

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

Financial Statements and
Supplementary Information

September 30, 2014



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Middlesex County Utilities Authority - Solid Waste Division

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September 30, 2014

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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 September 30, 2014, and the related statements of revenues and expenses, changes in net position and cash flows for the nine 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.

Baker Tilly Virchow Krause, LLP

Clark, New Jersey
December 31, 2014



Middlesex County Utilities Authority - Solid Waste Division

Statement of Net Position

September 30, 2014 and December 31, 2013

(See Accountants' Compilation Report)

	<u>2014</u>	<u>2013</u>
Assets		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 4,536,920	\$ 5,740,158
Accounts receivable	<u>1,227,928</u>	<u>1,144,447</u>
Total unrestricted current assets	<u>5,764,848</u>	<u>6,884,605</u>
Restricted Current Assets		
Cash and cash equivalents	53,956,724	66,392,222
Investments	48,836,856	38,065,485
Loan receivable, Wastewater Division	13,100,000	13,100,000
Interest receivable	<u>559,283</u>	<u>330,465</u>
Total restricted current assets	<u>116,452,863</u>	<u>117,888,172</u>
Total current assets	122,217,711	124,772,777
Capital Assets, Net	<u>102,144,656</u>	<u>111,124,221</u>
Total assets	<u>\$ 224,362,367</u>	<u>\$ 235,896,998</u>

See notes to financial statements

Middlesex County Utilities Authority - Solid Waste Division

Statement of Net Position

September 30, 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	\$ 2,348,435	\$ 1,972,733
Accrued liabilities	-	246,392
Unearned service revenue	<u>535,247</u>	<u>841,650</u>
Total current liabilities payable from unrestricted assets	2,883,682	3,060,775
Current Liabilities Payable from Restricted Assets		
Accrued interest payable	191,046	541,103
Current portion of bonds payable	<u>7,421,201</u>	<u>7,285,469</u>
Total current liabilities	10,495,929	10,887,347
Long-Term Liabilities		
Bonds payable, net of discount and current portion	40,445,715	47,866,916
Liability for other post employment benefits	6,855,005	6,178,955
Accrued closure and postclosure liabilities	65,530,873	64,864,799
Unamortized original issue premium	597,272	652,283
Funds held in escrow	<u>1,596,616</u>	<u>1,748,594</u>
Total liabilities	<u>125,521,410</u>	<u>132,198,894</u>
Net Position		
Net investment in capital assets	54,277,740	55,971,836
Unrestricted	18,775,451	21,975,057
Restricted - funded reserves:		
Environmental self-insurance	20,304,244	20,273,896
Public liability insurance	2,000,500	1,997,510
Auto, workers compensation and general liability insurance	<u>3,483,022</u>	<u>3,479,805</u>
Total net position	<u>98,840,957</u>	<u>103,698,104</u>
Total liabilities and net position	<u>\$ 224,362,367</u>	<u>\$ 235,896,998</u>

See notes to financial statements

Middlesex County Utilities Authority - Solid Waste Division

Statement of Revenues and Expenses

Nine months ended September 30, 2014

(See Accountants' Compilation Report)

Revenues

Tipping fees	\$ 26,070,682
Soil program income	1,416,964
Miscellaneous income	<u>166,669</u>
	27,654,315

Operating Expenses

	<u>19,928,813</u>
Operating income before depreciation and amortization	7,725,502

Depreciation and Amortization

	<u>11,955,364</u>
Operating loss	(4,229,862)

Nonoperating Income and Expense

Interest expense	(959,844)
Interest income	<u>334,558</u>

Total nonoperating income and expense, net	<u>(625,286)</u>
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Net loss	<u><u>\$ (4,855,148)</u></u>
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See notes to financial statements

Middlesex County Utilities Authority - Solid Waste Division

Statement of Changes in Net Position
Nine Months Ended September 30, 2014
(See Accountants' Compilation Report)

