u>140,117,224</u>
Capital assets, net	<u>457,160,696</u>	<u>457,753,159</u>
Total assets	<u>\$ 517,890,117</u>	<u>\$ 521,117,123</u>

See notes to financial statements

Middlesex County Utilities Authority - Wastewater Division

Statement of Net Position

March 31, 2014 and December 31, 2013

(See Accountants' Compilation Report)

	<u>2014</u>	<u>2013</u>
Liabilities and Net Position		
Current Liabilities Payable from Unrestricted Assets		
Accounts payable - operations and payroll	\$ 4,444,772	\$ 4,316,824
Accrued expenses	276,976	700,645
Refunds due participants	99,897	4,227,770
Related party interest payable	299,057	210,229
	<u>5,120,702</u>	<u>9,455,468</u>
Current Liabilities Payable from Restricted Assets		
Accounts payable - construction accounts	32,831	167,425
Contractors' retainages	1,052,305	1,035,594
Bonds payable - current portion	20,009,596	20,013,989
Note payable	5,000,000	5,000,000
Accrued interest payable on bonds	1,352,999	1,427,632
	<u>27,447,731</u>	<u>27,644,640</u>
Long-Term Liabilities		
Bonds payable, net of current portion	168,855,646	170,863,976
Note payable, Solid Waste Division	13,100,000	13,100,000
Unamortized gain on defeasance	195,500	199,333
Unamortized original issue premium	3,072,973	3,176,425
Liability for other post employment benefits	34,458,956	33,268,156
Funds held in escrow	795,112	673,434
Reserve for insurance claims	4,240,061	4,243,447
CPS/MCUA trust account	118,528	118,469
	<u>224,836,776</u>	<u>225,643,240</u>
Total long-term liabilities	<u>224,836,776</u>	<u>225,643,240</u>
Total liabilities	<u>257,405,209</u>	<u>262,743,348</u>
Net Position		
Net investment in capital assets	263,295,454	212,092,281
Restricted:		
Restricted for operations	200,000	200,000
Restricted for future reconstruction and replacement	571,717	571,436
Restricted for future debt service	13,733,270	14,138,440
Restricted for construction	1,061,634	35,644,473
Unrestricted	<u>(18,377,167)</u>	<u>(4,272,855)</u>
Total net position	<u>260,484,908</u>	<u>258,373,775</u>
Total liabilities and net position	<u>\$ 517,890,117</u>	<u>\$ 521,117,123</u>

See notes to financial statements

Middlesex County Utilities Authority - Wastewater Division

Statement of Revenues and Expenses

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

Operating Revenues

Annual charges	\$ 20,349,419
Treatment of septic tank waste	55,286
Treatment of industrial hauled waste	962
Service fees, review of plans, etc.	250
Permit fees, industrial pretreatment	7,000
Miscellaneous income	6,067
Management fees	413,001
Sampling and lab fees	996
Analytical services	871
Groundwater discharge fees	140,196
Penalty assessments	3,000
Praxair - sale of oxygen	246,463
Praxair - sale of nitrogen	300,670
Praxair - water usage	4,508
PSE&G - REC credit income	84,384
Sale of plans and specifications	1,000

Total operating revenues 21,614,073

Operating Expenses

Salaries and wages	2,869,259
Administration	5,226,714
Central treatment plant	4,420,075
Sayreville pumping station	450,973
Edison pumping station	133,806
Bound Brook pumping station	1,726
Green Brook pumping station	16,250
South Amboy pumping station	36,085
Lines, meters and small pumping stations	66,030
WWT - administrative fee	126,900
DEP fees	74,636
Depreciation	4,541,730

Total operating expenses 17,964,184

Operating income 3,649,889

Nonoperating Revenues (Expenses)

Interest on investments and deposits	8,994
Interest on investments (reconstruction and replacement)	281
Interest on investments (other restricted accounts)	7,403
Amortization of gain on defeasance	3,833
Amortization of original issue premium	103,452
Hurricane loss	(624,503)
Interest on bonds	(949,387)
Related party interest	(88,829)

Total nonoperating expenses, net (1,538,756)

Change in net position \$ 2,111,133

See notes to financial statements

Middlesex County Utilities Authority - Wastewater Division

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

	Net Investment in Capital Assets	Restricted Net Position				Unrestricted	Total Net Position
		Restricted for Operations	Restricted for Future Reconst. and Replacement	Restricted for Future Debt Service	Restricted for Construction		
Balance, Beginning of Period	\$ 212,092,281	\$ 200,000	\$ 571,436	\$ 14,138,440	\$ 35,644,473	\$ (4,272,855)	\$ 258,373,775
Change in net position	(3,721,977)	-	281	6,889	514	5,825,426	2,111,133
Depreciation charged to contributed capital	(819,753)	-	-	-	-	819,753	-
Interfund transfers, net	55,744,903	-	-	(412,059)	(34,583,353)	(20,749,491)	-
Balance, End of Period	<u>\$ 263,295,454</u>	<u>\$ 200,000</u>	<u>\$ 571,717</u>	<u>\$ 13,733,270</u>	<u>\$ 1,061,634</u>	<u>\$ (18,377,167)</u>	<u>\$ 260,484,908</u>

Interfund transfers include amounts for completed projects that were released from restrictions and a reclassification of the future restricted debt service accounts which had previously offset against the net investment in capital assets.

Middlesex County Utilities Authority - Wastewater Division

Statement of Cash Flows

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

Cash Flows from Operating Activities

Cash received from customers	\$ 18,215,214
Cash payments for goods and services	(2,695,719)
Cash payments for goods and services - Hurricane	(624,503)
Cash payments to employees	<u>(2,869,259)</u>

Net cash provided by operating activities 12,025,733

Cash Flows from Capital and Related Financing Activities

Acquisition of property, plant and equipment and construction in progress (including capitalized interest of \$476,579)	(3,949,267)
Cash paid for interest on bonds and related party debt	(1,024,021)
Payment of bonds payable	<u>(2,012,723)</u>

Net cash used in capital and related financing activities (6,986,011)

Cash Flows from Investing Activities

Cash received from interest	18,823
Decrease in due from NJ Wastewater Trust	<u>497,700</u>

Net cash provided by investing activities 516,523

Net increase in cash and cash equivalents 5,556,245

Cash and Cash Equivalents, Beginning of Period 36,745,790

Cash and Cash Equivalents, End of Period \$ 42,302,035

Summary of Cash and Cash Equivalents at End of Period

Unrestricted cash and cash equivalents	\$ 5,396,110
Restricted cash and cash equivalents	<u>36,905,925</u>

\$ 42,302,035

Middlesex County Utilities Authority - Wastewater Division

Statement of Cash Flows

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities

Operating income	\$ 3,649,889
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,541,730
Nonoperating expenses - Hurricane	(624,503)
Changes in operating assets and liabilities:	
(Increase) decrease in receivables and other assets:	
Unrestricted accounts	7,691,002
Restricted accounts	(59)
Increase (decrease) in liabilities:	
Payable from unrestricted net assets	(4,423,594)
Payable from restricted net assets	(117,883)
Funds held in escrow	121,678
Other liabilities	<u>1,187,473</u>
 Net cash provided by operating activities	 <u><u>\$ 12,025,733</u></u>

See notes to financial statements

Middlesex County Utilities Authority - Wastewater Division

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 assets, 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 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 collateralized solely by revenues derived from the operation of the Wastewater Division and have no lien or claim upon any of the assets or revenues of the Solid Waste Division.

2. Summary of Significant Accounting Policies

General Statement

The accounting and reporting policies of the Wastewater 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 financial statements of the Authority have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America applicable to proprietary funds as defined by GASB.

Middlesex County Utilities Authority - Wastewater Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

Operating Revenues and Expenses

Operating revenues result from providing wastewater treatment services 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.

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 disclosures 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 July 2, 2014, which is the date the financial statements were available to be issued.

