

**EVESHAM MUNICIPAL
UTILITIES AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

FOR THE FISCAL YEARS ENDING

JUNE 30, 2013 & 2012

EVESHAM MUNICIPAL UTILITIES AUTHORITYTABLE OF CONTENTS

<u>Exhibit No.</u>		<u>Page No.</u>
	Roster of Officials	1
	<u>PART I</u>	
	Independent Auditors' Report	3
	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	5
	Management's Discussion and Analysis	7
A	Comparative Statements of Net Position	15
B	Comparative Statements of Revenues, Expenses and Changes in Net Position	17
C	Comparative Statements of Cash Flows	19
	Notes to Financial Statements	20
	<u>Supplemental Schedules</u>	
1	Statement of Net Position by Department	37
2	Schedule of Revenues, Expenses and Changes in Net Position by Department	39
3	Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments	41
4a	Schedule of Water Anticipated Revenues, Operating Appropriations, Principal Payments and Non-Operating Appropriations Compared to Budget—Non-GAAP (Budgetary) Basis	43
4b	Schedule of Sewer Anticipated Revenues, Operating Appropriations, Principal Payments and Non-Operating Appropriations Compared to Budget—Non-GAAP (Budgetary) Basis	45
5	Schedule of Consumer Accounts Receivable	47
6	Schedule of Connection Fees Receivable	47
7	Schedule of Miscellaneous Charges Receivable	48
8	Schedule of Accrued Interest Receivable	49
9	Schedule of Prepaid Expenses	49
10	Analysis of Property Plant and Equipment—Completed	50
11	Analysis of Property Plant and Equipment—Construction in Progress	51
12	Schedule of Accrued Interest on Revenue Bonds and Loans Payable	52
13	Schedule of Payroll Deductions Payable	52
14	Schedule of Revenue Bonds	53
15	Schedule of New Jersey Environmental Infrastructure Loans Payable	55
	<u>PART II</u>	
	Schedule of Findings and Recommendations	61
	Summary Schedule of Prior Year Findings and Recommendations as Prepared by Management	62
	APPRECIATION	63

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Roster of Officials

June 30, 2013

<u>Members</u>	<u>Position</u>	<u>Amount of Surety Bond</u>
Joseph Fiscaro	Chairman	
Edward Waters	Vice Chairman	
Daniel E. Morton	Assistant Secretary	
George Tencza	Assistant Secretary	
Albert Lutner	Alternate Boardmember	
 <u>Other Officials</u>		
Jeffrey Rollins	Acting Executive Director	\$1,000,000.00 (A)
Laura Puszcz	Assistant Executive Director of Business	\$1,000,000.00 (A)
Robert Lender	Assistant Executive Director of Operations	\$1,000,000.00 (A)
Anthony T. Drollas	General Counsel	
Capehart and Scatchard	Bond Counsel	
Florio, Perrucci, Steinhardt & Fader, LLC	Labor Counsel	
Richard Alaimo	Consulting Engineer	
T&M Associates	Auxiliary Engineer	
Buchart Horn	Environmental Consultant	
TD Bank, N.A.	Trustee	

(A) Public Employees' Faithful Performance\Dishonesty Crime Coverage of \$1,000,000.00 per employee provided by the Burlington County Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund.

EVESHAM MUNICIPAL UTILITIES AUTHORITY

PART I

FINANCIAL SECTION

FOR THE FISCAL YEARS ENDED

JUNE 30, 2013 & 2012

INDEPENDENT AUDITORS' REPORT

The Chairman and Members of
The Evesham Municipal Utilities Authority
Evesham Township, New Jersey 08053

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Evesham Municipal Utilities Authority, in the County of Burlington, State of New Jersey as of and for the fiscal years ending June 30, 2013 and 2012 and the related notes to the financial statements, which collectively comprise the Authority'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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 and in compliance with the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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.

32500

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Evesham Municipal Utilities Authority, in the County of Burlington, State of New Jersey as of June 30, 2013 and 2012, and the its changes in financial position and its cash flows thereof for the fiscal years then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, during the fiscal year ended June 30, 2013, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): *Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and *Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

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 a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements.

The accompanying supplementary schedules as listed in the table of contents are the responsibility of management and were derived from and relate 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 to 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 accompanying supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

32500

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2013 on our consideration of the Authority'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 that testing, and not to 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 Authority's internal control over financial reporting and compliance.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
November 1, 2013

**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**

INDEPENDENT AUDITORS' REPORT

The Chairman and Members of
The Evesham Municipal Utilities Authority
Evesham Township, New Jersey 08053

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, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey the financial statements of the business-type activities of the Evesham Municipal Utilities Authority, in the County of Burlington, State of New Jersey as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 1, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority'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.

32500

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
November 1, 2013

Evesham Municipal Utilities Authority

Management's Discussion and Analysis

The Evesham Municipal Utilities Authority (the Authority) is a public agency providing potable water and wastewater services to Evesham Township. This section of the Authority's annual financial report provides a discussion and analysis of the financial performance for the fiscal year ending on June 30, 2013. The financial section of the annual report consists of four parts: Independent Auditor's Report, the management's discussion and analysis, the financial statements and supplemental information.

FINANCIAL

- **Connection Fees:** Connection Fee Revenues for FY 13 totaled \$851,500.04. This was a \$398,091.01 increase from FY 12. Developers pay connection fees upon submittal of plans for new construction to connect into the Authority's water and/or sewer system. These deposits are set up as a liability until the connection is completed. Once the water meter is installed and a new billing account is established, the liability is removed and the revenue is realized. The connection fees offset the capital expense of capacity in the water and/or sewer system. Future projections indicate that connection fees will decline as Evesham Township approaches buildout. The Authority has had a rate profile in place for many years which annually reduces its dependency on connection fee revenues, which are too volatile to depend on as a revenue source.
- **Total Net Position:** Total assets at June 30, 2013 were \$77,843,309.50. After adding deferred outflows of resources and deducting liabilities and deferred inflows of resources, net position at June 30, 2013 was \$39,185,490.67.
- **Total Operating Revenue:** FY 13 operating revenue compared to FY 12 increased over \$636,000.00 to \$17,323,286.70. This significant increase in operating revenue can be attributed to an increase in gallons billed. In FY 13, the Authority only utilized 81% of its allocated Potomac-Raritan-Magothy aquifer allocation of 958.732 Million Gallons.
- **Total Operating Expenses:** FY 13 Operating expenses of \$13,031,100.54 decreased by \$108,417.24 from last year's amount of \$13,139,517.78.

FINANCIAL (CONT'D)

- **Interest Income:** In 2000, the Authority entered into a Forward Delivery Agreement which guaranteed a return on available funds in its Bond Service account at a rate of 6.25%. This Forward Delivery Agreement expired in July 2010. Since FY 11, the Authority has experienced a decline in interest income from investments as a result of lower interest rates and a decrease in the market value of Authority investments. In FY13, the Authority generated 305,622.07 in interest income from investments. If interest income is adjusted by the adjustment of investments to “fair value”, then the Authority’s interest income on investments was \$816,544.93 lower than FY 12. All of the Authority’s investments are in secure investment vehicles which include treasury obligations, money market funds, GNMA’s, FNMA’s or direct Treasury Securities. The Authority continuously monitors all potential investment opportunities to maximize its rate of return.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The comparative statement of net position includes all of the Authority’s assets, deferred outflows and inflows of resources and liabilities. The Authority follows an accrual method of accounting, the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. Net position – the difference between the Authority’s assets, deferred outflows of resources and liabilities and deferred inflows of resources – is a measure of the Authority’s financial health or position.

The comparative statement of revenues, expenses and changes in fund net position provides a breakdown of the various areas of revenues and expenses encountered during the current year.

The comparative statement of cash flows provides a breakdown of the various sources of cash flow, categorized into four areas: Cash flows from operating activities, non-capital financing activities, capital and related financing activities and investing activities.

FINANCIAL ANALYSIS OF THE AUTHORITY

The Authority's total assets were \$77,843,309.50 on June 30, 2013. Total assets, total deferred outflow of resources, total liabilities, total inflow of resources and total net position are detailed below:

Evesham Municipal Utilities Authority			
Net Position			
As of June 30,			
	<u>Restated</u> <u>2011</u>	<u>Restated</u> <u>2012</u>	<u>2013</u>
Current & Non-Current Assets	\$25,670,336.48	\$25,532,837.65	\$25,974,495.36
Property, Plant & Equipment	<u>53,449,021.60</u>	<u>51,161,116.52</u>	<u>51,868,814.14</u>
Total Assets	<u>79,119,358.08</u>	<u>76,693,954.17</u>	<u>77,843,309.50</u>
Deferred Outflows of Resources	<u>630,686.07</u>	<u>549,851.89</u>	<u>376,623.28</u>
Current Liabilities	4,718,554.07	5,050,328.18	5,020,771.88
Long-Term Liabilities	<u>41,538,991.78</u>	<u>36,984,532.44</u>	<u>33,239,887.13</u>
Total Liabilities	<u>46,257,545.85</u>	<u>42,034,860.62</u>	<u>38,260,659.01</u>
Deferred Inflows of Resources	<u>243,615.04</u>	<u>291,654.68</u>	<u>773,783.10</u>
Net Position			
Net Investment in Capital Assets	13,675,557.25	11,623,270.40	15,887,554.67
Restricted	8,523,311.17	8,560,627.42	8,637,564.17
Unrestricted	<u>11,050,014.84</u>	<u>14,733,392.94</u>	<u>14,660,371.83</u>
Total Net Position	<u>\$33,248,883.26</u>	<u>\$34,917,290.76</u>	<u>\$39,185,490.67</u>

The Authority had operating income of \$4,292,186.16 for the current year.

FINANCIAL ANALYSIS OF THE AUTHORITY (CONT'D)Evesham Municipal Utilities Authority
Revenues, Expenses and Net Position
As of June 30,

	<u>Restated 2011</u>	<u>Restated 2012</u>	<u>2013</u>
Operating Revenues			
Service Charges	\$15,467,080.34	\$15,161,726.46	\$15,350,536.73
Connection Fees	1,120,029.22	453,409.03	851,500.04
Other Operating Revenues	<u>941,333.64</u>	<u>1,072,085.93</u>	<u>1,121,249.93</u>
Total Operating Revenue	<u>17,528,443.20</u>	<u>16,687,221.42</u>	<u>17,323,286.70</u>
Operating Expenses	9,327,664.63	9,119,029.21	8,989,368.12
Major Repairs and Other Expenses	946,403.04	415,510.90	675,307.67
Additional Prior Year Orders			44,594.92
Depreciation Expense	<u>3,827,298.35</u>	<u>4,464,341.78</u>	<u>3,321,829.83</u>
Total Operating Expenses	<u>14,101,366.02</u>	<u>13,139,517.78</u>	<u>12,031,100.54</u>
Operating Income	3,427,077.18	3,547,703.64	4,292,186.16
Non-Operating Revenues (Expenses)			
Investment Income	773,169.89	661,035.41	305,622.07
Change in Fair Value of Investments			(461,131.59)
Bond Interest	(1,752,005.33)	(1,543,216.04)	(1,229,434.73)
Municipal Appropriation	(672,000.00)	(689,902.00)	(712,158.00)
Cancellation of Construction in Progress	(132,063.58)	(292,639.14)	
Contributions	234,764.30	38,615.00	1,841,090.70
Cancellation of Accrued Interest Payable			507,977.37
Cancellation of Customer Bankruptcy	206.94		
Cancellation of Other Accounts Receivable	(3,330.81)		
Cancellation of OPEB Liability		36,802.01	
Loss on Disposal of Fixed Assets			(952.07)
Litigation Settlement			(275,000.00)
Bond Issue Costs	<u>(7,043.75)</u>	<u>(89,991.38)</u>	<u> </u>
Change in Net Position	<u>\$1,868,774.84</u>	<u>\$1,668,407.50</u>	<u>\$4,268,199.91</u>
<hr/>			
Net Position – July 1 (Restated)	\$31,380,108.42	\$33,248,883.26	\$34,917,290.76
Change in Net Position	<u>1,868,774.84</u>	<u>1,668,407.50</u>	<u>4,268,199.91</u>
Net Position – June 30	<u>\$33,248,883.26</u>	<u>\$34,917,290.76</u>	<u>\$39,185,490.67</u>
<hr/>			

OVERALL ANALYSIS

Overall the Authority is in a sound financial position due, in part, to the long term goal to eliminate its reliance on connection fees to meet its annual operating expenses. The connection fees realized in FY 13 were \$851,500.04 which was not consistent with our expectations that connection fee revenue is declining. The realized connection fees were used to partially offset the capital budget.

BUDGET VARIANCES

The Authority expended 82.6% of its \$10,885,226.00 operating budget with no major variances except the revenue lines for water and sewer service charges, water and sewer connection fees and expense lines for sewer salaries and fringe benefits, sewer electric and utilities and water bulk purchases. The percentage of the amount expended to the amount budgeted compares favorably to past years.

