

Middlesex County Utilities Authority - Wastewater Division

Financial Statements and
Supplementary Information

June 30, 2014



Middlesex County Utilities Authority - Wastewater Division

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



Clark, New Jersey
September 25, 2014

Middlesex County Utilities Authority - Wastewater Division

Statement of Net Position

June 30, 2014 and December 31, 2013

(See Accountants' Compilation Report)

	<u>2014</u>	<u>2013</u>
Assets		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 9,807,751	\$ 4,030,303
Interest receivable	190	175
Annual charges receivable	321,175	3,584,983
Grant receivable	13,049,346	20,189,491
Other charges receivable	374,052	501,790
	<u>23,552,514</u>	<u>28,306,742</u>
Restricted Assets		
Cash and cash equivalents	38,161,515	32,715,487
Trust accounts	243,588	243,469
Interest receivable	2,165	2,594
Due from NJEIT, bond proceeds receivable	6,514,802	2,095,672
	<u>44,922,070</u>	<u>35,057,222</u>
Capital Assets		
Land and depreciable assets	566,019,913	566,175,655
Less: accumulated depreciation	<u>(256,855,566)</u>	<u>(248,539,720)</u>
	309,164,347	317,635,935
Construction projects in progress	<u>149,224,790</u>	<u>140,117,224</u>
	<u>458,389,137</u>	<u>457,753,159</u>
Capital assets, net	<u>458,389,137</u>	<u>457,753,159</u>
Total assets	<u>\$ 526,863,721</u>	<u>\$ 521,117,123</u>

See notes to financial statements

Middlesex County Utilities Authority - Wastewater Division

Statement of Net Position

June 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 - operations and payroll	\$ 3,201,098	\$ 4,316,824
Accrued expenses	28,156	700,645
Refunds due participants	1,080,294	4,227,770
Related party interest payable	388,873	210,229
	<u>4,698,421</u>	<u>9,455,468</u>
Current Liabilities Payable from Restricted Assets		
Accounts payable - construction accounts	45,879	167,425
Contractors' retainages	1,096,927	1,035,594
Bonds payable - current portion	20,224,097	20,013,989
Note payable	5,000,000	5,000,000
Accrued interest payable on bonds	1,424,719	1,427,632
	<u>27,791,622</u>	<u>27,644,640</u>
Long-Term Liabilities		
Bonds payable, net of current portion	174,229,672	170,863,976
Note payable, Solid Waste Division	13,100,000	13,100,000
Unamortized gain on defeasance	191,667	199,333
Unamortized original issue premium	3,075,306	3,176,425
Liability for other post employment benefits	35,649,756	33,268,156
Funds held in escrow	1,150,224	673,434
Reserve for insurance claims	4,215,029	4,243,447
CPS/MCUA trust account	118,588	118,469
	<u>231,730,242</u>	<u>225,643,240</u>
Total long-term liabilities	<u>231,730,242</u>	<u>225,643,240</u>
Total liabilities	<u>264,220,285</u>	<u>262,743,348</u>
Net Position		
Net investment in capital assets	258,935,368	212,092,281
Restricted:		
Restricted for operations	200,000	200,000
Restricted for future reconstruction and replacement	572,002	571,436
Restricted for future debt service	13,734,879	14,138,440
Restricted for construction	1,061,988	35,644,473
Unrestricted	<u>(11,860,801)</u>	<u>(4,272,855)</u>
Total net position	<u>262,643,436</u>	<u>258,373,775</u>
Total liabilities and net position	<u>\$ 526,863,721</u>	<u>\$ 521,117,123</u>

See notes to financial statements

Middlesex County Utilities Authority - Wastewater Division

Statement of Revenues and Expenses

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

Operating Revenues

Annual charges	\$ 39,636,692
Treatment of septic tank waste	101,424
Treatment of industrial hauled waste	962
Service fees, review of plans, etc.	850
Permit fees, industrial pretreatment	10,300
Miscellaneous income	7,807
Management fees	826,002
Sampling and lab fees	4,428
Analytical services	5,587
Groundwater discharge fees	448,864
Sale of synthetic soil	210,435
Penalty assessments	6,000
Praxair - sale of oxygen	494,863
Praxair - sale of nitrogen	591,910
Praxair - water usage	12,351
PSE&G - REC credit income	182,302
Sale of plans and specifications	1,075
	<hr/>
Total operating revenues	42,541,852

Operating Expenses

Salaries and wages	5,782,743
Administration	8,181,028
Central treatment plant	9,760,862
Sayreville pumping station	797,357
Edison pumping station	365,451
Bound Brook pumping station	13,857
Green Brook pumping station	25,196
South Amboy pumping station	106,669
Lines, meters and small pumping stations	185,871
WWT - administrative fee	126,900
DEP fees	130,883
Depreciation	9,099,148
	<hr/>
Total operating expenses	34,575,965
	<hr/>
Operating income	7,965,887

Nonoperating Revenues (Expenses)

Interest on investments and deposits	20,528
Interest on investments (reconstruction and replacement)	566
Interest on investments (other restricted accounts)	14,841
Bond issuance costs	(16,075)
Amortization of gain on defeasance	7,667
Amortization of original issue premium	209,616
Hurricane loss	(1,848,980)
Interest on bonds	(1,905,744)
Related party interest	(178,645)
	<hr/>
Total nonoperating expenses, net	(3,696,226)
	<hr/>
Change in net position	\$ 4,269,661