	Net Investment in Capital Assets	Unrestricted	Restricted	Total
Balance, Beginning of Period	\$ 55,971,836	\$ 21,975,057	\$ 25,751,211	\$ 103,698,104
Net income (loss)	(12,010,375)	7,116,673	38,554	(4,855,148)
Net transfers from reserves	10,316,279	(10,316,279)	-	-
Claims paid, net of insurance and FEMA reimbursements of \$46,043	-	-	(1,999)	(1,999)
Balance, End of Period	<u>\$ 54,277,740</u>	<u>\$ 18,775,451</u>	<u>\$ 25,787,766</u>	<u>\$ 98,840,957</u>

See notes to financial statements

Middlesex County Utilities Authority - Solid Waste Division

Statement of Cash Flows

Nine Months Ended September 30, 2014

(See Accountants' Compilation Report)

Cash Flows from Operating Activities

Cash received from customers	\$ 25,724,982
Miscellaneous income from customers and vendors	3,704,887
Cash payments for goods and services	(19,015,537)
Cash payments to employees	(1,799,887)
	<u>8,614,445</u>

Net cash provided by operating activities

Cash Flows from Capital and Related Financing Activities

Additions to capital assets	(3,030,810)
Interest paid	(1,309,901)
Net reimbursement to funded reserves	(1,999)
Repayments of bonds payable	(7,285,469)
	<u>(11,628,179)</u>

Net cash used in capital and related financing activities

Cash Flows from Investing Activities

Purchase of investment securities	(50,077,691)
Proceeds from sale and maturities of investments	39,306,320
Interest income received on investments	146,369
	<u>10,625,002</u>

Net cash used in investing activities

Decrease in cash and cash equivalents

Cash and Cash Equivalents, Beginning of Period

72,132,380

Cash and Cash Equivalents, End of Period

\$ 58,493,644

Summary of Cash and Cash Equivalents at End of Period

Unrestricted assets	\$ 4,536,920
Restricted assets	<u>53,956,724</u>
	<u>\$ 58,493,644</u>

Middlesex County Utilities Authority - Solid Waste Division

Statement of Cash Flows

Nine Months Ended September 30, 2014

(See Accountants' Compilation Report)

Reconciliation of Operating Loss to Net Cash Provided by Operating Activities

Operating loss	\$ (4,229,862)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	11,955,364
Changes in operating assets and liabilities	
Accounts receivable	(83,481)
Accounts payable, accrued liabilities and retainage payable	129,310
Unearned service revenue	(306,403)
Liability for other post employment benefits	676,050
Accrued closure and postclosure liabilities	625,445
Funds held in escrow	<u>(151,978)</u>
Net cash provided by operating activities	<u>\$ 8,614,445</u>

See notes to financial statements

Middlesex County Utilities Authority - Solid Waste Division

Notes to Financial Statements

September 30, 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

Notes to Financial Statements

September 30, 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 December 31, 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 September 30, 2014.

Middlesex County Utilities Authority - Solid Waste Division

Notes to Financial Statements

September 30, 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	September 30, 2014	December 31, 2013
Acquisition or construction of property, plant and equipment and related improvements	\$ 21,554,678	\$ 23,543,601
Landfill closure and post-closure	65,530,873	64,864,799
Future contingencies	27,770,696	27,731,178
Funds held in escrow	1,596,616	1,748,594
	\$ 116,452,863	\$ 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

September 30, 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>
September 30, 2014			
Cash on deposit	\$ 4,536,920	\$ 49,014,011	\$ 53,550,931
Cash equivalents	-	4,942,713	4,942,713
Total	<u>\$ 4,536,920</u>	<u>\$ 53,956,724</u>	<u>\$ 58,493,644</u>
December 31, 2013			
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 September 30, 2014, the Authority had on deposit, bank balances of approximately \$54,734,870, exclusive of cash held in brokerage accounts and certificates of deposit held as investments, in two commercial banks, \$273,866 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

