

NEW JERSEY MEADOWLANDS COMMISSION

(A Component Unit of the State of New Jersey)

2014 ANNUAL AUDIT REPORT AND COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year Ended December 31, 2014

NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)
Financial Statements
December 31, 2014

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We Bring the World to New Jersey

November 30, 2015

The Board of Commissioners
New Jersey Sports and Exposition Authority

RE: Letter of Transmittal

The Comprehensive Annual Financial Report of the former New Jersey Meadowlands Commission ("NJMC" or "Commission") for the year ended December 31, 2014 is submitted herewith. As you are aware, on February 5, 2015, the NJMC was merged with the New Jersey Sports and Exposition Authority ("NJSEA") by an act of Legislation. The NJMC Board of Commissioners was dissolved and all assets and remaining responsibilities of the NJMC were transferred to the NJSEA. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the newly formed NJSEA. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the Commission's financial position, results of operations, and cash flows in accordance with generally accepted accounting principles as of December 31, 2014. In accordance with the accounting principles, the NJMC, as a component unit of the State of New Jersey, is included in the State of New Jersey's Annual Report. The accompanying Management Discussion and Analysis provides detailed narrative information on the financial statements provided in the Comprehensive Annual Financial Report.

Independent Audit

The certified independent public accounting firm of O'Connor Davies, LLP was retained by the Authority to perform an audit of the former NJMC's 2014 fiscal year in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. In June 1999, the GASB adopted their Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for state and local governments. The Commission adopted GASB Statement No. 34 in fiscal year 2001, including the Management Discussion and Analysis (MD&A). The MD&A is considered to be required supplemental data and precedes the financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The accounting firm of O'Connor Davies, LLP reports directly to the audit committee of the Board of Commissioners. An initial meeting prior to the start of the audit and a subsequent exit conference are held to discuss the results of the audit.

Profile of the former New Jersey Meadowlands Commission

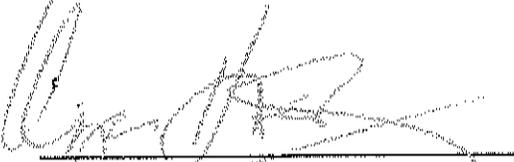
The NJMC, formerly known as the Hackensack Meadowlands Development Commission, was established in, but not of, the Department of Community Affairs through an Act of the Legislature in 1968. The name was officially changed to the New Jersey Meadowlands Commission under Chapter 232, Laws of 2001. The Commission operated with a seven-member Board of Commissioners and was given mandates of environmental protection, solid waste management and economic development over a 30-square mile region in Northern New Jersey known as the Hackensack Meadowlands District ("District"). The District is comprised of 10 towns in Bergen and 4 towns in Hudson counties.

Accounting System and Budgetary Controls

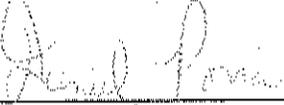
The Commission's financial statements were prepared in accordance with generally accepted accounting principles. The Commission operated and reported the following major governmental funds:

- *General Fund* - the general operating fund of the Commission; used to account for all financial resources except those required to be accounted for in another fund.
- *Environmental Center Fund* - revenues and expenditures associated with the operation of the Environmental Center.
- *Fiduciary Funds* - where the Commission acted as a trustee for the benefit of those outside of government, including mitigation funds.
- *Enterprise Fund* - revenues and expenditures associated with the operation of the Commission's landfills, as well as the closure and post-closure costs of such landfills.

If you have any questions about this report or need additional financial information, contact the Director of Finance's office at 1 DeKorte Park Plaza, Lyndhurst, New Jersey.

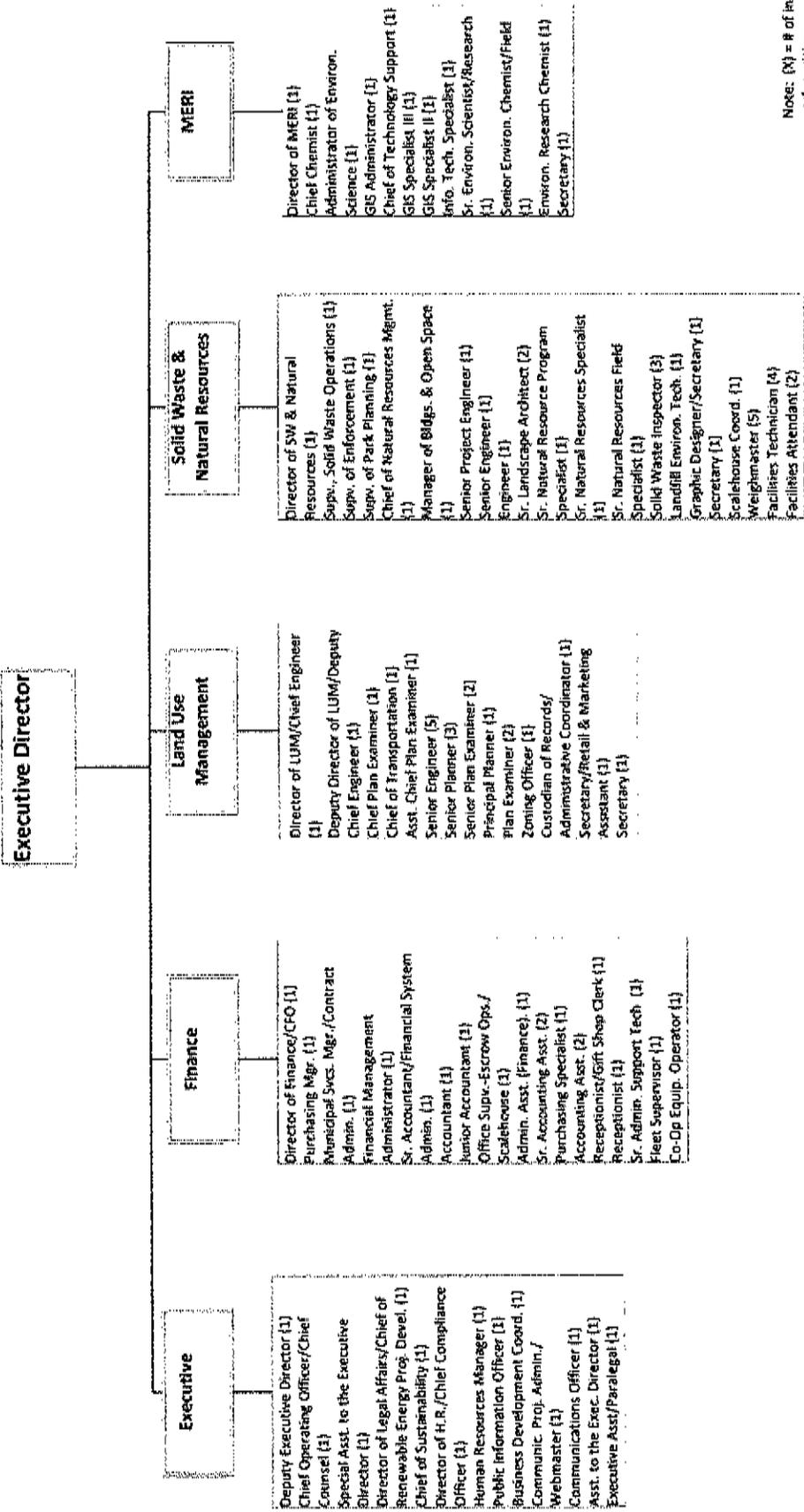


Wayne Hasenbalg, President and CEO



Daniel Povia
Director of Finance and Chief Fiscal Officer

New Jersey Meadowlands Commission
Incumbent List by Division
January 2015



Note: (X) = # of incumbents in each position

Prepared 1/5/2015



Governor
Chris Christie



Chairman
Richard E. Constable, III
Commissioner, New Jersey Department of Community Affairs

Executive Director
Marcia A. Karrow

Commissioners
James V. Bocchino
Albert E. Cameron, Jr.
Mauro DeGennaro
Robert Dowd
Jay C. Nadel
Thomas Quirico

Independent Auditors' Report

The Board of Commissioners New Jersey Sports and Exposition Authority

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Jersey Meadowlands Commission (the "Commission") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above presently fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Commission as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The budgetary comparison and supplementary schedules listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison and supplementary schedules listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison and supplemental schedules listed in the table of contents, and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of testing, and do not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

O'Connor Davies, LLP

November 30, 2015

NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)

Management Discussion and Analysis

December 31, 2014

This section of the New Jersey Meadowlands Commission's (NJMC) annual financial report represents our discussion and analysis of the NJMC's financial performance during the fiscal year that ended December 31, 2014. Please read it in conjunction with the NJMC's financial statements.

Financial Highlights

2014 - 2013

The Commission's total net position is approximated at \$54.2 million and \$59.4 million as of December 31, 2014 and 2013, respectively, representing a decrease of \$5.2 million or 8% compared to 2013. The significant factors causing this decrease were a result of utilization of revenue balances to fund several major projects both on site and within the District.

For the years ended December 31, 2014 and 2013, total revenues for governmental funds approximated \$10.5 million and \$13.2 million, respectively, representing a decrease of \$2.7 million or 20.4%, primarily due to property sales revenue realized in 2013.

For the years ended December 31, 2014 and 2013, total revenues for business type activities approximated \$26.9 million and \$26.8 million, respectively, an increase of \$0.1 million or 0.4% due primarily to increased revenues from the landfill.

2013 - 2012

The Commission's total net position was approximated at \$59.4 million and \$64.8 million as of December 31, 2013 and 2012, respectively, representing a decrease of \$5.4 million or 8% compared to 2012. The significant factors causing this decrease were due primarily to the sale of the Bethlehem Steel Property.

For the years ended December 31, 2013 and 2012, total revenues for governmental funds approximated \$13.2 million and \$11.5 million, respectively, representing an increase of \$1.7 million or 15% due to proceeds from the sale of the Bethlehem Steel Property.

For the years ended December 31, 2013 and 2012, total revenues for business type activities approximated \$26.8 million and \$25.8 million respectively, representing an increase of \$1.0 million or 4% due primarily to increased volume at the landfill in conjunction with an increased disposal rate.