See notes to financial statements

Middlesex County Utilities Authority - Wastewater Division

Statement of Changes in Net Position
 Six Months Ended June 30, 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	(7,459,643)	-	566	13,808	1,033	11,713,897	4,269,661
Depreciation charged to contributed capital	(1,639,505)	-	-	-	-	1,639,505	-
Interfund transfers, net	55,942,235	-	-	(417,369)	(34,583,518)	(20,941,348)	-
Balance, End of Period	<u>\$ 258,935,368</u>	<u>\$ 200,000</u>	<u>\$ 572,002</u>	<u>\$ 13,734,879</u>	<u>\$ 1,061,988</u>	<u>\$ (11,860,801)</u>	<u>\$ 262,643,436</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

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

Cash Flows from Operating Activities

Cash received from customers	\$ 43,256,368
Cash payments for goods and services	(12,042,831)
Cash payments for goods and services - Hurricane	(1,848,980)
Cash payments to employees	<u>(5,782,743)</u>
Net cash provided by operating activities	<u>23,581,814</u>

Cash Flows from Capital and Related Financing Activities

Acquisition of property, plant and equipment and construction in progress (including capitalized interest of \$1,032,954)	(9,735,126)
Cash paid for interest on bonds and related party debt	(1,908,658)
Proceeds from issuance of bonds	5,588,527
Repayment of note payable, Solid Waste Division	-
Bond issuance costs	(16,075)
Bond premiums	108,498
Payment of bonds payable	<u>(2,012,723)</u>
Net cash used in capital and related financing activities	<u>(7,975,557)</u>

Cash Flows from Investing Activities

Cash received from interest	36,349
Decrease in due from NJ Wastewater Trust	<u>(4,419,130)</u>
Net cash used in investing activities	<u>(4,382,781)</u>
Net increase in cash and cash equivalents	11,223,476

Cash and Cash Equivalents, Beginning of Period

36,745,790

Cash and Cash Equivalents, End of Period

\$ 47,969,266

Summary of Cash and Cash Equivalents at End of Period

Unrestricted cash and cash equivalents	\$ 9,807,751
Restricted cash and cash equivalents	<u>38,161,515</u>
	<u>\$ 47,969,266</u>

See notes to financial statements

Middlesex County Utilities Authority - Wastewater Division

Statement of Cash Flows

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities

Operating income	\$ 7,965,887
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	9,099,148
Nonoperating expenses - Hurricane	(1,848,980)
Changes in operating assets and liabilities:	
(Increase) decrease in receivables and other assets:	
Unrestricted accounts	10,531,691
Restricted accounts	(119)
Increase (decrease) in liabilities:	
Payable from unrestricted net assets	(4,935,691)
Payable from restricted net assets	(60,213)
Funds held in escrow	476,790
Other liabilities	<u>2,353,301</u>
 Net cash provided by operating activities	 <u><u>\$ 23,581,814</u></u>

See notes to financial statements

Middlesex County Utilities Authority - Wastewater Division

Notes to Financial Statements

June 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 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

June 30, 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 September 25, 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:

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Board enacted restrictions	\$ 38,163,680	\$ 32,718,081
Trust accounts	243,588	243,469
Bond proceeds receivable - NJEIT capital projects	<u>6,514,802</u>	<u>2,095,672</u>
	<u>\$ 44,922,070</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

June 30, 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 June 30, 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

June 30, 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 June 30, 2014, the carrying amount of the Authority's deposits was \$47,955,614 and the bank balance was \$53,938,959 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 June 30, 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

June 30, 2014

(See Accountants' Compilation Report)

4. Capital Assets

Capital assets consist of the following:

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
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	<u>3,822,601</u>	<u>3,822,601</u>
	566,019,913	566,175,655
Less: accumulated depreciation	<u>256,855,566</u>	<u>248,539,720</u>
	309,164,347	317,635,935
Construction in progress	<u>149,224,790</u>	<u>140,117,224</u>
	<u>\$ 458,389,137</u>	<u>\$ 457,753,159</u>

Depreciation expense for the six months ended June 30, 2014 was \$9,099,148.

	<u>Balance January 1, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2014</u>
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	<u>3,822,601</u>	<u>-</u>	<u>-</u>	<u>3,822,601</u>
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

June 30, 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
Issue of 2014A N.J. EIT Bonds (k)		
Federal portion	4,218,527	-
State portion	1,370,000	-
	<u>194,453,769</u>	<u>190,877,965</u>
Current portion	<u>20,224,097</u>	<u>20,013,989</u>
Long-term portion	<u>\$ 174,229,672</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 \$915,000 to \$1,285,000 through August 2021. The current portion as of June 30, 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

June 30, 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 \$340,000 to \$540,000 through August 2025. The current portion as of June 30, 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 \$1,985,000 to \$3,190,000 through August 2026. The current portion as of June 30, 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.
- 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 is 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 June 30, 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 June 30, 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 June 30, 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 installments that range from the current amount of \$195,000, increasing annually to \$420,000 through August 2030. The current portion as of June 30, 2014 is \$488,593.

Middlesex County Utilities Authority - Wastewater Division

Notes to Financial Statements

June 30, 2014

(See Accountants' Compilation Report)

- k. Bonds payable in two separate portions. The federal portion is payable in semi-annual installments that aggregate to \$214,501 per annum and does not bear interest. The state portion of the bonds bears interest ranging from a current amount of 3.0% to 5.0% per annum and is payable in annual installments that range from the current amount of \$50,000, increasing annually to \$95,000 through August 2033. The current portion as of June 30, 2014 is \$214,501.