September 30, 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	September 30, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
United States Government obligations:				
FNMA and FHLMC obligations				
Short-term	\$ 6,937,774	\$ 6,813,582	\$ 8,220,000	\$ 8,266,158
Long-term	9,944,094	10,921,325	9,229,080	8,929,425
US Treasury Notes				
Short-term	-	-	-	-
Long-term	29,454,988	29,572,295	13,866,875	13,917,850
Certificates of deposit:				
Short-term	2,500,000	2,499,890	4,750,000	4,744,455
Long-term	-	-	1,999,530	2,005,343
Total	\$ 48,836,856	\$ 49,807,092	\$ 38,065,485	\$ 37,863,231

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 September 30, 2014, substantially 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

September 30, 2014

(See Accountants' Compilation Report)

5. Capital Assets

Property, plant and equipment consist of the following:

Purpose	September 30, 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	5,240,891	2,210,080
Buildings, machinery and equipment	21,058,720	22,030,667
	305,831,749	303,772,885
Less accumulated depreciation and amortization	203,687,093	192,648,664
	<u>\$ 102,144,656</u>	<u>\$ 111,124,221</u>

Depreciation expense on buildings, machinery and equipment amounted to \$1,092,252 for the nine months ended September 30, 2014. The amortization expense on landfill and landfill expansion was \$10,918,123 for the nine months ended September 30, 2014.

	Balance January 1, 2014	Increase	Decrease	Balance September 30, 2014
Landfill and landfill expansion	\$ 279,532,138	\$ -	\$ -	\$ 279,532,138
Construction in progress	2,210,080	3,030,811	-	5,240,891
Other assets	22,030,667	-	971,947	21,058,720
	<u>\$ 303,772,885</u>	<u>\$ 3,030,811</u>	<u>\$ 971,947</u>	<u>\$ 305,831,749</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 September 30, 2014 is \$5,881,719.

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 September 30, 2014 is \$1,539,482.

Middlesex County Utilities Authority - Solid Waste Division

Notes to Financial Statements

September 30, 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 September 30, 2014</u>
Bonds payable	\$ 55,152,385	\$ -	\$ 7,285,469	\$ 47,866,916

Annual repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
Years ended September 30:			
2015	\$ 7,421,201	\$ 1,171,750	\$ 8,592,951
2016	7,611,392	986,250	8,597,642
2017	7,808,488	791,250	8,599,738
2018	8,013,298	586,500	8,599,798
2019	8,220,629	371,500	8,592,129
2020 through 2024	8,791,908	588,100	9,380,008
	<u>\$ 47,866,916</u>	<u>\$ 4,495,350</u>	<u>\$ 52,362,266</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

September 30, 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

Notes to Financial Statements

September 30, 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 \$1,239,003 for the nine months ended September 30, 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 nine months ended September 30, 2014 was \$269,447.

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 nine months ended September 30, 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

September 30, 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 nine months ended September 30, 2014, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation:

Required contribution	\$	368,175
Interest on Net OPEB obligation		203,810
Amortization on Net OPEB obligation		<u>251,488</u>
Annual OPEB cost		823,473
Contributions made		<u>147,423</u>
Increase in Net OPEB obligation		676,050
Net OPEB obligation - beginning of period		<u>6,178,955</u>
Net OPEB obligation - end of period	\$	<u><u>6,855,005</u></u>

Middlesex County Utilities Authority - Solid Waste Division

Notes to Financial Statements

September 30, 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

Notes to Financial Statements

September 30, 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 \$65.53 million reported as landfill closure and post-closure care liability at September 30, 2014 represents the cumulative amount reported to date based on the use of approximately 87.4% of the estimated capacity of the landfill. Total costs are estimated to be approximately \$75 million.