Overview of the Financial Statements

The annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Commission:

- The first two statements are **government wide financial statements** that provide long-term and short-term information about the Commission's overall financial status.
- The remaining statements are **fund financial statements** that focus on the individual parts of the Commission, reporting operations in more detail than the government wide statements.
- The **governmental funds statements** tell how the Commission services were financed in the short-term and what remains for future spending.

NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)

Management Discussion and Analysis

December 31, 2014

- **Proprietary funds statements** offer short and long-term financial information about the solid waste activities that are operated like a business.
- **Fiduciary funds** provide information about the financial relationships where the Commission acts as a trustee for the benefit of those outside of the government.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary financial information that sets forth comparisons of actual activity to the budgets of the General and Environment Center Funds.

Financial Summary

The Commission's total net position decreased by \$5.2 million in 2014, from \$59.4 million to \$54.2 million. The Commission's net position had decreased \$5.4 million in 2013, from \$64.8 million to \$59.4 million. A comparative condensed summary of the Commission's statement of net position at December 31 is shown in Figure 1 below.

Figure 1
Condensed Summary of Net Position (Balance Sheets)
(in millions of dollars)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental Activities:			
Current and other assets	\$ 13.5	15.5	16.9
Capital assets	32.6	33.3	40.6
Total assets	\$ 46.1	48.8	57.5
Other liabilities	11.7	9.3	11.0
Total liabilities	\$ 11.7	9.3	11.0
Invested in capital assets, net	32.5	33.3	40.6
Restricted	4.0	7.7	7.6
Unrestricted	(2.0)	(1.5)	(1.7)
Total net position	\$ 34.5	39.5	46.5
Business type activities:			
Current and other assets	\$ 26.4	24.5	24.4
Capital assets	0.7	1.2	1.7
Total assets	\$ 27.1	25.7	26.1
Other liabilities	7.4	5.8	7.8
Total liabilities	\$ 7.4	5.8	7.8
Invested in capital assets, net	0.7	1.2	1.7
Restricted	15.2	15.4	13.7
Unrestricted	3.8	3.3	2.9
Total net position	\$ 19.7	19.9	18.3

NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)

Management Discussion and Analysis

December 31, 2014

Revenue Highlights

While the Balance Sheet shows the change in the financial position of net assets, the Statements of Revenues, Expenses and Net position indicates the nature and source of these changes. The NJMC solid waste facility averaged approximately 1,315 tons per day in CY2014 compared to 1,381 tons per day in CY2013.

Figure 2
Condensed Summary of Statement of Activities
(in millions of dollars)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental activities			
Program revenue	\$ 6.6	3.8	4.8
General revenues and transfers	<u>3.9</u>	<u>9.4</u>	<u>6.7</u>
Total revenues	\$ <u>10.5</u>	<u>13.2</u>	<u>11.5</u>
Commission operations	\$ 12.7	17.8	10.7
Environmental Center	2.3	2.4	1.9
MAGNET funds	0.0	0.0	0.2
Business Accelerator	0.0	0.0	0.4
Other Governmental Funds	0.3	0.1	0.6
Miscellaneous	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total expenses	\$ <u>15.3</u>	<u>20.3</u>	<u>13.8</u>
Change in net position	\$ (4.8)	(7.0)	(2.3)
Beginning net position	<u>39.5</u>	<u>46.5</u>	<u>48.8</u>
Ending net position	\$ <u><u>34.7</u></u>	<u><u>39.5</u></u>	<u><u>46.5</u></u>
Business type activities			
Program revenue	\$ 26.1	25.3	20.8
General revenues and transfers	<u>0.8</u>	<u>1.5</u>	<u>5.0</u>
Total revenues	\$ <u>26.9</u>	<u>26.8</u>	<u>25.8</u>
Solid Waste	27.1	25.2	25.7
Keegan Landfill Remediation	0.0	0.0	0.0
Total expenses	\$ <u>27.1</u>	<u>25.2</u>	<u>25.7</u>
Change in net position	\$ (0.2)	1.6	0.1
Beginning net position	<u>19.9</u>	<u>18.3</u>	<u>18.1</u>
Ending net position	\$ <u><u>19.7</u></u>	<u><u>19.9</u></u>	<u><u>18.2</u></u>

NEW JERSEY MEADOWLANDS COMMISSION

(A Component Unit of the State of New Jersey)

Management Discussion and Analysis

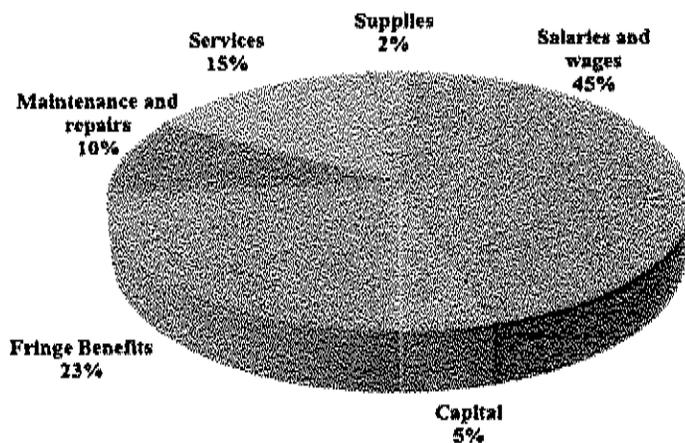
December 31, 2014

Budgetary Highlights

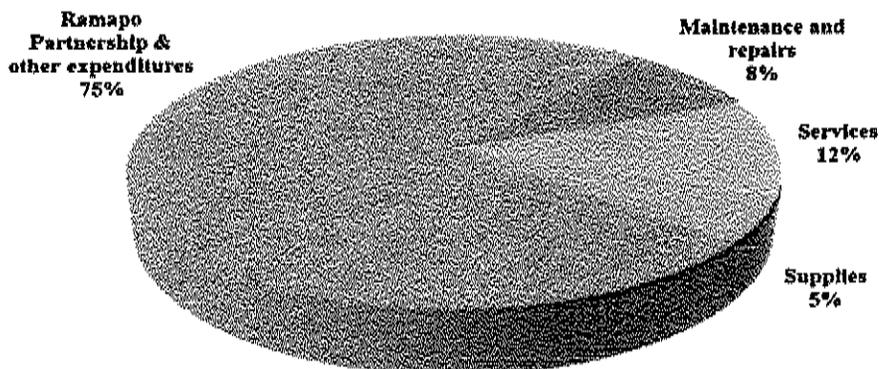
As required by its By Laws, the NJMC adopts an Operating and Capital Budget for its governmental operations prior to the start of its fiscal year. This budget remains in effect the entire year and can be revised by the NJMC Board of Commissioners during the fiscal year.

The NJMC solid waste operations are regulated as a utility by the Department of Environmental Protection and operate under a maximum permissible tariff inclusive of Host Community Payments and solid waste taxes. On January 1, 2014 the disposal rate was increased from \$55.00 to \$58.00 per ton inclusive of taxes and host community fees. The following graphs show the breakdown of the NJMC governmental fund budgets.

GENERAL OPERATIONS



ENVIRONMENT CENTER OPERATIONS



NEW JERSEY MEADOWLANDS COMMISSION

(A Component Unit of the State of New Jersey)

Management Discussion and Analysis

December 31, 2014

Meadowlands Area Grants for Natural and Economic Transformation (MAGNET)

In calendar year 2005, the NJMC launched the MAGNET Program. The intention of the MAGNET is to set aside funds to be used for tax relief incentives for District municipalities. A detailed budget outlining the amounts appropriated for MAP, environmental, economic development and improvement initiatives is currently in place. As of December 31, 2014, the balance in the MAGNET fund was \$2.4 million. There were commitments of \$1.5 million outstanding as of the end of the year.

Capital Assets and Debt Administration

At the end of 2014, the Commission had invested \$65.5 million in a broad range of capital assets, including open space acquisition, land, solid waste facilities, its headquarters, and in equipment as shown in the following table:

	Capital Assets (in millions of dollars)		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
NJMC/Environment center			
Building	\$ 16.4	16.4	16.4
Land	19.1	19.1	28.3
Infrastructure	6.4	1.1	1.1
Construction in Progress	0.0	5.3	2.7
Equipment	3.7	3.7	3.7
Total	<u>\$ 45.6</u>	<u>45.6</u>	<u>52.2</u>
Solid waste facilities			
Building	\$ 11.4	11.4	11.4
Land	5.9	5.9	5.9
Equipment	2.6	2.5	2.4
Total	<u>\$ 19.9</u>	<u>19.8</u>	<u>19.7</u>

Long-Term Debt

As of December 31, 2014, the NJMC did not have any outstanding debt.

Subsequent Events

The former New Jersey Meadowlands Commission (NJMC) was merged into the New Jersey Sports and Exposition Authority (NJSEA) by an Act of New Jersey Legislature. The NJMC Board of Commissioners was dissolved and all assets and remaining responsibilities of the NJMC were transferred to the NJSEA.

Economic Factors

The Keegan Landfill lease agreement between the Town of Kearny and the NJSEA ends on June 30, 2016. Negotiations between the Town and the NJSEA with respect to a possible extension have not been successful to date. The NJSEA continues to pursue avenues to continue operations at the landfill.

Conclusion

The financial report is designed to provide citizens, people served by the Authority, vendors, and creditors with a general overview of the Authority's finances. If you have any questions about this report or need additional financial information, contact the Director of Finance's office at 1 DeKorte Park Plaza, P.O. Box 640, Lyndhurst, New Jersey 07071.