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 six months ended June 30, 2014, the following changes occurred in long-term debt obligations:

	<u>January 1, 2014</u>	<u>Additions</u>	<u>Retired</u>	<u>June 30, 2014</u>
Bonds payable	<u>\$ 190,877,965</u>	<u>\$ 5,588,527</u>	<u>\$ 2,012,723</u>	<u>\$ 194,453,769</u>

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 June 30,</u>	<u>Principal Sinking Fund Requirements</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 20,224,097	\$ 5,808,309	\$ 26,032,406
2016	20,543,934	5,028,675	25,572,609
2017	22,005,048	4,251,913	26,256,961
2018	16,463,943	3,400,344	19,864,287
2019	15,785,627	2,858,863	18,644,490
2020 - 2024	60,768,810	7,412,441	68,181,251
2025 - 2029	33,791,996	2,049,925	35,841,921
2020 - 2034	4,870,314	128,459	4,998,773
	<u>\$ 194,453,769</u>	<u>\$ 30,938,929</u>	<u>\$ 225,392,698</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 June 30, 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

June 30, 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 \$194,450,000; 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 six months ended June 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 - Wastewater Division

Notes to Financial Statements

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

Required contribution	\$ 1,279,412
Interest on Net OPEB obligation	787,432
Amortization on Net OPEB obligation	<u>972,089</u>
OPEB cost	3,038,933
Contributions made	<u>657,333</u>
Increase in Net OPEB obligation	2,381,600
Net OPEB obligation, beginning of period	<u>33,268,156</u>
Net OPEB obligation, end of period	<u>\$ 35,649,756</u>

Middlesex County Utilities Authority - Wastewater Division

Notes to Financial Statements

June 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 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 six months ended June 30, 2014, amounted to \$826,002.

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 six months ended June 30, 2014 amounted to \$178,644. At June 30, 2014 and December 31, 2013, the accumulated related party interest payable was \$388,873 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 \$566,195 and \$565,634 at June 30, 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

June 30, 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 June 30, 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 \$6,515,000 at June 30, 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 \$26,906,000 since the date of the hurricane through June 30, 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

June 30, 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)	\$ 1,156,751	Certificates of Deposit	6/26/2014	7/31/2014	\$ 8,651,000	\$ 8,651,000	\$ 9,807,751
Other Accounts - Restricted							
Unemployment claims reserve	118,312				-	-	118,312
General liability insurance reserve	3,544,683				-	-	3,544,683
Collision insurance reserve	286,675				-	-	286,675
Worker's compensation insurance reserve	277,466				-	-	277,466
Future plant, reconstr. or replacement reserve	572,002				-	-	572,002
Allied retainage	228,463				-	-	228,463
Renewal and replacement (1985)	-	Certificates of Deposit	6/27/2014	12/29/2014	60,000	60,000	60,000
General fund (1985)	170	Certificates of Deposit	6/27/2014	12/29/2014	70,000	70,000	70,170
Tru-Val retainage	2,151				-	-	2,151
LBSM Construction Fund (1985)	54,616				-	-	54,616
Construction fund 1991 issue	546	Certificates of Deposit	6/27/2014	9/26/2014	1,351,000	1,351,000	1,351,546
Hurricane Sandy Repairs	5,005,208				-	-	5,005,208
Construction fund (2006)	25,356	Certificates of Deposit	6/27/2014	9/26/2014	982,000	982,000	1,007,356
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	713,170				-	-	713,170
Solid Waste Division loan reserve	566,195				-	-	566,195
WWD Benefits Escrow	136,487				-	-	136,487
WWD FSA Escrow	2,447				-	-	2,447
Bond reserve (2007)	-	Certificates of Deposit	6/27/2014	12/29/2014	6,000,000	6,000,000	6,000,000
Construction fund (2007)	793	Certificates of Deposit	6/27/2014	9/26/2014	1,855,000	1,855,000	1,855,793
Kenny Construction retainage	101,060				-	-	101,060
Metra retainage	13,652				-	-	13,652
WWD FEMA Escrow	7,411,119				-	-	7,411,119
CPV Escrow	1,011,289				-	-	1,011,289
Northeast Remsco Retainage	38,432				-	-	38,432
Bond reserve (2008)	938	Certificates of Deposit	6/27/2014	12/29/2014	4,388,000	4,388,000	4,388,938
Total restricted accounts	20,112,515				18,049,000	18,049,000	38,161,515
Total - combined	\$ 21,269,266				\$ 26,700,000	\$ 26,700,000	\$ 47,969,266

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Unrestricted Cash and Cash Equivalents

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

Sources

Prior year deficiencies	\$ 1,506,872
2014 annual charges	37,733,382
2013 annual charges	2,078,110
Septage treatment/Hauled waste fees	102,386
Service fees, plan approvals, etc.	1,800
Industrial pretreatment fees	10,400
Interest on investments	5,789
Groundwater discharge fees	358,771
Expense reimbursements	470,448
Management fees	826,002
Lab and sampling fees	27,109
Sale of synthetic soil	433,458
Sale of plans and specifications	125
Penalty assessments	6,000
PSE&G - REC credit income	182,029
Grid sales	273
Miscellaneous income	7,807
Sale of oxygen - Praxair	474,847
Sale of nitrogen - Praxair	590,895
Sale of water - Praxair	10,994

Total sources 44,827,497

Uses

Budget expenses and payment of accounts payable	35,445,770
Refunds to participants	1,565,340

Total uses 37,011,110

Transfers to/from Restricted Funds

Total debt service funds (net)	(5,155,870)
Interest on investments	14,015
Transfers to restricted funds	(335,000)
Transfers from restricted funds	3,437,916

Total transfers (2,038,939)