Cash Equivalents

Cash equivalents include certificates of deposit and a cash management fund. The Wastewater Division considers investments with original maturities of three months or less at the date of purchase to be cash equivalents. For purposes of the statement of cash flows, the Authority considers all currency demand deposits and money market accounts with banks or other financial institutions to be cash equivalents.

Restricted Assets

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

	March 31, 2014	December 31, 2013
Board enacted restrictions	\$ 36,906,488	\$ 32,718,081
Trust accounts	243,528	243,469
Bond proceeds receivable - NJEIT capital projects	1,597,972	2,095,672
	<u>\$ 38,747,988</u>	<u>\$ 35,057,222</u>

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 (less accumulated amortization/accretion of any premium or discounts) which approximates fair value.

Middlesex County Utilities Authority - Wastewater Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

Charges Receivable

The Authority carries its charges receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Authority evaluates its charges receivable and establishes an allowance for doubtful accounts based on history of past write-offs, collections and current credit conditions. Charges are written off as uncollectible when management determines that a sufficient period of time has elapsed without receiving payment and the customers do not exhibit the ability to meet their obligations. There was no allowance established as of March 31, 2014 or December 31, 2013.

Bond Premiums and Defeasance

Bond costs are amortized by use of the straight-line method over the lives of the related bond issues.

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.

Capital Assets

Property, plant and equipment is stated at cost, which includes direct construction costs and other expenditures related to construction. System construction costs are charged to construction in progress until such time that the specific segments of the system are completed and put into operation.

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

	<u>Years</u>
Buildings and improvements	75
Improvements other than buildings:	
Sewer mains and interceptors	75
Pump stations	40
Other improvements	15 - 40
Landfill gas collection facility	20
Machinery and equipment	10 - 20
Vehicles	5
Furniture and fixtures	3 - 20

Depreciation on assets acquired with grants-in-aid and contributed capital assets, is recorded as a reduction of contributed capital.

Middlesex County Utilities Authority - Wastewater Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

3. Cash, Cash Equivalents and Investments

New Jersey statutes and the Authority's General Bond Resolution permit the deposit of public funds only in banks that meet the requirements of the Governmental Unit Deposit Protection Act ("GUDPA") or the State of New Jersey Cash Management Fund. GUDPA requires that banks which accept public funds be a public depository. A "public depository" is defined as a state bank, a national bank, or a savings bank or association, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation ("FDIC"). A local unit may make deposits in, or purchase certificates of deposit from, banks which are located in New Jersey and which meet the requirements of GUDPA.

All bank deposits as of the statement of net position dates are held in the Authority's name by commercial banking institutions. At March 31, 2014, the carrying amount of the Authority's deposits was \$42,302,035 and the bank balance was \$45,774,916 only \$250,000 of which was insured by the FDIC. Balances above the FDIC amount were insured through the GUDPA, N.J.S.A.

17:9-14 et seq., which insures all New Jersey governmental units' deposits in excess of Federal deposit insurance maximums.

Pursuant to Governmental Accounting Standards Board Statement No. 40, *Deposit 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 investment). 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, pursuant to its bond resolutions, to only invest in securities that are obligations of the U.S. Government or securities guaranteed by the U.S. Government. 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 significant exposure to interest rate risk, and therefore, the Authority does not have a policy to limit interest rate risk.

Middlesex County Utilities Authority - Wastewater Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

4. Capital Assets

Capital assets consist of the following:

	March 31, 2014	December 31, 2013
Land	\$ 8,401,828	\$ 8,401,828
Buildings and improvements	163,619,016	163,619,016
Improvements other than buildings	313,856,083	314,011,825
Machinery and equipment	22,057,531	22,057,531
Furniture and fixtures	60,450	60,450
Landfill gas collection facility	54,202,404	54,202,404
Landfill gas collection equipment	3,822,601	3,822,601
	<u>566,019,913</u>	<u>566,175,655</u>
Less: accumulated depreciation	<u>252,298,148</u>	<u>248,539,720</u>
	313,721,765	317,635,935
Construction in progress	<u>143,438,931</u>	<u>140,117,224</u>
	<u>\$ 457,160,696</u>	<u>\$ 457,753,159</u>

Depreciation expense for the three months ended March 31, 2014 was \$4,541,730.

	Balance January 1, 2014	Increase	Decrease	Balance March 31, 2014
Land	\$ 8,401,828	\$ -	\$ -	\$ 8,401,828
Buildings and improvements	163,619,016	-	-	163,619,016
Other improvements	314,011,825	627,560	(783,302)	313,856,083
Machinery and equipment	22,057,531	-	-	22,057,531
Furniture and fixtures	60,450	-	-	60,450
Landfill gas collection facility	54,202,404	-	-	54,202,404
Landfill gas collection equipment	3,822,601	-	-	3,822,601
Total	<u>\$ 566,175,655</u>	<u>\$ 627,560</u>	<u>\$ (783,302)</u>	<u>\$ 566,019,913</u>

Middlesex County Utilities Authority - Wastewater Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

5. Bonds Payable

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Issue of 2001A, N.J. EIT bonds (a):		
Federal portion	\$ 6,975,071	\$ 7,117,386
State portion	8,740,000	8,740,000
Issue of 2005A (1995 refunded bonds) (b)	2,605,000	3,430,000
Issue of 2005A, N.J. EIT bonds (c)		
Federal portion	4,211,006	4,211,006
State portion	5,125,130	5,195,000
Issue of 2006, N.J. EIT bonds (d):		
Federal portion	25,881,209	26,313,892
State portion	33,750,000	33,750,000
Issue of 2007(e)	41,985,000	41,985,000
Sewer revenue refunding bonds series 2008 (f)	14,100,000	14,100,000
Issue of 2009A, N.J. EIT bonds (g)		
Federal portion	7,752,907	7,917,862
State portion	8,440,000	8,440,000
Issue of 2009 N.J. EIT Bonds (h)		
Federal portion - D-1	3,476,147	3,550,108
State portion - C-1	2,715,000	2,715,000
Issue of 2009 N.J. EIT Bonds (i)		
Federal portion - D-2	9,685,550	9,891,625
State portion - C-2	3,525,000	3,525,000
Issue of 2010 N.J. EIT Bonds (j)		
Federal portion	4,893,222	4,991,086
State portion	5,005,000	5,005,000
	<u>188,865,242</u>	<u>190,877,965</u>
Current portion	<u>20,009,596</u>	<u>20,013,989</u>
Long-term portion	<u>\$ 168,855,646</u>	<u>\$ 170,863,976</u>

a. Bonds payable in two separate portions. The federal portion is payable in semi-annual principal amounts totaling approximately \$890,000, and does not bear interest. The state portion bears interest at rates ranging from 4.75% to 5.50% per annum and is payable in annual installments that range from a current amount of approximately \$915,000 to \$1,285,000 through August 2021. The current portion as of March 31, 2014 is \$1,789,160.

b. Bonds payable in semi-annual installments of principal which range from a current amount of \$1,715,000 in 2014 with a final maturity in September 2015. The bonds bear interest at rates ranging from 4.875% to 5.375% per annum.