The Authority has expensed \$602,989 for closure and post-closure care costs for the nine months ended September 30, 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

September 30, 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 September 30, 2014, cash and investments with a cost of \$65,530,873 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:

	September 30, 2014	December 31, 2013
Land acquisition and improvements	\$ 21,517,810	\$ 21,239,796
Reconstruction and replacement	2,242,767	4,509,705
Future contingencies	1,982,931	1,979,967
Total	<u>\$ 25,743,508</u>	<u>\$ 27,729,468</u>

Middlesex County Utilities Authority - Solid Waste Division

Schedule of Changes in Unrestricted Cash and Cash Equivalents

Nine Months Ended September 30, 2014

(See Accountants' Compilation Report)

	Operating Fund
Sources	
Service revenues	\$ 25,724,982
Interest income	10,964
Soil program income	1,415,672
Miscellaneous receipts	11,830
Enrollment fees	6,385
Expense reimbursement	93,529
Budgetary income from restricted funds	653,053
Service fee income	130,644
Transfer from restricted funds	2,271,000
	<hr/>
Total sources	30,318,059
	<hr/>
Uses	
Vouchers paid	22,111,408
Transfers to debt service, net	8,756,836
Transfers from restricted funds	653,053
	<hr/>
Total uses	31,521,297
	<hr/>
Decrease for the Period	(1,203,238)
	<hr/>
Balance, Beginning of Period	5,740,158
	<hr/>
Balance, End of Period	\$ 4,536,920
	<hr/> <hr/>
Balance comprised of	
Cash	\$ 4,536,920
	<hr/> <hr/>

Middlesex County Utilities Authority - Solid Waste Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Nine Months Ended September 30, 2014

(See Accountants' Compilation Report)

	General Liability Insurance Fund	Collision Insurance Reserve	Workers Compensation Insurance	Land Acquisition and Improvement Reserve
Sources				
Interest income	\$ 4,121	\$ 280	\$ 815	\$ 1,726
Escrow deposits	-	-	-	-
Expense reimbursement	-	-	46,043	-
Miscellaneous income (loss)	-	-	-	-
Retainage deposits	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
Total sources	<u>4,121</u>	<u>280</u>	<u>46,858</u>	<u>1,726</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Claims paid	4,125	-	43,917	-
NJEIT administrative fee	-	-	-	-
Trustee fee	-	-	-	-
Escrow withdrawals	-	-	-	-
DEP fee	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
Total uses	<u>4,125</u>	<u>-</u>	<u>43,917</u>	<u>-</u>
Increase (Decrease)	(4)	280	2,941	1,726
Balance, Beginning of Period	<u>2,755,475</u>	<u>187,015</u>	<u>537,317</u>	<u>1,152,758</u>
Balance, End of Period	<u>\$ 2,755,471</u>	<u>\$ 187,295</u>	<u>\$ 540,258</u>	<u>\$ 1,154,484</u>
Balance comprised of				
Cash	\$ 2,755,471	\$ 187,295	\$ 540,258	\$ 1,154,484
Cash equivalents	-	-	-	-
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
Other government obligations	-	-	-	-
	<u>\$ 2,755,471</u>	<u>\$ 187,295</u>	<u>\$ 540,258</u>	<u>\$ 1,154,484</u>

Middlesex County Utilities Authority - Solid Waste Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Nine Months Ended September 30, 2014

(See Accountants' Compilation Report)