In FY12, the Authority participated in a reverse online auction for third party electrical supply with the Township of Evesham and Evesham Fire-Rescue. With a combined electrical supply of more than 12 million kWh, the three agencies successfully sold their electrical supply to Reliant Energy. The agencies entered into a 2 year contract with Reliant Energy for electrical supply with bid amounts of \$0.07973/kWh for PSEG accounts and \$0.08066/kWh for Atlantic City Electric accounts, which is now in its second year. The Authority realized savings of 17% each year in electrical costs. The Authority adopted a resolution authorizing entry into a shared service agreement with the Township of Evesham and Evesham Fire-Rescue to procure an energy agent for third party electrical supply in FY 14.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

During the current year, the Authority expended \$2,864,696.49 from its General and Renewal and Replacement accounts for capital activities. \$675,307.67 was classified as repairs and charged as operating expenses. The remaining \$2,189,388.82 was capitalized as either construction in progress or capital assets for the following projects:

New World Pump Station	\$ 377,465.62
SCADA System	61,171.45
Sanitary Sewer Replacement	1,219,951.59
Buildings, Equipment and Vehicles	530,800.16

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY (CONT'D)

The Authority's Elmwood and Woodstream Wastewater Treatment Plants participated in New Jersey's Clean Energy Local Government Energy Audit program. The object of the energy audit is to identify energy conservation and retrofit measures to reduce energy usage and to develop an economic basis to financially validate the planning and implementation of identified energy conservation and retrofit measures. Identified energy conservation and retrofit measures included HVAC systems, lighting systems, motor upgrades and aeration system upgrades at both wastewater treatment plants. During FY12, the Authority completed the replacement of the HVAC and lighting systems at both wastewater treatment plants. The remaining energy conservation and retrofit measures are in the planning stages and will be implemented under the New Jersey Clean Energy Pay for Performance program. The Authority anticipates energy savings of greater than 20% at both wastewater treatment plants once the energy conservation and retrofit measures are installed. The Authority intends to obtain financing from the New Jersey Environmental Infrastructure Trust (NJEIT) program in 2014. It is anticipated that implementing these energy cost saving measures will result in payback of the initial investment in approximately 8 years.

As part of the Authority's continue capital improvement program, the Authority intends to pursue NJEIT financing for two additional projects in FY 14: Wells 13 and 14 Treatment Improvements and Elmwood/Woodstream Supervisory Control & Data Acquisition (SCADA). The Well 13 and 14 Treatment Improvements are necessary to maintain peak water supply capacity through the use of an existing aquifer storage and supply well pair. The Authority is currently not using these facilities due to the loss of production from Well 14, which is related to iron present in the recharged water from Well 13. This project will install iron precipitation and filtration equipment in an expanded well building and required ancillary equipment. The anticipated cost of this project is \$1.78 million.

The Elmwood Woodstream SCADA project is necessary as the existing process control systems for Elmwood and Woodstream WWTP's are based on obsolete technology and it has become extremely difficult to maintain them in proper operational order. Failure of these systems would lead to the loss of process control capabilities at the plants and subsequent discharge of partially treated sewage to the Southwest Branch Rancocas Creek and the South Branch Pennsauken Creek. This project will replace the current process control systems at the Elmwood and Woodstream WWTP's with state of the art SCADA systems. New instrumentation will be provided in the process tanks along with full PC based SCADA servers and workstations. The systems will be capable of sending alarms to operations personnel remotely to their mobile communication devices and will allow them to monitor the plants from remote locations. The anticipated cost for this project is \$2.46 million.

OVERALL ANALYSIS (CONT'D)

The proposed FY 14 Capital Budget and five-year Capital Program are \$12,192,402.00 and \$29,734,175.00 respectively. The following major line items making up the FY 14 Capital Budget are:

- | | |
|-----------------------------|-----------------|
| • Energy Conservation | \$ 3,428,468.00 |
| • Elmwood/Woodstream SCADA | 2,862,400.00 |
| • Well 13/14 Rehabilitation | 1,780,000.00 |
| • New World Pump Station | 990,765.00 |

These projects are currently underway at different stages in the process. The timing and amounts spent on these projects are contingent on the progress of the work and State and Pinelands approvals.

Looking at the five-year Capital Program, the following projects should be mentioned:

- | | | |
|-------------------------------------|-------|--------------|
| • Southside Water Tower | FY 16 | 2,500,000.00 |
| • Aerobic Sludge Tank | FY 16 | 1,500,000.00 |
| • Cropwell/Westerly Pump Station | FY 18 | 2,500,000.00 |
| • Links Golf – Sewer Rehabilitation | FY 19 | 1,100,000.00 |
| • Tara/Quail Pump Stations | FY 19 | 3,000,000.00 |

In any planning that is done by the MUA, these projects must be included as part of the capital budget. They are essential projects that will have an effect on the operation of our water and sewer facilities.

Although the Authority does not operate under any debt limitations, it is required to receive approval from the Local Finance Board prior to issuing any debt.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide New Jersey, and Evesham Township residents in particular, and our customers, clients, investors 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 Authority at 984 Tuckerton Road, Room 211, P.O. Box 467, Marlton, New Jersey 08053.

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position

As of June 30, 2013 and 2012

	<u>2013</u>	<u>(Restated)</u> <u>2012</u>
ASSETS		
Current Unrestricted Assets:		
Revenue/Operating Account:		
Cash and Cash Equivalents	\$ 1,216,488.91	\$ 962,080.33
Investments	2,181,623.77	2,389,195.68
Accrued Interest Receivable	6,355.60	7,826.71
General Account:		
Cash and Cash Equivalents	6,508,826.23	5,666,573.98
Investments	1,907,169.06	966,944.27
Accrued Interest Receivable	4,505.11	3,706.51
Due from New Jersey Environmental Infrastructure Trust	7,509.40	108,136.07
Consumer Accounts Receivable	1,158,848.07	1,217,588.44
Other Accounts Receivable	51,110.51	56,335.20
Prepaid Expenses	997,982.67	982,184.03
	<hr/>	<hr/>
Total Unrestricted Assets	14,040,419.33	12,360,571.22
Current Restricted Assets:		
Debt Service Account:		
Cash and Cash Equivalents	4,110,695.23	3,963,232.48
Accrued Interest Receivable	8,446.19	547.27
Debt Service Reserve Account:		
Cash and Cash Equivalents	176,921.54	613,128.18
Investments	4,243,392.39	3,959,627.07
Accrued Interest Receivable	12,934.86	4,803.02
Renewal and Replacement Account:		
Cash and Cash Equivalents	1,000,000.00	1,000,000.00
Investments	557,550.50	591,918.65
Accrued Interest Receivable	2,083.33	2,083.33
Construction Account:		
Cash and Cash Equivalents	635,956.69	2,358,119.57
Other Accounts:		
Cash and Cash Equivalents	1,186,095.30	416,263.72
Investments		262,543.14
	<hr/>	<hr/>
Total Restricted Assets	11,934,076.03	13,172,266.43
Non-Current Assets		
Property, Plant and Equipment:		
Construction in Progress	3,090,112.62	3,484,710.64
Completed (Net of Accumulated Depreciation)	48,778,701.52	47,676,405.88
	<hr/>	<hr/>
Total Property, Plant and Equipmen	51,868,814.14	51,161,116.52
	<hr/>	<hr/>
Total Assets	77,843,309.50	76,693,954.17
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding of Bonds	376,623.28	549,851.89
	<hr/>	<hr/>

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Net Position
As of June 30, 2013 and 2012

	<u>2013</u>	<u>(Restated)</u> <u>2012</u>
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable--Operations	\$ 528,994.00	\$ 446,241.76
Prepaid Rental Charges	48,905.44	63,369.40
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	577,899.44	509,611.16
	<hr/>	<hr/>
Current Liabilities Payable from Restricted Assets:		
Revenue Bonds Payable--Current Portion New Jersey Environmental Infrastructure	2,870,000.00	2,975,000.00
Loan Payable - Current Portion	672,387.05	664,987.63
Accrued Bond Interest Payable	555,926.88	818,861.48
Litigation Payable	275,000.00	
Escrow Deposits	69,558.51	81,867.91
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	4,442,872.44	4,540,717.02
	<hr/>	<hr/>
Long-term Liabilities:		
Revenue Bonds Payable	22,295,909.71	25,356,364.01
New Jersey Environmental Infrastructure Loan Payable	10,527,095.39	11,199,482.44
Compensated Absences	416,882.03	428,685.99
	<hr/>	<hr/>
Total Long-term Liabilities	33,239,887.13	36,984,532.44
	<hr/>	<hr/>
Total Liabilities	38,260,659.01	42,034,860.62
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenue	773,783.10	291,654.68
	<hr/>	<hr/>
NET POSITION		
Restricted for:		
Bond Covenants:		
Debt Service Reserve Requirement	4,339,321.17	4,339,321.17
System Reserve Requirement	1,500,000.00	1,500,000.00
Operating Requirement	2,798,243.00	2,721,306.25
Net Investment in Capital Assets	15,887,554.67	11,623,270.40
Unrestricted	14,660,371.83	14,733,392.94
	<hr/>	<hr/>
Total Net Position	\$ 39,185,490.67	\$ 34,917,290.76
	<hr/> <hr/>	<hr/> <hr/>

The accompanying Notes to Financial Statements are an integral part of this statement.

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the Fiscal Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>Restated 2012</u>
Operating Revenues:		
Service Charges	\$ 15,350,536.73	\$ 15,161,726.46
Connection Fees	851,500.04	453,409.03
Miscellaneous Charges	1,121,249.93	1,072,085.93
Total Operating Revenues	<u>17,323,286.70</u>	<u>16,687,221.42</u>
Operating Expenses:		
Administrative Expenses:		
Salaries and Wages	307,083.71	300,039.48
Fringe Benefits	92,315.48	85,527.72
Other	530,948.47	422,131.04
	<u>930,347.66</u>	<u>807,698.24</u>
Cost of Service:		
Salaries and Wages	2,530,513.68	2,683,517.50
Fringe Benefits	1,142,214.37	1,163,471.69
Other	4,386,292.41	4,464,341.78
	<u>8,059,020.46</u>	<u>8,311,330.97</u>
Major Repairs and Other Expenses	675,307.67	415,510.90
Additional Prior Year Orders	44,594.92	
Depreciation	3,321,829.83	3,604,977.67
Total Operating Expenses	<u>13,031,100.54</u>	<u>13,139,517.78</u>
Operating Income	<u>4,292,186.16</u>	<u>3,547,703.64</u>
Non-operating Revenue (Expenses):		
Interest Revenue:		
Investment Income	305,622.07	661,035.41
Change in Fair Value of Investments	(461,131.59)	
	<u>(155,509.52)</u>	<u>661,035.41</u>
Bond Interest	(1,229,434.73)	(1,543,216.04)
Municipal Appropriation	(712,158.00)	(689,902.00)
Cancellation of Construction in Progress		(292,639.14)
Loss on Disposal of Property, Plant & Equipment	(952.07)	
Bond Issue Costs Paid		(89,991.38)
Cancellation of Accrued Interest Payable	507,977.37	
Litigation Settlement	(275,000.00)	
Cancellation of OPEB Liability		36,802.01
Total Non-Operating Revenues (Expenses)	<u>(1,865,076.95)</u>	<u>(1,917,911.14)</u>
Income Before Contributions (Carried Forward)	2,427,109.21	1,629,792.50

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the Fiscal Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>Restated 2012</u>
Income Before Contributions (Brought Forward)	\$ 2,427,109.21	\$ 1,629,792.50
Contributions:		
Developers	1,841,090.70	38,615.00
Change in Net Position (Carried Forward)	4,268,199.91	1,668,407.50
Net Position - Beginning - Before Cumulative Effects of Changes in Accounting Principles	34,917,290.76	33,583,627.32
Cumulative Effects of Changes in Accounting Principles (See Note 12)	-	(334,744.06)
Net Position - Beginning - As Adjusted for Cumulative Effects of Changes in Accounting Principles	34,917,290.76	33,248,883.26
Net Position, End of Year:		
Restricted	\$ 8,637,564.17	\$ 8,560,627.42
Unrestricted	\$ 14,660,371.83	\$ 14,733,392.94
Net Investment in Capital Assets	\$ 15,887,554.67	\$ 11,623,270.40

The accompanying Notes to Financial Statements are an integral part of this statement.