Middlesex County Utilities Authority - Wastewater Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

- c. Bonds payable in two separate portions. The federal portion is payable in semi-annual principal amounts totaling approximately \$350,000 and does not bear interest. The state portion bears interest at rates ranging from 4.0% to 5.0% per annum and is payable in annual installments that range from a current amount of approximately \$340,000 to \$540,000 through August 2025. The current portion as of March 31, 2014 is \$685,860.
- d. Bonds payable in two separate portions. The federal portion is payable in semi-annual principal amounts totaling approximately \$2,000,000 and does not bear interest. The state portion bears interest at rates ranging from 4.0% to 5.0% per annum and is payable in annual installments that range from a current amount of approximately \$1,985,000 to \$3,190,000 through August 2026. The current portion as of March 31, 2014 is \$3,981,008.
- e. Bonds payable in annual principal amounts which range from a current amount of \$5,300,000 increasing each year to a final payment of \$11,675,000 on December 15, 2019. The interest rate on the bonds ranges from 3.625% to 5.250% per annum. The current rate is 4.00%.
- f. Bonds payable in annual installments ranging from a current principal amount of \$4,065,000 to a final principal payment of \$5,740,000 in December 2016. Interest is payable semi-annually at rates ranging from 4.6% to 5.125% per annum. In 2008 these bonds were refunded and the new terms are identical to those discussed above.
- g. Bonds payable in two separate portions. The federal portion is payable in semi-annual principal amounts totaling approximately \$495,000 and does not bear interest. The state portion bears interest at rates ranging from 2.0% to 5.0% per annum. The state portion of the bonds are payable in annual installments that range from the current amount of \$375,000, increasing annually to \$700,000 through August 2029. The current portion as of March 31, 2014 is \$869,866.
- h. Bonds payable in two separate portions. The federal portion (D-1) is payable in semi-annual installments of \$221,882 per annum and does not bear interest. The state portion (C-1) of the bonds bears interest at rates ranging from 3.0% to 5.0% and is payable in annual installments that range from a current amount of \$120,000, increasing annually to \$225,000 through August 2029. The current portion as of March 31, 2014 is \$341,882.
- i. Bonds payable in two separate portions. The federal portion (D-2) is payable in semi-annual installments of \$618,227 per annum and does not bear interest. The state portion (C-2) of the bonds bears interest at rates ranging from 3.0% to 5.0% and is payable in annual installments that range from a current amount of \$155,000, increasing annually to \$290,000 through August 2029. The current portion as of March 31, 2014 is \$773,227.
- j. Bonds payable in two separate portions. The federal portion is payable in semi-annual installments of \$293,593 per annum and does not bear interest. The state portion of the bonds bears interest 5.0% per annum and is payable in annual that range from the current amount of \$195,000, increasing annually to \$420,000 through August 2030. The current portion as of March 31, 2014 is \$488,593.

Middlesex County Utilities Authority - Wastewater Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

A portion of the proceeds from certain bonds are yet to be disbursed to the Authority pursuant to its agreement with the New Jersey Environmental Infrastructure Trust. These funds are shown as a receivable from the trust in the accompanying statements of net position.

During the three months ended March 31, 2014, the following changes occurred in long-term debt obligations:

	<u>January 1, 2014</u>	<u>Additions</u>	<u>Retired</u>	<u>March 31, 2014</u>
Bonds payable	\$ 190,877,965	\$ -	\$ 2,012,723	\$ 188,865,242

The current period retirements include revised earnings credits passed through to the Authority by the State of New Jersey.

Annual debt service on bonds payable is as follows:

<u>Years Ending March 31,</u>	<u>Principal Sinking Fund Requirements</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 20,009,596	\$ 5,900,866	\$ 25,910,462
2016	20,279,433	5,127,069	25,406,502
2017	21,740,546	4,369,431	26,109,977
2018	16,199,441	3,527,406	19,726,847
2019	15,516,125	2,965,319	18,481,444
2020 - 2024	59,381,303	7,541,003	66,922,306
2025 - 2029	32,324,489	1,948,769	34,273,258
2020 - 2031	3,414,309	92,100	3,506,409
	<u>\$ 188,865,242</u>	<u>\$ 31,471,963</u>	<u>\$ 220,337,205</u>

6. Note Payable

On December 20, 2013, the Authority entered into a one year \$5,000,000 Series 2013 Subordinated Project Note with Amboy National Bank. The Authority has been approved for \$10,000,000 in total project notes and, at March 31, 2014, has only used \$5,000,000 of this availability. Additional borrowings, if any, will be established as separate notes and not added to the current obligation. The note provided the funds to the Authority to continue repairs associated with damage incurred during Hurricane Sandy. The note bears interest at 1% per annum and is due to be repaid by December 19, 2014 by use of reimbursements to the Authority from the Federal Emergency Management Agency ("FEMA") and certain available Authority cash reserves.

Middlesex County Utilities Authority - Wastewater Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

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 3.

Long-term debt: The Authority's long-term debt is stated at face value. Management believes the fair value based on current rates for similar borrowings approximates \$193,900,000; however, Wastewater Infrastructure Trust (the "Trust") credits, if any, are not taken into consideration in determining fair value because there is no objective criteria to compute the amount of the credits the Trust would be able to pass through to the Authority.

8. Pension and Retirement Plans

Pension

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 for the employees of the Authority who are members of the plan is not available. There were \$1,304,048 in 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 - Wastewater Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

Discretionary Supplemental Retirement Plan

The Authority's discretionary supplemental retirement plan is offered to all Authority employees who have accrued the number of sick leave days as determined by the Authority, provided such employee is a permanent employee who 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(a) of the Internal Revenue Code. The program is offered by the Authority through a program administrator, VALIC, that acts as its agent.

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. The Authority adopted the provisions of Governmental Accounting Standards Board Statement 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 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	\$	629,854
Interest on Net OPEB obligation		387,653
Amortization on Net OPEB obligation		<u>478,560</u>
OPEB cost		1,496,067
Contributions made		<u>305,267</u>
Increase in Net OPEB obligation		1,190,800
Net OPEB obligation, beginning of period		<u>33,268,156</u>
Net OPEB obligation, end of period	\$	<u><u>34,458,956</u></u>

Middlesex County Utilities Authority - Wastewater 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 was made, is as follows:

Actuarial accrued liability ("AAL")	\$ 64,239,548
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability ("UAAL")	<u>\$ 64,239,548</u>
Funded ratio, actuarial value of plan assets/AAL	<u>0.00%</u>
Covered payroll (2013)	<u>\$ 12,109,936</u>
UAAL as a percentage of covered payroll	<u>530.47%</u>

9. Related Party Transactions

Management Fee

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

Note Payable

The Solid Waste Division advanced the Wastewater Division \$13,100,000 which bears interest at the rate of 2.75% per annum. The note calls for principal repayments at the discretion of the Board of Commissioners and annual interest payments. There is no stated maturity date for the loan. Interest expense for the three months ended March 31, 2014 amounted to \$88,829. At March 31, 2014 and December 31, 2013, the accumulated related party interest payable was \$299,057 and \$210,229, respectively. In conjunction with this loan, the Board has also established a restricted cash fund and a reservation of unrestricted net assets for repayment of this loan. The reserve account has a balance of \$565,913 and \$565,634 at March 31, 2014 and December 31, 2013, respectively.

10. Commitments and Contingencies

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 that such amounts, if any, would not have a material adverse effect on the Authority's financial statements.

Middlesex County Utilities Authority - Wastewater Division

Notes to Financial Statements

March 31, 2014

(See Accountants' Compilation Report)

The Authority is currently a defendant in a legal proceeding with a contractor who has asserted breach of contract and is requesting approximately \$12.6 million dollars in cost reimbursement. The Authority has countered this claim and is seeking liquidated damages of approximately \$28.7 million dollars. This matter is presently being litigated, the outcome of which cannot be determined at this time.

Long-Term Contracts

The Authority has entered into several contracts for construction of facilities, some of which extend beyond March 31, 2014. Funding for these projects has been substantially secured through the New Jersey Environmental Infrastructure Trust and amounts receivable from the Trust for contracts in progress is approximately \$1,598,000 at March 31, 2014.

Environmental Regulations

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

11. Natural Disaster

On October 29, 2012, the New Jersey coast suffered significant damage when Hurricane Sandy struck the area. The Middlesex County Utilities Authority sustained significant damage to their pump stations in South Amboy, Edison and Sayreville due to a storm surge and the subsequent flooding.

No insurance proceeds are expected to be recovered due to the pump stations being in an excluded flood zone, however, the Authority is working with FEMA (Federal Emergency Management Agency) with the expectation of recouping up to 90% of the sustained losses and the rebuilding/repairs necessary to bring the Authority back to pre-disaster conditions.

Emergency restoration costs are expected to aggregate to \$27,000,000 and the Authority has expensed approximately \$25,681,000 since the date of the hurricane through March 31, 2014. Total replacement costs are estimated at \$120,000,000.