NEW JERSEY MEADOWLANDS COMMISSION
(a Component Unit of the State of New Jersey)

Statement of Net Position
December 31, 2014

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,118,030	\$ 7,384,718	\$ 12,502,748
Investments	6,960,647	11,518,282	18,478,929
Accounts Receivables, net	140,455	1,165,099	1,305,554
Other interfund	1,453,865	1,540,170	2,994,035
Capital assets, net	32,553,467	677,966	33,231,433
Restricted assets:			
Cash Management Fund		3,054,701	3,054,701
Interest receivable		98	98
Investments		1,835,504	1,835,504
Total Assets	<u>46,226,464</u>	<u>27,176,538</u>	<u>73,403,002</u>
Liabilities			
Accounts payable	203,763	787,810	991,573
Accrued liabilities	598,258	976,031	1,574,289
Unearned revenue		1,337,812	1,337,812
Due to other funds	1,900,584	977,644	2,878,228
Non current liabilities:			
Due in more than one year	9,020,126	3,390,973	12,411,099
Total Liabilities	<u>11,722,731</u>	<u>7,470,270</u>	<u>19,193,001</u>
Net Position			
Invested in capital assets, net	32,553,467	677,966	33,231,433
Restricted for:			
Closure and post closure		6,793,144	6,793,144
Open space acquisition	46,000		46,000
Facilities maintenance	1,972,109		1,972,109
Capital additions and replacements	747,653		747,653
Insurance	25,000	1,035,000	1,060,000
Keegan landfill remediation/recreation		4,342,011	4,342,011
Flood control	633,530		633,530
Reserve for Leachate Collection		3,008,834	3,008,834
Super Storm Sandy repairs	142,175		142,175
Other	439,297		439,297
Unrestricted (deficit)	(2,055,498)	3,849,313	1,793,815
Total Net Position	<u>\$ 34,503,733</u>	<u>\$ 19,706,268</u>	<u>\$ 54,210,001</u>

See Notes to Financial Statements

NEW JERSEY MEADOWLANDS COMMISSION
(a Component Unit of the State of New Jersey)

Statement of Net Activities
December 31, 2014

	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position		
			Governmental Activities	Business-type Activities	Total
Governmental activities:					
Commission operations	\$ 12,677,042	\$ 4,402,716	\$ (8,274,326)		\$ (8,274,326)
Environmental center	2,311,663	2,223,100	(88,563)		(88,563)
MAGNET fund	51,742		(51,742)		(51,742)
Other governmental funds	529,238		(529,238)		(529,238)
Total governmental activities	15,569,685	6,625,816	(8,943,869)		(8,943,869)
Business-type activities:					
Solid Waste	27,140,703	26,099,647		(1,041,056)	(1,041,056)
Total business-type activities	27,140,703	26,099,647		(1,041,056)	(1,041,056)
Total primary government	\$ 42,710,388	\$ 32,725,463	\$ (8,943,869)	\$ (1,041,056)	\$ (9,984,925)
General revenues:					
Investment earnings			\$ 15,791	\$ 15,730	\$ 31,521
NJDOT Pulaski Skyway			1,361,591		1,361,591
Grants			198,396		198,396
Super Storm Sandy reimbursement			484,769		484,769
Kingsland Redevelopment			30,251	279,310	309,561
Rental of composting site			250,000		250,000
Rental income - solar			178,497		178,497
Beneficial reuse materials				498,869	498,869
Miscellaneous			1,476,917		1,476,917
Total general revenues			3,996,212	793,909	4,790,121
Change in Net Position			(4,947,657)	(247,147)	(5,194,804)
Net Position - beginning			39,451,390	19,953,415	59,404,805
Net Position - ending			\$ 34,503,733	\$ 19,706,268	\$ 54,210,001

NEW JERSEY MEADOWLANDS COMMISSION
(a Component Unit of the State of New Jersey)

Balance Sheet
Governmental Funds
December 31, 2014

	General Fund	Environmental Center Fund	MAGNET Funds	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,401,558	\$ 214,801	\$ 2,416,462	\$ 85,209	\$ 5,118,030
Investments	6,960,647				6,960,647
Accounts Receivables, net:	84,687			54,050	138,737
Due from Other Funds	476,221	977,644			1,453,865
Total Assets	\$ 9,923,113	\$ 1,192,445	\$ 2,416,462	\$ 139,259	\$ 13,671,279
Liabilities and Fund Balances					
Accounts payable	\$ 199,694	\$ 1,506	\$ 2,563	\$	\$ 203,763
Accrued liabilities	50,600	479,735		67,924	598,259
Due to other funds	1,674,996	73,370		34,095	1,782,461
Total Liabilities	1,925,290	554,611	2,563	102,019	2,584,483
Fund Balances:					
Restricted for:					
Open space acquisition	46,000				46,000
Maintenance	1,953,545	18,564			1,972,109
Additions and replacements	701,983	45,670			747,653
Insurance	25,000				25,000
Flood control	633,530				633,530
Super Storm Sandy repairs	142,175				142,175
Renewable energy	439,297				439,297
Committed to:					
Project commitments			1,503,997		1,503,997
Unassigned	4,056,293	573,600	909,902	37,240	5,577,035
Total Fund Balances	7,997,823	637,834	2,413,899	37,240	11,086,796
Total Liabilities and Fund Balances	\$ 9,923,113	\$ 1,192,445	\$ 2,416,462	\$ 139,259	\$ 13,671,279
Amounts reported for governmental funds in the statement of net assets are different because:					\$ 11,086,796
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$45,561,950 and the accumulated depreciation is \$13,008,483.					32,553,467
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.					(9,136,530)
					\$ 34,503,733

See Notes to Financial Statements

NEW JERSEY MEADOWLANDS COMMISSION
(a Component Unit of the State of New Jersey)

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
December 31, 2014

	General Fund	Environmental Center Fund	MAGNET Funds	Other Governmental Funds	Total Governmental Funds
Revenues:					
Solid waste overhead reimbursement	\$ 2,522,299	\$ 2,116,505	\$	\$	\$ 4,638,804
Composting revenues	250,000				250,000
Super Storm Sandy revenue	484,769				484,769
Grant revenue				198,396	198,396
NJDOT Pulaski Skyway revenue	1,361,591				1,361,591
Kingsland Redevelopment reimbursements	30,250				30,250
Lease revenue	698,840				698,840
MCT reimbursement for service	150,000				150,000
Fee income	1,847,824	106,595			1,954,419
Other income	639,359	21,312			660,671
Rental income- solar	178,497				178,497
Interest income	13,302	344	1,973	172	15,791
Total Revenue	8,176,731	2,244,756	1,973	198,568	10,622,028
Expenditures:					
Commission operations	8,049,460				8,049,460
Kearny 1-A access agreement	20,000				20,000
Lyndhurst Shuttle Service	55,924				55,924
Environmental Center operations		594,718			594,718
Capital expenditures	3,390	545			3,935
Ramapo College Partnership		1,715,400			1,715,400
MAGNET expenditures			51,742		51,742
Maintenance expense from reserve	481,620				481,620
Other Expenditures	2,442,790			529,238	2,972,028
Total Expenditures	11,053,184	2,310,663	51,742	529,238	13,944,827
Excess(Deficit) of revenues over expenditures	(2,876,453)	(65,907)	(49,769)	(330,670)	(3,322,799)
Fund Balance, beginning of year	10,874,276	703,741	2,463,668	367,910	14,409,595
Fund Balance, end of year	<u>\$ 7,997,823</u>	<u>\$ 637,834</u>	<u>\$ 2,413,899</u>	<u>\$ 37,240</u>	<u>\$ 11,086,796</u>
Net changes to fund balance - total governmental funds					\$ (3,322,799)
Amounts report for governmental activities in the statement of activities are different because:					
Capital outlays, net of depreciation expense					(633,592)
Write-off of capital assets, net					(53,705)
Expenses in the statement of activities that do not receive current financial resources and therefore are not reported as expenditures in the governmental funds					(36,042)
Post employment healthcare benefits, other than pension obligation					<u>(901,519)</u>
Change in net position of government activities					<u>\$ (4,947,657)</u>

NEW JERSEY MEADOWLANDS COMMISSION
(a Component Unit of the State of New Jersey)

Statement of Net Position
Proprietary Fund
December 31, 2014

	<u>Solid Waste Enterprise Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 7,384,718
Due from other funds	1,540,170
Receivables, net:	
Accounts	<u>1,165,099</u>
Total current assets	<u>10,089,987</u>
Noncurrent Assets:	
Investments	11,518,282
Restricted assets:	
Cash Management Fund	3,054,701
Investments	1,835,504
Interest receivable	98
Capital Assets, net	<u>677,966</u>
Total noncurrent assets	<u>17,086,551</u>
Total Assets	<u>\$ 27,176,538</u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 366,484
Accrued liabilities	976,031
Unearned revenue	1,337,812
Due to other funds	<u>977,644</u>
Total current liabilities	<u>3,657,971</u>
Noncurrent Liabilities:	
Compensated absences	421,326
Accrued liability for closure and post-closure costs	<u>3,390,973</u>
Total noncurrent liabilities	<u>3,812,299</u>
Net Position:	
Invested in capital assets, net	677,966
Restricted	15,178,989
Unrestricted	<u>3,849,313</u>
Total net position	<u>19,706,268</u>
Total liabilities and net position	<u>\$ 27,176,538</u>

See Notes to Financial Statements

NEW JERSEY MEADOWLANDS COMMISSION
(a Component Unit of the State of New Jersey)

Statement of Revenues, Expenditures, and Changes in Fund Balances
Proprietary Fund
December 31, 2014

	<u>Solid Waste Enterprise Fund</u>
Operating revenues:	
Fees for services	\$ 26,099,647
Beneficial reuse materials	<u>498,869</u>
Total operating revenues	<u>26,598,516</u>
Operating expenses:	
Landfill	5,893,553
County authorities	5,916,791
General operating	9,761,888
Equipment maintenance and garage	418,274
Parks and open space	1,545,436
MERI/Laboratory	1,113,457
Methane monitoring expense	125,543
Depreciation	584,542
Other	3,064
Closure expenses	<u>1,673,870</u>
Total operating expenses	<u>27,036,418</u>
Operating loss	(437,902)
Non-operating revenues (expenses)	
Kingsland Redevelopment reimbursement	279,310
Contribution to other operation	(90,343)
Net change in fair value of investments	(13,942)
Investment income	<u>15,730</u>
Net nonoperating revenues	<u>190,755</u>
Change in net position	(247,147)
Net Position, beginning of year	<u>19,953,415</u>
Net Position, end of year	<u><u>\$ 19,706,268</u></u>