Net increase 5,777,448

Balance, Beginning of Period

4,030,303

Balance, End of Period

\$ 9,807,751

Balance Comprised of

Cash	\$ 1,156,751
Cash equivalents	<u>8,651,000</u>

\$ 9,807,751

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Six Months Ended June 30, 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	\$ -	\$ 16	\$ 60	\$ 71
Retainage deposits	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers - unrestricted funds	380,494	335,000	-	-
Debt proceeds	-	-	-	-
Total sources	380,494	335,016	60	71
Uses				
Bond principal paid	164,955	-	-	-
Bond interest paid	176,988	-	-	-
Vouchers paid	-	334,340	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
DEP fees	24,331	-	-	-
N.J. Wastewater admin. fees	14,220	-	-	-
Transfers - unrestricted funds	-	-	60	71
Total uses	380,494	334,340	60	71
Increase (Decrease)	-	676	-	-
Balance, Beginning of Period	-	53,940	60,000	70,170
Balance, End of Period	\$ -	\$ 54,616	\$ 60,000	\$ 70,170
Balance Comprised of				
Cash	\$ -	\$ 54,616	\$ -	\$ 170
Investments:				
Certificates of deposit	-	-	60,000	70,000
Treasury notes	-	-	-	-
	\$ -	\$ 54,616	\$ 60,000	\$ 70,170

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

	1991 Construction Fund	2006 Construction Fund	Solid Waste Division Loan Reserve	Tru-Val Retainage
Sources				
Interest income	\$ 1,272	\$ 1,066	\$ 561	\$ 2
Retainage deposits	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
Debt proceeds	1,205,572	-	-	-
Total sources	1,206,844	1,066	561	2
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	788	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	-	-	-
Transfers - unrestricted funds	3,437,916	-	-	-
Total uses	3,437,916	788	-	-
Increase (Decrease)	(2,231,072)	278	561	2
Balance, Beginning of Period	3,582,618	1,007,078	565,634	2,149
Balance, End of Period	\$ 1,351,546	\$ 1,007,356	\$ 566,195	\$ 2,151
Balance Comprised of				
Cash	\$ 546	\$ 25,356	\$ 566,195	\$ 2,151
Investments:				
Certificates of deposit	1,351,000	982,000	-	-
Treasury notes	-	-	-	-
	\$ 1,351,546	\$ 1,007,356	\$ 566,195	\$ 2,151

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

	Hurricane Sandy Repairs	Allied Retainage	WWD FEMA Escrow	Bond Service 1993A
Sources				
Interest income	\$ 4,961	\$ 222	\$ 6,145	\$ -
Retainage deposits	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	8,218	7,140,145	-
Transfers - unrestricted funds	-	-	-	-
Debt proceeds	-	-	-	-
	<u>4,961</u>	<u>8,440</u>	<u>7,146,290</u>	<u>-</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total uses	-	-	-	-
Increase (Decrease)	4,961	8,440	7,146,290	-
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>\$ 5,005,208</u>	<u>\$ 228,463</u>	<u>\$ 7,411,119</u>	<u>\$ 437</u>
Balance Comprised of				
Cash	\$ 5,005,208	\$ 228,463	\$ 7,411,119	\$ 437
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
	<u>\$ 5,005,208</u>	<u>\$ 228,463</u>	<u>\$ 7,411,119</u>	<u>\$ 437</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

	Metra Retainage	2010 ARRA Debt Service	Bond Service 2001 Issue	SpectraServ Retainage
Sources				
Interest income	\$ 2	\$ -	\$ -	\$ 707
Retainage deposits	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	13,650	-	-	-
Transfers - unrestricted funds	-	151,046	373,387	-
Debt proceeds	-	-	-	-
Total sources	<u>13,652</u>	<u>151,046</u>	<u>373,387</u>	<u>707</u>
Uses				
Bond principal paid	-	73,961	142,315	-
Bond interest paid	-	56,911	206,764	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
DEP fees	-	15,606	-	-
N.J. Wastewater admin. fees	-	4,568	24,308	-
Transfers - unrestricted funds	-	-	-	-
Total uses	<u>-</u>	<u>151,046</u>	<u>373,387</u>	<u>-</u>
Increase (Decrease)	13,652	-	-	707
Balance, Beginning of Period	<u>-</u>	<u>-</u>	<u>-</u>	<u>712,463</u>
Balance, End of Period	<u>\$ 13,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 713,170</u>
Balance Comprised of				
Cash	13,652	\$ -	\$ -	\$ 713,170
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
	<u>\$ 13,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 713,170</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

	Collision Insurance Reserve	Unemploy. Claims Reserve	Worker's Compensation Insurance Reserve	General Liability Insurance Reserve
Sources				
Interest income	\$ 287	\$ 109	\$ 297	\$ 3,513
Retainage deposits	-	-	-	-
Expense reimbursement	-	23,998	-	-
Escrow deposits	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
Debt proceeds	-	-	-	-
Total sources	<u>287</u>	<u>24,107</u>	<u>297</u>	<u>3,513</u>
Uses				
Bond principal paid	-	-	-	-
Bond interest paid	-	-	-	-
Vouchers paid	-	-	-	-
Claims paid	2,632	-	41,884	-
Escrow withdrawals	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	-	-	-
Transfers - unrestricted funds	-	-	-	-
Total uses	<u>2,632</u>	<u>-</u>	<u>41,884</u>	<u>-</u>
Increase (Decrease)	(2,345)	24,107	(41,587)	3,513
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>\$ 286,675</u>	<u>\$ 118,312</u>	<u>\$ 277,466</u>	<u>\$ 3,544,683</u>
Balance Comprised of				
Cash	286,675	\$ 118,312	277,466	\$ 3,544,683
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
	<u>\$ 286,675</u>	<u>\$ 118,312</u>	<u>\$ 277,466</u>	<u>\$ 3,544,683</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