As costs are accumulated and bills paid, Project Worksheets are being submitted to FEMA for future reimbursement. Management believes that future amounts to be received from FEMA will be in excess of the remaining estimated unexpended emergency restoration costs of approximately \$15,600,000.

Costs for asset replacement and expenses and related reimbursements from FEMA will be accounted for on a net basis with reimbursements being offset directly against costs and expenses.

Middlesex County Utilities Authority - Wastewater Division

Schedule of Cash, Cash Equivalents and Investments

March 31, 2014

(See Accountants' Compilation Report)

	Cash and Cash Equivalents	Account	Investments				Total Cash Cash Equivalents and Investments
			Purchase Date	Maturity Date	Face Value	Cost Basis	
Revenue Fund - Unrestricted							
Cash accounts (1977)	\$ 2,635,110	Certificates of Deposit	3/17/2014	4/24/2014	\$ 2,761,000	\$ 2,761,000	\$ 5,396,110
Other Accounts - Restricted							
Unemployment claims reserve	118,253				-	-	118,253
General liability insurance reserve	3,542,915				-	-	3,542,915
Collision insurance reserve	286,534				-	-	286,534
Worker's compensation insurance reserve	292,360				-	-	292,360
Future plant, reconstr. or replacement reserve	571,717				-	-	571,717
Allied retainage	224,883				-	-	224,883
Renewal and replacement (1985)	-	Certificates of Deposit	3/27/2014	6/27/2014	60,000	60,000	60,000
General fund (1985)	170	Certificates of Deposit	3/27/2014	6/27/2014	70,000	70,000	70,170
Tru-Val retainage	2,150				-	-	2,150
LBSM Construction Fund (1985)	54,772				-	-	54,772
Construction fund 1991 issue	225	Certificates of Deposit	3/27/2014	6/27/2014	643,000	643,000	643,225
Hurricane Sandy Repairs	5,002,713				-	-	5,002,713
Construction fund (2006)	25,840	Certificates of Deposit	3/27/2014	6/27/2014	981,000	981,000	1,006,840
Bond service (1993A)	437				-	-	437
Bond reserve (2005A)	848	Certificates of Deposit	3/17/2014	9/15/2014	3,343,000	3,343,000	3,343,848
SpectraServ retainage	712,814				-	-	712,814
Solid Waste Division loan reserve	565,913				-	-	565,913
WWD Benefits Escrow	418,256				-	-	418,256
WWD FSA Escrow	946				-	-	946
Bond reserve (2007)	-	Certificates of Deposit	3/27/2014	6/27/2014	6,000,000	6,000,000	6,000,000
Construction fund (2007)	845	Certificates of Deposit	3/27/2014	6/27/2014	1,854,000	1,854,000	1,854,845
Kenny Construction retainage	101,010				-	-	101,010
WWD FEMA Escrow	7,255,028				-	-	7,255,028
CPV Escrow	375,910				-	-	375,910
Northeast Remsco Retainage	11,448				-	-	11,448
Bond reserve (2008)	938	Certificates of Deposit	3/27/2014	6/27/2014	4,388,000	4,388,000	4,388,938
Total restricted accounts	19,566,925				17,339,000	17,339,000	36,905,925
Total - combined	\$ 22,202,035				\$ 20,100,000	\$ 20,100,000	\$ 42,302,035

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Unrestricted Cash and Cash Equivalents

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

Sources

Prior year deficiencies	\$	1,506,872
2014 annual charges		14,674,202
2013 annual charges		2,078,110
Septage treatment/Hauled waste fees		56,248
Service fees, plan approvals, etc.		1,200
Industrial pretreatment fees		7,100
Interest on investments		2,316
Groundwater discharge fees		144,199
Expense reimbursements		25,758
Management fees		413,001
Lab and sampling fees		21,955
Sale of synthetic soil		223,023
Sale of plans and specifications		50
Penalty assessments		3,000
PSE&G - REC credit income		84,376
Grid sales		8
Miscellaneous income		6,067
Sale of oxygen - Praxair		228,031
Sale of nitrogen - Praxair		302,961
Sale of water - Praxair		4,393
		<hr/>
Total sources		19,782,870

Uses

Budget expenses and payment of accounts payable		16,366,420
Refunds to participants		1,565,340
		<hr/>
Total uses		17,931,760

Transfers to/from Restricted Funds

Total debt service funds (net)		(3,714,858)
Interest on investments		8,639
Transfers to restricted funds		(217,000)
Transfers from restricted funds		3,437,916
		<hr/>
Total transfers		(485,303)