See Notes to Financial Statements

NEW JERSEY MEADOWLANDS COMMISSION
(a Component Unit of the State of New Jersey)

Statement of Cash Flows
Proprietary Fund
December 31, 2014

	<u>Solid Waste Enterprise Fund</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 26,127,590
Payments to employees	(2,665,272)
Payments to suppliers	(21,982,785)
Beneficial reuse materials	498,869
Miscellaneous	
	<u>1,978,402</u>
Net cash provided (used for) operating activities	
Cash Flows from Noncapital Financing Activities	
Landfill remediation and post-closure	<u>(1,320,238)</u>
Net cash provided (used for) noncapital financing activities	<u>(1,320,238)</u>
Cash Flows from Capital Financing Activities	
Purchase of capital assets	<u>33,395</u>
Net cash provided (used for) capital financing activities	<u>33,395</u>
Cash Flows from Investing Activities	
Interest	21,656
proceeds from sales of investments	1,609,000
proceeds from sales of investments	<u>(415,351)</u>
Net cash provided (used for) investing activities	1,215,305
Net increase (decrease) in cash and cash equivalents	<u>4,301,630</u>
Cash and cash equivalents, beginning of year	3,083,088
Cash and cash equivalents, end of year	<u>7,384,718</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(247,147)
Depreciation expense	584,542
Change in assets and liabilities:	
Receivables, net	(228,444)
Accounts payable	42,691
Accrued liabilities	76,524
Deferred revenue	262,313
Due to(from) other funds	<u>1,487,923</u>
Net cash provided by (used for) operating activities	<u>\$ 1,978,402</u>

See Notes to Financial Statements

NEW JERSEY MEADOWLANDS COMMISSION
(a Component Unit of the State of New Jersey)

Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2014

Assets

Cash and cash equivalents	\$ 6,356,652
Accounts receivable	<u>2,360,883</u>
Total assets	<u>8,717,535</u>

Liabilities

Accounts payable and accrued liabilities	700,621
Due to Encap environmental remediation	566,979
Construction deposits	260,725
Due to Commission	358,003
Rutherford post closure security	157,261
Security deposit - SAJO (ESI)	128,203
Contract Retainage	562,383
Reserve for mitigation	128,093
Due to other funds	<u>115,807</u>
Total liabilities	<u>2,976,075</u>

Net Position

Net position held in trust	<u>\$ 5,741,460</u>
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NEW JERSEY MEADOWLANDS COMMISSION
(a Component Unit of the State of New Jersey)

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
December 31, 2014

Additions

Transportation Planning District Fees	\$ 526,399
Other	124,209
Interest	4,469
Grant revenues	2,048,676
Blackstrap escrow	188,076
	<u>2,891,829</u>

Deductions

Mitigation expenses	218,138
MASSTR Grant expenses	1,773,201
	<u>1,991,339</u>

Change in net position	900,490
Net Position, beginning of year	4,840,970
Net Position, end of year	<u>\$ 5,741,460</u>

NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the New Jersey Meadowlands Commission, formerly known as Hackensack Meadowlands Development Commission, conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to governmental entities. The following is a summary of the more significant policies:

A. Reporting Entity

New Jersey Meadowlands Commission (the "Commission"), which is a component unit of the State of New Jersey, was established in 1968. The Commission operates with a board of commissioners and provides oversight of the solid waste removal, environmental protection, and development in the Hackensack Meadowlands district.

The basic financial statements include all funds of the Commission over which the Commission exercises oversight responsibility. The decision to include a potential component unit in the Commission's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Commission has no component units. Furthermore, the Commission is includable in the State of New Jersey reporting entity on the basis of such criteria.

B. Basis of Presentation - Fund Accounting

Government - Wide Statements

The statement of net position and the statement of activities display information which include the overall financial activities of the Commission. These statements distinguish between the governmental and business-type activities of the Commission. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the Commission's business-type activities and for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)

Notes to Financial Statements (continued)
December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

The fund financial statements provide information about the Commission's funds. Separate statements for each fund category applicable to the Commission governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as fees for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment income, result from non-exchange transactions or ancillary activities.

The Commission reports the following major governmental funds:

- General fund. This is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.
- New Jersey Meadowlands Commission Environmental Center fund. This fund accounts for the proceeds of revenues generated by the Commission's Environmental Center.

The Commission reports the following major enterprise fund:

- Solid-Waste-Enterprise fund. This fund accounts for the activities of the landfills operated by the Commission, as well as the closure and post-closure costs of such landfills.

Fiduciary Fund

This fund accounts for the proceeds of deposits held in trust for others. Mitigation, tax sharing, Transportation Planning District and environmental activities are reported in this fund.

NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accounts of the Commission are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds, because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary.

C. Basis of Accounting

Effective for the year ended December 31, 2001, the Commission adopted three pronouncements of the Governmental Accounting Standards Board (GASB). GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and No. 38, *Certain Financial Statement Note Disclosures*.

As a result of its adoption, the financial statements herein present a section for Management's Discussion and Analysis and present a statement of cash flows using the direct method as specified in GASB Statement No. 9.

Government-wide Statements

On January 1, 2012, the New Jersey Meadowlands Commission adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position*, which amends the net asset reporting requirement of Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and other pronouncements by incorporating deferred outflows from resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The classifications of net position are defined as follows:

NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *Invested in capital assets, net of related debt* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are any significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather that portion of the debt is included in the same net assets component as the unspent proceeds.
- *Restricted* - This component of net position consists of constraints placed on net assets used through external constraints imposed by creditors (such as through debt covenants), grantors, contributions, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* - This component of net position consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and other contributions. Revenue from such non-exchange transactions is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available to pay liabilities of the current period. The Commission recognizes revenues that are expected to be collected within 90 days of year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest of general long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in government funds. Proceeds of long-term debt are reported as other financing sources.

NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Funds*, provides proprietary activities with a choice of authoritative guidance after November 30, 1989. The Commission has elected to follow GASB pronouncements exclusively after that date for all business-type activities and enterprise funds. The following is a summary of other significant accounting policies of the Commission.

D. Investments

Investments are stated in the financial statements at fair value based upon quoted market prices.

E. Accumulated Unpaid Vacation and Sick Pay

The Commission employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation days up to the actual days accrued. Reimbursement for accumulated sick leave is only made to employees at retirement, based upon a formula contained in the Commission personnel manual. Accumulated unpaid vacation and sick pay is accrued when incurred in the government-wide and proprietary funds. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

F. Unearned Revenues

Revenues from the sale of solid waste disposal tickets are deferred until such time as the tickets are turned in by haulers at the Commission landfill facility. In calendar year 2004, the NJMC discontinued the use of the prepaid ticketing system and replaced it with a prepaid hauler escrow account system.

G. Capital Assets

Capital assets are stated at cost or estimated historical cost. Contributed fixed assets are recorded at their estimated fair market value at the time received. Depreciation is provided using the straight-line method over estimated useful lives ranging from five to ten years for all assets. There is no capitalized interest included in capital assets.

H. Accrued Liability for Closure and Post-closure Costs

The accrued liability for closure and post-closure costs represents funds collected as part of the solid waste tariff, which are required to be established to pay for the cost of closure and post-closure of landfills.

NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)

Notes to Financial Statements (continued)
December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Payable from Restricted Assets - Landfill Closure

The payable from restricted assets - landfill closure, represents funds collected as part of the solid waste surcharge, determined by the Department of Environmental Protection, which are required to be established to pay for the cost of closure and post closure of landfills. These amounts are based upon engineering studies which are evaluated on an annual basis.

J. Cash and Cash Equivalents

Cash and cash equivalents are stated at cost. Cash and cash equivalents include cash in banks and certificates of deposit with original maturities of less than three months from date of purchase.

K. Fund Balances

- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be modified or released only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Commission's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that originally imposed the constraint.
- **Assigned** fund balance comprises amounts *intended* to be used by the Commission for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)**

Notes to Financial Statements (continued)
December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. 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 the reported amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

M. Current GASB Pronouncements

The Commission is currently evaluating the effects of the following pronouncements on the financial statements:

GASB Statement No. 77, Tax Abatement Disclosures

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

Effective Date: The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

**NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)**

Notes to Financial Statements (continued)
December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

Effective Date: The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

Statement No. 72, Fair Value Measurement and Application

Effective Date: The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. Earlier application is encouraged.

Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68

Effective Date: The provisions of this Statement should be applied simultaneously with the provisions of Statement 68.

NOTE 2: CASH AND INVESTMENTS

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposit may not be recoverable. The year-end amount on deposit with banks was \$42,626,580. The Commission's deposits at year-end were partially insured by Federal Depository insurance in the amount of \$500,000. The Commission's primary depository has provided to a third-party trustee collateral in the name of the Commission to cover the remaining interest bearing account balance of the Commission.

The Commission's investment policy permits the investing of funds in the following types of investments:

- (a) Any direct and general obligation of the United States of America;
- (b) Any bond, debenture, note, or participation certificate issued by any of the following Federal agencies: Bank for Cooperatives, Federal Intermediate Credit Bank, Federal Home Loan Bank Systems, Federal Land Banks, Export-Import Bank, Tennessee Valley Authority, Federal National Mortgage Association, Government National Mortgage Association, or Farmers Home Administration;

**NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)**

Notes to Financial Statements (continued)
December 31, 2014

NOTE 2: CASH AND INVESTMENTS (continued)

- (c) Negotiable or nonnegotiable 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.;
- (d) Negotiable or nonnegotiable certificates of deposit issued by any bank, savings and loan association, trust company, or national banking association having capital and surplus of more than \$25,000,000, and which certificates of deposit are continuously secured by direct obligations of the United States of America that shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Commission or a designated custodian;
- (e) Deposits in the State of New Jersey Cash Management Fund; and
- (f) Deposits in interest-bearing accounts in any bank, savings and loan association, trust company, 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., or if having capital and surplus of more than \$25,000,000.

The Commission's investments are summarized below for which the securities are held by the Commission or its agent in the Commission's name.