	DEP Closure Phase I	Environmental Self Insurance	Closure/ Post- Closure I	Closure/ Post- Closure II
Sources				
Interest income	\$ 12,615	\$ 30,348	\$ 4,791	\$ 144,077
Escrow deposits	-	-	-	198,391
Expense reimbursement	-	-	-	-
Miscellaneous income (loss)	-	-	-	6,875
Retainage deposits	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
	<u>12,615</u>	<u>30,348</u>	<u>4,791</u>	<u>349,343</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Claims paid	-	-	-	-
NJEIT administrative fee	-	-	-	-
Trustee fee	-	-	-	33,522
Escrow withdrawals	-	-	-	-
DEP fee	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,522</u>
Increase (Decrease)	12,615	30,348	4,791	315,821
Balance, Beginning of Period	<u>8,427,672</u>	<u>20,273,896</u>	<u>3,200,574</u>	<u>35,563,252</u>
Balance, End of Period	<u>\$ 8,440,287</u>	<u>\$ 20,304,244</u>	<u>\$ 3,205,365</u>	<u>\$ 35,879,073</u>
Balance comprised of				
Cash	\$ 8,440,287	\$ 20,304,244	\$ 3,205,365	\$ 26,044
Cash equivalents	-	-	-	3,898,041
Investments:				
Certificates of deposit	-	-	-	2,500,000
Treasury notes	-	-	-	29,454,988
Other government obligations	-	-	-	-
	<u>\$ 8,440,287</u>	<u>\$ 20,304,244</u>	<u>\$ 3,205,365</u>	<u>\$ 35,879,073</u>

Middlesex County Utilities Authority - Solid Waste Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Nine Months Ended September 30, 2014

(See Accountants' Compilation Report)

	<u>Supplemental Fund</u>	<u>Public Liability Insurance Reserve</u>	<u>Aforce Escrow</u>	<u>Construction Reserve</u>
Sources				
Interest income	\$ 2,964	\$ 2,990	\$ 459	\$ 6,842
Escrow deposits	-	-	-	-
Expense reimbursement	-	-	-	-
Miscellaneous income (loss)	-	-	-	-
Retainage deposits	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
	<u>2,964</u>	<u>2,990</u>	<u>459</u>	<u>6,842</u>
Total sources				
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Claims paid	-	-	-	-
NJEIT administrative fee	-	-	-	-
Trustee fee	-	-	-	-
Escrow withdrawals	-	-	226,198	-
DEP fee	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>226,198</u>	<u>-</u>
Total uses				
Increase (Decrease)	2,964	2,990	(225,739)	6,842
Balance, Beginning of Period	<u>1,979,967</u>	<u>1,997,510</u>	<u>526,198</u>	<u>4,570,909</u>
Balance, End of Period	<u>\$ 1,982,931</u>	<u>\$ 2,000,500</u>	<u>\$ 300,459</u>	<u>\$ 4,577,751</u>
Balance comprised of				
Cash	\$ 1,982,931	\$ 2,000,500	\$ 300,459	\$ 4,577,751
Cash equivalents	-	-	-	-
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
Other government obligations	-	-	-	-
	<u>\$ 1,982,931</u>	<u>\$ 2,000,500</u>	<u>\$ 300,459</u>	<u>\$ 4,577,751</u>

Middlesex County Utilities Authority - Solid Waste Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Nine Months Ended September 30, 2014

(See Accountants' Compilation Report)

	Service Fee Escrow	Reconstruction Replacement Reserve	HMC Assoc., Inc. Escrow	Ozark Environmental Escrow
Sources				
Interest income	\$ 794	\$ 4,061	\$ 349	\$ 311
Escrow deposits	1,074,855	-	-	-
Expense reimbursement	-	-	-	-
Miscellaneous income (loss)	-	-	-	-
Retainage deposits	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
Total sources	<u>1,075,649</u>	<u>4,061</u>	<u>349</u>	<u>311</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Claims paid	-	-	-	-
NJEIT administrative fee	-	-	-	-
Trustee fee	-	-	-	-
Escrow withdrawals	745,967	-	348,678	522,704
DEP fee	-	-	-	-
Transfers - unrestricted funds	-	2,271,000	-	-
Total uses	<u>745,967</u>	<u>2,271,000</u>	<u>348,678</u>	<u>522,704</u>
Increase (Decrease)	329,682	(2,266,939)	(348,329)	(522,393)
Balance, Beginning of Period	<u>296,727</u>	<u>4,509,705</u>	<u>348,329</u>	<u>522,393</u>
Balance, End of Period	<u>\$ 626,409</u>	<u>\$ 2,242,766</u>	<u>\$ -</u>	<u>\$ -</u>
Balance comprised of				
Cash	\$ 626,409	\$ 2,242,766	\$ -	\$ -
Cash equivalents	-	-	-	-
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
Other government obligations	-	-	-	-
	<u>\$ 626,409</u>	<u>\$ 2,242,766</u>	<u>\$ -</u>	<u>\$ -</u>