Net increase 1,365,807

Balance, Beginning of Period

 4,030,303

Balance, End of Period

 \$ 5,396,110

Balance Comprised of

Cash	\$	2,635,110
Cash equivalents		2,761,000
		<hr/>
	\$	5,396,110

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	2009 NJEIT Debt Service	LBSM Construction Fund 1985 Issue	Renewal and Replacement 1985 Issue	General Fund 1985 Issue
Sources				
Interest income	\$ -	\$ 8	\$ 30	\$ 35
Deposits	-	-	-	-
Miscellaneous income	-	-	-	-
Income from refinance	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers - unrestricted funds	380,494	217,000	-	-
Budget appropriation	-	-	-	-
Debt proceeds	-	-	-	-
Total sources	<u>380,494</u>	<u>217,008</u>	<u>30</u>	<u>35</u>
Uses				
Bond principal paid	164,955	-	-	-
Bond interest paid	176,988	-	-	-
Vouchers paid	-	216,176	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
NJEIT administrative fee	-	-	-	-
DEP fees	24,331	-	-	-
N.J. Wastewater admin. fees	14,220	-	-	-
Due to SWD	-	-	-	-
Transfers - unrestricted funds	-	-	30	35
Retainage withdrawals	-	-	-	-
Total uses	<u>380,494</u>	<u>216,176</u>	<u>30</u>	<u>35</u>
Increase (Decrease)	-	832	-	-
Balance, Beginning of Period	-	53,940	60,000	70,170
Balance, End of Period	<u>\$ -</u>	<u>\$ 54,772</u>	<u>\$ 60,000</u>	<u>\$ 70,170</u>
Balance Comprised of				
Cash	\$ -	\$ 54,772	\$ -	\$ 170
Investments:				
Certificates of deposit	-	-	60,000	70,000
Treasury notes	-	-	-	-
	<u>\$ -</u>	<u>\$ 54,772</u>	<u>\$ 60,000</u>	<u>\$ 70,170</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	1991 Construction Fund	2006 Construction Fund	Solid Waste Division Loan Reserve	Tru-Val Retainage
Sources				
Interest income	\$ 823	\$ 550	\$ 279	\$ 1
Deposits	-	-	-	-
Income from refinance	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
Budget appropriation	-	-	-	-
Debt proceeds	497,700	-	-	-
	<u>498,523</u>	<u>550</u>	<u>279</u>	<u>1</u>
Total sources	<u>498,523</u>	<u>550</u>	<u>279</u>	<u>1</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	788	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	-	-	-
Due to SWD	-	-	-	-
Transfers - unrestricted funds	3,437,916	-	-	-
Retainage withdrawals	-	-	-	-
	<u>3,437,916</u>	<u>788</u>	<u>-</u>	<u>-</u>
Total uses	<u>3,437,916</u>	<u>788</u>	<u>-</u>	<u>-</u>
Increase (Decrease)	(2,939,393)	(238)	279	1
Balance, Beginning of Period	<u>3,582,618</u>	<u>1,007,078</u>	<u>565,634</u>	<u>2,149</u>
Balance, End of Period	<u>\$ 643,225</u>	<u>\$ 1,006,840</u>	<u>\$ 565,913</u>	<u>\$ 2,150</u>
Balance Comprised of				
Cash	\$ 225	\$ 25,840	\$ 565,913	\$ 2,150
Investments:				
Certificates of deposit	643,000	981,000	-	-
Treasury notes	-	-	-	-
	<u>\$ 643,225</u>	<u>\$ 1,006,840</u>	<u>\$ 565,913</u>	<u>\$ 2,150</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	Hurricane Sandy Repairs	Allied Retainage	WWD FEMA Escrow	Bond Service 1993A
Sources				
Interest income	\$ 2,466	\$ 109	\$ 2,452	\$ -
Deposits	-	4,751	-	-
Income from refinance	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	6,987,747	-
Transfers - unrestricted funds	-	-	-	-
Budget appropriation	-	-	-	-
Debt proceeds	-	-	-	-
	<u>2,466</u>	<u>4,860</u>	<u>6,990,199</u>	<u>-</u>
Total sources				
	<u>2,466</u>	<u>4,860</u>	<u>6,990,199</u>	<u>-</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
NJEIT administrative fee	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	-	-	-
Due to SWD	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
Retainage withdrawals	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total uses				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease)				
	2,466	4,860	6,990,199	-
Balance, Beginning of Period				
	<u>5,000,247</u>	<u>220,023</u>	<u>264,829</u>	<u>437</u>
Balance, End of Period				
	<u>\$ 5,002,713</u>	<u>\$ 224,883</u>	<u>\$ 7,255,028</u>	<u>\$ 437</u>
Balance Comprised of				
Cash	\$ 5,002,713	\$ 224,883	\$ 7,255,028	\$ 437
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
	<u>\$ 5,002,713</u>	<u>\$ 224,883</u>	<u>\$ 7,255,028</u>	<u>\$ 437</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	2010 ARRA Debt Service	Bond Service 2001 Issue	SpectraServ Retainage
Sources			
Interest income	\$ -	\$ -	\$ 351
Deposits	-	-	-
Income from refinance	-	-	-
Expense reimbursement	-	-	-
Escrow deposits	-	-	-
Transfers - unrestricted funds	151,046	373,387	-
Budget appropriation	-	-	-
Debt proceeds	-	-	-
	<u>151,046</u>	<u>373,387</u>	<u>351</u>
Uses			
Bond principal paid	73,961	142,315	-
Bond interest paid	56,911	206,764	-
Vouchers paid	-	-	-
Claims paid	-	-	-
Escrow withdrawals	-	-	-
NJEIT administrative fee	-	-	-
DEP fees	15,606	-	-
N.J. Wastewater admin. fees	4,568	24,308	-
Due to SWD	-	-	-
Transfers - unrestricted funds	-	-	-
Retainage withdrawals	-	-	-
	<u>151,046</u>	<u>373,387</u>	<u>-</u>
Increase (Decrease)	-	-	351
Balance, Beginning of Period	-	-	712,463
Balance, End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 712,814</u>
Balance Comprised of			
Cash	\$ -	\$ -	\$ 712,814
Investments:			
Certificates of deposit	-	-	-
Treasury notes	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 712,814</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	Collision Insurance Reserve	Unemploy. Claims Reserve	Worker's Compensation Insurance Reserve	General Liability Insurance Reserve
Sources				
Interest income	\$ 146	\$ 50	\$ 154	\$ 1,745
Deposits	-	-	-	-
Income from refinance	-	-	-	-
Expense reimbursement	-	23,998	-	-
Escrow deposits	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
Budget appropriation	-	-	-	-
Debt proceeds	-	-	-	-
	<u>146</u>	<u>24,048</u>	<u>154</u>	<u>1,745</u>
Total sources				
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	-	-
Claims paid	2,632	-	26,847	-
Escrow withdrawals	-	-	-	-
NJEIT administrative fee	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	-	-	-
Due to SWD	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
Retainage withdrawals	-	-	-	-
	<u>2,632</u>	<u>-</u>	<u>26,847</u>	<u>-</u>
Total uses				
Increase (Decrease)	(2,486)	24,048	(26,693)	1,745
Balance, Beginning of Period	<u>289,020</u>	<u>94,205</u>	<u>319,053</u>	<u>3,541,170</u>
Balance, End of Period	<u><u>\$ 286,534</u></u>	<u><u>\$ 118,253</u></u>	<u><u>\$ 292,360</u></u>	<u><u>\$ 3,542,915</u></u>
Balance Comprised of				
Cash	\$ 286,534	\$ 118,253	292,360	\$ 3,542,915
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
	<u><u>\$ 286,534</u></u>	<u><u>\$ 118,253</u></u>	<u><u>\$ 292,360</u></u>	<u><u>\$ 3,542,915</u></u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	Future Reconstruct. Replacement Reserve	2007 Bond Reserve	Bond Service 2005 Issue	Bond Reserve 2005 Issue
Sources				
Interest income	\$ 281	\$ 3,000	\$ -	\$ 3,380
Deposits	-	-	-	-
Income from refinance	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers - unrestricted funds	-	-	917,181	-
Budget appropriation	-	-	-	-
Debt proceeds	-	-	-	-
	<u>281</u>	<u>3,000</u>	<u>917,181</u>	<u>3,380</u>
Total sources				
Uses				
Bond principal paid	-	-	825,000	-
Bond interest paid	-	-	92,181	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
NJEIT administrative fee	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	-	-	-
Due to SWD	-	-	-	-
Transfers - unrestricted funds	-	3,000	-	3,380
Retainage withdrawals	-	-	-	-
	<u>-</u>	<u>3,000</u>	<u>917,181</u>	<u>3,380</u>
Total uses				
Increase (Decrease)	281	-	-	-
Balance, Beginning of Period	<u>571,436</u>	<u>6,000,000</u>	<u>-</u>	<u>3,343,848</u>
Balance, End of Period	<u><u>\$ 571,717</u></u>	<u><u>\$ 6,000,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,343,848</u></u>
Balance Comprised of				
Cash	\$ 571,717	\$ -	\$ -	\$ 848
Investments:				
Certificates of deposit	-	6,000,000	-	3,343,000
Treasury notes	-	-	-	-
	<u><u>\$ 571,717</u></u>	<u><u>\$ 6,000,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,343,848</u></u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	2005 NJEIT Bond Service	2006 NJEIT Bond Service	2008 Bond Reserve	CPV Escrow
Sources				
Interest income	\$ -	\$ -	\$ 2,194	\$ 185
Deposits	-	-	-	-
Income from refinance	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers - unrestricted funds	177,605	1,163,313	-	-
Budget appropriation	-	-	-	-
Debt proceeds	-	-	-	-
Total sources	177,605	1,163,313	2,194	185
Uses				
Bond principal paid	69,870	432,683	-	-
Bond interest paid	96,980	671,553	-	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
NJEIT administrative fee	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	10,755	59,077	-	-
Due to SWD	-	-	-	-
Transfers - unrestricted funds	-	-	2,194	-
Retainage withdrawals	-	-	-	-
Total uses	177,605	1,163,313	2,194	-
Increase (Decrease)	-	-	-	185
Balance, Beginning of Period	-	-	4,388,938	375,725
Balance, End of Period	\$ -	\$ -	\$ 4,388,938	\$ 375,910
Balance Comprised of				
Cash	\$ -	\$ -	\$ 938	\$ 375,910
Investments:				
Certificates of deposit	-	-	4,388,000	-
Treasury notes	-	-	-	-
	\$ -	\$ -	\$ 4,388,938	\$ 375,910

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	2010A Traditional Debt Service	WWD Benefits Escrow	WWD FSA Escrow	Northeast Remsco Retainage
Sources				
Interest income	\$ -	\$ 186	\$ 2	\$ -
Deposits	-	-	-	11,448
Income from refinance	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	126,055	-	-
Transfers - unrestricted funds	306,365	-	-	-
Budget appropriation	-	-	-	-
Debt proceeds	-	-	-	-
Total sources	306,365	126,241	2	11,448
Uses				
Bond principal paid	206,076	-	-	-
Bond interest paid	74,100	-	-	-
Vouchers paid	-	-	-	-
Claims paid	-	-	4,750	-
Escrow withdrawals	-	-	-	-
NJEIT administrative fee	-	-	-	-
DEP fees	20,264	-	-	-
N.J. Wastewater admin. fees	5,925	-	-	-
Due to SWD	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
Retainage withdrawals	-	-	-	-
Total uses	306,365	-	4,750	-
Increase (Decrease)	-	126,241	(4,748)	11,448
Balance, Beginning of Period	-	292,015	5,694	-
Balance, End of Period	\$ -	\$ 418,256	\$ 946	\$ 11,448
Balance Comprised of				
Cash	\$ -	\$ 418,256	\$ 946	\$ 11,448
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
	\$ -	\$ 418,256	\$ 946	\$ 11,448