	Future Reconstruct. Replacement Reserve	2007 Bond Reserve	Bond Service 2005 Issue	Bond Reserve 2005 Issue
Sources				
Interest income	\$ 566	\$ 6,067	\$ -	\$ 3,380
Retainage deposits	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	-
Transfers - unrestricted funds	-	-	917,181	-
Debt proceeds	-	-	-	-
Total sources	<u>566</u>	<u>6,067</u>	<u>917,181</u>	<u>3,380</u>
Uses				
Bond principal paid	-	-	825,000	-
Bond interest paid	-	-	92,181	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	-	-	-	-
Transfers - unrestricted funds	-	6,067	-	3,380
Total uses	<u>-</u>	<u>6,067</u>	<u>917,181</u>	<u>3,380</u>
Increase (Decrease)	566	-	-	-
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>\$ 572,002</u>	<u>\$ 6,000,000</u>	<u>\$ -</u>	<u>\$ 3,343,848</u>
Balance Comprised of				
Cash	572,002	\$ -	\$ -	\$ 848
Investments:				
Certificates of deposit	-	6,000,000	-	3,343,000
Treasury notes	-	-	-	-
	<u>\$ 572,002</u>	<u>\$ 6,000,000</u>	<u>\$ -</u>	<u>\$ 3,343,848</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

	2005 NJEIT Bond Service	2006 NJEIT Bond Service	2008 Bond Reserve	CPV Escrow
Sources				
Interest income	\$ -	\$ -	\$ 4,437	\$ 564
Retainage deposits	-	-	-	-
Expense reimbursement	-	-	-	-
Escrow deposits	-	-	-	635,000
Transfers - unrestricted funds	177,605	1,163,313	-	-
Debt proceeds	-	-	-	-
Total sources	<u>177,605</u>	<u>1,163,313</u>	<u>4,437</u>	<u>635,564</u>
Uses				
Bond principal paid	69,870	432,683	-	-
Bond interest paid	96,980	671,553	-	-
Vouchers paid	-	-	-	-
Claims paid	-	-	-	-
Escrow withdrawals	-	-	-	-
DEP fees	-	-	-	-
N.J. Wastewater admin. fees	10,755	59,077	-	-
Transfers - unrestricted funds	-	-	4,437	-
Total uses	<u>177,605</u>	<u>1,163,313</u>	<u>4,437</u>	<u>-</u>
Increase (Decrease)	-	-	-	635,564
Balance, Beginning of Period	-	-	4,388,938	375,725
Balance, End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,388,938</u>	<u>\$ 1,011,289</u>
Balance Comprised of				
Cash	\$ -	\$ -	\$ 938	\$ 1,011,289
Investments:				
Certificates of deposit	-	-	4,388,000	-
Treasury notes	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,388,938</u>	<u>\$ 1,011,289</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

	2010A Traditional Debt Service	WWD Benefits Escrow	WWD FSA Escrow	Northeast Remsco Retainage
Sources				
Interest income	\$ -	\$ 296	\$ 3	\$ 9
Retainage deposits	-	-	-	38,423
Expense reimbursement	-	-	-	-
Escrow deposits	-	261,802	17,740	-
Transfers - unrestricted funds	306,365	-	-	-
Debt proceeds	-	-	-	-
Total sources	306,365	262,098	17,743	38,432
Uses				
Bond principal paid	206,076	-	-	-
Bond interest paid	74,100	-	-	-
Vouchers paid	-	-	-	-
Claims paid	-	-	7,500	-
Escrow withdrawals	-	417,626	13,490	-
DEP fees	20,264	-	-	-
N.J. Wastewater admin. fees	5,925	-	-	-
Transfers - unrestricted funds	-	-	-	-
Total uses	306,365	417,626	20,990	-
Increase (Decrease)	-	(155,528)	(3,247)	38,432
Balance, Beginning of Period	-	292,015	5,694	-
Balance, End of Period	\$ -	\$ 136,487	\$ 2,447	\$ 38,432
Balance Comprised of				
Cash	\$ -	\$ 136,487	\$ 2,447	\$ 38,432
Investments:				
Certificates of deposit	-	-	-	-
Treasury notes	-	-	-	-
	\$ -	\$ 136,487	\$ 2,447	\$ 38,432

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

	<u>2008 Debt Service</u>	<u>2007 Debt Service</u>	<u>2007 Construction Fund</u>
Sources			
Interest income	\$ -	\$ -	\$ 1,957
Retainage deposits	-	-	-
Expense reimbursement	-	-	-
Escrow deposits	-	-	-
Transfers - unrestricted funds	361,313	1,079,700	-
Debt proceeds	-	-	-
	<u>361,313</u>	<u>1,079,700</u>	<u>1,957</u>
Total sources	<u>361,313</u>	<u>1,079,700</u>	<u>1,957</u>
Uses			
Bond principal paid	-	-	-
Bond interest paid	361,313	1,079,700	-
Vouchers paid	-	-	-
Claims paid	-	-	-
Escrow withdrawals	-	-	-
DEP fees	-	-	-
N.J. Wastewater admin. fees	-	-	-
Transfers - unrestricted funds	-	-	-
	<u>361,313</u>	<u>1,079,700</u>	<u>-</u>
Total uses	<u>361,313</u>	<u>1,079,700</u>	<u>-</u>
Increase (Decrease)	-	-	1,957
Balance, Beginning of Period	<u>-</u>	<u>-</u>	<u>1,853,836</u>
Balance, End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,855,793</u>
Balance Comprised of			
Cash	\$ -	\$ -	\$ 793
Investments:			
Certificates of deposit	-	-	1,855,000
Treasury notes	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,855,793</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Changes in Restricted Cash, Cash Equivalents and Investments