Middlesex County Utilities Authority - Solid Waste Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Nine Months Ended September 30, 2014

(See Accountants' Compilation Report)

	DEP Closure Phase II	2009 Debt Service	SWD Benefits Escrow	SWD FSA Escrow
Sources				
Interest income	\$ 205,961	\$ -	\$ 72	\$ 5
Escrow deposits	396,780	-	69,467	6,166
Expense reimbursement	-	-	-	-
Miscellaneous income (loss)	(199,228)	-	-	-
Retainage deposits	-	-	-	-
Transfers - unrestricted funds	-	1,988,650	-	-
	<u>403,513</u>	<u>1,988,650</u>	<u>69,539</u>	<u>6,171</u>
Total sources				
Uses				
Bond principal paid	-	1,509,481	-	-
Bond interest paid	-	414,602	-	-
Claims paid	-	-	-	-
NJEIT administrative fee	-	34,336	-	-
Trustee fee	30,037	-	-	-
Escrow withdrawals	-	-	76,343	2,300
DEP fee	-	30,231	-	-
Transfers - unrestricted funds	-	-	-	-
	<u>30,037</u>	<u>1,988,650</u>	<u>76,343</u>	<u>2,300</u>
Total uses				
Increase (Decrease)	373,476	-	(6,804)	3,871
Balance, Beginning of Period	17,553,064	-	52,642	2,304
Balance, End of Period	<u>\$ 17,926,540</u>	<u>\$ -</u>	<u>\$ 45,838</u>	<u>\$ 6,175</u>
Balance comprised of				
Cash	\$ -	\$ -	\$ 45,838	\$ 6,175
Cash equivalents	1,044,672	-	-	-
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
Other government obligations	16,881,868	-	-	-
	<u>\$ 17,926,540</u>	<u>\$ -</u>	<u>\$ 45,838</u>	<u>\$ 6,175</u>

Middlesex County Utilities Authority - Solid Waste Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Nine Months Ended September 30, 2014

(See Accountants' Compilation Report)

	2007A Debt Service	Northeast Remsco Retainage	United Energy Soil Escrow	CJ Nesti Soil Escrow	Total
Sources					
Interest income	\$ -	\$ 6	\$ 141	\$ 141	\$ 423,869
Escrow deposits	-	-	300,000	300,000	2,345,659
Expense reimbursement	-	-	-	-	46,043
Miscellaneous income (loss)	-	-	-	-	(192,353)
Retainage deposits	-	17,446	-	-	17,446
Transfers - unrestricted funds	6,768,187	-	-	-	8,756,837
Total sources	6,768,187	17,452	300,141	300,141	11,397,501
Uses					
Bond principal paid	5,775,987	-	-	-	7,285,468
Bond interest paid	895,300	-	-	-	1,309,902
Claims paid	-	-	-	-	48,042
NJEIT administrative fee	96,900	-	-	-	131,236
Trustee fee	-	-	-	-	63,559
Escrow withdrawals	-	-	-	-	1,922,190
DEP fee	-	-	-	-	30,231
Transfers - unrestricted funds	-	-	-	-	2,271,000
Total uses	6,768,187	-	-	-	13,061,628
Increase (Decrease)	-	17,452	300,141	300,141	(1,664,127)
Balance, Beginning of Period	-	-	-	-	104,457,707
Balance, End of Period	<u>\$ -</u>	<u>\$ 17,452</u>	<u>\$ 300,141</u>	<u>\$ 300,141</u>	<u>\$ 102,793,580</u>
Balance comprised of					
Cash	\$ -	\$ 17,452	\$ 300,141	\$ 300,141	\$ 49,014,011
Cash equivalents	-	-	-	-	4,942,713
Investments:					
Certificates of deposit	-	-	-	-	2,500,000
Treasury notes	-	-	-	-	29,454,988
Other government obligations	-	-	-	-	16,881,868
	<u>\$ -</u>	<u>\$ 17,452</u>	<u>\$ 300,141</u>	<u>\$ 300,141</u>	<u>\$ 102,793,580</u>