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 17,635,241.98	\$ 15,916,534.24
Payments to Suppliers	(7,730,918.70)	(7,027,687.84)
Payments to Employees	(2,837,597.39)	(2,983,556.98)
Other Operating Receipts	1,121,759.86	1,099,896.70
Net Cash Provided by Operating Activities	<u>8,188,485.75</u>	<u>7,005,186.12</u>
Cash Flows from Capital and Related Financing Activities:		
Bond Proceeds		22,520,000.00
Premium on Sale of Bond		1,555,826.90
Capital Aquisitions	(2,189,388.82)	(1,571,096.73)
N.J. Environmental Infrastructure Loan Proceeds	100,626.67	121,335.93
Municipal Appropriation	(712,158.00)	(689,902.00)
Debt Issue costs		(289,994.83)
Transfer to Bond Escrow Closure Account		(20,912,135.70)
Debt Service:		
Principal	(3,639,987.63)	(3,349,149.66)
Interest	(1,001,617.65)	(1,562,882.52)
Net Cash Used in Capital and Related Financing Activities	<u>(7,442,525.43)</u>	<u>(4,177,998.61)</u>
Cash Flows from Investing Activities:		
Interest on Investments	290,263.82	741,555.89
Change in Investments:		
Purchases/Unrealized Gains and Losses	(5,654,208.34)	(2,417,608.58)
Sales/Maturities	4,473,569.84	4,677,503.03
Net Cash Flows Provided (Used) by Investing Activities	<u>(890,374.68)</u>	<u>3,001,450.34</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(144,414.36)	5,828,637.85
Cash and Cash Equivalents--July 1	14,979,398.26	9,150,760.41
Cash and Cash Equivalents--June 30	<u>\$ 14,834,983.90</u>	<u>\$ 14,979,398.26</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 4,292,186.16	\$ 3,547,703.64
Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities:		
Depreciation	3,321,829.83	3,604,977.67
Change in Assets and Liabilities:		
(Increase) Decrease in Consumer Accounts Receivable	58,740.37	(285,905.84)
(Increase) Decrease in Other Accounts Receivable	5,224.69	89,107.88
(Increase) Decrease in Prepaid Expenses	(15,798.64)	27,103.23
Increase (Decrease) in Accounts Payable	82,752.24	10,138.63
Increase (Decrease) in Prepaid Rents	(14,463.96)	131.63
Increase (Decrease) in Deferred Revenues		(170.34)
Increase (Decrease) in Prepaid Antenna Rents		(3,102.75)
Increase (Decrease) in Escrow Deposits	(12,309.40)	31,193.75
Increase (Decrease) in Compensated Absences Payable	(11,803.96)	(64,031.02)
Increase (Decrease) in Connection Fee Deposits	482,128.42	48,039.64
Net Cash Provided (Used) by Operating Activities	<u>\$ 8,188,485.75</u>	<u>\$ 7,005,186.12</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements
For The Fiscal Year Ended June 30, 2013 and 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Evesham Municipal Utilities Authority (the "Authority") is a public body corporate and politic of the State of New Jersey. The Authority was granted its franchise area consisting entirely of the Township of Evesham when it was first established as the Evesham Sewerage Authority on April 7, 1955. The Authority was reorganized on March 3, 1959 as the Evesham Municipal Utilities Authority, by ordinance of the Township Committee.

The Authority provides water supply and sewerage collection and treatment service to all residences and businesses within the Township of Evesham. The Authority also collects a connection fee for new hook-ups.

The Authority Board consists of five members and two alternates, who are appointed by Township resolution for staggered, five year terms. The daily operations of the Authority are managed by the Executive Director.

Component Unit

Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, provide guidance that all entities associated with a primary government are potential component units, and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. In addition, GASB Statement No. 61 clarifies the manner in which component units are presented, whether discretely presented, blended, or included in the fiduciary fund financial statements.

As of June 30, 2013, it has been determined by the Authority that no component units exist.

Basis of Presentation

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in Net Position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The transactions of the Authority are divided into two separate activities (water and sewer) within the enterprise fund type. Each activity is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenditures.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Water and sewer service charges are recognized as revenue when services are provided. Connection fees are collected in advance and, accordingly, the Authority defers these revenues until the municipality issues a release for certificate of occupancy and determines that water distribution and sewage collection services are being provided to the properties.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses / Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt no later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year. The Budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense, bond discounts and deferred loss on defeasance are not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Statement of Revenues, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority adopted an amending budget resolution during the year.

The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Cash, Cash Equivalents and Investments (Cont'd)**

New Jersey governments units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. The Act was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

Inventory and Prepaid Expenses

Inventory consists principally of chemicals for the treatment of water, sewerage and sludge and is valued at cost. The Authority has determined that the inventories are immaterial and are not recorded in the financial statements.

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

Capital Assets

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased prior to June 30, 1993 are stated at estimated cost. Assets purchased since are stated at actual cost. Assets contributed by developer's are valued at estimated fair market value as of the date of contribution.

Costs incurred for construction projects are recorded as construction in progress. In the year that the project is completed, these costs are transferred to Property, Plant and Equipment.

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$300.00 or more
- 2) Useful life of more than one year
- 3) Asset is not affected by consumption

Interest costs incurred during construction are not capitalized into the cost of the asset.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Depreciation**

Depreciation is provided using the straight-line method over the following estimated useful life of the assets:

	<u>Years</u>
Buildings	40
Major Moveable Equipment	5 - 15
Vehicles	7
Infrastructure	40

Depreciation is taken starting the month after the asset is placed in service.

Bond Discount and Bond Premium

Bond discount and bond premium arising from the issuance of revenue bonds are recorded as liabilities. They are amortized by the straight-line method from the issue date to maturity as a component of interest expense. Bond discount and bond premium are presented as an adjustment of the face amount on the bonds.

Deferred Loss on Refunding

Deferred loss on refunding arising from the issuance of refunding revenue bonds is recorded as a deferred outflow of resources. It is amortized over the term of the bond, using the effective interest method, as a component of interest expense.

Deferred Revenue

Deferred revenue arises when resources associated with revenue transactions are received or reported as a receivable before the period when resources are required to be used or when use is first permitted in which the enabling legislation includes time requirements.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Net Position**

Net Position comprises the various earnings from operating income, non-operating revenues, expenses, and capital contributions. Net Position is classified in the following three components:

Net Investment in Capital Assets - This component of Net Position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is 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 Position component as the unspent proceeds.

Restricted - This component of Net Position consists of external constraints imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restricts the use of Net Position.

Unrestricted - This component of Net Position consists of Net Position that do not meet the definition of "restricted" or "net investment in capital assets" This component includes Net Position that may be allocated for specific purposes by the Authority.

Income Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from facility charges (i.e., water and sewerage usage revenues) and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities.

Operating expenses include expenses associated with the operation, maintenance and repair of the water and sewer operations and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt, contribution to Township and major non-recurring repairs.

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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**New Accounting Standards Adopted**

During the fiscal year ended June 30, 2013, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements

The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or non-governmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties.

This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. A transferor reports the facility subject to an SCA as its capital asset, generally following existing measurement, recognition, and disclosure guidance for capital assets. New facilities constructed or acquired by the operator or improvements to existing facilities made by the operator are reported at fair value by the transferor. A liability is recognized, for the present value of significant contractual obligations to sacrifice financial resources imposed on the transferor, along with a corresponding deferred inflows of resources. Revenue is recognized by the transferor in a systematic and rational manner over the term of the arrangement.

This Statement also provides guidance for governments that are operators in an SCA. The governmental operator reports an intangible asset at cost for its right to access the facility and collect third-party fees; it amortizes the intangible asset over the term of the arrangement in a systematic and rational manner. For existing facilities, a governmental operator's cost may be the amount of an up-front payment or the present value of installment payments. For new or improved facilities, a governmental operator's cost may be its cost of improving an existing facility or constructing or acquiring a new facility.

For revenue sharing arrangements, this Statement requires governmental operators to report all revenues and expenses. A transferor reports its portion of the shared revenues.

This Statement requires disclosures about an SCA including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments.

Implementation of this statement had no material impact on the Authority's fiscal year 2013 financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**New Accounting Standards Adopted (Cont'd)**

Statement No. 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34

Issued in November 2010, the objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset.

Implementation of this statement had no material impact on the Authority's fiscal year 2013 financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**New Accounting Standards Adopted (Cont'd)**

Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

Issued in November 2010, the objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board (FASB) Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements."

This Statement also supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

Implementation of this statement had no material impact on the Authority's fiscal year 2013 financial statements.

Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

Issued in June 2011, this Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of Net Position by the government that is applicable to a future reporting period, and an acquisition of Net Position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Implementation of this statement materially affected the classification of several balances. See Note 12.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**New Accounting Standards Adopted (Cont'd)**

Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions – An Amendment of GASB Statement No. 53

Some governments have entered into interest rate swap agreements and commodity swap agreements in which a swap counterparty, or the swap counterparty's credit support provider, commits or experiences either an act of default or a termination event as both are described in the swap agreement. Many of those governments have replaced their swap counterparty, or swap counterparty's credit support providers, either by amending existing swap agreements or by entering into new swap agreements. When these swap agreements have been reported as hedging instruments, questions have arisen regarding the application of the termination of hedge accounting provisions in Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. Those provisions require a government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows of resources or deferred inflows of resources as a component of investment income.

Issued in June 2011, the objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

Implementation of this statement had no material impact on the Authority's fiscal year 2013 financial statements.

Statement No. 65, Items Previously Reported as Assets and Liabilities

Issued in March 2012, this Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, Elements of Financial Statements, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

Implementation of this statement materially affected the classification of several balances. See Note 12.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**New Accounting Standards Pronouncements to be Implemented in the Future**

The Authority plans to implement the following pronouncements by the required implementation dates or earlier, when deemed feasible:

Statement No. 66, Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62

Issued in March 2012, the objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

Statement No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25

Issued in June 2012, The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

Statement No. 68, Accounting and Financial Reporting for Pensions, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**New Accounting Standards Pronouncements to be Implemented in the Future (Cont'd)**

Statement No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25 (Cont'd)

This Statement and Statement 68 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The scope of this Statement addresses accounting and financial reporting for the activities of pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and non-employer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. Distinctions are made regarding the particular requirements depending upon the type of pension plan administered, as follows:

- Single-employer pension plans—those in which pensions are provided to the employees of only one employer (as defined in this Statement)
- Agent multiple-employer pension plans (agent pension plans)—those in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees
- Cost-sharing multiple-employer pension plans (cost-sharing pension plans) those in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

This Statement also details the note disclosure requirements for defined contribution pension plans administered through trusts that meet the identified criteria.

This Statement is effective for financial statements for fiscal years beginning after June 15, 2013.

Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27

Issued in June 2012, The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**New Accounting Standards Pronouncements to be Implemented in the Future (Cont'd)**

Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 (Cont'd)

Statement No. 67, Financial Reporting for Pension Plans, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**New Accounting Standards Pronouncements to be Implemented in the Future (Cont'd)***Statement No. 69, Government Combinations and Disposals of Government Operations*

Issued in January 2013, this Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations.

A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold.

This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees

In April 2013, the GASB issued Statement 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. GASBS 70 is to improve accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees. This Statement requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a non-exchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity non-exchange financial guarantees involving blended component units. This Statement is effective for periods beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**Compliance with finance related legal and contractual provisions**

The Authority has no material violations of finance related legal and contractual provisions.

General Bond Resolution

The Authority is subject to the provisions and restrictions of the Bond Resolution adopted July 25, 1990 (Amended August 1, 1990). On August 2, 1995, July 10, 1996, November 10, 1999, October 16, 2002, February 4, 2004, August 3, 2011 and March 7, 2012, the Authority adopted Supplemental Bond Resolutions, which amended the 1990 Bond Resolution. A summary of the activities of each account created by the 1990 Bond Resolution, as supplemented, is covered below.

Revenue Account - All money collected by the Authority for service charges or from any other source for operating, maintaining or repairing the system is deposited in this account. The Trustee, on the first day of each month, shall make payments into the other accounts to satisfy bond resolution or operating requirements.

Bond Service Account - This account is maintained to pay maturing interest and principal on the the 2002 Series A Revenue Bonds, 2003 Series A Revenue Bonds 2004 Series A Revenue Bonds, the 2011 Series A Revenue Bonds, the 2012 Series A Revenue Bonds and the Authority's New Jersey Environmental Infrastructure Trust Fund Loans. The balance on deposit must be sufficient to enable the Trustee to withdraw amounts equal to interest due on bonds, principal amount maturing on bonds and sinking fund installments when such payments are required. At June 30, 2013, the balance in the account meets the requirements of the bond resolution.

Bond Reserve Account - The amount of funds on deposit must be maintained at a level equal to the Maximum Debt Service to insure funds are available for payment of debt service. The balance on June 30, 2013 of \$4,420,313.93 meets the requirements of the Bond Resolution.

Renewal and Replacement Account - This account is maintained to pay for the reasonable and necessary expenses for major repairs, renewals, replacements or maintenance items of a type not recurring annually. Funds on deposit must be equal to the System Reserve Requirement, currently established by the Bond Resolution at \$1,500,000.00. At June 30, 2013, the balance in the account meets the requirements of the bond resolution.

General Account - All excess funds of the Authority are recorded in the General Account. If the Authority is not in default in the payment of bond principal or interest and all fund requirements are satisfied, the Authority may use the excess funds for any lawful purpose.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)**Debt Service Coverage**

The net revenues for the current year were 1.79 times the annual debt service for the current bond year ending June 30, 2012. The Authority's Bond Resolution requires that net revenues equal at least 1.05% of debt service. Net revenues and debt service coverage is calculated as follows:

	<u>2013</u>	<u>2012</u>
Net Revenues:		
Operating Income (Exhibit B)	\$4,292,186.16	\$3,547,703.64
Add: Interest Income Earned	305,622.07	661,035.41
Major Repairs and Replacements	675,307.67	415,510.90
Depreciation	<u>3,321,829.83</u>	<u>3,604,977.67</u>
Net Revenues for Debt Service Coverage	<u>\$8,594,945.73</u>	<u>\$8,229,227.62</u>
Debt Service:		
Bond Principal	\$3,542,387.05	\$3,639,987.63
Interest Expense:		
Interest Accrued	1,229,434.73	1,543,216.04
Less: Amortization	<u>(17,225.69)</u>	<u>(22,411.70)</u>
Total Debt Service	<u>\$4,789,047.47</u>	<u>\$5,160,791.97</u>
Net Revenues	<u>\$8,594,845.83</u>	<u>\$8,229,227.62</u>
Debt Service	4,789,047.47= 1.79	5,160,791.97= 1.59

Note 3: DETAIL NOTES – ASSETS**Cash and Cash Equivalents**

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below.