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

	Kenny Construction Retainage	2010B OSPS Debt Service	Total Restricted Accounts
Sources			
Interest income	\$ 100	\$ -	\$ 36,670
Retainage deposits	-	-	38,423
Expense reimbursement	-	-	23,998
Escrow deposits	-	-	8,076,555
Transfers - unrestricted funds	-	245,467	5,490,871
Debt proceeds	-	-	1,205,572
	<hr/>	<hr/>	<hr/>
Total sources	100	245,467	14,872,089
Uses			
Bond principal paid	-	97,864	2,012,724
Bond interest paid	-	125,120	2,941,610
Vouchers paid	-	-	335,128
Claims paid	-	-	52,016
Escrow withdrawals	-	-	431,116
DEP fees	-	14,435	74,636
N.J. Wastewater admin. fees	-	8,048	126,901
Transfers - unrestricted funds	-	-	3,451,931
	<hr/>	<hr/>	<hr/>
Total uses	-	245,467	9,426,062
Increase (Decrease)	100	-	5,446,027
Balance, Beginning of Period	100,960	-	32,715,488
	<hr/>	<hr/>	<hr/>
Balance, End of Period	\$ 101,060	\$ -	\$ 38,161,515
	<hr/>	<hr/>	<hr/>
Balance Comprised of			
Cash	\$ 101,060	\$ -	\$ 20,112,515
Investments:			
Certificates of deposit	-	-	18,049,000
Treasury notes	-	-	-
	<hr/>	<hr/>	<hr/>
	\$ 101,060	\$ -	\$ 38,161,515
	<hr/>	<hr/>	<hr/>

Middlesex County Utilities Authority - Wastewater Division

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

Six Months Ended June 30, 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	39,636,692	41,760,208
Treatment of septic tank waste	100,000	101,424	(1,424)
Treatment of industrial hauled waste	-	962	(962)
Service fees, review of plans, etc.	2,000	850	1,150
Industrial pretreatment program fees	21,000	10,300	10,700
Miscellaneous income	20,000	7,807	12,193
Sale of plans and specifications	3,000	1,075	1,925
Interest on investments and deposits	50,000	50,214 (2)	(214)
Management fees	1,652,000	826,002	825,998
Sampling and lab fees	10,000	4,428	5,572
Analytical services	15,000	5,587	9,413
Groundwater discharge fees	300,000	448,864	(148,864)
Penalty assessments	15,000	6,000	9,000
Sale of synthetic soil	650,000	210,435	439,565
Praxair - sale of oxygen	1,000,000	494,863	505,137
Praxair - sale of nitrogen	1,300,000	591,910	708,090
Praxair - water usage	30,000	12,351	17,649
Grants	10,980,000	-	10,980,000
Electric generation income	355,000	182,302	172,698
Total revenues	<u>112,099,900</u>	<u>42,592,066</u>	<u>69,507,834</u>
Operating Expenses			
Salaries and wages:			
Administration	2,364,000	1,029,862	1,334,138
Plant operation	4,192,000	2,021,444	2,170,556
Laboratory	1,277,000	572,526	704,474
Plant maintenance	3,523,000	1,528,234	1,994,766
Sayreville pump station	563,000	230,662	332,338
Lines, meters and small pump stations	1,052,000	394,087	657,913
Temporary help	50,000	5,928	44,072
Total salaries and wages	<u>13,021,000</u>	<u>5,782,743</u>	<u>7,238,257</u>

(1) Not a revenue for GAAP purposes.

(2) Includes non-budgeted interest earned on restricted funds of \$ 32,175

Middlesex County Utilities Authority - Wastewater Division

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

Six Months Ended June 30, 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	426,806	569,194
Disability insurance	70,000	20,067	49,933
Hospitalization plan	2,280,000	972,654	1,307,346
Dental and vision plan	201,000	73,012	127,988
Retired employees/survivor benefits	1,380,000	3,038,933	(1,658,933)
Less: Nonbudgeted accrual for OPEB costs	-	(2,381,600)	2,381,600
Prescription plan	776,000	308,000	468,000
Paid sick leave	191,000	-	191,000
Excess worker's compensation	60,000	-	60,000
Insurance - other	661,000	(2,500)	663,500
Professional fees	2,643,500	1,212,282	1,431,218
Regulatory fees and permits	771,000	12,387	758,613
Host community benefits	1,230,000	601,500	628,500
General administrative expenses	451,000	179,402	271,598
Interest expense - related party	350,000	178,645	171,355
Environmental studies	365,000	34,437	330,563
Total administration	<u>13,853,500</u>	<u>5,978,073</u>	<u>7,875,427</u>
Central Treatment Plant			
Chemicals	3,890,000	1,775,756	2,114,244
Power and light	750,500	194,890	555,610
Fuel oil	1,642,000	761,518	880,482
Water	130,000	67,845	62,155
Grit processing	210,000	42,906	167,094
Transportation of synthetic soil	1,187,000	1,551,142	(364,142)
Maintenance	3,096,000	1,995,526	1,100,474
Laboratory	490,500	213,763	276,737
Transportation	309,000	113,736	195,264
Electric generation plant	5,700,000	2,582,779	3,117,221
Operations	1,184,000	461,001	722,999
Total central treatment plant	<u>18,589,000</u>	<u>9,760,862</u>	<u>8,828,138</u>
Sayreville Pumping Station			
Power and light	1,300,000	773,901	526,099
Water	85,000	1,402	83,598
Maintenance	96,000	22,054	73,946
Total Sayreville Pumping Station	<u>1,481,000</u>	<u>797,357</u>	<u>683,643</u>