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	2008 Debt Service	2007 Debt Service	2007 Construction Fund
Sources			
Interest income	\$ -	\$ -	\$ 1,009
Deposits	-	-	-
Income from refinance	-	-	-
Expense reimbursement	-	-	-
Escrow deposits	-	-	-
Transfers - unrestricted funds	-	-	-
Budget appropriation	-	-	-
Debt proceeds	-	-	-
	<hr/>	<hr/>	<hr/>
Total sources	-	-	1,009
	<hr/>	<hr/>	<hr/>
Uses			
Bond principal paid	-	-	-
Bond interest paid	-	-	-
Vouchers paid	-	-	-
Claims paid	-	-	-
Escrow withdrawals	-	-	-
NJEIT administrative fee	-	-	-
DEP fees	-	-	-
N.J. Wastewater admin. fees	-	-	-
Due to SWD	-	-	-
Transfers - unrestricted funds	-	-	-
Retainage withdrawals	-	-	-
	<hr/>	<hr/>	<hr/>
Total uses	-	-	-
	<hr/>	<hr/>	<hr/>
Increase (Decrease)	-	-	1,009
Balance, Beginning of Period	-	-	1,853,836
	<hr/>	<hr/>	<hr/>
Balance, End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,854,845</u>
	<hr/>	<hr/>	<hr/>
Balance Comprised of			
Cash	\$ -	\$ -	\$ 845
Investments:			
Certificates of deposit	-	-	1,854,000
Treasury notes	-	-	-
	<hr/>	<hr/>	<hr/>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,854,845</u>
	<hr/>	<hr/>	<hr/>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	Kenny Construction Retainage	2010B OSPS Debt Service	Total Restricted Accounts
Sources			
Interest income	\$ 50	\$ -	\$ 19,486
Deposits	-	-	16,199
Expense reimbursement	-	-	23,998
Escrow deposits	-	-	7,113,802
Transfers - unrestricted funds	-	245,467	3,931,858
Budget appropriation	-	-	-
Debt proceeds	-	-	497,700
	<hr/>	<hr/>	<hr/>
Total sources	50	245,467	11,603,043
Uses			
Bond principal paid	-	97,864	2,012,724
Bond interest paid	-	125,120	1,500,597
Vouchers paid	-	-	216,964
Claims paid	-	-	34,229
Escrow withdrawals	-	-	-
DEP fees	-	14,435	74,636
N.J. Wastewater admin. fees	-	8,048	126,901
Transfers - unrestricted funds	-	-	3,446,555
Retainage withdrawals	-	-	-
	<hr/>	<hr/>	<hr/>
Total uses	-	245,467	7,412,606
Increase (Decrease)	50	-	4,190,437
Balance, Beginning of Period	100,960	-	32,715,488
	<hr/>	<hr/>	<hr/>
Balance, End of Period	\$ 101,010	\$ -	\$ 36,905,925
	<hr/>	<hr/>	<hr/>
Balance Comprised of			
Cash	\$ 101,010	\$ -	\$ 19,566,925
Investments:			
Certificates of deposit	-	-	17,339,000
Treasury notes	-	-	-
	<hr/>	<hr/>	<hr/>
	\$ 101,010	\$ -	\$ 36,905,925
	<hr/>	<hr/>	<hr/>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Revenues			
Reconstruction/replacement reserve fund	\$ 500,000	\$ - (1)	\$ 500,000
Appropriated retained earnings	6,500,000	- (1)	6,500,000
Capital reserve fund	7,200,000	- (1)	7,200,000
Annual charges	81,396,900	20,349,419	61,047,481
Treatment of septic tank waste	100,000	55,286	44,714
Treatment of industrial hauled waste	-	962	(962)
Service fees, review of plans, etc.	2,000	250	1,750
Industrial pretreatment program fees	21,000	7,000	14,000
Miscellaneous income	20,000	6,067	13,933
Sale of plans and specifications	3,000	1,000	2,000
Interest on investments and deposits	50,000	23,802 (2)	26,198
Management fees	1,652,000	413,001	1,238,999
Sampling and lab fees	10,000	996	9,004
Analytical services	15,000	871	14,129
Groundwater discharge fees	300,000	140,196	159,804
Penalty assessments	15,000	3,000	12,000
Sale of synthetic soil	650,000	-	650,000
Praxair - sale of oxygen	1,000,000	246,463	753,537
Praxair - sale of nitrogen	1,300,000	300,670	999,330
Praxair - water usage	30,000	4,508	25,492
Grants	10,980,000	-	10,980,000
Electric generation income	355,000	84,384	270,616
Total revenues	<u>112,099,900</u>	<u>21,637,875</u>	<u>90,462,025</u>
Operating Expenses			
Salaries and wages:			
Administration	2,364,000	502,603	1,861,397
Plant operation	4,192,000	1,007,305	3,184,695
Laboratory	1,277,000	280,163	996,837
Plant maintenance	3,523,000	762,747	2,760,253
Sayreville pump station	563,000	114,096	448,904
Lines, meters and small pump stations	1,052,000	200,431	851,569
Temporary help	50,000	1,914	48,086
Total salaries and wages	<u>13,021,000</u>	<u>2,869,259</u>	<u>10,151,741</u>

(1) Not a revenue for GAAP purposes.