As of June 30, 2013 and 2012, the Authority's bank balances of \$24,242,558.91 and \$14,979,398.26, respectively, were exposed to custodial credit risk as follows:

	<u>June 30,</u>	
	<u>2013</u>	<u>2012</u>
Insured	\$ 500,000.00	\$ 500,000.00
Uninsured and collateralized with securities held by pledging financial institutions	<u>23,742,558.91</u>	<u>14,479,398.26</u>
	<u>\$ 24,242,558.91</u>	<u>\$ 14,979,398.26</u>

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Investments**

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's \$9,234,181.48 as of June 30, 2013 and \$8,170,228.81 as of June 30, 2012 investments in Government National Mortgage Association Bonds, Notes, REMIC and Pools (FNMA & GNMA), and Federal National Mortgage Association Bonds and Notes (FNMA), all are held by a counterparty, not in the name of the Authority.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits the investments that the Authority may purchase such as Treasury and Agency securities in order to limit the exposure of governmental units to credit risk. The Authority has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Authority does not place a limit on the amount that may be invested in any one issuer. All of the Authority's investments are either in treasury obligations, FNMA's, GNMA's or direct Treasury Securities.

As of June 30, 2013, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Rating</u>	<u>Credit Maturities</u>	<u>Fair Value</u>
G.N.M.A. Pool #465565	N/A	10/15/2028	\$ 14,174.70
G.N.M.A. II Pool 13-66	AAA	05/16/2041	551,689.05
F.N.M.A. Pool #13-27	AAA	01/25/2043	775,846.32
F.N.M.A. Pool #11-117	AAA	11/25/2041	325,077.79
F.N.M.A. 12-134	AAA	09/25/2041	746,120.92
F.N.M.A. 12-130	AAA	12/25/2042	379,554.11
F.N.M.A.	AAA	10/25/2041	189,555.02
F.N.M.A. 12-99	AAA	06/25/2042	869,162.74
G.N.M.A. GTD Remic 09-46	AAA	02/20/2039	994,791.20
G.N.M.A. GTD Remic 04-34	AAA	05/20/2034	232,471.67
G.N.M.A. GTD Remic 04-16	AAA	05/20/2032	75,864.90
G.N.M.A. GTD Remic 09-34	AAA	04/20/2039	2,134,756.00
Freddie Mac #4150	AAA	01/15/2043	790,387.87
F.H.L.M.C. #4176 Ua	AAA	11/15/2042	810,283.43
			<u>\$ 8,889,735.72</u>

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Investments (Cont'd)**

As of June 30, 2012, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Rating</u>	<u>Credit Maturities</u>	<u>Fair Value</u>
G.N.M.A Pool #465565	N/A	10/15/2028	\$ 82,956.78
G.N.M.A Pool #38378D	N/A	12/20/2040	991,936.33
F.N.M.A Pool #3136A1	N/A	11/25/2041	494,883.69
G.N.M.A Note	AAA	05/20/2038	25,784.71
G.N.M.A Note	AAA	05/20/2038	24,237.62
G.N.M.A Note	AAA	05/20/2038	56,210.68
G.N.M.A	AAA	08/20/2040	279,446.13
F.N.M.A Bonds Series	AAA	10/25/2041	519,839.87
G.N.M.A CMO Bonds Series 10-39	AAA	07/20/2039	306,873.94
G.N.M.A GTD Remic 09-46	AAA	02/20/2039	591,918.65
G.N.M.A GTD Remic 04-34	AAA	05/20/2034	315,651.41
G.N.M.A GTD Remic 04-98	AAA	11/20/2034	95,645.27
G.N.M.A GTD Remic 07-53	AAA	07/20/2033	671,531.45
G.N.M.A GTD Remic 04-16	AAA	05/20/2032	86,082.08
G.N.M.A GTD Remic 09-34	AAA	04/20/2039	2,264,827.60
G.N.M.A GTD Remic 09-46	AAA	02/20/2039	449,536.07
GNR Series 11-51 Ha CMO	AAA	08/20/2040	367,849.49
GNR Series 11-88 Ja	AAA	10/20/2040	83,738.03
GNR Series 11-41 LA	AAA	08/20/2040	461,279.01
			<u>\$ 8,170,228.81</u>

Service Fees

The following is a five-year comparison of water and sewer user charges billed to and collections from customers during the fiscal years shown:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2013	\$ 1,217,588.44	\$ 15,350,536.73	\$ 15,409,277.10	93.01%
2012	931,682.60	15,161,726.46	14,875,820.62	92.43%
2011	1,149,115.03	15,467,080.34	15,684,512.77	94.39%
2010	765,180.31	14,215,825.39	13,831,890.67	92.33%
2009	733,974.81	14,876,530.24	14,845,324.74	95.10%

Capital Contributions

The Authority receives capital contributions from developers that consist of sewer and water infrastructure installed at the developer's expense and turned over to the Authority upon completion of construction. During the fiscal year ending June 30, 2013, the Authority received \$644,381.75 for the Water Department and \$1,196,708.96 for the Sewer Department. During the fiscal year ending June 30, 2012, the Authority received \$12,875.00 for the Water Department and \$25,740.00 for the Sewer Department.

Note 3: DETAIL NOTES - ASSETS (CONT'D)**Property, Plant and Equipment**

During the fiscal year ended June 30, 2013, the following changes in Property, Plant and Equipment occurred:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Land	\$ 5,332,318.00			\$ 5,332,318.00
Buildings & Improvements	55,503,166.29	\$ 8,755.41		55,511,921.70
Infrastructure	94,099,933.65	3,918,902.38		98,018,836.03
Fixed Equipment	7,465,037.62	356,777.75	\$ 775.00	7,821,040.37
Equipment	1,622,053.27			1,622,053.27
Vehicles	1,790,958.82	140,642.00	61,915.86	1,869,684.96
	<u>165,813,467.65</u>	<u>4,425,077.54</u>	<u>62,690.86</u>	<u>170,175,854.33</u>
Depreciation	<u>118,137,061.77</u>	<u>3,321,829.83</u>	<u>61,738.79</u>	<u>121,397,152.81</u>
	<u>\$ 47,676,405.88</u>	<u>\$ 1,103,247.71</u>	<u>\$ 952.07</u>	<u>\$ 48,778,701.52</u>

During the fiscal year ended June 30, 2012, the following changes in Property, Plant and Equipment occurred:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Land	\$ 5,332,318.00			\$ 5,332,318.00
Buildings & Improvements	55,269,304.76	\$ 298,767.43	\$ 64,905.90	55,503,166.29
Infrastructure	92,732,490.84	1,367,442.81		94,099,933.65
Fixed Equipment	6,734,785.88	774,564.84	44,313.10	7,465,037.62
Equipment	1,643,144.22	2,769.95	23,860.90	1,622,053.27
Vehicles	1,790,958.82			1,790,958.82
	<u>163,503,002.52</u>	<u>2,443,545.03</u>	<u>133,079.90</u>	<u>165,813,467.65</u>
Depreciation	<u>114,665,164.00</u>	<u>3,604,977.67</u>	<u>133,079.90</u>	<u>118,137,061.77</u>
	<u>\$ 48,837,838.52</u>	<u>(\$ 1,161,432.64)</u>	<u>\$ -</u>	<u>\$ 47,676,405.88</u>

Note 4: DETAIL NOTES - LIABILITIES**Compensated Absences**

Authority employees hired prior to August 1, 1994 are entitled to fifteen paid sick leave days each year. Employees with an employment date subsequent to August 1, 1994 are entitled to twelve sick leave days each year. Unused sick leave earned during a calendar year may be accumulated, and carried forward to subsequent years or may be sold back to the Authority at one half the value of all unused sick leave days being bought back. In the event of separation, the Authority shall buy back all accumulated and unused sick leave at 100% of the employees' current salary rate with payment capped at \$15,000, except if the employee was terminated for cause, in which event the employee shall not be entitled to any sick leave buy back. Vacation days not used during the year may not be accumulated and carried forward. However, if special circumstances arise, the Executive Director may approve a carryover of vacation days into the subsequent year. The accrued liability for accumulated sick leave and vacation time at June 30, 2013 is estimated at \$416,882.03 and at June 30, 2012 is estimated at \$467,611.21.

Retirement System

The Authority contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. In addition, one Authority employee participates in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This too is administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Public Employees' Retirement System - The PERS was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Authority is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Group Life Insurance</u>	<u>Paid by Authority</u>
2013	\$85,053.00	\$203,365.00	\$288,418.00	\$17,166.00	\$305,584.00
2012	89,337.00	178,673.00	268,010.00	17,075.00	285,085.00
2011	103,998.00	165,714.00	269,712.00	20,485.00	290,197.00

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Retirement System (Cont'd)**

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Authority's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The Authority had no employees enrolled in this plan for the year ending June 30, 2013.

Post-employment Benefits

Plan Description - The Authority contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan, administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2011, the Authority authorized participation in the SHBP's post-retirement benefit program. The Authority provides postemployment health care benefits, at its cost, to one Authority retiree. Benefits provided include health insurance, dental coverage, and prescription coverage for the retiree and his spouse only during the retired employee's life.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/.

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums the Authority's retiree in the SHBP is billed to the Authority on a monthly basis. The Authority funds these benefits on a pay-as-you-go basis and, therefore, does not record accrued expenses related to these benefits.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Lease Obligations**

At June 30, 2013, the Authority had lease agreements in effect for a mail machine, folding machine and copy machines.

Future minimum rental payments under operating lease agreements are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2013	\$ 4,826.40

Rental payments under operating leases for the year ended June 30, 2013 were \$ 6,527.16.

The Authority's administration office is located in the Evesham Township Municipal Complex. The Authority previously paid the Township \$300,000.00 for office space for twenty years. In March 2004, in accordance with amendments to the rental agreement, the Authority paid the Township an additional \$150,847.89 for office space extending the lease to thirty years. In August 2004, the Authority paid the Township \$247,824.00 extending the lease for an additional ten years to June 30, 2038. The Authority has recorded a prepaid expense on its balance sheet and will apply the prepayment to subsequent years budgets over a period of forty years. The Authority's total rental expense for fiscal years 2013 and 2012 was \$24,921.32, including \$18,394.16 for 2013 and \$17,518.25 for 2012 of the prepaid amount that was applied expense.

Revenue Bonds Payable**2002 Series A**

The 2002 Series A Revenue Bonds in the original amount of \$14,940,000.00 were issued by the Authority on November 19, 2002 pursuant to the 2002 Supplemental Bond Resolution. The Bonds carry interest rates ranging from 2.00% to 5.00%.

Proceeds from the 2002 Bonds were used to advance refund \$325,000.00 outstanding 1990 Series A bonds, \$480,000.00 outstanding 1990 Series C bonds, \$10,000,000.00 outstanding 1993 Series B bonds and \$3,850,000.00 Series 1995 Series A bonds and to pay certain costs of the issuance of the 2002 Bonds, including the premium for a municipal bond insurance policy.

2003 Series A

The 2003 Series A Revenue Bonds in the original amount of \$12,160,000.00 were issued by the Authority on April 8, 2003 pursuant to the 2003 Supplemental Bond Resolution. The Bonds carry interest rates ranging from 5.00% to 5.125%.

Proceeds from the 2003 Bonds were used to advance refund \$12,375,000.00 outstanding 1993 Series A bonds and to pay certain costs of the issuance of the 2003 Bonds, including the premium for a municipal bond insurance policy.

2004 Series A

The 2004 Series A Revenue Bonds in the original amount of \$4,435,000.00 were issued by the Authority on March 1, 2004 pursuant to the 2004 Supplemental Bond Resolution. The Bonds carry interest rates ranging from 1.10% to 4.15%.

Proceeds from the 2004 Bonds were used to refund \$715,000.00 outstanding 1995 Series A bonds and \$3,310,000.00 Series 1996 Series A bonds and to pay certain costs of the issuance of the 2004 Bonds, including the premium for a municipal bond insurance policy.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Revenue Bonds Payable (Cont'd)****2011 Series A**

The 2011 Series A Revenue Bonds in the original amount of \$3,655,000.00 were issued by the Authority on November 16, 2011 pursuant to the 2011 Supplemental Bond Resolution. The Bonds carry interest rates ranging from 1.75% to 5.00%.

Proceeds from the 2011 Bonds were used to finance the acquisition, construction, renovation, and/or installation of an infrastructure project consisting of the rehabilitation of a sewerage pump station and the replacement and reconstruction of sewer mains and related improvements, make a deposit to the Bond Reserve Fund and to pay costs of issuing the 2011 Bonds.

2012 Series A

The 2012 Series A Revenue Bonds in the original amount of \$18,865,000.00 were issued by the Authority on April 4, 2012 pursuant to the 2012 Supplemental Bond Resolution. The Bonds carry interest rates ranging from 2.00% to 4.00%.

Proceeds from the 2012 Bonds were used to refund \$13,065,000.00 outstanding 2002 Series A bonds and \$7,335,000.00 Series 2003 Series A bonds and to pay costs of issuing the 2012 Bonds.