Middlesex County Utilities Authority - Wastewater Division

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

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Edison Pumping Station			
Power and light	\$ 342,000	\$ 249,910	\$ 92,090
Water	4,000	88,570	(84,570)
Maintenance	44,000	26,971	17,029
Total Edison Pumping Station	<u>390,000</u>	<u>365,451</u>	<u>24,549</u>
Bound Brook Pumping Station			
Power and light	35,000	13,060	21,940
Water	1,000	316	684
Maintenance	6,000	481	5,519
Total Bound Brook Pumping Station	<u>42,000</u>	<u>13,857</u>	<u>28,143</u>
Green Brook Pumping Station			
Power and light	60,000	21,410	38,590
Water	4,000	823	3,177
Maintenance	47,000	2,963	44,037
Total Green Brook Pumping Station	<u>111,000</u>	<u>25,196</u>	<u>85,804</u>
South Amboy Pumping Station			
Power and light	100,000	53,429	46,571
Water	10,000	3,860	6,140
Maintenance	95,000	49,380	45,620
Total South Amboy Pumping Station	<u>205,000</u>	<u>106,669</u>	<u>98,331</u>
Lines, Meters and Small Pumping Stations			
Power and light	12,000	5,570	6,430
Rental of rights of way	11,000	5,331	5,669
Maintenance	746,000	174,970	571,030
Total lines, meters and small pumping stations	<u>769,000</u>	<u>185,871</u>	<u>583,129</u>
Total operating expense budget	<u>48,461,500</u>	<u>23,016,079</u>	<u>25,445,421</u>

Middlesex County Utilities Authority - Wastewater Division

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

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

Description	Annual Budget	Actual	Unrealized (Excess Over) Under Budget
Capital Outlays			
Administration - computer	\$ 26,000	\$ -	\$ 26,000
Administration - machinery and equipment	-	1,282	(1,282)
Administration - furniture and fixtures	5,000	-	5,000
Pumping stations:			
Sayreville Pumping Station	1,020,000	-	1,020,000
OSPS rehabilitation *	-	1,051,134	(1,051,134)
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	16,818	1,023,182
Lines, meters and small pumping stations:			
Millbrook Siphon	500,000	-	500,000
Machinery and equipment	100,000	-	100,000
Pipeline repair	1,600,000	795,916	804,084
Acoustic monitoring system	-	4,031	(4,031)
Meter chamber upgrade	950,000	-	950,000
Main trunk sewer *	7,900,000	843,559	7,056,441
Main trunk sewer II *	500,000	-	500,000
Central treatment plant:			
Furniture and fixtures	5,000	-	5,000
Machinery and equipment	370,000	41,188	328,812
Oxygen facility - machinery and equipment	30,000	-	30,000
Oxygen facility - spare parts	50,000	10,875	39,125
Electrical substation upgrade *	960,000	115,051	844,949
Unox mixers	568,000	350,063	217,937
Electrical equipment	50,000	268,586	(218,586)
Lab machinery and equipment	100,000	-	100,000
Plant instrumentation	25,000	4,720	20,280
Pumps and motors	40,000	-	40,000
Roof reconstruction	25,000	-	25,000
Switchgear *	-	10,100	(10,100)
Landfill gas collection facility - electric generation	6,183,000	2,436,320	3,746,680
Sidewalks and roads	25,000	-	25,000
Water re-use project **	-	2,355,936	(2,355,936)
Primary tanks	1,125,000	-	1,125,000
Final tanks	1,320,000	16,475	1,303,525
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	97,003	(77,003)
Maintenance annex rehab	200,000	-	200,000
Gravity thickener rehab	825,000	-	825,000
Muffin Monsters	50,000	69,413	(19,413)
Vehicles	186,000	120	185,880
Standby power	-	-	-
Total capital outlays	35,560,000	8,488,590	27,071,410
Less: Bonded projects *	(9,360,000)	(2,019,844)	(7,340,156)
Reimbursable projects **	-	(2,355,936)	2,355,936
Capital outlays funded by operating revenues	26,200,000	4,112,810	22,087,190

* 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

Six Months Ended June 30, 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	27,128,889	48,532,611
DEP fees	-	130,883	(130,883)
NJ - wastewater treatment - administrative fee	-	126,900	(126,900)
	<u>-</u>	<u>257,783</u>	<u>(257,783)</u>
Total before debt service and amortization	<u>75,661,500</u>	<u>27,386,672</u>	<u>48,274,828</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
2014A NJEIT - Main trunk sewer I	500,000	-	500,000
	<u>20,528,800</u>	<u>2,012,723</u>	<u>18,516,077</u>
Total principal maturities	<u>20,528,800</u>	<u>2,012,723</u>	<u>18,516,077</u>
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	671,553	811,447
2007 gas system revenue bonds	2,159,400	1,079,700	1,079,700
2008 issue (1997A refunding)	722,700	361,313	361,387
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
2014A NJEIT - Main trunk sewer I	250,000	-	250,000
Short-term FEMA loan	250,000	-	250,000
	<u>6,549,600</u>	<u>2,941,610</u>	<u>3,607,990</u>
Total interest expense	<u>6,549,600</u>	<u>2,941,610</u>	<u>3,607,990</u>
Total actual costs funded by operating revenues	<u>102,739,900</u>	<u>32,341,005</u>	<u>70,398,895</u>
Excess (deficit) in revenues	<u>9,360,000</u>	<u>10,251,061</u>	<u>(891,061)</u>
Total actual costs funded by operating revenues and excess in revenues	<u>\$ 112,099,900</u>	<u>\$ 42,592,066</u>	<u>\$ 69,507,834</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Capital Assets

June 30, 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

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

	Accumulated Depreciation January 1, 2014	Depreciation Expense	Disposals	Accumulated Depreciation June 30, 2014
Buildings and improvements:				
Acquired with contributed capital	\$ 32,117,909	\$ 509,594	\$ -	\$ 32,627,503
Other	49,397,886	1,536,807	-	50,934,693
Improvements other than buildings:				
Acquired with contributed capital	69,181,268	1,129,911	783,302	69,527,877
Other	72,450,330	3,595,417	-	76,045,747
Machinery and equipment	7,593,798	815,518	-	8,409,316
Furniture and fixtures				
Other	43,930	1,664	-	45,594
Landfill gas collection facility	16,820,626	1,355,060	-	18,175,686
Landfill gas collection equipment	933,973	155,177	-	1,089,150
	<u>\$ 248,539,720</u>	<u>\$ 9,099,148</u>	<u>\$ 783,302</u>	<u>\$ 256,855,566</u>
Analysis				
Depreciation attributable to assets acquired with contributed capital	\$ 101,299,177	\$ 1,639,505	\$ 783,302	\$ 102,155,380
Depreciation attributable to assets acquired with other than contributed capital	<u>147,240,543</u>	<u>7,459,643</u>	<u>-</u>	<u>154,700,186</u>
	<u>\$ 248,539,720</u>	<u>\$ 9,099,148</u>	<u>\$ 783,302</u>	<u>\$ 256,855,566</u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs of Construction in Progress