(2) Includes non-budgeted interest earned on restricted funds of \$ 16,121

Middlesex County Utilities Authority - Wastewater Division

Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Administration			
Pension expense	\$ 1,428,000	\$ 1,304,048	\$ 123,952
Social security tax	996,000	212,067	783,933
Disability insurance	70,000	9,174	60,826
Hospitalization plan	2,280,000	616,980	1,663,020
Dental and vision plan	201,000	51,012	149,988
Retired employees/survivor benefits	1,380,000	1,496,067	(116,067)
Less: Nonbudgeted accrual for OPEB costs	-	(1,190,800)	1,190,800
Prescription plan	776,000	208,104	567,896
Paid sick leave	191,000	-	191,000
Excess worker's compensation	60,000	-	60,000
Insurance - other	661,000	-	661,000
Professional fees	2,643,500	597,554	2,045,946
Regulatory fees and permits	771,000	8,391	762,609
Host community benefits	1,230,000	601,500	628,500
General administrative expenses	451,000	102,810	348,190
Interest expense - related party	350,000	88,829	261,171
Environmental studies	365,000	19,007	345,993
Total administration	<u>13,853,500</u>	<u>4,124,743</u>	<u>9,728,757</u>
Central Treatment Plant			
Chemicals	3,890,000	811,333	3,078,667
Power and light	750,500	144,505	605,995
Fuel oil	1,642,000	404,259	1,237,741
Water	130,000	33,810	96,190
Grit processing	210,000	20,039	189,961
Transportation of synthetic soil	1,187,000	342,194	844,806
Maintenance	3,096,000	774,510	2,321,490
Laboratory	490,500	102,522	387,978
Transportation	309,000	67,688	241,312
Electric generation plant	5,700,000	1,487,468	4,212,532
Operations	1,184,000	231,747	952,253
Total central treatment plant	<u>18,589,000</u>	<u>4,420,075</u>	<u>14,168,925</u>
Sayreville Pumping Station			
Power and light	1,300,000	433,759	866,241
Water	85,000	1,402	83,598
Maintenance	96,000	15,812	80,188
Total Sayreville Pumping Station	<u>1,481,000</u>	<u>450,973</u>	<u>1,030,027</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Edison Pumping Station			
Power and light	\$ 342,000	\$ 124,034	\$ 217,966
Water	4,000	1,639	2,361
Maintenance	44,000	8,133	35,867
Total Edison Pumping Station	<u>390,000</u>	<u>133,806</u>	<u>256,194</u>
Bound Brook Pumping Station			
Power and light	35,000	1,605	33,395
Water	1,000	121	879
Maintenance	6,000	-	6,000
Total Bound Brook Pumping Station	<u>42,000</u>	<u>1,726</u>	<u>40,274</u>
Green Brook Pumping Station			
Power and light	60,000	13,883	46,117
Water	4,000	309	3,691
Maintenance	47,000	2,058	44,942
Total Green Brook Pumping Station	<u>111,000</u>	<u>16,250</u>	<u>94,750</u>
South Amboy Pumping Station			
Power and light	100,000	30,362	69,638
Water	10,000	2,049	7,951
Maintenance	95,000	3,674	91,326
Total South Amboy Pumping Station	<u>205,000</u>	<u>36,085</u>	<u>168,915</u>
Lines, Meters and Small Pumping Stations			
Power and light	12,000	2,361	9,639
Rental of rights of way	11,000	1,309	9,691
Maintenance	746,000	62,360	683,640
Total lines, meters and small pumping stations	<u>769,000</u>	<u>66,030</u>	<u>702,970</u>
Total operating expense budget	<u>48,461,500</u>	<u>12,118,947</u>	<u>36,342,553</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Capital Outlays			
Administration - computer	\$ 26,000	\$ -	\$ 26,000
Administration - furniture and fixtures	5,000	-	5,000
Pumping stations:			
Sayreville Pumping Station	1,020,000	-	1,020,000
OSPS rehabilitation *	-	475,769	(475,769)
Edison Pumping Station	520,000	-	520,000
Green Brook Pumping Station	20,000	-	20,000
Bound Brook Pumping Station	305,000	-	305,000
South Amboy Pumping Station	1,040,000	-	1,040,000
Lines, meters and small pumping stations:			
Millbrook Siphon	500,000	-	500,000
Machinery and equipment	100,000	-	100,000
Pipeline repair	1,600,000	415,791	1,184,209
Meter chamber upgrade	950,000	-	950,000
Main trunk sewer *	7,900,000	41,985	7,858,015
Main trunk sewer II *	500,000	-	500,000
Central treatment plant:			
Furniture and fixtures	5,000	-	5,000
Machinery and equipment	370,000	-	370,000
Oxygen facility - machinery and equipment	30,000	-	30,000
Oxygen facility - spare parts	50,000	-	50,000
Electrical substation upgrade *	960,000	71,591	888,409
Unox mixers	568,000	148,658	419,342
Electrical equipment	50,000	-	50,000
Lab machinery and equipment	100,000	-	100,000
Plant instrumentation	25,000	-	25,000
Pumps and motors	40,000	-	40,000
Roof reconstruction	25,000	-	25,000
Switchgear *	-	6,657	(6,657)
Landfill gas collection facility - electric generation	6,183,000	1,103,611	5,079,389
Sidewalks and roads	25,000	-	25,000
Water re-use project **	-	1,026,982	(1,026,982)
Primary tanks	1,125,000	-	1,125,000
Final tanks	1,320,000	7,785	1,312,215
Hypo tank replacement	125,000	-	125,000
Effluent reuse	5,400,000	-	5,400,000
Storage building	500,000	-	500,000
Process water screens	600,000	-	600,000
DW building OCS	1,772,000	-	1,772,000
OCS boiler relocation	520,000	-	520,000
Duophase - machinery and equipment	20,000	53,803	(33,803)
Maintenance annex rehab	200,000	-	200,000
Gravity thickener rehab	825,000	-	825,000
Muffin Monsters	50,000	37,567	12,433
Vehicles	186,000	120	185,880
Total capital outlays	35,560,000	3,390,319	32,169,681
Less: Bonded projects *	(9,360,000)	(596,002)	(8,763,998)
Reimbursable projects **	-	(1,026,982)	1,026,982
Capital outlays funded by operating revenues	26,200,000	1,767,335	24,432,665

* Bonded projects - Expenditures not paid from operating revenues.

** Reimbursable projects - Expenditures to be reimbursed by third parties and not funded by operating revenue.

Middlesex County Utilities Authority - Wastewater Division

Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Other Costs Funded by Operating Revenues			
Future plant reconstruction and replacement	\$ 500,000	\$ -	\$ 500,000
Solid Waste Division loan reserve	500,000	-	500,000
	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Budget subtotal	75,661,500	13,886,282	61,775,218
DEP fees	-	74,636	(74,636)
NJ - wastewater treatment - administrative fee	-	126,900	(126,900)
	<u>-</u>	<u>126,900</u>	<u>(126,900)</u>
Total before debt service and amortization	<u>75,661,500</u>	<u>14,087,818</u>	<u>61,573,682</u>
Principal Maturities			
2001A issue	1,804,300	142,315	1,661,985
2005 issue (1995 refunding)	1,670,000	825,000	845,000
2005 - wastewater treatment	691,200	69,870	621,330
2006 EPS - wastewater treatment	4,010,000	432,683	3,577,317
2007 gas system revenue bonds	5,300,000	-	5,300,000
2008 issue (1997A refunding)	4,065,000	-	4,065,000
2009 EPS wastewater treatment	874,000	164,955	709,045
2010A (Traditional) - Plant upgrades	783,300	206,075	577,225
2010A (ARRA)	342,000	73,961	268,039
2010B - OSPS	489,000	97,864	391,136
2013 issue	500,000	-	500,000
	<u>20,528,800</u>	<u>2,012,723</u>	<u>18,516,077</u>
Total principal maturities	20,528,800	2,012,723	18,516,077
Interest Expense			
2001A issue	430,800	206,764	224,036
2005 issue (1995 refunding)	162,200	92,181	70,019
2005 - wastewater treatment	224,800	96,980	127,820
2006 EPS - wastewater treatment	1,483,000	671,533	811,467
2007 gas system revenue bonds	2,159,400	-	2,159,400
2008 issue (1997A refunding)	722,700	-	722,700
2009 EPS wastewater treatment	354,000	176,988	177,012
2010A (Traditional) - Plant upgrades	148,200	74,100	74,100
2010A (ARRA)	114,200	56,911	57,289
2010B - OSPS	250,300	125,120	125,180
2013 issue	250,000	-	250,000
Short-term FEMA loan	250,000	-	250,000
	<u>6,549,600</u>	<u>1,500,577</u>	<u>5,049,023</u>
Total interest expense	6,549,600	1,500,577	5,049,023
Total actual costs funded by operating revenues	<u>102,739,900</u>	<u>17,601,118</u>	<u>85,138,782</u>
Excess (deficit) in revenues	<u>9,360,000</u>	<u>4,036,757</u>	<u>5,323,243</u>
Total actual costs funded by operating revenues and excess in revenues	<u>\$ 112,099,900</u>	<u>\$ 21,637,875</u>	<u>\$ 90,462,025</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Capital Assets

March 31, 2014

(See Accountants' Compilation Report)

	Acquired with Contributed Capital	Acquired with Other than Contributed Capital	Combined Totals
Land	\$ -	\$ 8,401,828	\$ 8,401,828
Buildings and improvements	48,000,535	115,618,481	163,619,016
Improvements other than buildings	116,559,541	197,296,542	313,856,083
Machinery and equipment	-	22,057,531	22,057,531
Furniture and fixtures	-	60,450	60,450
Landfill gas collection facility	-	54,202,404	54,202,404
Landfill gas collection equipment	-	3,822,601	3,822,601
	<u>\$ 164,560,076</u>	<u>\$ 401,459,837</u>	<u>\$ 566,019,913</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Accumulated Depreciation
 Three Months Ended March 31, 2014
 (See Accountants' Compilation Report)