The following is a summary of investments at December 31, 2014:

	Fair Value
Money Market Funds:	
United States Government	\$20,312,265
Non-categorized: State of New Jersey Cash Management Fund pooled investments	<u>3,094,301</u>
	<u>\$23,406,566</u>

NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)

Notes to Financial Statements (continued)
December 31, 2014

NOTE 3: CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended December 31, 2014:

	Balance December 31, 2013	Additions	Deletions	Balance December 31, 2014
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 19,064,101	\$ -	\$ -	\$ 19,064,101
Infrastructure	1,090,300	5,286,409		6,376,709
Construction in progress	5,286,409		(5,286,409)	-
Total capital assets not being depreciated	<u>25,440,810</u>	<u>5,286,409</u>	<u>(5,286,409)</u>	<u>25,440,810</u>
Building and building improvements	16,437,468			16,437,468
Machinery and equipment	3,729,847	7,530	(53,705)	3,683,672
Total at historical costs	<u>20,167,315</u>	<u>7,530</u>	<u>(53,705)</u>	<u>20,121,140</u>
Less accumulated depreciation for:				
Building and building improvements	(9,038,849)	(552,362)		(9,591,211)
Machinery and equipment	(3,328,511)	(142,466)	53,705	(3,417,272)
	<u>(12,367,360)</u>	<u>(694,828)</u>	<u>53,705</u>	<u>(13,008,483)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>7,799,955</u>	<u>(687,298)</u>	<u>-</u>	<u>7,112,657</u>
Governmental activities capital assets, net	<u>\$ 33,240,765</u>	<u>\$ 4,599,111</u>	<u>\$ (5,286,409)</u>	<u>\$ 32,553,467</u>
Business-type activities:				
Land and landfills	\$ 5,902,134	\$ -	\$ -	\$ 5,902,134
Total at historical costs	5,902,134	-	-	5,902,134
Less accumulated amortization for:				
Landfills	(4,886,072)	(508,033)	-	(5,394,105)
Total accumulated depreciation	<u>(4,886,072)</u>	<u>(508,033)</u>	<u>-</u>	<u>(5,394,105)</u>
Total landfill life being amortization, net of accumulated amortization	<u>1,016,062</u>	<u>(508,033)</u>	<u>-</u>	<u>508,029</u>
Building and building improvements	11,375,083			11,375,083
Machinery and equipment	2,554,269	35,566	(7,168)	2,582,657
Total at historical costs	<u>13,929,342</u>	<u>35,566</u>	<u>(7,168)</u>	<u>13,957,740</u>
Less accumulated depreciation for:				
Building, Improvements and equipment	(11,375,083)			(11,375,083)
Machinery and equipment	(2,336,211)	(83,678)	7,168	(2,412,721)
Total accumulated depreciation	<u>(13,711,294)</u>	<u>(83,678)</u>	<u>7,168</u>	<u>(13,787,804)</u>
Total building, Improvements and equipment assets being depreciated, net of accumulated depreciation	<u>218,048</u>	<u>(48,112)</u>	<u>-</u>	<u>169,936</u>
Business-type activities capital assets, net	<u>\$ 1,234,110</u>	<u>\$ (556,145)</u>	<u>\$ -</u>	<u>\$ 677,966</u>

NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)

Notes to Financial Statements (continued)
December 31, 2014

NOTE 4: OPERATING LEASES

The Commission has commitments to lease certain buildings and office equipment under operating leases that expire through 2031. Total operating lease payments made during the year ended December 31, 2014 were \$259,140. Future minimum lease payments as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2015	\$ 242,497
2016	204,065
2017	204,065
2018	199,976
2019	197,932
2020-2024	989,660
2025-2029	989,660
2030-2033	346,381
	<u>\$ 3,374,236</u>

NOTE 5: RETIREMENT SYSTEMS

Substantially all of the Commission's employees participate in the Public Employees' Retirement System (PERS) contributory defined benefit retirement system (retirement system) which has been established by State statute and is sponsored and administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). According to the State of New Jersey Administrative Code, all obligations of the system will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625.

The PERS was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State administered retirement system. Membership is mandatory for such employees and vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service.

NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)

Notes to Financial Statements (continued)
December 31, 2014

NOTE 5: RETIREMENT SYSTEMS (continued)

Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)

Notes to Financial Statements (continued)
December 31, 2014

NOTE 5: RETIREMENT SYSTEMS (continued)

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

Significant Legislation

On March 17, 2009, the legislature of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50% reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System ("PFRS") obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15 year period at 8.25%. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to pay off the obligation at any time prior to April 2012.

The Commission opted for this deferral in the amount of \$266,688.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)

Notes to Financial Statements (continued)
December 31, 2014

NOTE 5: RETIREMENT SYSTEMS (continued)

The Commission's contribution to the PERS, equal to the required contributions for each year, were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2014	\$ 946,286
2013	967,659
2012	1,016,343

NOTE 6: CLOSURE AND POST CLOSURE REQUIREMENTS

The Commission has set aside funds for closure and post-closure for its landfills. In the event the monies in the statutory accounts are not sufficient, the State of New Jersey will address any future liabilities for closure and post-closure for its landfills. The assumption of this liability by the State occurred in CY2003, when the Commission transferred \$50 million from its closure and post-closure accounts to the State's General Fund to meet its statutory obligations under the New Jersey State 2003-2004 budget.

NOTE 7: REMEDIATION OF KEEGAN LANDFILL

On June 14, 2005, the NJMC entered into a lease agreement with the Town of Kearny for the remediation of Keegan Landfill through future reopening of the facility for construction and demolition waste. It is expected that sufficient revenues will be generated through the tipping fees at Keegan Landfill to reimburse the Commission for all costs associated with this lease. At the completion of operations and closure of the Keegan Landfill, the NJMC will assist the Town of Kearny with the construction of recreational facilities at the site. The Commission has made payments to the Town of Kearny totaling \$9,750,151 since the agreement's inception.

NOTE 8: MEADOWLANDS AREA GRANTS FOR NATURAL AND ECONOMIC TRANSFORMATION (MAGNET)

In calendar year 2005, the NJMC launched the MAGNET Program. The intention of the MAGNET is to enhance the NJMC's existing Municipal Aid Program (MAP), by ensuring that monies are set aside for tax relief incentives for District municipalities. A detailed budget outlining the amounts appropriated for MAP, environmental, economic development and capital improvements initiatives is currently in place. As of December 31, 2014, the balance in the MAGNET fund was \$2,413,899. There were commitments of \$1,503,997 outstanding as of the end of the year.

**NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)**

Notes to Financial Statements (continued)
December 31, 2014

NOTE 9: DEFERRED COMPENSATION PLANS

The Commission participates in two deferred compensation plans as follows:

(a) New Jersey State Employees Deferred Compensation Plan This Plan is an IRC Section 457 deferred compensation plan administered by the State of New Jersey and, accordingly, is included in the financial statements of the State. The Plan, available to all State employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Plan is funded solely from voluntary employee contributions. Employee contributions and investment earnings thereon are a part of the State Plan. Employees may defer a maximum 50% of their salary or \$17,500, whichever is less. Investments are on an individual participant basis and the total investment for all the Commission employees is unknown.

(b) AIG Retirement – This 457(b) plan, which commenced operations on December 31, 1985, is funded solely from voluntary employee contributions. The Plan is administered by AIG Retirement. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the participating employees, and are not included in the accompanying financial statements. Employee contributions in 2014 were \$51,200.

NOTE 10: PROPRIETARY FUND – RESTRICTED ASSETS

Assets are restricted for closure and post-closure expenses in the Solid Waste Enterprise Fund based upon management's estimate.

NEW JERSEY MEADOWLANDS COMMISSION
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Notes to Financial Statements (continued)
December 31, 2014

NOTE 11: INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2014 consist of the following:

<u>Dollar Amount</u>	<u>Description</u>
\$1,435,116	Due to the Solid Waste Fund from the General Fund.
13,424	Due to the General Fund from the Study Fund.
358,003	Due to the General Fund from the Transportation Planning District.
73,370	Due to the General Fund from the Environment Center.
31,428	Due to the General Fund from the Mitigation Trust Fund.
977,644	Due to the Environmental Center from the Solid Waste Fund.
20,671	Due to the Solid Waste Fund from the Study Fund.
<u>84,383</u>	Due to the Solid Waste Fund from the Mitigation Trust Fund.
<u>\$2,994,039</u>	

It is anticipated that all interfunds will be liquidated during the next fiscal year.

NOTE 12: GOVERNMENT WIDE NET ASSETS

Net assets are restricted in the General Fund as follows at December 31, 2014:

Maintenance	\$ 1,953,545
Additions and replacements	701,983
Open Space	46,000
Renewable energy	439,297
Insurance	25,000
Flood control	633,530
Super Storm Sandy repairs	142,175
	<u>\$ 3,941,530</u>

NEW JERSEY MEADOWLANDS COMMISSION
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Notes to Financial Statements (continued)
December 31, 2014

NOTE 13: LITIGATION

There are a number of litigation matters filed in Superior Court and administrative matters in the Office of Administrative law. The majority of such litigation involves issues related to the NJMC's regulatory jurisdiction and does not represent any matter which could result in potential liability to the NJMC.

The Meadowlands Golf Redevelopment Project and the NJMC vs. Rotundi & Sons matters have been removed from the 2013 year-end list as these matters have been resolved.

NOTE 14: POST RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or disability retirement. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve that increases by one half 1% of the active State payroll.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2012, the State paid \$146.6 million toward Chapter 126 benefits for 15,709 eligible retired members.

**NEW JERSEY MEADOWLANDS COMMISSION
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Notes to Financial Statements (continued)
December 31, 2014

NOTE 15: RISK MANAGEMENT

Property and Liability Insurance

The Commission maintains commercial insurance coverage for property, liability and surety bonds that covers the risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage.

New Jersey Unemployment Compensation Insurance

The Commission has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Commission is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Commission is billed quarterly for amounts due to the State. There were no reimbursements which were required to be paid to the State for the current year.

NOTE 16: POSTEMPLOYMENT HEALTHCARE PLAN

Postemployment Benefits Other Than Pensions

The Commission sponsors a single employer postemployment benefits plan that provided benefits in accordance with State statute through the State's Health Benefits Bureau to eligible retirees, their spouses/domestic partners and eligible dependent children and continues to be provided on behalf of the surviving spouse/domestic partner or a retiree. Employees and/or their spouses/domestic partners become eligible for these benefits upon 25 years or more of service in the PERS or those approved for disability retirement.

Pursuant to GASB Statement No. 45 ("GASB 45"), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Commission obtained an actuarially determined calculation for this obligation.

NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)

Notes to Financial Statements (continued)
December 31, 2014

NOTE 16: POSTEMPLOYMENT HEALTHCARE PLAN (continued)

The **Present Value of all Projected Benefits** is the total present value of all expected future benefits, based on certain actuarial assumptions. The Present Value of all projected benefits is a measure of total liability or obligation. Essentially, the Present Value of all projected benefits is the value (on the valuation date) of the benefits promised to current and future retirees. The Plan's present value of all projected benefits (at January 1, 2013) is \$27,857,900 assuming no prefunding of obligations. The majority of this liability is for current active employees (future retirees).

The **Actuarial Accrued Liability** is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The Plan's Actuarial Accrued Liability (at January 1, 2013) is \$17,759,600 assuming no prefunding of obligations. The majority of this obligation is for active employees.

Normal Cost is the value of benefits expected to be earned during the current year, again based on certain actuarial methods and assumptions. The 2014 fiscal Year Normal Cost is \$815,700 assuming no prefunding of obligations. In pension accounting, this is also known as "**service cost.**"

Future Normal Costs represent the present value of the remaining balance of all projected benefits to be earned in future years.

Assumptions

The results were calculated based upon plan provisions, as provided by the New Jersey Meadowlands Commission and the State of New Jersey, along with certain demographic and economic assumptions as recommended by AON Hewitt, in conjunction with the New Jersey Meadowlands Commission with guidance from the GASB statement.

Demographic Assumptions

Data was provided by the New Jersey Meadowlands Commission as of January 1, 2013. Demographic assumptions used to project the data are the same as those used to value the SHBP PERS pension liabilities. There is no assumption for future new hires.

**NEW JERSEY MEADOWLANDS COMMISSION
(A Component Unit of the State of New Jersey)**

Notes to Financial Statements (continued)
December 31, 2014

NOTE 16: POSTEMPLOYMENT HEALTHCARE PLAN (continued)

Economic Assumptions

The GASB statement requires that the discount rate used to determine the retiree healthcare liabilities should be estimated long-term yield on the "investments that are expected to be used to finance the payments of benefits". Since the New Jersey Meadowlands Commission does not currently pre-fund the retiree healthcare liabilities, the discount rate for the "no prefunding" scenario should be based on the portfolio of the New Jersey Meadowlands Commission's "general assets" used to pay these benefits. The discount rate assumption selected by the Commission is 4.50%.

The trend assumption is used to project the growth of the expected claims over the lifetime of the healthcare recipients. The GASB statement does not require a particular source for information to determine healthcare trends, but it does recommend selecting a source that is "publicly available, objective and unbiased".

AON Hewitt developed the trend assumption utilizing the short-term rates expected on the SHBP plan along with information in published papers from other industry experts (actuaries, health economists, etc.). For medical benefits, this amount initially is at 8.0% and decreases to a 5.0% long-term trend rate for seven years. For post-65 medical benefits, the trend rate is 5.0%. For prescription drug benefits, the initial trend rate is 8.0%, decreasing to a 5.0% long-term trend rate after seven years. For Medicare Part B reimbursement, the trend rate is 5.0%. This reflects the known underlying cost of the Part B premium.

NOTE 17: SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through November 30, 2015, the date which the financial statements were available to be issued and the following item was noted for disclosure.

The Keegan Landfill lease agreement between the Town of Kearny and the NJSEA ends on June 30, 2016. Negotiations between the town and the NJSEA with respect to a possible extension have not been successful to date.

The NJSEA continues to pursue avenues to continue operations at the landfill. In addition, the contract with the Essex County Utilities Authority is set to expire on December 31, 2015. This will result in a reduction of revenue on a pro rated basis net of county fees of approximately two million dollars through June 30, 2016.

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NEW JERSEY MEADOWLANDS COMMISSION
(a Component Unit of the State of New Jersey)

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis
General Fund
December 31, 2014

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance
Revenues:					
Fees and charges	\$ 1,000,000		\$ 1,000,000	\$ 1,847,824	\$ 847,824
Reserve utilization	3,679,818		3,679,818		(3,679,818)
MCT reimbursement for service	150,000		150,000	150,000	
FEMA - Super Storm Sandy reimbursement	700,000		700,000	484,769	(215,231)
Composting revenues	300,000		300,000	250,000	(50,000)
Solid waste overhead reimbursement	2,522,299		2,522,299	2,522,299	
Lease revenue	62,500		62,500	698,840	636,340
Other Income	637,775		637,775	639,359	1,584
Rental income- solar	178,497		178,497	178,497	
NJDOT Pulaski Skyway revenue	206,425		206,425	1,361,591	1,155,166
Kingsland Redevelopment reimbursement				30,250	30,250
Interest income	24,000		24,000	13,302	(10,698)
Total Revenues	9,461,314		9,461,314	8,176,731	(1,284,583)
Expenditures:					
Commission operations:					
Salaries and wages	4,245,075		4,245,075	3,882,894	362,181
Supplies	231,638		231,638	265,592	(33,954)
Services	1,329,695		1,329,695	1,243,831	85,864
Maintenance and repairs	222,000		222,000	236,330	(14,330)
Other				1,842	(1,842)
Fringe benefits	2,225,306		2,225,306	2,417,077	(191,771)
FSA				1,463	(1,463)
New equipment	1,100		1,100	431	669
Total Commission Operations	8,254,814		8,254,814	8,049,460	205,354
Other expenditures:					
Capital expenditures	431,500		431,500	3,390	428,110
Other				1,091,088	(1,091,088)
Maintenace expense from reserve - Sandy	700,000		700,000	481,620	218,380
NJDOT Pulaski Skyway expense				1,319,787	(1,319,787)
Lyndhurst Shuttle service - Avalon				55,924	(55,924)
Kearny 1-A Access agreement				20,000	(20,000)
Other operations	75,000		75,000		75,000
Total other expenditures	1,206,500		1,206,500	2,971,809	(1,765,309)
Total expenditures	\$ 9,461,314		\$ 9,461,314	\$ 11,021,269	\$ (1,559,955)
Excess (deficit) of revenues over expenditures				(2,844,538)	275,372
Fund balance, beginning of year				10,874,276	
Fund balance, end of year budgetary basis				8,029,738	
Noncurrent liability for compensated absenses				(31,915)	
Fund balance, end of year governmental funds basis				\$ 7,997,823	

NEW JERSEY MEADOWLANDS COMMISSION
(a Component Unit of the State of New Jersey)

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis
Environmental Center Fund
December 31, 2014

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance
Revenues:					
Use fees	\$ 60,000		\$ 60,000	\$ 106,595	\$ 46,595
Other income				21,312	21,312
Solid waste overhead reimbursement	2,116,505		2,116,505	2,116,505	
Interest income	3,000		3,000	344	(2,656)
Total revenues	2,179,505		2,179,505	2,244,756	65,251
Expenditures:					
Commission operations:					
Supplies	95,100		95,100	129,181	(34,081)
Services	278,575		278,575	301,617	(23,042)
Maintenance and repairs	100,000		100,000	163,920	(63,920)
New equipment	250		250		250
Other	2,000		2,000		2,000
Total Commission operations	475,925		475,925	594,718	(118,793)
Other expenditures:					
Ramapo College Partnership	1,703,580		1,703,580	1,715,400	(11,820)
Capital expenditures				545	(545)
Other					
Total other expenditures	1,703,580		1,703,580	1,715,945	(12,365)
Excess (deficit) of revenues over expenditures				(65,907)	196,409
Fund balance, beginning of year				703,741	
Fund balance, end of year budgetary basis				\$ 637,834	

NEW JERSEY MEADOWLANDS COMMISSION
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Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2014

	Total	Mitigation Trust	Transportation Planning District	Third Party Escrow
Assets				
Cash and cash equivalents	\$ 6,358,652	\$ 4,300,509	\$ 1,489,164	\$ 568,979
Accounts receivable	2,360,883		2,360,883	
Total assets	8,717,535	4,300,509	3,850,047	568,979
Liabilities				
Accounts payable and accrued liabilities	700,621	(34,406)	735,027	
Due to Encap environmental remediation	568,979			568,979
Construction deposits	260,725	260,725		
Due to Commission	358,003		358,003	
Rutherford post closure security	157,261	157,261		
Security deposit - SAJO (ESI)	126,203	126,203		
Contract Retainage	562,383	562,383		
Reserve for mitigation	128,093	128,093		
Due to other funds	115,807	115,807		
Total liabilities	2,976,075	1,316,066	1,093,030	568,979
Net Position				
Net position held in trust	\$ 5,741,460	\$ 2,984,443	\$ 2,757,017	\$

NEW JERSEY MEADOWLANDS COMMISSION
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Statement of Changes in Fiduciary Net Position
Fiduciary Fund
December 31, 2014

	<u>Total</u>	<u>Mitigation Trust</u>	<u>Transportation Planning District</u>	<u>Third Party Escrow</u>
Additions				
Transportation Planning District Fees	\$ 526,399	\$	\$ 526,399	\$
Other	124,209	124,209		
Interest	4,469	3,246	1,223	
Grant revenues	2,048,676		2,048,676	
Blackstrap escrow	188,076	188,076		
	<u>2,891,829</u>	<u>315,531</u>	<u>2,576,298</u>	
Deductions				
Mitigation expenses	218,138	218,138		
MASSTR Grant expenses	1,773,201		1,773,201	
	<u>1,991,339</u>	<u>218,138</u>	<u>1,773,201</u>	
Change in net position	<u>\$ 900,490</u>	<u>\$ 97,393</u>	<u>\$ 803,097</u>	<u>\$</u>
Net Position, beginning of year	4,840,970			
Net Position, end of year	<u>\$ 5,741,460</u>			

NEW JERSEY MEADOWLANDS COMMISSION
[a Component Unit of the State of New Jersey]

Schedule of Net Position by Component
Calendar Years 2005 through 2014

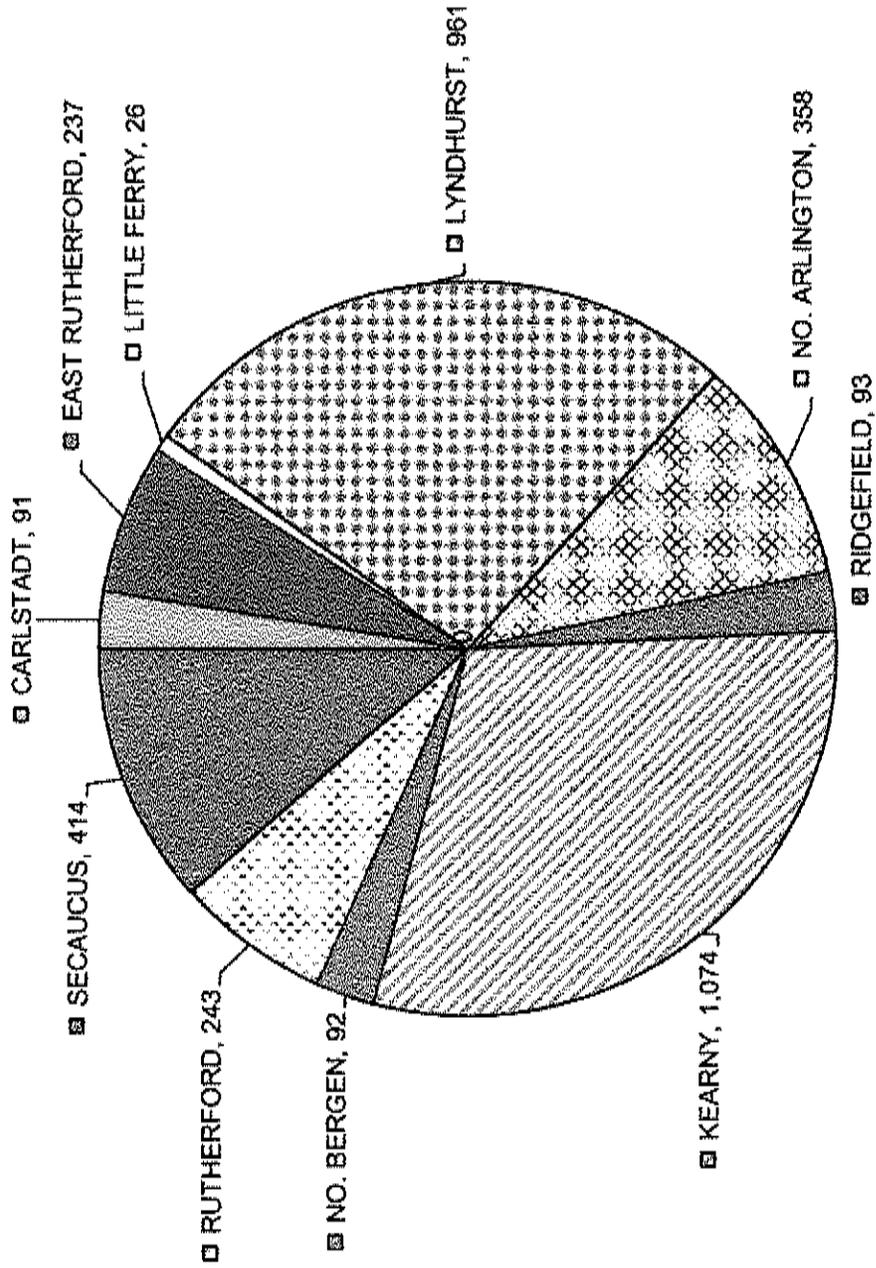
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Balance Sheet										
Assets:										
Current	\$ 38,336,065	\$ 34,677,995	\$ 36,007,650	\$ 44,853,142	\$ 47,112,535	\$ 55,375,989	\$ 69,741,986	\$ 92,882,517	\$ 93,453,885	\$ 86,648,612
Non-current	35,056,937	39,181,449	47,523,343	42,352,201	41,041,065	29,890,227	311,473,330	28,871,789	22,991,348	20,294,175
Total Assets	<u>\$ 73,403,002</u>	<u>\$ 73,859,444</u>	<u>\$ 83,530,993</u>	<u>\$ 87,205,343</u>	<u>\$ 88,153,600</u>	<u>\$ 85,266,216</u>	<u>\$ 381,215,316</u>	<u>\$ 121,754,306</u>	<u>\$ 116,445,233</u>	<u>\$ 106,942,787</u>
Liabilities										
Current	\$ 6,663,779	\$ 3,437,744	\$ 8,205,214	\$ 7,990,480	\$ 5,717,524	\$ 5,778,487	\$ 11,087,476	\$ 7,890,723	\$ 7,157,696	\$ 5,494,656
Non-current	12,529,222	11,651,893	10,580,536	15,463,334	12,964,005	13,200,328	13,266,317	17,431,391	13,957,074	16,993,365
Total Liabilities	<u>\$ 19,193,001</u>	<u>\$ 15,089,637</u>	<u>\$ 18,785,750</u>	<u>\$ 23,453,814</u>	<u>\$ 18,681,529</u>	<u>\$ 18,978,815</u>	<u>\$ 24,353,793</u>	<u>\$ 25,322,114</u>	<u>\$ 21,114,770</u>	<u>\$ 22,488,021</u>
Net Position										
Invested in capital assets, net	\$ 33,231,433	\$ 34,474,875	\$ 42,205,861	\$ 42,352,201	\$ 41,041,635	\$ 29,890,227	\$ 31,173,330	\$ 28,871,789	\$ 22,991,348	\$ 20,294,175
Restricted	19,184,753	23,150,215	19,574,395	17,092,453	21,164,124	28,107,188	36,704,159	57,021,102	43,413,939	57,872,127
Unrestricted	1,793,815	1,779,717	2,964,987	4,306,875	7,265,882	8,289,986	8,664,034	10,539,301	28,925,176	6,488,464
Total net position	<u>\$ 54,210,001</u>	<u>\$ 59,404,807</u>	<u>\$ 64,745,243</u>	<u>\$ 63,751,529</u>	<u>\$ 69,472,641</u>	<u>\$ 66,287,401</u>	<u>\$ 76,541,523</u>	<u>\$ 96,432,192</u>	<u>\$ 95,330,463</u>	<u>\$ 84,654,766</u>

NEW JERSEY MEADOWLANDS COMMISSION
(a Component Unit of the State of New Jersey)

Schedule of Changes in Net Position by Component
Calendar Years 2005 through 2014

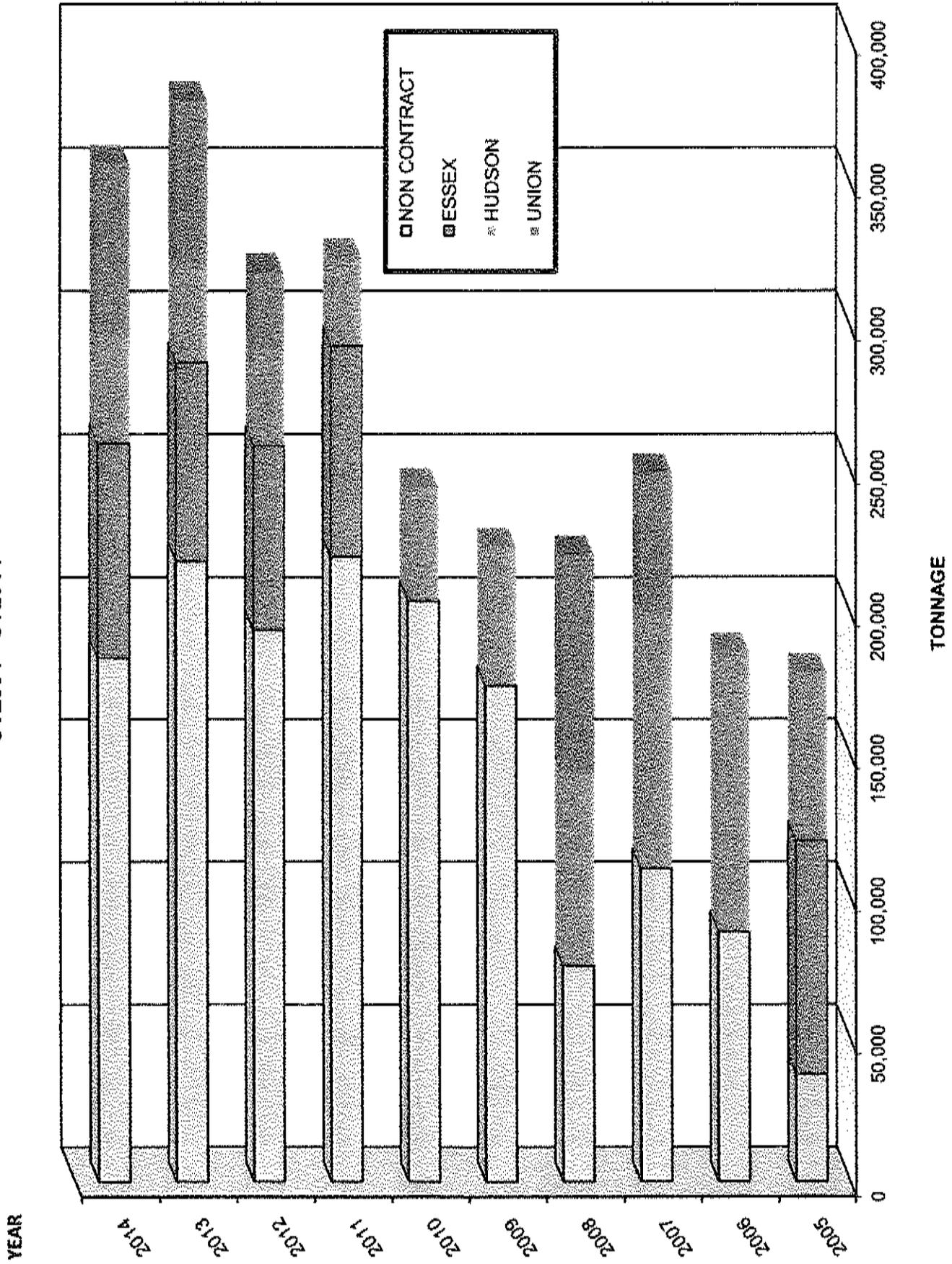
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Funds										
Statement of revenues and expenditures										
Revenues	\$ 10,622,028	\$ 13,259,119	\$ 11,467,502	\$ 15,644,407	\$ 12,962,533	\$ 13,508,676	\$ 13,913,294	\$ 18,073,173	\$ 26,366,558	\$ 45,048,596
Expenditures	13,944,827	11,979,400	13,203,818	21,756,850	19,073,638	18,940,674	35,623,976	26,329,648	18,373,502	19,343,481
Excess of revenues over expenditures	(3,322,799)	1,279,719	(1,736,316)	(6,112,443)	(6,111,105)	(5,431,998)	(21,710,682)	(8,256,475)	7,992,056	25,705,055
Fund balance - beginning of year	14,409,585	13,129,876	14,866,190	20,978,633	27,089,738	32,521,735	54,223,349	62,191,124	54,207,665	28,502,640
Fund balance - end of year	\$ 11,086,786	\$ 14,409,585	\$ 13,129,874	\$ 14,866,190	\$ 20,978,633	\$ 27,089,737	\$ 32,512,667	\$ 53,934,649	\$ 62,199,721	\$ 54,207,695
Solid Waste Operations										
Operating revenues	\$ 26,598,516	\$ 26,412,560	\$ 22,167,636	\$ 21,249,194	\$ 15,934,558	\$ 13,949,190	\$ 23,537,804	\$ 27,644,989	\$ 19,612,317	\$ 21,971,092
Operating expenses	27,036,418	25,050,666	25,546,994	22,732,687	17,977,675	16,260,024	25,478,206	24,577,979	20,714,558	24,619,968
Income from operations	(437,902)	1,361,894	(3,379,358)	(1,483,493)	(2,043,117)	(2,310,834)	(1,940,402)	3,067,010	(1,102,241)	(2,648,876)
Non-operating revenue	190,755	291,272	3,578,277	2,917,590	1,643,098	137,416	1,371,096	1,544,917	4,756,789	10,044,051
Non-operating expense	(247,147)	1,653,166	198,919	1,434,097	(400,019)	(497,920)	(963,974)	4,611,927	(3,646,683)	(2,997,177)
Change in net position	19,953,415	18,300,249	18,101,330	16,667,233	15,703,535	18,374,873	17,980,205	13,368,278	13,360,413	8,962,415
Net position - beginning of year	\$ 19,706,268	\$ 19,953,415	\$ 18,300,249	\$ 18,101,330	\$ 15,393,516	\$ 15,703,535	\$ 16,446,925	\$ 17,980,205	\$ 13,368,278	\$ 13,360,413
Net position - end of year	\$ 10,622,028	\$ 13,259,517	\$ 11,467,502	\$ 15,644,407	\$ 29,247,533	\$ 13,463,010	\$ 13,913,293	\$ 18,073,173	\$ 18,515,557	\$ 41,048,536
Statement of Activities (Governmental)										
Revenues	15,569,685	20,251,121	13,758,434	21,077,607	25,662,273	21,054,863	34,487,330	21,574,773	16,886,683	12,174,323
Expenditures	(4,947,657)	(6,993,604)	(2,290,932)	(5,433,200)	3,585,260	(7,591,853)	(20,574,037)	(3,501,600)	1,628,874	28,874,213
Change in net position	39,451,390	46,444,994	48,735,926	54,169,128	50,583,866	58,175,716	78,740,687	81,953,587	80,333,311	42,420,140
Net position - beginning of year	\$ 34,503,733	\$ 39,451,390	\$ 46,444,994	\$ 48,735,928	\$ 54,169,126	\$ 50,583,863	\$ 58,166,650	\$ 78,451,987	\$ 81,962,185	\$ 71,294,353
Net position - end of year	\$ 37,315,584	\$ 40,064,628	\$ 37,330,903	\$ 39,811,191	\$ 46,835,286	\$ 27,549,615	\$ 47,290,843	\$ 47,263,079	\$ 39,237,980	\$ 70,068,502
All Operations										
Revenues	42,710,388	45,405,064	39,422,916	43,810,284	43,650,046	37,812,806	67,470,212	46,152,753	37,601,241	36,794,291
Expenditures	(5,194,804)	(5,340,436)	(2,052,013)	(3,959,093)	3,185,240	(10,263,191)	(20,179,369)	1,110,326	1,636,759	33,274,211
Change in net position	59,404,805	64,745,243	86,837,256	70,836,349	66,287,401	76,550,988	98,720,892	95,321,866	93,693,724	51,392,555
Net position - beginning of year	\$ 54,210,001	\$ 59,404,807	\$ 84,745,243	\$ 66,837,256	\$ 69,472,641	\$ 56,287,397	\$ 78,541,523	\$ 56,432,192	\$ 95,330,463	\$ 84,656,766
Net position - end of year	\$ 113,614,806	\$ 124,150,050	\$ 171,582,499	\$ 237,673,605	\$ 335,760,042	\$ 332,838,385	\$ 474,262,415	\$ 571,754,058	\$ 649,024,187	\$ 706,049,321

**NJMC PROPERTY ACQUISITION
TOTAL ACREAGE BY MUNICIPALITY**
(source: MERI - GIS)



Total Land Acreage: 3,589 acres
(as of 12/31/2013)

NJMC LANDFILL TONNAGE
CY2004 - CY2014



**Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed In Accordance with *Government Auditing Standards***

**Board of Commissioners
New Jersey Sports and Exposition Authority**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the New Jersey Meadowlands Commission ("the Commission"), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Connor Davies, LLP

November 30, 2015

**Report on Compliance for Each Major
Program and Report on Internal Control over Compliance**

**Board of Commissioners
New Jersey Sports and Exposition Authority**

Report on Compliance for Each Major Federal Program

We have audited the New Jersey Meadowlands Commission's (the "Commission") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Commission's major Federal programs for the year ended December 31, 2014. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Board of Directors
New Jersey Sports and Exposition Authority
Page 3

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

O'Connor Davies, LLP

November 30, 2015

New Jersey Meadowlands Commission
(A Component Unit of the State of New Jersey)

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2014

Federal Grantor Pass-Through Grantor/Program or Cluster Title	Federal CFDA (1)	Grant Period		Grant Award	Receipts	Expenditures	MEMO Cumulative Total Expenditures
		From	To				
US Environmental Protection Agency Cluster:							
Direct Programs:							
Wetlands Protection State Development Urban Tidal Wetlands Restoration	66.461	10/1/2003	9/30/2004	\$124,000	\$	\$	\$ 50,407
Measurement of Tidal Wetlands Impairment for Acquisition and Enhancement	66.461	10/1/2013	9/30/2015	234,998	97,109	129,291	140,978
Pollution Prevention Grant (Green Restaurant Initiative)	66.708	3/1/2013	9/30/2014	99,200	73,327	41,461	83,121
Benthic Biodiversity and Pollutant Loads in Emergent Marshes of NJMC	66.461	10/1/2014	9/30/2016	215,239		387	387
Environmental Information Exchange Network Green Program and Related	66.608	9/1/2004	3/31/2008	385,700			379,693
Total Environmental Protection Agency Cluster				170,436		171,139	654,586
US Department of Homeland Security:							
Direct Programs:							
Disaster Grants - Public Assistance - FEMA	97.036	10/29/2012	open	986,783	484,469	196,287	534,749
Federal Highway Administration:							
Direct Programs:							
MASSTR Grant	20.933	3/2/2011	3/29/2019	10,006,056	2,031,971	1,750,864	8,310,170
Total Expenditures of Federal Awards				\$ 2,202,407	\$ 1,922,003	\$ 8,954,756	

(1) Catalog of Federal Domestic Assistance number

See independent auditors' report and accompanying notes to schedules of expenditures of Federal awards and New Jersey State financial assistance

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE
AWARDS**

NEW JERSEY MEADOWLANDS COMMISSION

**Notes to the Schedules of Expenditures
of
Federal Awards
December 31, 2014**

NOTE 1 General

The accompanying schedules present the activity of the federal awards of the New Jersey Meadows Commission. The Commission is defined in Note 1 to the Commission's financial statements. All federal financial assistance received from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule of expenditures of federal awards.

NOTE 2 Relationship to Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Commission's financial statements.

NEWJERSEY MEADOWLANDS COMMISSION

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2014**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

- | | | |
|---|-----------|-------------------|
| 1) Material weakness(es) identified | _____ Yes | <u> X </u> No |
| 2) Significant deficiency(ies) that are not considered to be material weakness(es)? | _____ Yes | <u> X </u> None |

Noncompliance material to the financial statements noted? _____ Yes X No

Federal Awards Section

Internal Control over major programs:

- | | | |
|---|-----------|-----------------|
| 1) Material weakness(es) identified | _____ Yes | <u> X </u> No |
| 2) Significant deficiency(ies) that are not considered to be material weakness(es)? | _____ Yes | <u> X </u> No |

Type of auditor's report used on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510 (a) of Circular A-133? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>20.933</u>	<u>Federal Highway Commission – TIGER Grant</u>
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B Programs \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

NEWJERSEY MEADOWLANDS COMMISSION

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2014**

Section 2 – Financial Statements Findings

NONE

Section 3 – Major Federal Awards Findings and Questioned Costs

NONE

NEWJERSEY MEADOWLANDS COMMISSION

**Schedule of Prior Year Audit Findings
Year Ended December 31, 2014**

Section 4 – Schedule of Prior Year Audit Findings

NONE