Debt Service

A summary of maturities on the 2002, 2003, 2004, 2011 and 2012 Revenue Bonds Payable at June 30, 2013 is as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Interest</u> <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	3.60 to 5.125	\$ 2,870,000.00	\$ 793,010.00	\$ 3,663,010.00
2015	3.60 to 5.125	3,090,000.00	701,102.50	3,791,102.50
2016	4.15 to 5.125	3,190,000.00	608,963.75	3,798,963.75
2017	4.15 to 5.000	3,555,000.00	494,787.50	4,049,787.50
2018	4.15 to 4.000	3,695,000.00	351,827.50	4,046,827.50
2019 to 2023	4.15 to 5.000	6,975,000.00	525,930.00	7,500,930.00
2024 to 2027	4.15 to 4.650	<u>445,000.00</u>	<u>42,925.00</u>	<u>478,925.00</u>
		23,820,000.00	<u>\$3,518,546.25</u>	<u>\$27,338,546.25</u>
Less: Current Maturities		2,870,000.00		
Premium/ Discount on Bonds		<u>(1,345,909.71)</u>		
Long-term Portion		<u>\$22,295,909.71</u>		

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**New Jersey Environmental Infrastructure Trust**

In November 2006, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$5,695,000.00 from the Trust and a \$5,699,574.00 from the Fund. The loan proceeds are being used to fund the Kings Grant Sewer Treatment Plant rehabilitation project. As of June 30, 2013, the Authority has drawn all of these funds.

The Fund Loan is a non-interest bearing loan with the first semi-annual principal payment paid July 1, 2007. The Trust Loan carries rates from 4.00% to 5.00%. Both loans have a final maturity of July 1, 2026.

In November 2008, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$1,325,000.00 from the Trust and a \$1,307,340.00 from the Fund. The loan proceeds are being used to fund the Kings Grant Sewer Treatment Plant rehabilitation project. As of June 30, 2013, the Authority has drawn all of these funds.

The Fund Loan is a non-interest bearing loan with the first semi-annual principal payment paid July 1, 2009. The Trust Loan carries rates from 5.00% to 5.50%. Both loans have a final maturity of July 1, 2028.

In November 2009, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$830,588.00 from the Fund and a \$270,000.00 from the Trust. A portion of the Fund loan principal totaling \$553,725.00 was funded by American Recovery Reinvestment Act proceeds and subsequently forgiven. As a result, the Authority is only liable for \$276,863.00 of the Fund loan. The loan proceeds are being used to fund the Kings Grant Infiltration Basin project. As of June 30, 2013, the Authority has drawn \$1,093,078.60 of these funds.

The balance of \$7,509.40 of loan proceeds recorded as a receivable on Exhibit A consists of 2010 proceeds that will be applied to future debt.

The following schedule reflects the Debt Service Requirements for the Authority's N.J.E.I.T. Loans until 2030.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 672,387.05	\$ 267,281.26	\$ 939,668.31
2015	682,708.47	251,781.26	934,489.73
2016	702,736.66	235,531.26	938,267.92
2017	725,016.08	218,281.26	943,297.34
2018	736,191.03	201,631.26	937,822.29
2019	759,242.83	185,656.26	944,899.09
2020	768,538.49	169,050.01	937,588.50
2021	787,847.13	151,643.76	939,490.89
2022	801,638.48	133,240.63	934,879.11
2023	822,861.21	113,912.50	936,773.71
2024	838,141.05	93,518.75	931,659.80
2025	856,951.78	70,875.00	927,826.78
2026	883,542.67	47,437.50	930,980.17
2027	864,138.60	24,312.50	888,451.10
2028	134,077.77	9,550.00	143,627.77
2029	139,077.77	3,625.00	142,702.77
2030	<u>24,385.37</u>	<u>300.00</u>	<u>24,685.37</u>
	11,199,482.44	<u>\$ 2,177,628.21</u>	<u>\$ 13,377,110.65</u>
Current Portion	<u>672,387.05</u>		
Long Term	<u>\$10,527,095.39</u>		

Note 5: DETAIL NOTES – DEFERRED INFLOWS OF RESOURCES**Unearned Revenue**Connection Fees

The Authority receives payments for connection fees when new users connect to the water and/or sewer system. The Authority does not supply the user with supplies or services to make the physical connection and is therefore considered a non-exchange transaction. The Authority recognizes the revenue in the period that the user exercises their right to connect to the system.

Note 6: DETAIL NOTES – NET POSITION**Net Position Appropriated**

The Authority ended the fiscal year with unrestricted Net Position totaling \$14,660,371.83. Of that amount, \$425,016.00 has been appropriated and included as support in the sewer utility operating budget, \$950,000.00 in the sewer utility capital budget and \$269,365.00 in the water utility operating budget and none in the water utility capital budget for the fiscal year ending June 30, 2014.

Note 7: DEVELOPERS' PERFORMANCE DEPOSITS

The Authority has accepted cash deposits for several construction projects in lieu of performance bonds. Performance bonds and deposits are required by the Authority to insure the proper completion of a project. If a project is not completed to the satisfaction of the Authority, this money or bond will be used to pay for the corrections needed to meet the Authority's requirements. The Authority has established individual bank accounts for each developer's deposit. The accounts are in the name of the developer and the Authority. The Authority has no right to the deposits or interest earned until the time of developer default. Therefore, the Authority does not record the deposits in its financial statements. The total amount of performance deposits at June 30, 2013 and 2012 were \$72,216.12 and \$14,165.00, respectively.

Note 8: SERVICE AGREEMENTS**Intergovernmental**

In April 1989, the Authority entered into a five year renewable agreement with the Municipal Utilities Authorities of Willingboro and Mount Laurel. The agreement was renewed in April 1994 for an additional period of five years and has been extended by mutual agreement. The agreement details the purchase of water by the Mount Laurel M.U.A. from the Willingboro M.U.A. and the subsequent resale of water by Mount Laurel to the Evesham M.U.A. Evesham M.U.A. is required to purchase a minimum of 50% of the quarterly gallons purchased by the Mount Laurel M.U.A., subject to certain daily requirements, if such water is available. Pursuant to the agreement, the Mount Laurel M.U.A. has title to all interconnection assets and is responsible for their maintenance, except for any extraordinary repair costs for certain defined areas of the interconnection system which would be shared equally with Evesham M.U.A. The payments for water purchases are deemed to be an operating expense to the Evesham M.U.A. and are appropriately charged to the Authority's budget. The amount paid to Mount Laurel M.U.A. for fiscal year 2013 was \$265,177.51 and for fiscal year 2012 was \$166,818.76.

Note 8: SERVICE AGREEMENTS (CONT'D)**Other Service Agreements**

In June 2000, the Authority entered into a ten year renewable agreement with New Jersey American Water Company, Inc. (NJAWC) for the supply, delivery and purchase of water. The agreement stipulates that for the initial term ending December 31, 2001, the Authority must purchase 850,000 gallons per day. The purchase requirement remained unchanged until February 1, 2002, when the minimum amount was increased to 1,000,000 gallons per day. The agreement automatically renews for two successive ten year terms unless the Authority has received final approval from the NJ Department of Environmental Protection for a new source of supply plan naming an alternative supply source other than NJAWC and the Authority provides NJAWC with written notice of termination not later than one year prior to the end of the current term. If the notice of termination is delivered, the Authority's minimum purchase amount would be decreased 20% in each year of the next successive five years. The Authority paid the NJAWC \$1,171,244.23 during the fiscal year 2013 and \$1,131,034.81 during the fiscal year 2012.

Note 9: COMMITMENTS AND CONTINGENCIES**Construction Contracts**

The Authority had several outstanding construction project as of June 30, 2013. This project is evidenced by a contractual commitment with a contractor and includes:

<u>Project</u>	<u>Awarded</u>	<u>Commitment Remaining</u>
Sewer Replacement Program	\$ 1,272,983.43	\$ 1,630.61
Sludge Pump Replacement at Elmwood	191,280.00	2,768.50
Odor Control System for Westerly Drive Lift Station	53,095.00	47,785.50
Well #14	64,400.00	64,400.00
Well Sealing Program	61,889.00	61,889.00
New World Pump Station	1,234,000.00	990,765.19
Environmental Lab Testing	34,920.00	34,920.00
Solid Waste Collection Feasibility Study	<u>35,800.00</u>	<u>28,821.00</u>
	<u>\$ 2,948,367.43</u>	<u>\$ 1,232,979.80</u>

Note 10: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded coverage for the past several years.

Note 11: LITIGATION

The Authority is a defendant in several other legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Authority, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 12: CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLE**GASB 63**

During fiscal year ending June 30, 2013 there was a change in accounting principles as a result of GASB Statement 63 Items Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Summary Statement of Net Position
As of June 30, 2012

	Previously Reported	Prior Period Adjustment	Restated
Assets			
Current Assets	\$ 25,532,837.65		\$ 25,532,837.65
Non Current Assets:			
Construction in Progress	3,484,710.64		3,484,710.64
Plant Property & Equipment	47,676,405.88		47,676,405.88
Debt Issue Costs	359,991.14	\$ (359,991.14)	-
Total Assets	77,053,945.31	(359,991.14)	76,693,954.17
Deferred Outflows of Resources			
Deferred Loss on Refunding of Bonds	-	549,851.89	549,851.89
Liabilities			
Current Liabilities	5,341,982.86	(291,654.68)	5,050,328.18
Noncurrent Liabilities			
Revenue Bonds Payable	24,806,512.12	549,851.89	25,356,364.01
N.J.E.I.T. Loans Payable	11,199,482.44		11,199,482.44
Other Non Current Liabilities	428,685.99		428,685.99
Total Liabilities	41,776,663.41	258,197.21	42,034,860.62
Deferred Inflows of Resources			
Deferred Revenue	-	291,654.68	291,654.68
Net Position			
Net Investment in			
Capital Assets	11,983,261.54		11,983,261.54
Restricted	8,560,627.42		8,560,627.42
Unrestricted	14,733,392.94	(359,991.14)	14,373,401.80
Total Net Position	\$ 35,277,281.90	\$ (359,991.14)	\$ 34,917,290.76

Note 12: CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLE (CONT'D)**GASB 65**

During fiscal year ending June 30, 2013 there was a change in accounting principles as a result of GASB Statement 65 Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement 65 is retroactive to prior reporting periods. The adjustment is detailed below.

Summary Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2012

	Previously Reported	Prior Period Adjustment	Restated
Operating Revenues	\$ 16,687,221.42		\$ 16,687,221.42
Operating Expenses	13,139,517.78		13,139,517.78
Non-Operating Expenses			
Bond Issue Costs	(64,744.30)	\$ 64,744.30	-
Other Non-Operating Expenses	(1,827,919.76)	(89,991.38)	(1,917,911.14)
Contributions	38,615.00		38,615.00
Change in Net Position	1,693,654.58	(25,247.08)	1,668,407.50
Net Position July 1	33,583,627.32	(334,744.06)	33,248,883.26
Net Position June 31	\$ 35,277,281.90	\$ (359,991.14)	\$ 34,917,290.76

SUPPLEMENTAL SCHEDULES

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Statement of Net Position by Department
As of June 30, 2013

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current Unrestricted Assets:			
Revenue/Operating Account:			
Cash and Cash Equivalents		\$ 1,216,488.91	\$ 1,216,488.91
Investments		2,181,623.77	2,181,623.77
Accrued Interest Receivable	\$ 2,224.46	4,131.14	6,355.60
General Account:			
Cash and Cash Equivalents	32,522.30	6,476,303.93	6,508,826.23
Investments		1,907,169.06	1,907,169.06
Accrued Interest Receivable	1,576.79	2,928.32	4,505.11
Due from New Jersey Environmental Infrastructure Trust		7,509.40	7,509.40
Consumer Accounts Receivable	392,009.63	766,838.44	1,158,848.07
Other Accounts Receivable	9,168.76	41,941.75	51,110.51
Prepaid Expenses	338,485.61	659,497.06	997,982.67
Total Unrestricted Assets	<u>775,987.55</u>	<u>13,264,431.78</u>	<u>14,040,419.33</u>
Non- Current Assets:			
Restricted Assets:			
Debt Service Account:			
Cash and Cash Equivalents		4,110,695.23	4,110,695.23
Accrued Interest Receivable	2,956.17	5,490.02	8,446.19
Debt Service Reserve Account:			
Cash and Cash Equivalents		176,921.54	176,921.54
Investments	600,175.34	3,643,217.05	4,243,392.39
Accrued Interest Receivable	4,527.20	8,407.66	12,934.86
Renewal and Replacement Account:			
Cash and Cash Equivalents	100,000.00	900,000.00	1,000,000.00
Investments		557,550.50	557,550.50
Accrued Interest Receivable	729.17	1,354.16	2,083.33
Construction Account:			
Cash and Cash Equivalents		635,956.69	635,956.69
Other Accounts:			
Cash and Cash Equivalents	359,841.59	826,253.71	1,186,095.30
Interfund Loan	3,000,000.00		3,000,000.00
Total Restricted Assets	<u>4,068,229.46</u>	<u>10,865,846.57</u>	<u>14,934,076.03</u>
Property, Plant and Equipment:			
Construction in Progress	2,515,151.17	574,961.45	3,090,112.62
Completed (Net of Accumulated Depreciation)	13,788,446.91	34,990,254.61	48,778,701.52
Total Property, Plant and Equipment	<u>16,303,598.08</u>	<u>35,565,216.06</u>	<u>51,868,814.14</u>
Total Assets	<u>21,147,815.09</u>	<u>59,695,494.41</u>	<u>80,843,309.50</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Refunding of Bonds	84,320.98	292,302.30	376,623.28

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Statement of Net Position by Department
As of June 30, 2013