Middlesex County Utilities Authority - Solid Waste Division

Schedule of Revenues - Budget and Actual

Nine Months Ended September 30, 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	\$ 26,070,682	\$ 7,119,318
Unreserved retained earnings (1)	5,210,800	-	5,210,800
Interest income (2)	8,000	334,558	(326,558)
Soil program income	1,000,000	1,416,964	(416,964)
Miscellaneous income	396,200	166,669	229,531
	<u>\$ 39,805,000</u>	<u>\$ 27,988,873</u>	<u>\$ 11,816,127</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
 Nine Months Ended September 30, 2014
 (See Accountants' Compilation Report)

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Salaries and Wages			
Administration	\$ 870,000	\$ 589,108	\$ 280,892
Operations	1,774,000	1,207,836	566,164
Temporary help	20,000	2,943	17,057
Total salaries and wages	<u>2,664,000</u>	<u>1,799,887</u>	<u>864,113</u>
Administration			
Public Employee Retirement System	285,000	255,567	29,433
Social Security tax	204,000	134,462	69,538
Employee benefits	884,000	1,268,136	(384,136)
Less: Nonbudgeted accrual for OPEB costs	-	(676,050)	676,050
Insurance	242,000	140,531	101,469
Professional fees	922,500	600,778	321,722
Regulatory fees and permits	130,000	118,044	11,956
General administrative expenses	1,746,000	1,361,150	384,850
Implementing agency fee	3,500,000	2,714,428	785,572
Total administration	<u>7,913,500</u>	<u>5,917,046</u>	<u>1,996,454</u>
Landfill Operations			
Host community benefits	6,155,000	4,461,306	1,693,694
Utilities	109,000	83,861	25,139
Maintenance	421,000	258,893	162,107
Operations	6,187,000	4,403,697	1,783,303
Transportation	59,000	31,683	27,317
Mandated charges	2,525,000	1,933,928	591,072
Total landfill operations	<u>15,456,000</u>	<u>11,173,368</u>	<u>4,282,632</u>
Budget subtotal	26,033,500	18,890,301	7,143,199
NJ - WWT and DEP - administrative fee	-	161,466	(161,466)
Budget total before debt service capital outlay and reserves	<u>26,033,500</u>	<u>19,051,767</u>	<u>6,981,733</u>

Middlesex County Utilities Authority - Solid Waste Division

Schedule of Expenses - Budget and Actual
Nine Months Ended September 30, 2014
(See Accountants' Compilation Report)

<u>Description</u>	<u>Annual Budget</u>	<u>Actual</u>	<u>Unrealized (Excess Over) Under Budget</u>
Debt Service			
Bond principal	7,285,500	7,285,469	31
Interest on bonds	1,310,000	1,309,901	99
Total debt service	<u>8,595,500</u>	<u>8,595,370</u>	<u>130</u>
Capital Outlay			
Landfill - capital	<u>4,516,000</u>	<u>3,030,811</u>	<u>1,485,189</u>
Reserves	<u>660,000</u>	<u>200,996</u>	<u>459,004</u>
Total budgetary expenses	<u>\$ 39,805,000</u>	<u>\$ 30,878,944</u>	<u>\$ 8,926,056</u>