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

	Total Costs through January 1, 2014	Increases January - June 2014	Decreases January - June 2014	Total Costs through June 30, 2014
Land Based Sludge Management Facility	\$ 6,854,425	\$ 213,582	\$ -	\$ 7,068,007
Primary Tank Rehab	1,025,784	-	-	1,025,784
Main Trunk Rehab I	297	5,540	-	5,837
Edison Force Main	100,597,080	845,906	-	101,442,986
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	124,759	-	11,426,355
Black Start	1,589,424	-	-	1,589,424
Switchgear	14,187,795	56,748	-	14,244,543
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	-	8,488,590	-	8,488,590
	<u>\$ 140,117,224</u>	<u>\$ 9,735,125</u>	<u>\$ 627,559</u>	<u>\$ 149,224,790</u>

Middlesex County Utilities Authority - Wastewater Division

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

June 30, 2014

(See Accountants' Compilation Report)

Legal and Administrative

Legal fees and expenses

\$ 7,068,007

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Primary Tank Rehab - In Progress

June 30, 2014

(See Accountants' Compilation Report)

Design and engineering fees	\$ 222,706
Construction costs	<u>803,078</u>
In Progress - June 30, 2014	<u><u>\$ 1,025,784</u></u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Main Trunk Rehab I - In Progress

June 30, 2014

(See Accountants' Compilation Report)

Design and engineering fees	\$	297
Capitalized bond interest		<u>5,540</u>
In Progress - June 30, 2014	\$	<u><u>5,837</u></u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Edison Force Main - In Progress

June 30, 2014

(See Accountants' Compilation Report)

Engineering fees	\$ 9,269,487
Pre-construction costs	344,445
Legal fees and expenses	13,465
Capitalized interest	14,439,234
Construction costs	<u>77,376,355</u>
In Progress - June 30, 2014	<u><u>\$ 101,442,986</u></u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Final Tank Rehab - In Progress

June 30, 2014

(See Accountants' Compilation Report)

Design and engineering fees	\$ 123,015
Construction costs	<u>1,138,373</u>
In Progress - June 30, 2014	<u><u>\$ 1,261,388</u></u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Sayreville Pump Station Rehabilitation - In Progress

June 30, 2014

(See Accountants' Compilation Report)

Preliminary design and engineering fees	\$ 2,408,002
Construction costs	8,062,040
Capitalized interest	<u>956,313</u>
In Progress - June 30, 2014	<u><u>\$ 11,426,355</u></u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Black Start - In Progress

June 30, 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

June 30, 2014

(See Accountants' Compilation Report)

Preliminary design and engineering fees	\$ 3,030,830
Construction costs - base bid	10,673,357
Capitalized interest	<u>540,356</u>
 In Progress - June 30, 2014	 <u><u>\$ 14,244,543</u></u>

Middlesex County Utilities Authority - Wastewater Division

Schedule of Costs - Standby Power - In Progress

June 30, 2014

(See Accountants' Compilation Report)

Engineering fees	\$	83,719
Construction costs		<u>872,344</u>
In Progress - June 30, 2014	\$	<u><u>956,063</u></u>

Middlesex County Utilities Authority - Wastewater Division

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

June 30, 2014

(See Accountants' Compilation Report)

Preliminary design and engineering fees	\$ 162,817
Construction costs	<u>1,261,605</u>
In Progress - June 30, 2014	<u><u>\$ 1,424,422</u></u>

Middlesex County Utilities Authority - Wastewater Division

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

June 30, 2014

(See Accountants' Compilation Report)

Design and engineering fees

\$ 291,391

Middlesex County Utilities Authority - Wastewater Division

Summary of Insurance Claims Reserve

June 30, 2014

(See Accountants' Compilation Report)

Unemployment claims reserve	\$ 118,312
Liability insurance reserve	3,544,682
Collision insurance reserve	286,675
Worker's compensation insurance reserve	<u>277,466</u>
	<u>\$ 4,227,135</u>

Middlesex County Utilities Authority - Wastewater Division

Summary of Revenue Serial Bonds Payable

Six Months Ended June 30, 2014

(See Accountants' Compilation Report)

	Balance January 1, 2014	Bonds Issued Current Period	Principal Reduction	Balance June 30, 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 - N.J. EIT (Trust/State)	2,715,000	-	-	2,715,000	120,000	2,595,000
Issue of 2009 C-2 - N. J. EIT (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 - N.J. EIT (Trust/State)	5,005,000	-	-	5,005,000	195,000	4,810,000
Issue of 2010B - N.J. EIT (Federal)	4,991,086	-	97,864	4,893,222	293,593	4,599,629
Issue of 2014A - N.J. EIT (Trust/State)	-	1,370,000	-	1,370,000	-	1,370,000
Issue of 2014A - N.J. EIT (Federal)	-	4,218,527	-	4,218,527	214,501	4,004,026
	<u>\$ 190,877,965</u>	<u>\$ 5,588,527</u>	<u>\$ 2,012,723</u>	<u>\$ 194,453,769</u>	<u>\$ 20,224,097</u>	<u>\$ 174,229,672</u>