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
LIABILITIES			
Current Liabilities Payable from Unrestricted Assets:			
Accounts Payable--Operations	\$ 290,862.55	\$ 238,131.45	\$ 528,994.00
Prepaid Rental Charges	24,452.72	24,452.72	48,905.44
	<hr/>		
Total Current Liabilities Payable from Unrestricted Assets	315,315.27	262,584.17	577,899.44
	<hr/>		
Current Liabilities Payable from Restricted Assets:			
Revenue Bonds Payable--Current Portion New Jersey Environmental Infrastructure	659,778.00	2,210,222.00	2,870,000.00
Loan Payable--Current Portion		672,387.05	672,387.05
Accrued Bond Interest Payable	90,811.68	465,115.20	555,926.88
Litigation Payable	96,250.00	178,750.00	275,000.00
Escrow Deposits		69,558.51	69,558.51
	<hr/>		
Total Current Liabilities Payable from Restricted Assets	846,839.68	3,596,032.76	4,442,872.44
	<hr/>		
Long-term Liabilities:			
Revenue Bonds Payable	4,877,945.47	17,417,964.24	22,295,909.71
New Jersey Environmental Infrastructure Loan Payable		10,527,095.39	10,527,095.39
Interfund Loan		3,000,000.00	3,000,000.00
Compensated Absences	164,580.37	252,301.66	416,882.03
	<hr/>		
Total Long-term Liabilities	5,042,525.84	31,197,361.29	36,239,887.13
	<hr/>		
Total Liabilities	6,204,680.79	35,055,978.22	41,260,659.01
	<hr/>		
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	239,877.80	533,905.30	773,783.10
	<hr/>		
NET POSITION			
Restricted for:			
Bond Covenants:			
Debt Service Reserve Requirement	972,007.94	3,367,313.23	4,339,321.17
System Reserve Requirement	525,000.00	975,000.00	1,500,000.00
Operating Requirement	1,212,804.00	1,585,439.00	2,798,243.00
Net Investment in Capital Assets	10,850,195.59	5,037,359.08	15,887,554.67
Unrestricted	1,227,569.95	13,432,801.88	14,660,371.83
	<hr/>		
Total Net Position	\$ 14,787,577.48	\$ 24,397,913.19	\$ 39,185,490.67
	<hr/> <hr/>		

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenues, Expenses and Changes in Net Position by Department
 For the Fiscal Year Ended June 30, 2013

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues:			
Service Charges	\$ 5,091,118.16	\$ 10,259,418.57	\$ 15,350,536.73
Connection Fees	185,824.28	665,675.76	851,500.04
Miscellaneous Charges	962,745.46	158,504.47	1,121,249.93
Total Operating Revenues	6,239,687.90	11,083,598.80	17,323,286.70
Operating Expenses:			
Administrative Expenses:			
Salaries and Wages	153,542.00	153,541.71	307,083.71
Fringe Benefits	50,967.12	41,348.36	92,315.48
Other	230,547.37	300,401.10	530,948.47
	435,056.49	495,291.17	930,347.66
Cost of Service:			
Salaries and Wages	938,594.82	1,591,918.86	2,530,513.68
Fringe Benefits	414,655.22	727,559.15	1,142,214.37
Other	2,262,745.37	2,123,547.04	4,386,292.41
	3,615,995.41	4,443,025.05	8,059,020.46
Major Repairs and Other Expenses	143,124.70	532,182.97	675,307.67
Additional Prior Year Orders	22,297.46	22,297.46	44,594.92
Depreciation	1,214,151.99	2,107,677.84	3,321,829.83
Total Operating Expenses	5,430,626.05	7,600,474.49	13,031,100.54
Operating Income	809,061.85	3,483,124.31	4,292,186.16
Non-operating Revenue (Expenses):			
Interest Revenue:			
Investment Income	106,967.72	198,654.35	305,622.07
Change in Fair Value of Investments	(161,396.06)	(299,735.53)	(461,131.59)
	(54,428.33)	(101,081.19)	(155,509.52)
Municipal Appropriation	(276,933.00)	(435,225.00)	(712,158.00)
Bond Interest	(200,306.38)	(1,029,128.35)	(1,229,434.73)
Loss on Disposal of Property, Plant & Equipment	(952.07)		(952.07)
Cancellation of Accrued Interest Payable	139,389.94	368,587.43	507,977.37
Settlement of Litigation	(96,250.00)	(178,750.00)	(275,000.00)
Interfund Loan	(300,000.00)	300,000.00	
Total Non-Operating Revenues (Expenses)	(789,479.84)	(1,075,597.11)	(1,865,076.95)
Income Before Contributions (Carried Forward)	19,582.01	2,407,527.20	2,427,109.21

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenues, Expenses and Changes in Net Position by Department
 For the Fiscal Year Ended June 30, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Income Before Contributions (Brought Forward)	\$ 19,582.01	\$ 2,407,527.20	\$ 2,427,109.21
Contributions:			
Developers	644,381.75	1,196,708.96	1,841,090.70
Change in Net Position	663,963.75	3,604,236.16	4,268,199.91
Net Position - Beginning - Before Cumulative Effects of Changes in Accounting Principles	14,172,072.32	21,105,209.58	35,277,281.90
Cumulative Effects of Changes in Accounting Principles (See Note 12)	(48,458.59)	(311,532.55)	(359,991.14)
Net Position - Beginning - As Adjusted for Cumulative Effects of Changes in Accounting Principles	14,123,613.73	20,793,677.03	34,917,290.76
Net Position, End of Year:			
Restricted	\$ 2,709,811.94	\$ 5,927,752.23	\$ 8,637,564.17
Unrestricted	\$ 1,227,569.95	\$ 13,432,801.88	\$ 14,660,371.83
Net Investment in Capital Asset:	\$ 10,850,195.59	\$ 5,037,359.08	\$ 15,887,554.67

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments
 For the Fiscal Year Ended June 30, 2013

	Revenue/Operating Accounts	General	Restricted				Planning Escrow	Connection Fee	Total
			Bond Reserve	Bond Service	Renewal and Replacement	Construction			
Cash, Cash Equivalents and Investments July 1, 2012	\$ 3,351,276.01	\$ 6,633,518.25	\$ 4,572,755.25	\$ 3,963,232.48	\$ 1,591,918.65	\$ 2,358,119.57	\$ 81,895.48	\$ 596,911.38	\$ 23,149,627.07
Receipts:									
User Charges and Fees:									
Water	5,060,149.43								5,060,149.43
Sewer	10,285,758.27								10,285,758.27
Connection Fee Deposits:									
Water	169,909.88							332,484.12	502,394.00
Sewer	625,215.76							1,001,144.34	1,626,360.10
Miscellaneous Revenue Receivable:									
Water	958,465.46								958,465.46
Sewer	158,504.47								158,504.47
Prepaid Rents:									
Water	24,452.72								24,452.72
Sewer	24,452.72								24,452.72
Other Accounts Receivable	4,789.93								4,789.93
N.J.Environmental Infrastructure Loans Receivable				100,626.67					100,626.67
Payroll Deductions Payable	1,259,140.75								1,259,140.75
Planning Escrow Deposits							111,674.74		111,674.74
Investment Income	81,914.47	23,261.95	151,502.26	6,277.00	27,225.75	82.39			290,263.82
Transfers In	191,378.97	4,395,856.68	65,172.36	4,682,164.36	472,169.35		93.43	4,867.39	9,811,702.54
Total Cash and Investments Available	22,195,408.84	11,052,636.88	4,789,429.87	8,752,300.51	2,091,313.75	2,358,201.96	193,663.65	1,935,407.23	53,368,362.69
Disbursements:									
Budgetary Expenses:									
Water	3,584,154.55								3,584,154.55
Sewer	4,418,242.38								4,418,242.38
Payroll Deductions Payable	1,252,867.94								1,252,867.94
Prepaid Expenses	492,284.68								492,284.68
Accounts Payable	465,765.84								465,765.84
Municipal Appropriation	712,158.00								712,158.00
Bond Principal				2,975,000.00					2,975,000.00
Loan Principal				664,987.63					664,987.63
Bond and Loan Interest				1,001,617.65					1,001,617.65
Transfers Out	7,755,198.61	7,401.14	155,901.30		294,933.50	1,597,417.21	115.55	735.23	9,811,702.54
Capital Outlays:									
Expensed		346,018.01			204,461.60	124,828.06			675,307.67
Construction in Progress		1,658,588.66							1,658,588.66
Fixed Assets		530,800.16							530,800.16
Adjust Investments to Fair Value	116,624.16	93,833.62	213,214.64		34,368.15			3,091.02	461,131.59

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments
 For the Fiscal Year Ended June 30, 2013

	Revenue/Operating Accounts	General	Restricted				Planning Escrow	Connection Fee	Total
			Bond Reserve	Bond Service	Renewal and Replacement	Construction			
Disbursements (Cont'd):									
Expenditures for Planning Escrow Due to Unrestricted Funds							\$ 123,984.14		\$ 123,984.14
								\$ 815,049.64	815,049.64
Total Disbursements	\$ 18,797,296.16	\$ 2,636,641.59	\$ 369,115.94	\$ 4,641,605.28	\$ 533,763.25	\$ 1,722,245.27	124,099.69	818,875.89	29,643,643.07
Cash, Cash Equivalents and Investments June 30, 2013	\$ 3,398,112.68	\$ 8,415,995.29	\$ 4,420,313.93	\$ 4,110,695.23	\$ 1,557,550.50	\$ 635,956.69	\$ 69,563.96	\$ 1,116,531.34	\$ 23,724,719.62
<u>Analysis of Balance June 30, 2013</u>									
Cash and Cash Equivalents	\$ 1,216,488.91	\$ 6,508,826.23	\$ 176,921.54	\$ 4,110,695.23	\$ 1,000,000.00	\$ 635,956.69	\$ 69,563.96	\$ 1,116,531.34	\$ 14,834,983.90
Investments:									
F.N.M.A. Notes	734,380.49		1,450,012.30						2,184,392.79
F.N.M.A. Pool	177,315.17	638,932.26	284,676.68						1,100,924.11
F.H.L.M.C.	522,763.51		287,519.92						810,283.43
Freddie Mac		650,907.66	139,480.21						790,387.87
GNMA Remic	747,164.60	58,552.74	2,074,615.93						2,880,333.27
GNMA Pool		558,776.40	7,087.35						565,863.75
GNMA Bonds					557,550.50				557,550.50
	\$ 3,398,112.68	\$ 8,415,995.29	\$ 4,420,313.93	\$ 4,110,695.23	\$ 1,557,550.50	\$ 635,956.69	\$ 69,563.96	\$ 1,116,531.34	\$ 23,724,719.62

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of Water Anticipated Revenues, Operating Appropriations
 Principal Payments and Non-operating Appropriations Compared to Budget--Non-GAAP (Budgetary) Basis
 For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>2012-13 Actual</u>	<u>Favorable (Unfavorable)</u>
Anticipated Revenues:			
Service Charges	\$ 4,545,761.00	\$ 5,091,118.16	\$ 545,357.16
Connection Fees	160,000.00	185,824.28	25,824.28
Miscellaneous	750,000.00	962,745.46	212,745.46
Total Operating Revenues	5,455,761.00	6,239,687.90	783,926.90
Other Budget Revenues:			
Investment Income	150,000.00	106,967.72	(43,032.28)
Change in Fair Value of Investments		(161,396.06)	(161,396.06)
	150,000.00	(54,428.33)	(204,428.33)
Total Anticipated Revenues	5,605,761.00	6,185,259.56	579,498.56
Operating Appropriations:			
Administrative:			
Salaries and Wages	190,300.00	153,542.00	36,758.00
Fringe Benefits	66,400.00	50,967.12	15,432.88
Trustee Fees	10,000.00	8,724.20	1,275.80
Audit Fees	32,500.00	25,956.00	6,544.00
Legal Fees	81,300.00	55,648.29	25,651.71
Engineer Fees	40,000.00	16,428.92	23,571.08
Office Expenses	113,900.00	107,765.83	6,134.17
Financial/Insurance Consultant	15,000.00	6,250.01	8,749.99
Dues and Meetings	12,000.00	4,143.79	7,856.21
Education and Training	6,000.00	5,630.33	369.67
Total Administrative Expenses	567,400.00	435,056.49	132,343.51
Cost of Service			
Salaries and Wages	1,016,260.00	938,594.82	77,665.18
Fringe Benefits	499,300.00	414,655.22	84,644.78
Electric and Utilities	420,000.00	367,069.14	52,930.86
Insurance	121,500.00	118,230.16	3,269.84
Vehicle Expense	51,350.00	28,474.13	22,875.87
Vehicle Repairs	26,100.00	22,557.16	3,542.84
Parts and Supplies	80,000.00	74,740.87	5,259.13
Chemicals	77,500.00	52,632.62	24,867.38
Repairs and Maintenance	85,000.00	52,777.75	32,222.25
Telephone and Communications	33,000.00	37,144.26	(4,144.26)
Well Testing	12,000.00	8,765.00	3,235.00
Bulk Water Purchases	1,649,850.00	1,436,421.74	213,428.26
Uniforms and Safety Equipment	18,558.00	8,139.19	10,418.81
Dues and Meetings	2,000.00	1,809.70	190.30
Education and Training	6,500.00	4,412.84	2,087.16