	Accumulated Depreciation January 1, 2014	Depreciation Expense	Disposals	Accumulated Depreciation March 31, 2014
Buildings and improvements:				
Acquired with contributed capital	\$ 32,117,909	\$ 254,797	\$ -	\$ 32,372,706
Other	49,397,886	768,403	-	50,166,289
Improvements other than buildings:				
Acquired with contributed capital	69,181,268	564,956	783,302	68,962,922
Other	72,450,330	1,789,864	-	74,240,194
Machinery and equipment	7,593,798	407,758	-	8,001,556
Furniture and fixtures				
Other	43,930	833	-	44,763
Landfill gas collection facility	16,820,626	677,530	-	17,498,156
Landfill gas collection equipment	933,973	77,589	-	1,011,562
	<u>\$ 248,539,720</u>	<u>\$ 4,541,730</u>	<u>\$ 783,302</u>	<u>\$ 252,298,148</u>
Analysis				
Depreciation attributable to assets acquired with contributed capital	\$ 101,299,177	\$ 819,753	\$ 783,302	\$ 101,335,628
Depreciation attributable to assets acquired with other than contributed capital	<u>147,240,543</u>	<u>3,721,977</u>	<u>-</u>	<u>150,962,520</u>
	<u>\$ 248,539,720</u>	<u>\$ 4,541,730</u>	<u>\$ 783,302</u>	<u>\$ 252,298,148</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs of Construction in Progress

Three Months Ended March 31, 2014

(See Accountants' Compilation Report)

	Total Costs through January 1, 2014	Increases January - March 2014	Decreases January - March 2014	Total Costs through March 31, 2014
Land Based Sludge Management Facility	\$ 6,854,425	\$ 82,369	\$ -	\$ 6,936,794
Primary Tank Rehab	1,025,784	-	-	1,025,784
Main Trunk Rehab I	297	-	-	297
Edison Force Main	100,597,080	386,674	-	100,983,754
Final Tank Rehab	1,261,388	-	-	1,261,388
120" Primary Tank Influent Line	627,559	-	627,559	-
Sayreville Pump Station Rehabilitation	11,301,596	61,851	-	11,363,447
Black Start	1,589,424	-	-	1,589,424
Switchgear	14,187,795	28,053	-	14,215,848
Standby Power	956,063	-	-	956,063
Main Sub-Station Rehabilitation	1,424,422	-	-	1,424,422
Water Reuse (CPV)	291,391	-	-	291,391
Unallocated additions to plant and equipment	-	3,390,319	-	3,390,319
	<u>\$ 140,117,224</u>	<u>\$ 3,949,266</u>	<u>\$ 627,559</u>	<u>\$ 143,438,931</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Land Based Sludge Management Facility - In Progress

March 31, 2014

(See Accountants' Compilation Report)

Legal and Administrative

Legal fees and expenses

\$ 6,936,794

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Primary Tank Rehab - In Progress

Monday, March 31, 2014

(See Accountants' Compilation Report)

Design and engineering fees	\$ 222,706
Construction costs	<u>803,078</u>
In Progress - March 31, 2014	<u><u>\$ 1,025,784</u></u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Main Trunk Rehab I - In Progress

Monday, March 31, 2014

(See Accountants' Compilation Report)

Design and engineering fees

\$ 297

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Edison Force Main - In Progress

March 31, 2014

(See Accountants' Compilation Report)

Engineering fees	\$ 9,269,487
Pre-construction costs	344,445
Legal fees and expenses	13,465
Capitalized interest	13,980,002
Construction costs	<u>77,376,355</u>
In Progress - March 31, 2014	<u>\$ 100,983,754</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Final Tank Rehab - In Progress

Monday, March 31, 2014

(See Accountants' Compilation Report)

Design and engineering fees	\$ 123,015
Construction costs	<u>1,138,373</u>
In Progress - March 31, 2014	<u><u>\$ 1,261,388</u></u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Sayreville Pump Station Rehabilitation - In Progress

March 31, 2014

(See Accountants' Compilation Report)

Preliminary design and engineering fees	\$ 2,408,002
Construction costs	8,062,040
Capitalized interest	<u>893,405</u>
In Progress - March 31, 2014	<u><u>\$ 11,363,447</u></u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Black Start - In Progress

March 31, 2014

(See Accountants' Compilation Report)

Preliminary design and engineering fees

\$ 1,589,424

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Switchgear - In Progress

March 31, 2014

(See Accountants' Compilation Report)

Preliminary design and engineering fees	\$ 3,030,830
Construction costs - base bid	10,673,357
Capitalized interest	<u>511,661</u>
In Progress - March 31, 2014	<u><u>\$ 14,215,848</u></u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Standby Power - In Progress

March 31, 2014

(See Accountants' Compilation Report)

Engineering fees	\$ 83,719
Construction costs	<u>872,344</u>
In Progress - March 31, 2014	<u><u>\$ 956,063</u></u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Main Sub-Station Rehabilitation - In Progress

March 31, 2014

(See Accountants' Compilation Report)

Preliminary design and engineering fees	\$ 162,817
Construction costs	<u>1,261,605</u>
In Progress - March 31, 2014	<u><u>\$ 1,424,422</u></u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Water Reuse (CPV) - In Progress

Monday, March 31, 2014

(See Accountants' Compilation Report)

Design and engineering fees

\$ 291,391

Middlesex County Utilities Authority - Wastewater Division

Summary of Insurance Claims Reserve

March 31, 2014

(See Accountants' Compilation Report)

Unemployment claims reserve	\$ 118,254
Liability insurance reserve	3,542,915
Collision insurance reserve	286,532
Worker's compensation insurance reserve	<u>292,360</u>
	<u>\$ 4,240,061</u>

Middlesex County Utilities Authority - Wastewater Division

Summary of Revenue Serial Bonds Payable
 Three Months Ended March 31, 2014
 (See Accountants' Compilation Report)

	Balance January 1, 2014	Bonds Issued Current Period	Principal Reduction	Balance March 31, 2014	Analysis of Balance	
					Current Portion	Due Long-Term
Issue of 2001A - N.J. EIT (Federal)	\$ 7,117,386	\$ -	\$ 142,315	\$ 6,975,071	\$ 874,160	\$ 6,100,911
Issue of 2001A - N.J. EIT (State)	8,740,000	-	-	8,740,000	915,000	7,825,000
Issue of 2005A	3,430,000	-	825,000	2,605,000	1,715,000	890,000
Issue of 2005A - N.J. EIT (Federal)	4,211,006	-	-	4,211,006	345,860	3,865,146
Issue of 2005A - N.J. EIT (State)	5,195,000	-	69,870	5,125,130	340,000	4,785,130
Issue of 2006 - N.J. EIT (Federal)	26,313,892	-	432,683	25,881,209	1,996,008	23,885,201
Issue of 2006 - N.J. EIT (State)	33,750,000	-	-	33,750,000	1,985,000	31,765,000
Issue of 2007	41,985,000	-	-	41,985,000	5,300,000	36,685,000
Sewer revenue refunding bonds, series 2008	14,100,000	-	-	14,100,000	4,065,000	10,035,000
Issue of 2009A - N.J. EIT (Federal)	7,917,862	-	164,955	7,752,907	494,866	7,258,041
Issue of 2009A - N.J. EIT (State)	8,440,000	-	-	8,440,000	375,000	8,065,000
Issue of 2009 C-1 - NJEIT (Trust/State)	2,715,000	-	-	2,715,000	120,000	2,595,000
Issue of 2009 C-2 - NJEIT (Trust/State)	3,525,000	-	-	3,525,000	155,000	3,370,000
Issue of 2009 D-1 - N.J. EIT (Federal)	3,550,108	-	73,961	3,476,147	221,882	3,254,265
Issue of 2009 D-2 - N.J. EIT (Federal)	9,891,625	-	206,075	9,685,550	618,227	9,067,323
Issue of 2010B - NJEIT (Trust/State)	5,005,000	-	-	5,005,000	195,000	4,810,000
Issue of 2010B - NJEIT Fed	4,991,086	-	97,864	4,893,222	293,593	4,599,629
	<u>\$ 190,877,965</u>	<u>\$ -</u>	<u>\$ 2,012,723</u>	<u>\$ 188,865,242</u>	<u>\$ 20,009,596</u>	<u>\$ 168,855,646</u>