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of Water Anticipated Revenues, Operating Appropriations
 Principal Payments and Non-operating Appropriations Compared to Budget--Non-GAAP (Budgetary) Basis
 For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>2012-13 Actual</u>	<u>Favorable (Unfavorable)</u>
Operating Appropriations (Cont'd):			
Cost of Service			
State Fees	\$ 40,000.00	\$ 34,685.26	\$ 5,314.74
Public Information	13,810.00	12,487.53	1,322.47
One Call/Public Relations	7,400.00	2,398.02	5,001.98
	<hr/>	<hr/>	<hr/>
Total Cost of Service	4,160,128.00	3,615,995.41	544,132.59
	<hr/>	<hr/>	<hr/>
Principal Payments on Debt Service in Lieu of Depreciation	659,778.00	848,850.00	(189,072.00)
	<hr/>	<hr/>	<hr/>
	5,387,306.00	4,899,901.90	487,404.10
Non-Operating Appropriations:			
Interest on Bonds	218,455.00	218,452.54	2.46
Municipal Appropriation	276,933.00	276,933.00	
	<hr/>	<hr/>	<hr/>
Total Operating, Principal Payments and Non-Operating Appropriations	5,882,694.00	5,395,287.44	487,406.56
	<hr/>	<hr/>	<hr/>
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	\$ (276,933.00)	\$ 789,972.12	\$ 1,066,905.12
	<hr/>	<hr/>	<hr/>
<u>Reconciliation to Operating Income</u>			
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations			\$ 1,066,905.12
Add:			
Bond Principal		\$ 848,850.00	
Bond Interest		218,452.54	
		<hr/>	<hr/>
			1,067,302.54
			<hr/>
			2,134,207.66
Less:			
Investment Income		(54,428.33)	
Depreciation		1,214,151.99	
Major Repairs and Replacements		143,124.70	
		<hr/>	<hr/>
			1,302,848.36
			<hr/>
Operating Income (Schedule 2)			\$ 831,359.31
			<hr/>

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of Sewer Anticipated Revenues, Operating Appropriations
 Principal Payments and Non-operating Appropriations Compared to Budget--Non-GAAP (Budgetary) Basis
 For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>2012-13 Actual</u>	<u>Favorable (Unfavorable)</u>
Anticipated Revenues:			
Service Charges	\$ 9,577,030.00	\$ 10,259,418.57	\$ 682,388.57
Connection Fees	150,000.00	665,675.76	515,675.76
Miscellaneous	66,500.00	158,504.47	92,004.47
Total Operating Revenues	9,793,530.00	11,083,598.80	1,290,068.80
Other Budget Revenues:			
Investment Income	275,000.00	198,654.35	(76,345.65)
Change in Fair Value of Investments		(299,735.53)	(299,735.53)
	<u>275,000.00</u>	<u>(101,081.19)</u>	<u>(376,081.19)</u>
Total Anticipated Revenues	10,068,530.00	10,982,517.62	913,987.62
Operating Appropriations:			
Administrative:			
Salaries and Wages	190,300.00	153,541.71	36,758.29
Fringe Benefits	55,400.00	41,348.36	14,051.64
Trustee Fees	35,000.00	45,682.33	(10,682.33)
Audit Fees	32,500.00	25,956.00	6,544.00
Legal Fees	81,300.00	55,423.27	25,876.73
Engineer Fees	55,000.00	42,207.89	12,792.11
Office Expenses	113,900.00	117,187.49	(3,287.49)
Financial/Insurance Consultant	19,500.00	6,249.99	13,250.01
Dues and Meetings	12,000.00	3,327.66	8,672.34
Education and Training	6,000.00	4,366.47	1,633.53
Total Administrative Expenses	600,900.00	495,291.17	105,608.83
Cost of Service:			
Salaries and Wages	1,921,640.00	1,591,918.86	329,721.14
Fringe Benefits	922,550.00	727,559.15	194,990.85
Electric and Utilities	1,015,000.00	810,060.21	204,939.79
Insurance	121,500.00	118,230.14	3,269.86
Vehicle Expense	146,800.00	72,818.01	73,981.99
Vehicle Repairs	60,900.00	41,176.37	19,723.63
Parts and Supplies	95,800.00	81,405.09	14,394.91
Chemicals	342,000.00	202,861.41	139,138.59
Repairs and Maintenance	149,000.00	154,497.42	(5,497.42)
Telephone and Communications	80,000.00	82,074.90	(2,074.90)
Wastewater Testing	25,000.00	9,019.00	15,981.00
Sludge Removal	540,000.00	455,735.75	84,264.25
Uniforms and Safety Equipment	38,298.00	22,589.29	15,708.71

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of Sewer Anticipated Revenues, Operating Appropriations
 Principal Payments and Non-operating Appropriations Compared to Budget--Non-GAAP (Budgetary) Basis
 For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	2012-13 <u>Actual</u>	Favorable (Unfavorable)
Operating Expenses (Cont'd):			
Cost of Service:			
Dues and Meetings	\$ 2,250.00	\$ 2,319.30	\$ (69.30)
Education and Training	10,500.00	8,475.90	2,024.10
State Fees	50,000.00	37,421.22	12,578.78
Public Information	18,760.00	11,400.89	7,359.11
One Call/Public Relations	16,800.00	13,462.14	3,337.86
Total Cost of Service	<u>5,556,798.00</u>	<u>4,443,025.05</u>	<u>1,113,772.95</u>
Principal Payments on Debt Service in Lieu of Depreciation	<u>2,882,617.00</u>	<u>2,791,137.63</u>	<u>91,479.37</u>
	9,040,315.00	7,729,453.85	1,310,861.15
Non-Operating Appropriations:			
Interest on Bonds	1,028,215.00	1,028,207.88	7.12
Municipal Appropriation	<u>435,224.00</u>	<u>435,225.00</u>	<u>(1.00)</u>
Total Operating, Principal Payments and Non-Operating Appropriations	<u>10,503,754.00</u>	<u>9,192,886.73</u>	<u>1,310,867.27</u>
Excess in Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	<u>\$ (435,224.00)</u>	<u>\$ 1,789,630.89</u>	<u>\$ 2,224,854.89</u>
<u>Reconciliation to Operating Income</u>			
Excess in Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations			\$ 2,224,854.89
Add:			
Bond Principal		\$ 2,791,137.63	
Bond Interest		<u>1,028,207.88</u>	
			<u>3,819,345.51</u>
			6,044,200.40
Less:			
Investment Income		(101,081.19)	
Depreciation		2,107,677.84	
Major Repairs and Replacements		<u>532,182.97</u>	
			<u>2,538,779.62</u>
Operating Income (Schedule 2)			<u>\$ 3,505,420.77</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of Consumer Accounts Receivable
 For the Fiscal Year Ended June 30, 2013

	<u>Water</u>	<u>Sewer</u>
Balance July 1, 2012	\$ 392,718.48	\$ 824,869.96
Rental Charges	<u>5,091,118.16</u>	<u>10,259,418.57</u>
	5,483,836.64	11,084,288.53
Less:		
Collections	\$ 5,060,149.43	\$ 10,285,758.27
Prepaid Applied	<u>31,677.58</u>	<u>31,691.82</u>
	<u>5,091,827.01</u>	<u>10,317,450.09</u>
Balance June 30, 2013	<u>\$ 392,009.63</u>	<u>\$ 766,838.44</u>

Schedule 6

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of Connection Fees Receivable
 For the Fiscal Year Ended June 30, 2013

	<u>Water</u>	<u>Sewer</u>
2012-13 Charges	\$ 185,824.28	\$ 665,675.76
Less:		
Cash Receipts	\$ 169,909.88	\$ 625,215.76
Due From Connection Fee Deposit Account	<u>15,914.40</u>	<u>40,460.00</u>
	<u>\$ 185,824.28</u>	<u>\$ 665,675.76</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of Miscellaneous Charges Receivable
 For the Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>2012-2013</u> <u>Charges</u>	<u>Cash</u> <u>Receipts</u>	<u>Balance</u> <u>June 30, 2013</u>
Water Meter Charges		\$ 45,053.60	\$ 45,053.60	
Filing, Review and Application Fees		1,180.00	1,180.00	
Sprint/Nextel Rental Agreement		209,947.53	209,947.53	
Verizon Rental Agreement		44,468.22	44,468.22	
T-Mobile Rental Agreement		163,925.44	163,925.44	
A.T.&T.Wireless Rental Agreement		107,251.86	107,251.86	
Metro PC Rental Agreement		87,640.40	87,640.40	
Clearwire Rental Agreement		170,919.30	170,919.30	
Cricket Rental Agreement		95,398.35	87,157.95	\$ 8,240.40
TTM Rental Agreement		7,259.64	7,259.64	
Miscellaneous	\$ 4,494.52	53,725.54	57,685.94	534.12
Sale of Scrap		13,547.75	13,547.75	
Meter Test Fees		250.00	250.00	
Clean Energy Rebates		57,337.51	57,337.51	
Medford Lakes Project		43,932.03	43,932.03	
Returned Check Fees		2,975.00	2,975.00	
Water Turn-On Charges		16,437.76	16,437.76	
	<u>\$ 4,494.52</u>	<u>\$ 1,121,249.93</u>	<u>\$ 1,116,969.93</u>	<u>\$ 8,774.52</u>
Recap:				
Water	\$ 4,494.52	\$ 962,745.46	\$ 958,465.46	\$ 8,774.52
Sewer		158,504.47	158,504.47	
	<u>\$ 4,494.52</u>	<u>\$ 1,121,249.93</u>	<u>\$ 1,116,969.93</u>	<u>\$ 8,774.52</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Schedule of Accrued Interest Receivable
For the Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Investment</u> <u>Income</u>	<u>Received</u>	<u>Balance</u> <u>June 30, 2013</u>
Unrestricted:				
Revenue Account	\$ 32.66	\$ 2,406.07	\$ 2,438.73	
Operating Account	7,794.05	78,037.29	79,475.74	\$ 6,355.60
General Account	3,706.51	24,060.55	23,261.95	4,505.11
	<u>11,533.22</u>	<u>104,503.91</u>	<u>105,176.42</u>	<u>10,860.71</u>
Restricted:				
Bond Reserve Account	4,803.02	159,634.10	151,502.26	12,934.86
Bond Service Account	547.27	14,175.92	6,277.00	8,446.19
Construction Fund		82.39	82.39	
Renewal and Replacement Account	2,083.33	27,225.75	27,225.75	2,083.33
	<u>7,433.62</u>	<u>201,118.16</u>	<u>185,087.40</u>	<u>23,464.38</u>
	<u>\$ 18,966.84</u>	<u>\$ 305,622.07</u>	<u>\$ 290,263.82</u>	<u>\$ 34,325.09</u>
Recap:				
Water	\$ 6,273.95	\$ 106,967.72	\$ 101,227.90	\$ 12,013.78
Sewer	12,692.89	198,654.35	189,035.92	22,311.31
	<u>\$ 18,966.84</u>	<u>\$ 305,622.07</u>	<u>\$ 290,263.82</u>	<u>\$ 34,325.09</u>

Schedule 9**EVESHAM MUNICIPAL UTILITIES AUTHORITY**

Schedule of Prepaid Expenses
For the Fiscal Year Ended June 30, 2013

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2012	\$ 334,244.80	\$ 647,939.23	\$ 982,184.03
Add:			
Disbursements Fiscal Year 2013	186,776.21	305,508.47	492,284.68
	521,021.01	953,447.70	1,474,468.71
Less:			
Charged to Operations Fiscal Year 2013	182,535.40	293,950.64	476,486.04
Balance June 30, 2013	<u>\$ 338,485.61</u>	<u>\$ 659,497.06</u>	<u>\$ 997,982.67</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Analysis of Property Plant and Equipment -- Completed
 For the Fiscal Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Disposals	Balance June 30, 2013	Useful Life
Water:					
Land and Improvements	\$ 187,079.00			\$ 187,079.00	
Buildings and Improvements	10,478,459.13	\$ 3,780.20		10,482,239.33	40 Yrs.
Infrastructure	44,270,618.93	949,309.70		45,219,928.63	40 Yrs.
Fixed Equipment	4,083,314.00	53,453.22	\$ 775.00	4,135,992.22	15 Yrs.
Equipment	433,628.45			433,628.45	5 to 15 Yrs.
Vehicles	612,337.34	98,926.20	50,269.96	660,993.58	7 Yrs.
	60,065,436.85	1,105,469.32	51,044.96	61,119,861.21	
Less: Accumulated Depreciation	46,167,355.20	1,214,151.99	50,092.89	47,331,414.30	
	<u>\$ 13,898,081.65</u>	<u>\$ (108,682.67)</u>	<u>\$ 952.07</u>	<u>\$ 13,788,446.91</u>	
Sewer:					
Land and Improvements	\$ 5,145,239.00			\$ 5,145,239.00	
Buildings and Improvements	45,024,707.16	\$ 4,975.21		45,029,682.37	40 Yrs.
Infrastructure	49,829,314.72	2,969,592.68		52,798,907.40	40 Yrs.
Fixed Equipment	3,381,723.62	303,324.53		3,685,048.15	15 Yrs.
Equipment	1,188,424.82			1,188,424.82	5 to 15 Yrs.
Vehicles	1,178,621.48	41,715.80	\$ 11,645.90	1,208,691.38	7 Yrs.
	105,748,030.80	3,319,608.22	11,645.90	109,055,993.12	
Less: Accumulated Depreciation	71,969,706.57	2,107,677.84	11,645.90	74,065,738.51	
	<u>\$ 33,778,324.23</u>	<u>\$ 1,211,930.38</u>	<u>\$ -</u>	<u>\$ 34,990,254.61</u>	
Recap:					
Total Fixed Capital	\$ 165,813,467.65	\$ 4,425,077.54	\$ 62,690.86	\$ 170,175,854.33	
Less: Accumulated Depreciation	118,137,061.77	3,321,829.83	61,738.79	121,397,152.81	
	<u>\$ 47,676,405.88</u>	<u>\$ 1,103,247.71</u>	<u>\$ 952.07</u>	<u>\$ 48,778,701.52</u>	
Contributions		\$ 1,841,090.70			
Transfer from Construction in Progress		2,053,186.68			
Cash Disbursed		<u>530,800.16</u>			
		<u>\$ 4,425,077.54</u>			

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Analysis of Property, Plant and Equipment -- Construction in Progress
 For the Fiscal Year Ended June 30, 2013

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2012	\$ 2,515,151.17	\$ 969,559.47	\$ 3,484,710.64
Increased by:			
Cash Disbursements - General Fund	-	1,658,588.66	1,658,588.66
	2,515,151.17	2,628,148.13	5,143,299.30
Decreased by:			
Transferred to Fixed Assets	-	2,053,186.68	2,053,186.68
Balance June 30, 2013	<u>\$ 2,515,151.17</u>	<u>\$ 574,961.45</u>	<u>\$ 3,090,112.62</u>

Analysis of Balance June 30, 2013

SCADA System	\$ 2,515,151.17	\$ 61,171.45	\$ 2,576,322.62
New World Pump Station Project		513,790.00	513,790.00
	<u>\$ 2,515,151.17</u>	<u>\$ 574,961.45</u>	<u>\$ 3,090,112.62</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of Accrued Interest on Revenue Bonds and Loans Payable
 For the Fiscal Year Ended June 30, 2013

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2012	\$ 160,427.18	\$ 658,434.30	\$ 818,861.48
Increased by:			
Interest Charges Fiscal Year 2013 Budget	218,452.54	1,028,207.88	1,246,660.42
Amortization of Deferred Amount of Refunding	38,020.50	135,208.11	173,228.61
Amortization of Net Discount/Premium on Bonds	(56,166.66)	(134,287.64)	(190,454.30)
Total Interest Expense	200,306.38	1,029,128.35	1,229,434.73
	360,733.56	1,687,562.65	2,048,296.21
Decreased by:			
Interest Paid	148,678.10	852,939.55	1,001,617.65
Canceled	139,389.94	368,587.43	507,977.37
Amortization of Deferred Amount of Refunding	38,020.50	135,208.11	173,228.61
Amortization of Net Discount/Premium on Bonds	(56,166.66)	(134,287.64)	(190,454.30)
	269,921.88	1,222,447.45	1,492,369.33
Balance June 30, 2013	\$ 90,811.68	\$ 465,115.20	\$ 555,926.88

Schedule 13

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of Payroll Deductions Payable
 For the Fiscal Year Ended June 30, 2013

Balance July 1, 2012	\$ 496.36
Receipts:	
Payroll Deductions Payable	1,259,140.75
	1,259,637.11
Disbursements:	
Checks Drawn to Payroll Agencies	1,252,867.94
Balance June 30, 2013	\$ 6,769.17
<u>Analysis of Balance June 30, 2013</u>	
State Unemployment Insurance	\$ 5,320.00
Pennsylvania Tax	(0.07)
N.J. Family Leave	487.83
Public Employees Retirement System	(696.10)
Cafeteria - 125 Plan	1,872.44
Union Dues	(328.63)
Life Insurance	113.70
	\$ 6,769.17

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds
 For the Fiscal Year Ended June 30, 2013

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding June 30, 2013</u>		<u>Interest Rate</u>	<u>Balance July 1, 2012</u>	<u>Paid</u>	<u>Balance June 30, 2013</u>
			<u>Date</u>	<u>Amount</u>				
2002 Revenue Bonds (Series A)	11-19-02	\$ 14,940,000.00			4.500%	\$ 320,000.00	\$ 320,000.00	
2003 Revenue Bonds (Series A)	4-8-03	12,160,000.00			5.000%	2,215,000.00	2,215,000.00	
2004 Revenue Bonds (Series A)	3-1-04	4,435,000.00	7-1-2013	\$ 355,000.00	3.500%			
			7-1-2014	365,000.00	3.600%			
			7-1-2015	375,000.00	3.600%			
			7-1-2016	10,000.00	4.150%			
			7-1-2017	20,000.00	4.150%			
			7-1-2018	15,000.00	4.150%			
			7-1-2019	125,000.00	4.150%			
			7-1-2020	135,000.00	4.150%	1,740,000.00	340,000.00	\$ 1,400,000.00
2011 Revenue Bonds (Series A)	11-16-11	3,655,000.00	7-1-2013	100,000.00	3.000%			
			7-1-2014	105,000.00	4.000%			
			7-1-2015	105,000.00	1.750%			
			7-1-2016	110,000.00	2.000%			
			7-1-2017	110,000.00	2.250%			
			7-1-2018	115,000.00	2.500%			
			7-1-2019	300,000.00	2.500%			
			7-1-2020	300,000.00	2.625%			
			7-1-2021	920,000.00	2.750%			
			7-1-2022	945,000.00	5.000%			
			7-1-2023	100,000.00	3.375%			
			7-1-2024	100,000.00	3.500%			
			7-1-2025	100,000.00	3.600%			
			7-1-2026	145,000.00	3.750%	3,655,000.00	100,000.00	3,555,000.00

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds
 For the Fiscal Year Ended June 30, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance July 1, 2012	Paid	Balance June 30, 2013
			Outstanding June 30, 2013	Date	Amount				
2012 Revenue Bonds (Series A)	4-4-12	\$ 18,865,000.00	7-1-2013	\$ 2,415,000.00	3.00%	\$ 18,865,000.00	\$ -	\$ 18,865,000.00	
			7-1-2014	2,620,000.00	3.00%				
			7-1-2015	1,770,000.00	2.00%				
			7-1-2015	940,000.00	4.00%				
			7-1-2016	3,435,000.00	4.00%				
			7-1-2017	3,565,000.00	4.00%				
			7-1-2018	3,715,000.00	4.00%				
			7-1-2019	200,000.00	3.00%				
			7-1-2020	205,000.00	3.00%				
									<u>\$ 26,795,000.00</u>
Less: Net Discount/Premium on Bonds								<u>(1,345,909.71)</u>	
								<u>\$ 25,165,909.71</u>	
Sewer						\$ 20,792,232.00	\$ 2,126,150.00	\$ 18,666,082.00	
Water						6,002,768.00	848,850.00	5,153,918.00	
						<u>26,795,000.00</u>	<u>2,975,000.00</u>	<u>23,820,000.00</u>	
(Premium)/Discount on Bonds									
Sewer						(1,096,391.88)	(134,287.64)	(962,104.24)	
Water						(439,972.13)	(56,166.66)	(383,805.47)	
						<u>(1,536,364.01)</u>	<u>(190,454.30)</u>	<u>(1,345,909.71)</u>	
						<u>\$ 28,331,364.01</u>	<u>\$ 3,165,454.30</u>	<u>\$ 25,165,909.71</u>	

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of New Jersey Environmental Infrastructure Loans Payable
 For the Fiscal Year Ended June 30, 2013

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance July 1, 2012</u>	<u>Paid</u>	<u>Balance June 30, 2013</u>
			<u>Outstanding June 30, 2013</u>	<u>Date</u>				
2006A Fund Loan Agreement	11-7-06	\$ 5,699,574.00	7-1-2013	\$ 289,668.52	N/A			
			7-1-2014	288,031.04	N/A			
			7-1-2015	289,259.15	N/A			
			7-1-2016	289,996.03	N/A			
			7-1-2017	288,014.66	N/A			
			7-1-2018	289,914.16	N/A			
			7-1-2019	288,211.16	N/A			
			7-1-2020	289,455.66	N/A			
			7-1-2021	286,956.43	N/A			
			7-1-2022	287,257.32	N/A			
			7-1-2023	286,999.42	N/A			
			7-1-2024	285,218.64	N/A			
			7-1-2025	286,225.69	N/A			
			7-1-2026	287,634.14	N/A			
2006A Trust Loan Agreement	11-7-06	5,695,000.00	7-1-2013	245,000.00	5.000%			
			7-1-2014	255,000.00	5.000%			
			7-1-2015	270,000.00	5.000%			
			7-1-2016	285,000.00	5.000%			
			7-1-2017	295,000.00	4.000%			
			7-1-2018	310,000.00	4.000%			
			7-1-2019	320,000.00	4.000%			
			7-1-2020	335,000.00	4.000%			
			7-1-2021	345,000.00	4.125%			
			7-1-2022	360,000.00	4.125%			
			7-1-2023	375,000.00	4.250%			
			7-1-2024	390,000.00	5.000%			
			7-1-2025	410,000.00	4.250%			
			7-1-2026	430,000.00	4.250%			

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of New Jersey Environmental Infrastructure Loans Payable
 For the Fiscal Year Ended June 30, 2013

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance July 1, 2012</u>	<u>Paid</u>	<u>Balance June 30, 2013</u>
			<u>Date</u>	<u>Amount</u>				
2008A Fund Loan Agreement	11-6-08	\$ 1,307,340.00	7-1-2013	\$ 63,640.76	N/A			
			7-1-2014	65,599.66	N/A			
			7-1-2015	64,399.74	N/A			
			7-1-2016	65,942.28	N/A			
			7-1-2017	64,098.60	N/A			
			7-1-2018	65,250.90	N/A			
			7-1-2019	66,249.56	N/A			
			7-1-2020	64,313.70	N/A			
			7-1-2021	65,604.28	N/A			
			7-1-2022	66,526.12	N/A			
			7-1-2023	67,063.86	N/A			
			7-1-2024	67,655.37	N/A			
			7-1-2025	68,239.21	N/A			
			7-1-2026	17,426.69	N/A			
2008A Trust Loan Agreement	11-6-08	1,325,000.00	7-1-2013	50,000.00	5.000%			
			7-1-2014	50,000.00	5.000%			
			7-1-2015	55,000.00	5.000%			
			7-1-2016	60,000.00	5.000%			
			7-1-2017	60,000.00	5.000%			
			7-1-2018	65,000.00	5.000%			
			7-1-2019	65,000.00	5.250%			
			7-1-2020	70,000.00	5.500%			
			7-1-2021	75,000.00	5.500%			
			7-1-2022	80,000.00	5.500%			
			7-1-2023	80,000.00	5.500%			
			7-1-2024	85,000.00	5.000%			
			7-1-2025	90,000.00	5.000%			
			7-1-2026	95,000.00	5.000%			
7-1-2027	100,000.00	5.000%						
7-1-2028	105,000.00	5.000%	1,235,000.00	50,000.00	1,185,000.00			

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of New Jersey Environmental Infrastructure Loans Payable
 For the Fiscal Year Ended June 30, 2013

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance July 1, 2012</u>	<u>Paid</u>	<u>Balance June 30, 2013</u>
			<u>Date</u>	<u>Amount</u>				
2010A Fund Loan Agreement	11-5-09	\$ 276,863.00	7-1-2013	\$ 14,077.77	N/A	\$ 248,707.46	\$ 14,077.77	\$ 234,629.69
			7-1-2014	14,077.77	N/A			
			7-1-2015	14,077.77	N/A			
			7-1-2016	14,077.77	N/A			
			7-1-2017	14,077.77	N/A			
			7-1-2018	14,077.77	N/A			
			7-1-2019	14,077.77	N/A			
			7-1-2020	14,077.77	N/A			
			7-1-2021	14,077.77	N/A			
			7-1-2022	14,077.77	N/A			
			7-1-2023	14,077.77	N/A			
			7-1-2024	14,077.77	N/A			
			7-1-2025	14,077.77	N/A			
			7-1-2026	14,077.77	N/A			
			7-1-2027	14,077.77	N/A			
			7-1-2028	14,077.77	N/A			
			7-1-2029	9,385.37	N/A			

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Schedule of New Jersey Environmental Infrastructure Loans Payable
 For the Fiscal Year Ended June 30, 2013

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>			<u>Interest Rate</u>	<u>Balance July 1, 2012</u>	<u>Paid</u>	<u>Balance June 30, 2013</u>
			<u>Date</u>	<u>Amount</u>					
2010A Trust Loan Agreement	11-5-09	\$ 270,000.00	7-1-2013	\$ 10,000.00	5.000%				
			7-1-2014	10,000.00	5.000%				
			7-1-2015	10,000.00	5.000%				
			7-1-2016	10,000.00	5.000%				
			7-1-2017	15,000.00	5.000%				
			7-1-2018	15,000.00	5.000%				
			7-1-2019	15,000.00	4.000%				
			7-1-2020	15,000.00	5.000%				
			7-1-2021	15,000.00	3.000%				
			7-1-2022	15,000.00	4.000%				
			7-1-2023	15,000.00	4.000%				
			7-1-2024	15,000.00	4.000%				
			7-1-2025	15,000.00	4.000%				
			7-1-2026	20,000.00	3.500%				
			7-1-2027	20,000.00	4.000%				
			7-1-2028	20,000.00	4.000%				
									7-1-2029
							\$ 11,864,470.07	\$ 664,987.63	\$ 11,199,482.44

EVESHAM MUNICIPAL UTILITIES AUTHORITY

PART II

FINDINGS AND RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2013**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

N/A – None

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Summary Schedule of Prior Year Findings and Recommendations
As Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

N/A - None

32500

APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the Authority officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants