

**EVESHAM MUNICIPAL  
UTILITIES AUTHORITY**

**REPORT OF AUDIT**

**WITH  
SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEARS ENDING**

**JUNE 30, 2012 & 2011**

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## EVESHAM MUNICIPAL UTILITIES AUTHORITY

Roster of Officials

June 30, 2012

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<u>Members</u>	<u>Position</u>	<u>Amount of Surety Bond</u>
Joseph Fisicaro	Chairperson	
Edward Waters	Vice Chairperson	
Joseph M. De Julius	Secretary	
Daniel E. Morton	Assistant Secretary	
George Tencza	Assistant Secretary	
Carmen Tierno	Alternate Boardmember	
 <u>Other Officials</u>		
Joseph Rizzuto	Executive Director	\$1,000,000.00 (A)
Laura Puszcz	Business Manager	\$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	
Environmental Resolutions, Inc.	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, 2012 & 2011**

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statements of net assets of the Evesham Municipal Utilities Authority, in the County of Burlington, State of New Jersey as of June 30, 2012 and 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the fiscal years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Governmental 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements, referred to above, present fairly, in all material respects, the respective financial position of the Evesham Municipal Utilities Authority as of June 30, 2012 and 2011 and the respective changes in financial position and cash flows for the fiscal years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 8, 2012 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, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Schedule of Funding Progress for the OPEB plan as listed in the table of contents 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Evesham Municipal Utilities Authority's basic financial statements as a whole. In addition, the supplementary schedules listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
November 8, 2012

**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**

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

We have audited the financial statements 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, 2012, and have issued our report thereon dated November 8, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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.

**Internal Control Over Financial Reporting**

Management of the Evesham Municipal Utilities Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Evesham Municipal Utilities Authority's financial statements are free of 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 audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

This report is intended solely for the information and use of the management of the Authority, others within the Authority, the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
November 8, 2012



**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, 2012. 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 12 totaled \$453,409.03. This was a \$666,620.19 decrease from FY 11. 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 continue to decline as Evesham Township approaches buildout. The Authority has had a rate profile in place for many years which annually reduces the dependency on connection fee revenues.
- **Total Net Assets:** Total assets at June 30, 2012 were \$77,053,945.31. After deducting liabilities, net assets at June 30, 2012 were \$35,277,281.90.
- **Total Operating Revenue:** FY 12 operating revenue compared to FY 11 decreased over \$841,000 to \$16,687,221.42. This significant reduction in operating revenue can be attributed to a 38 Million Gallon decrease in water demand. In FY 12, the Authority only utilized 91% of its allocated Potomac-Raritan-Magothy aquifer allocation of 958.732 Million Gallons.
- **Total Operating Expenses:** FY 12 Operating expenses of \$13,139,517.78 decreased by \$961,848.24 from last year's amount of \$14,101,366.02.

## **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 FY 12 the Authority generated 661,035.41 in interest income from investments. This was \$112,134.48 lower than FY 11. 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 assets includes all of the Authority's assets 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 assets – the difference between the Authority's assets and liabilities – are a measure of the Authority's financial health or position.

The comparative statement of revenues, expenses and changes in fund net assets 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 \$77,053,945.31 on June 30, 2012. Total assets, total liabilities and total net assets are detailed below:

	Evesham Municipal Utilities Authority		
	Net Assets		
	As of June 30,		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Current & Non-Current Assets	\$22,056,904.08	\$21,945,336.38	\$25,532,837.65
Capital Assets	55,625,255.53	53,449,021.60	51,161,116.52
Unamortized Bond Issuance Costs	<u>358,070.99</u>	<u>334,744.06</u>	<u>359,991.14</u>
<b>Total Assets</b>	<b><u>\$78,040,230.60</u></b>	<b><u>\$75,729,102.14</u></b>	<b><u>\$77,053,945.31</u></b>
Current Liabilities	\$ 5,745,833.23	\$ 4,962,169.11	\$ 5,341,982.86
Long-Term Liabilities	<u>40,556,217.96</u>	<u>37,183,305.71</u>	<u>36,434,680.55</u>
<b>Total Liabilities</b>	<b><u>\$46,302,051.19</u></b>	<b><u>\$42,145,474.82</u></b>	<b><u>\$41,776,663.41</u></b>
Net Assets			
Invested in capital assets, net of Related debt	\$13,777,378.54	\$14,010,301.31	\$11,983,261.54
Reserve for Arbitrage Rebate	5,709.25		
Restricted	8,481,228.67	8,523,311.17	8,560,627.42
Unrestricted	<u>9,473,862.95</u>	<u>11,050,014.84</u>	<u>14,733,392.94</u>
<b>Total Net Assets</b>	<b><u>\$31,738,179.41</u></b>	<b><u>\$33,583,627.32</u></b>	<b><u>\$35,277,281.90</u></b>

The Authority had operating income of \$3,547,703.64 for the current year.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Operating Revenues			
Service Charges	\$14,215,825.39	\$15,467,080.34	\$15,161,726.46
Connection Fees	103,119.04	1,120,029.22	453,409.03
Other Operating Revenues	<u>831,535.46</u>	<u>941,333.64</u>	<u>1,072,085.93</u>
Total Operating Revenue	<u>15,150,479.89</u>	<u>17,528,443.20</u>	<u>16,687,221.42</u>
Operating Expenses	9,342,305.66	9,327,664.63	9,119,029.21
Major Repairs and Other Expenses	3,811,047.00	946,403.04	415,510.90
Depreciation Expense	<u>4,334,280.13</u>	<u>3,827,298.35</u>	<u>3,604,977.67</u>
Total Operating Expenses	<u>17,487,632.79</u>	<u>14,101,366.02</u>	<u>13,139,517.78</u>
Operating Income (Loss)	(2,337,152.90)	3,427,077.18	3,547,703.64
Non-Operating Revenues (Expenses)			
Investment Income	845,598.38	773,169.89	661,035.41
Cancellation of Due from Township	(1,816,750.00)		
Bond Interest	(1,871,781.00)	(1,752,005.33)	(1,543,216.04)
Municipal Appropriation		(672,000.00)	(689,902.00)
Cancellation of Construction in Progress		(132,063.58)	(292,639.14)
Contributions	2,148,959.30	234,764.30	38,615.00
Cancellation of Customer Bankruptcy		206.94	
Cancellation of Other Accounts Receivable		(3,330.81)	
Cancellation of OPEB Liability			36,802.01
Green Acres Grant Proceeds	66,502.31		
Amortization of Bond Issue Costs	(33,795.00)	(30,370.68)	(64,744.30)
Loss on Disposal of Fixed Assets	<u>(989,526.12)</u>	<u>                    </u>	<u>                    </u>
Change in Net Assets	<u>(\$3,987,945.03)</u>	<u>\$1,845,447.91</u>	<u>\$1,655,039.58</u>
<hr/>			
Net Assets – July 1	\$35,726,124.44	\$31,738,179.41	\$33,583,627.32
Change in Net Assets	<u>(3,987,945.03)</u>	<u>1,845,447.91</u>	<u>1,655,039.58</u>
Net Assets – June 30	<u>\$31,738,179.41</u>	<u>\$33,583,627.32</u>	<u>\$35,277,281.90</u>

## **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 12 were \$453,409.03 which was 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 86% of its \$10,603,130.00 operating budget with no major variances except the revenue lines for 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. This contract is expected to save the Authority over 8% each year in electrical costs.

## **CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY**

During the current year, the Authority expended \$1,986,607.63 from its General and Renewal and Replacement accounts for capital activities. \$415,510.90 was classified as repairs and charged as operating expenses. The remaining \$1,571,096.73 was capitalized as either construction in progress or fixed assets for the following projects:

Fueling Station	\$ 73,587.25
Charter Oak/Willow Ridge	607,676.57
New World Pump Station	136,324.38
Sanitary Sewer Replacement	225,558.52
Buildings, Equipment and Vehicles	527,950.01

## **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.

As part of the Authority's continuing capital improvement program, in FY12 the Authority replaced over 2,200 linear feet of sanitary sewer mains on Charter Oak Lane, commenced with the replacement of over 2,500 linear feet of sanitary sewer main on Willow Ridge Road and Route 73 North and commenced with the planning of replacing New World Pump Station. In November 2011, the Authority closed on the 2011 Series Revenue Bonds in the amount of \$3,655,000 at interest rates between 2% and 3.75% for a 15 year repayment term to finance these improvements.

In April 2012 the Authority refunded debt. The Authority replaced all outstanding principal balances of its 2002A and 2003A series with the 2012 issue in the amount of \$18,865,000. With interest rates ranging from 2% to 4%, this refunding will generate a net savings of \$2,124,690 under current market conditions over the life of the bond. Principal payments will cease in 2020.



## **OVERALL ANALYSIS (CONT'D)**

The proposed FY 13 Capital Budget and five-year Capital Program are \$9,860,000.00 and \$27,860,000.00 respectively. The following major line items making up the FY 13 Capital Budget are:

- Energy Conservation \$ 2,600,000.00
- Sewer Replacement Program 2,080,000.00
- Well 13/14 Rehabilitation 1,750,000.00
- New World Pump Station 1,350,000.00

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:

- Sewer Replacement Program FY 12-17 \$ 4,250,000.00
- Tara/Quail Pump Stations FY 17 3,000,000.00
- Energy Conservation FY 13 2,600,000.00
- Cropwell/Westerly Pump Station FY 16 2,500,000.00
- Southside Water Tower FY 14 2,500,000.00
- Well 13/14 Rehabilitation FY 13 1,750,000.00
- Aerobic Sludge Tank FY 16 1,500,000.00
- New World Pump Station FY 13 1,350,000.00
- Links Golf – Sewer Rehabilitation FY 15 1,100,000.00

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 Assets  
As of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current Unrestricted Assets:		
Revenue/Operating Account:		
Cash and Cash Equivalents	\$ 962,080.33	\$ 877,982.62
Investments	2,389,195.68	2,465,406.18
Accrued Interest Receivable	7,826.71	3,548.84
General Account:		
Cash and Cash Equivalents	5,666,573.98	2,995,595.57
Investments	966,944.27	2,502,891.09
Accrued Interest Receivable	3,706.51	3,603.82
Due from New Jersey Environmental Infrastructure Trust	108,136.07	229,472.00
Consumer Accounts Receivable	1,217,588.44	931,682.60
Other Accounts Receivable	56,335.20	94,523.63
Prepaid Expenses	982,184.03	1,009,287.26
<b>Total Unrestricted Assets</b>	<b>12,360,571.22</b>	<b>11,113,993.61</b>
Current Restricted Assets:		
Debt Service Account:		
Cash and Cash Equivalents	3,963,232.48	4,177,286.25
Accrued Interest Receivable	547.27	84,866.16
Debt Service Reserve Account:		
Cash and Cash Equivalents	613,128.18	16,927.35
Investments	3,959,627.07	4,439,264.45
Accrued Interest Receivable	4,803.02	6,487.25
Renewal and Replacement Account:		
Cash and Cash Equivalents	1,000,000.00	1,000,000.00
Investments	591,918.65	530,874.75
Accrued Interest Receivable	2,083.33	981.25
Construction Account:		
Cash and Cash Equivalents	2,358,119.57	
Other Accounts:		
Cash and Cash Equivalents	416,263.72	82,968.62
Investments	262,543.14	491,686.79
<b>Total Restricted Assets</b>	<b>13,172,266.43</b>	<b>10,831,342.87</b>
Non-Current Assets:		
Property, Plant and Equipment:		
Construction in Progress	3,484,710.64	4,611,183.08
Completed (Net of Accumulated Depreciation)	47,676,405.88	48,837,838.52
<b>Total Property, Plant and Equipment</b>	<b>51,161,116.52</b>	<b>53,449,021.60</b>
Other Assets:		
Unamortized Bond Issue Costs	359,991.14	334,744.06
<b>Total Noncurrent Assets</b>	<b>51,521,107.66</b>	<b>53,783,765.66</b>
<b>Total Assets</b>	<b>\$ 77,053,945.31</b>	<b>\$ 75,729,102.14</b>

(Continued)

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
Comparative Statements of Net Assets  
As of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>LIABILITIES</b>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable--Operations	\$ 446,241.76	\$ 436,103.13
Prepaid Rental Charges	63,369.40	63,237.77
Prepaid Antenna Rental Charges		3,102.75
Deferred Revenue		170.34
	<hr/>	
Total Current Liabilities Payable from Unrestricted Assets	509,611.16	502,613.99
	<hr/>	
Current Liabilities Payable from Restricted Assets:		
Serial Bonds Payable--Current Portion	2,975,000.00	2,705,000.00
New Jersey Environmental Infrastructure Loan Payable - Current Portion	664,987.63	644,149.66
Accrued Bond Interest Payable	818,861.48	816,116.26
Escrow Deposits	81,867.91	50,674.16
Deferred Connection Fees	291,654.68	243,615.04
	<hr/>	
Total Current Liabilities Payable from Restricted Assets	4,832,371.70	4,459,555.12
	<hr/>	
Long-term Liabilities:		
Serial Bonds Payable	24,806,512.12	24,789,316.62
New Jersey Environmental Infrastructure Loan Payable	11,199,482.44	11,864,470.07
Other Post Retirement Benefits Payable		36,802.01
Compensated Absences	428,685.99	492,717.01
	<hr/>	
Total Long-term Liabilities	36,434,680.55	37,183,305.71
	<hr/>	
Total Liabilities	41,776,663.41	42,145,474.82
	<hr/>	
<b>NET ASSETS</b>		
Restricted for:		
Bond Covenants:		
Debt Service Reserve Requirement	4,339,321.17	4,372,528.67
System Reserve Requirement	1,500,000.00	1,500,000.00
Operating Requirement	2,721,306.25	2,650,782.50
Reserve for Arbitrage Rebate		
Invested in Capital Assets, Net of Related Debt	11,983,261.54	14,010,301.31
Unrestricted	14,733,392.94	11,050,014.84
	<hr/>	
Total Net Assets	\$ 35,277,281.90	\$ 33,583,627.32
	<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 Assets  
 For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Service Charges	\$ 15,161,726.46	\$ 15,467,080.34
Connection Fees	453,409.03	1,120,029.22
Miscellaneous Charges	1,072,085.93	941,333.64
	<hr/>	<hr/>
Total Operating Revenues	16,687,221.42	17,528,443.20
Operating Expenses:		
Administrative Expenses:		
Salaries and Wages	300,039.48	287,839.49
Fringe Benefits	85,527.72	89,911.10
Other	422,131.04	473,652.81
	<hr/>	<hr/>
	807,698.24	851,403.40
Cost of Service:		
Salaries and Wages	2,683,517.50	2,699,950.26
Fringe Benefits	1,163,471.69	1,056,776.05
Other	4,464,341.78	4,719,534.92
	<hr/>	<hr/>
	8,311,330.97	8,476,261.23
Major Repairs and Other Expenses	415,510.90	946,403.04
Depreciation	3,604,977.67	3,827,298.35
	<hr/>	<hr/>
Total Operating Expenses	13,139,517.78	14,101,366.02
Operating Income (Loss)	<hr/>	<hr/>
	3,547,703.64	3,427,077.18
Non-operating Revenue (Expenses):		
Investment Income	661,035.41	773,169.89
Bond Interest	(1,543,216.04)	(1,752,005.33)
Municipal Appropriation	(689,902.00)	(672,000.00)
Cancellation of Construction in Progress	(292,639.14)	(132,063.58)
Cancellation of Customer Bankruptcy Reserve		206.94
Cancellation of Other Accounts Receivable		(3,330.81)
Cancellation of OPEB Liability	36,802.01	
Amortization of Bond Issue Costs	(64,744.30)	(30,370.68)
	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	(1,892,664.06)	(1,816,393.57)
Income Before Contributions	1,655,039.58	1,610,683.61
Contributions:		
Developers	38,615.00	234,764.30
	<hr/>	<hr/>
Change in Net Assets (Carried Forward)	1,693,654.58	1,845,447.91

(Continued)

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Comparative Statements of Revenues, Expenses and Changes in Net Assets  
 For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Change in Net Assets (Brought Forward)	\$ 1,693,654.58	\$ 1,845,447.91
Net Assets, Beginning of Year	<u>33,583,627.32</u>	<u>31,738,179.41</u>
Net Assets, End of Year:		
Restricted	\$ 8,560,627.42	\$ 8,523,311.17
Unrestricted	\$ 14,733,392.94	\$ 11,050,014.84
Invested in Capital Assets, Net of Related Debt	<u>\$ 11,983,261.54</u>	<u>\$ 14,010,301.31</u>

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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 15,916,534.24	\$ 17,193,592.74
Payments to Suppliers	(7,027,687.84)	(8,698,159.12)
Payments to Employees	(2,983,556.98)	(2,987,789.75)
Other Operating Receipts	1,099,896.70	921,048.46
Net Cash Provided by Operating Activities	<u>7,005,186.12</u>	<u>6,428,692.33</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	(1,571,096.73)	(1,548,363.70)
N.J. Environmental Infrastructure Loan Proceeds	121,335.93	607,743.00
Municipal Appropriation	(689,902.00)	(672,000.00)
Debt Issue costs	(289,994.83)	(7,043.75)
Transfer to Bond Escrow Closure Account	(20,912,135.70)	
Debt Service:		
Principal	(3,349,149.66)	(3,110,680.44)
Interest	(1,562,882.52)	(1,699,342.40)
Net Cash Used in Capital and Related Financing Activities	<u>(4,177,998.61)</u>	<u>(6,429,687.29)</u>
Cash Flows from Investing Activities:		
Interest on Investments	741,555.89	699,969.33
Change in Investments:		
Purchases/Unrealized Gains and Losses	(2,417,608.58)	(2,233,388.30)
Sales/Maturities	4,677,503.03	4,247,848.81
Net Cash Flows Provided by Investing Activities	<u>3,001,450.34</u>	<u>2,714,429.84</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,828,637.85	2,713,434.88
Cash and Cash Equivalents--July 1	9,150,760.41	6,437,325.53
Cash and Cash Equivalents--June 30	<u>\$ 14,979,398.26</u>	<u>\$ 9,150,760.41</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 3,547,703.64	\$ 3,427,077.18
Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities:		
Depreciation	3,604,977.67	3,827,298.35
Change in Assets and Liabilities:		
(Increase) Decrease in Consumer Accounts Receivable	(285,905.84)	217,432.43
(Increase) Decrease in Other Accounts Receivable	89,107.88	(78,071.11)
(Increase) Decrease in Prepaid Expenses	27,103.23	(55,773.60)
Increase (Decrease) in Accounts Payable	10,138.63	(113,276.74)
Increase (Decrease) in Prepaid Rents	131.63	32,078.52
Increase (Decrease) in Deferred Revenues	(170.34)	170.34
Increase (Decrease) in Prepaid Antenna Rents	(3,102.75)	3,102.75
Increase (Decrease) in Escrow Deposits	31,193.75	(10,797.17)
Increase (Decrease) in Compensated Absences Payable	(64,031.02)	38,106.17
Increase (Decrease) in Other Post Retirement Benefits Payable		7,439.43
Increase (Decrease) in Connection Fee Deposits	48,039.64	(866,094.22)
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,005,186.12</u>	<u>\$ 6,428,692.33</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 Years Ended June 30, 2012 and 2011

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**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.

**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 assets (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 assets, revenues and expenditures.

**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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Governmental Accounting Standards Board - Statement No. 20**

The Authority is required to follow all statements of the GASB. GASB Statement No. 20 was issued to give guidance in determining generally accepted accounting principles, generally accepted in the United States of America for governmental proprietary funds. It provides that all proprietary fund activities follow all Financial Accounting Standards Board ("FASB") Statements issued prior to November 30, 1989, unless they conflict with GASB standards. It also provides that the governmental unit must elect whether to follow FASB Statements issued after that date.

The Authority has elected not to follow any FASB pronouncements issued after November 30, 1989.

**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 not 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, amortization of bond issue costs, bond discounts/premiums, deferred loss on defeasance and the annual required contribution for the Authority's OPEB Plan 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 Assets. 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 did not amend its budget during the fiscal 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.

New Jersey governments are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey governments.

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.

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

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 Act. Public depositories include State or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with 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 full amount of their deposits to the Governmental Units.

**Inventory**

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.

**Property, Plant and Equipment**

Property, Plant, and Equipment primarily consists of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased prior to June 30, 2005 are stated at estimated cost, as established by an independent appraisal company, or at actual historical costs from records maintained by the Authority. 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. Interest costs incurred during construction are not capitalized into the cost of the asset.

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

**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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Bond Issuance Costs, Bond Discount, Bond Premium and Deferred Loss on Refunding**

Bond issuance costs, bond discount or bond premium arising from the issuance of the revenue bonds are deferred and amortized by the straight-line method from the issue date to maturity. The deferred loss on refunding is amortized over the term of the bond using the effective interest method. Bond discount, bond premium and deferred loss on refunding are presented as an adjustment of the face amount on the bonds payable whereas issuance costs are recorded as other assets.

**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.

**Net Assets**

Net assets comprise the various earnings from operating income, non-operating revenues, expenses, and capital contributions. Net assets are classified in the following three components:

**Invested in Capital Assets, net of Related Debt** - This component of net assets 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 assets component as the unspent proceeds.

**Restricted** - This component of net assets 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 assets.

**Unrestricted** - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." This component includes net assets 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 sewer 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 system and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt, municipal appropriation, cancellations and major non-recurring repairs.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****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 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 2000 Series A Revenue Bonds, 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 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, 2012, 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, 2012 of \$4,572,755.25 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, 2012, 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 1.59 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>2012</u>	<u>2011</u>
Net Revenues:		
Operating Income (Loss) (Exhibit B)	\$3,547,703.64	\$3,427,077.18
Add: Interest Income Earned	661,035.41	773,169.89
Major Repairs and Replacements	415,510.90	946,403.04
Depreciation	<u>3,604,977.67</u>	<u>3,827,298.35</u>
Net Revenues for Debt Service Coverage	<u>\$8,229,227.62</u>	<u>\$8,973,948.46</u>
Debt Service:		
Bond Principal	\$3,639,987.63	\$3,349,149.66
Interest Expense:		
Interest Accrued	1,543,216.04	1,752,005.33
Less: Amortization	<u>(22,411.70)</u>	<u>(119,772.81)</u>
Total Debt Service	<u>\$5,160,791.97</u>	<u>\$4,981,382.18</u>
Net Revenues	<u>\$8,229,227.62</u>	<u>\$8,973,948.46</u>
Debt Service	5,160,791.97= 1.59	4,981,948.46= 1.80

**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, 2012 and 2011, the Authority's bank balances of \$14,979,398.26 and \$9,150,760.41, respectively, were exposed to custodial credit risk as follows:

	June 30,	
	<u>2012</u>	<u>2011</u>
Insured	\$ 500,000.00	\$ 500,000.00
Uninsured and collateralized with securities held by pledging financial institutions	<u>14,479,398.26</u>	<u>8,650,760.41</u>
	<u>\$ 14,979,398.26</u>	<u>\$ 9,150,760.41</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 \$8,170,228.81 investments in Government National Mortgage Association Bonds, Notes, REMIC and Pools (GNMA), and Federal National Mortgage Association Notes and Pools (FNMA) 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, GNMA's; FNMA's or direct Treasury Securities.

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
G.N.R Series 11-51 Ha CMO	AAA	08/20/2040	367,849.49
G.N.R Series 11-88 Ja	AAA	10/20/2040	83,738.03
G.N.R Series 11-41 LA	AAA	08/20/2040	461,279.01
			<u>\$ 8,170,228.81</u>

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

As of June 30, 2011, 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	\$ 174,076.17
G.N.M.A Note	AAA	05/20/2038	157,772.61
G.N.M.A Note	AAA	05/20/2038	148,306.26
G.N.M.A Note	AAA	05/20/2038	343,944.33
G.N.M.A Bonds Series 04-98	AAA	11/20/2034	52,910.15
G.N.M.A	AAA	08/20/2040	465,595.12
G.N.M.A Bonds Series 10-39	AAA	07/20/2039	584,661.78
G.N.M.A Bonds Series 09-88	AAA	02/20/2039	82,052.85
G.N.M.A Bonds Series 09-46	AAA	02/20/2039	530,874.75
G.N.M.A GTD Remic 09-69	AAA	11/20/2038	103,634.46
G.N.M.A Bonds Series 04-34	AAA	05/20/2034	395,157.03
G.N.M.A Bonds Series 04-98	AAA	11/20/2034	41,152.34
G.N.M.A Bonds Series 07-53	AAA	07/20/2033	3,070,828.20
G.N.M.A Bonds Series 04-16	AAA	05/20/2032	84,709.30
G.N.M.A Bonds Series 09-34	AAA	04/20/2039	2,050,402.60
G.N.M.A Bonds Series 09-46	AAA	02/20/2039	419,101.22
G.N.R Series 11-51 HaCMO	AAA	08/20/2040	750,469.25
G.N.R Series 11-88 Ja	AAA	10/20/2040	150,000.00
G.N.R Series 11-41 LA	AAA	08/20/2040	<u>824,474.84</u>
			<u>\$10,430,123.26</u>

**Service Fees**

The following is a five-year comparison of service charge billings and collections for all types of accounts maintained by the Authority:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
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%
2008	457,906.95	14,720,924.51	14,444,856.65	95.16%

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

During the 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>

During the year ended June 30, 2011, the following changes in Property, Plant and Equipment occurred:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Land	\$ 5,332,318.00			\$ 5,332,318.00
Buildings & Improvements	55,269,304.76			55,269,304.76
Infrastructure	92,124,368.07	\$ 608,122.77		92,732,490.84
Fixed Equipment	6,328,517.91	406,867.97	\$ 600.00	6,734,785.88
Equipment	1,633,079.10	10,065.12		1,643,144.22
Vehicles	1,790,958.82			1,790,958.82
	<u>162,478,549.66</u>	<u>1,025,055.86</u>	<u>600.00</u>	<u>163,503,002.52</u>
Depreciation	<u>110,838,465.65</u>	<u>3,827,298.35</u>	<u>600.00</u>	<u>114,665,164.00</u>
	<u>\$ 51,640,081.01</u>	<u>\$ 2,802,242.49</u>	<u>\$ -</u>	<u>\$ 48,837,838.52</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 at June 30, 2012 and 2011 was \$428,685.99 and \$492,717.01, respectively.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Retirement Systems**

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, the New Jersey Division of Pensions and Benefits administers the Defined Contribution Retirement Program, which is a defined contribution pension plan. 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 began immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate will be increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. 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>
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
2010	89,362.00	114,819.00	204,181.00	28,315.00	232,496.00

**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, 2012.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Post-employment Benefits**

**Plan Description** - The Authority contributes to the New Jersey State Health Benefits Program ("the SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295.

**Funding Policy** - P.L. 1987, c.384 of P.L. 1990, c.6 required the Public Employees' Retirement System (PERS), to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for postemployment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State's contribution rate is based on the *annual required contribution (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

**Lease Obligations**

At June 30, 2012, 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</u> <u>June 30</u>	<u>Amount</u>
2012	\$ 7,726.32

Rental payments under operating leases for the year ended June 30, 2012 were \$7,396.96.

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 2012 and 2011 was \$24,995.23, including \$17,518.25 for 2012 and \$16,684.05 for 2011 of the prepaid amount that was applied expense.



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

**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.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Debt Service**

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

<u>Fiscal Year Ending June 30</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	3.50 to 5.125	\$ 2,975,000.00	\$ 1,227,314.10	\$ 4,202,314.10
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 to 2022	4.15 to 5.000	9,725,000.00	846,176.25	10,571,176.25
2023 to 2027	4.15 to 4.650	<u>1,390,000.00</u>	<u>74,506.25</u>	<u>1,464,506.25</u>
		26,795,000.00	<u>\$4,745,860.35</u>	<u>\$31,540,860.35</u>
Less: Current Maturities		2,975,000.00		
Deferred Amount on Refunding		549,851.89		
Premium/ Discount on Bonds		<u>(1,536,364.01)</u>		
Long-term Portion		<u>\$24,806,512.12</u>		

**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, 2012, 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, 2012, 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, 2012, the Authority has drawn \$1,081,197.00 of these funds.

The balance of \$108,136.07 of loan proceeds recorded as a receivable on Exhibit A consists of 2008 and 2010 proceeds that will be applied to future debt.

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

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>
2013	\$ 664,987.63	\$ 282,281.26	\$ 947,268.89
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>
	11,864,470.07	<u>\$ 2,459,909.47</u>	<u>\$ 14,324,379.54</u>
Current Portion	<u>664,987.63</u>		
Long Term	<u>\$11,199,482.44</u>		

**Note 5: DETAIL NOTES – NET ASSETS****Net Assets Appropriated**

The Authority ended the year with a balance in unrestricted net assets of \$14,733,392.94; of which \$704,589.00 has been appropriated and included as support in the operating budgets and \$3,275,000.00 has been appropriated and included as support in the Authority's capital budgets for the fiscal year ending June 30, 2013.

**Note 6: 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, 2012 and 2011 was \$14,165.00 and \$14,157.91, respectively.

**Note 7: INTERGOVERNMENTAL AGREEMENTS****Water Service Agreements**

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 2012 was \$166,818.76 and for fiscal year 2011 was \$316,365.02.

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 \$1,131,034.81 during the fiscal year 2012 and \$1,114,190.20 during the fiscal year 2011.

**Note 8: CONTRIBUTIONS**

During the fiscal year, the Authority received capital contribution in the amount of \$38,615.00 from developer contributions consisting of sewer and water infrastructure, installed at the developers expense, and turned over to the Authority upon completion.

**Note 9: COMMITMENTS AND CONTINGENCIES****Commitments**

The Authority had one outstanding construction project as of June 30, 2012. 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	<u>\$ 1,069,469.18</u>	<u>\$ 1,018,067.95</u>

**Litigation**

The Authority is a defendant in several 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 10: DEFERRED COMPENSATION SALARY ACCOUNT**

The Authority offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Authority or its creditors. Since the Authority does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Authority's financial statements.

**Note 11: INTERFUND LOAN**

During fiscal year 2010, the Authority awarded a contract for the replacement of home water meters. The Authority's intention was to use unrestricted net assets to fund the project. The cost of the project was more than the water unrestricted net assets and as a result, a loan from the sewer operations was necessary to pay for the project. The loan is shown on Schedule 1 as a loan receivable in the water column and a loan payable in the sewer column. The loan is eliminated on Exhibit A, a combined statement. The Authority repaid \$425,000.00 of the loan in fiscal year 2012 and \$275,000.00 of the loan in fiscal year 2011 and intends to repay the remainder of the loan in the future.

**Note 12: RISK MANAGEMENT**

The Authority is a member of the New Jersey Utility Authorities Joint Insurance Fund. The Fund provides the Authority with the following coverage:

- Property and Physical Damage
- Workers' Compensation
- Excess Liability
- Boiler and Machinery
- General and Automobile Liability
- Fidelity Bonds

The fund purchases excess liability insurance coverage to protect from catastrophic losses, but ultimately, the member authorities are jointly responsible for gains or losses of the joint insurance fund.

## **SUPPLEMENTAL SCHEDULES**

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
Statement of Net Assets by Department  
As of June 30, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>ASSETS</b>			
Current Unrestricted Assets:			
Revenue/Operating Account:			
Cash and Cash Equivalents		\$ 837,772.97	\$ 962,080.33
Investments	\$ 4,863.66	2,508,639.38	2,389,195.68
Accrued Interest Receivable	2,739.35	5,087.36	7,826.71
General Account:			
Cash and Cash Equivalents		5,666,573.98	5,666,573.98
Investments		966,944.27	966,944.27
Accrued Interest Receivable	1,297.28	2,409.23	3,706.51
Due from New Jersey Environmental Infrastructure Trust		108,136.07	108,136.07
Consumer Accounts Receivable	392,718.48	824,869.96	1,217,588.44
Other Accounts Receivable	29,132.21	27,202.99	56,335.20
Prepaid Expenses	334,244.80	647,939.23	982,184.03
Total Unrestricted Assets	764,995.78	11,595,575.44	12,360,571.22
Non- Current Assets:			
Restricted Assets:			
Debt Service Account:			
Cash and Cash Equivalents	198,161.62	3,765,070.86	3,963,232.48
Accrued Interest Receivable	191.54	355.73	547.27
Debt Service Reserve Account:			
Cash and Cash Equivalents	214,594.86	398,533.32	613,128.18
Investments	197,981.35	3,761,645.72	3,959,627.07
Accrued Interest Receivable	1,681.06	3,121.96	4,803.02
Renewal and Replacement Account:			
Cash and Cash Equivalents		1,000,000.00	1,000,000.00
Investments	29,595.93	562,322.72	591,918.65
Accrued Interest Receivable	729.17	1,354.16	2,083.33
Construction Account:			
Cash and Cash Equivalents		2,358,119.57	2,358,119.57
Other Accounts:			
Cash and Cash Equivalents		416,263.72	416,263.72
Investments		262,543.14	262,543.14
Interfund Loan	3,300,000.00		3,300,000.00
Total Restricted Assets	3,942,935.54	12,529,330.89	16,472,266.43
Property, Plant and Equipment:			
Construction in Progress	2,515,151.17	969,559.47	3,484,710.64
Completed (Net of Accumulated Depreciation)	13,898,081.65	33,778,324.23	47,676,405.88
Total Property, Plant and Equipment	16,413,232.82	34,747,883.70	51,161,116.52
Deferred Assets			
Bond Issue Costs	48,458.59	311,532.55	359,991.14
Total Noncurrent Assets	16,461,691.41	35,059,416.25	67,993,374.09
Total Assets	\$ 21,169,622.73	\$ 59,184,322.58	\$ 80,353,945.31

(Continued)

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
Statement of Net Assets by Department  
As of June 30, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>LIABILITIES</b>			
Current Liabilities Payable from Unrestricted Assets:			
Accounts Payable--Operations	\$ 223,117.28	\$ 223,124.48	\$ 446,241.76
Prepaid Rental Charges	31,677.58	31,691.82	63,369.40
	<hr/>		
Total Current Liabilities Payable from Unrestricted Assets	254,794.86	254,816.30	509,611.16
	<hr/>		
Current Liabilities Payable from Restricted Assets:			
Serial Bonds Payable--Current Portion	848,850.00	2,126,150.00	2,975,000.00
New Jersey Environmental Infrastructure Loan Payable--Current Portion		664,987.63	664,987.63
Accrued Bond Interest Payable	160,427.18	658,434.30	818,861.48
Escrow Deposits		81,867.91	81,867.91
Deferred Connection Fees	93,217.96	198,436.72	291,654.68
	<hr/>		
Total Current Liabilities Payable from Restricted Assets	1,102,495.14	3,729,876.56	4,832,371.70
	<hr/>		
Long-term Liabilities:			
Serial Bonds Payable	5,471,548.65	19,334,963.47	24,806,512.12
New Jersey Environmental Infrastructure Loan Payable		11,199,482.44	11,199,482.44
Interfund Loan		3,300,000.00	3,300,000.00
Compensated Absences	168,711.76	259,974.23	428,685.99
	<hr/>		
Total Long-term Liabilities	5,640,260.41	34,094,420.14	39,734,680.55
	<hr/>		
Total Liabilities	6,997,550.41	38,079,113.00	45,076,663.41
	<hr/>		
<b>NET ASSETS</b>			
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	1,181,881.75	1,539,424.50	2,721,306.25
Invested in Capital Assets, Net of Related Debt	10,141,292.76	1,841,968.78	11,983,261.54
Unrestricted	1,351,889.87	13,381,503.07	14,733,392.94
	<hr/>		
Total Net Assets	\$ 14,172,072.32	\$ 21,105,209.58	\$ 35,277,281.90
	<hr/>		



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

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Service Charges	\$ 4,919,362.86	\$ 10,242,363.60	\$ 15,161,726.46
Connection Fees	125,828.84	327,580.19	453,409.03
Miscellaneous Charges	894,099.57	177,986.36	1,072,085.93
<b>Total Operating Revenues</b>	<b>5,939,291.27</b>	<b>10,747,930.15</b>	<b>16,687,221.42</b>
<b>Operating Expenses:</b>			
<b>Administrative Expenses:</b>			
Salaries and Wages	150,019.96	150,019.52	300,039.48
Fringe Benefits	48,697.29	36,830.43	85,527.72
Other	177,727.99	244,403.05	422,131.04
	<b>376,445.24</b>	<b>431,253.00</b>	<b>807,698.24</b>
<b>Cost of Service:</b>			
Salaries and Wages	990,433.54	1,693,083.96	2,683,517.50
Fringe Benefits	412,143.92	751,327.77	1,163,471.69
Other	2,220,900.13	2,243,441.65	4,464,341.78
	<b>3,623,477.59</b>	<b>4,687,853.38</b>	<b>8,311,330.97</b>
Major Repairs and Other Expenses	108,032.83	307,478.07	415,510.90
Depreciation	1,332,652.78	2,272,324.89	3,604,977.67
<b>Total Operating Expenses</b>	<b>5,440,608.44</b>	<b>7,698,909.34</b>	<b>13,139,517.78</b>
<b>Operating Income</b>	<b>498,682.83</b>	<b>3,049,020.81</b>	<b>3,547,703.64</b>
<b>Non-operating Revenue (Expenses):</b>			
Investment Income	231,362.39	429,673.02	661,035.41
Municipal Appropriation	(269,423.00)	(420,479.00)	(689,902.00)
Bond Interest	(311,608.60)	(1,231,607.44)	(1,543,216.04)
Cancellation of Construction in Progress		(292,639.14)	(292,639.14)
Interfund Loan	(425,000.00)	425,000.00	
Cancellation of OPEB Liability	12,880.00	23,922.01	36,802.01
Amortization of Bond Issue Costs	(17,472.31)	(47,271.99)	(64,744.30)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(779,261.52)</b>	<b>(1,113,402.54)</b>	<b>(1,892,664.06)</b>
<b>Income (Loss) Before Contributions</b>	<b>(280,578.69)</b>	<b>1,935,618.27</b>	<b>1,655,039.58</b>
<b>Contributions:</b>			
Developers	12,875.00	25,740.00	38,615.00
<b>Change in Net Assets (Carried Forward)</b>	<b>(267,703.69)</b>	<b>1,961,358.27</b>	<b>1,693,654.58</b>

(Continued)

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

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Change in Net Assets (Brought Forward)	\$ (267,703.69)	\$ 1,961,358.27	\$ 1,693,654.58
Net Assets, Beginning of Year	14,439,776.01	19,143,851.31	33,583,627.32
Net Assets, End of Year:			
Restricted	\$ 2,678,889.69	\$ 5,881,737.73	\$ 8,560,627.42
Unrestricted	\$ 1,351,889.87	\$ 13,381,503.07	\$ 14,733,392.94
Invested in Capital Assets, Net of Related Debt	\$ 10,141,292.76	\$ 1,841,968.78	\$ 11,983,261.54

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments  
 For the Fiscal Year Ended June 30, 2012

	Revenue/Operating Accounts	General	Restricted					Connection Fee	Total
			Bond Reserve	Bond Service	Renewal and Replacement	Construction	Planning Escrow		
Cash, Cash Equivalents and Investments July 1, 2011	\$ 3,343,388.80	\$ 5,498,486.66	\$ 4,456,191.80	\$ 4,177,286.25	\$ 1,530,874.75	\$ -	\$ 50,695.07	\$ 523,960.34	\$ 19,580,883.67
Receipts:									
User Charges and Fees:									
Water	4,804,222.44								4,804,222.44
Sewer	10,008,360.41								10,008,360.41
Connection Fee Deposits:									
Water	117,168.84							94,182.48	211,351.32
Sewer	316,316.19							407,266.19	723,582.38
Miscellaneous Revenue Receivable:									
Water	886,502.30								886,502.30
Sewer	213,394.40								213,394.40
Prepaid Rents:									
Water	31,677.58								31,677.58
Sewer	31,691.82								31,691.82
Bond Proceeds		18,897,718.40	190,241.17			3,432,040.43			22,520,000.00
Bond Premium		1,555,826.90							1,555,826.90
N.J.Environmental Infrastructure Loans Receivable				121,335.93					121,335.93
Payroll Deductions Payable	1,292,117.65								1,292,117.65
Planning Escrow Deposits							105,648.29		105,648.29
Investment Income	126,582.25	61,568.40	370,027.77	95,323.10	87,970.65	83.72			741,555.89
Transfers In	2,146,829.71	3,435,073.70	2,201.58	5,073,363.44	762,794.89		297.39	11,543.06	11,432,103.77
<b>Total Cash and Investments Available</b>	<b>23,318,252.39</b>	<b>29,448,674.06</b>	<b>5,018,662.32</b>	<b>9,467,308.72</b>	<b>2,381,640.29</b>	<b>3,432,124.15</b>	<b>156,640.75</b>	<b>1,036,952.07</b>	<b>74,260,254.75</b>
Disbursements:									
Budgetary Expenses:									
Water	3,595,132.42								3,595,132.42
Sewer	4,600,962.43								4,600,962.43
Payroll Deductions Payable	1,293,657.34								1,293,657.34
Prepaid Expenses	451,490.81								451,490.81
Accounts Payable	432,662.00								432,662.00
Municipal Appropriation	689,902.00								689,902.00
Bond Issue Costs		289,994.83							289,994.83
Bond Principal				2,705,000.00					2,705,000.00
Loan Principal				644,149.66					644,149.66
Bond and Loan Interest				1,562,882.52					1,562,882.52
Transfer to Bond Escrow Closing Account		20,147,733.27	256,425.55	507,976.88					20,912,135.70

(Continued)

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments  
 For the Fiscal Year Ended June 30, 2012

	Revenue/Operating Accounts	General	Restricted					Connection Fee	Total
			Bond Reserve	Bond Service	Renewal and Replacement	Construction	Planning Escrow		
Disbursements (Cont'd):									
Transfers Out	\$ 8,903,169.38	\$ 714,107.08	\$ 189,481.52	\$ 84,067.18	\$ 466,434.64	\$ 1,074,004.58	\$ 290.73	\$ 548.66	\$ 11,432,103.77
Capital Outlays:									
Expensed		92,223.90			323,287.00				415,510.90
Construction in Progress		1,043,146.72							1,043,146.72
Fixed Assets		527,950.01							527,950.01
Expenditures for Planning Escrow Due to Unrestricted Funds							74,454.54		74,454.54
								439,492.03	439,492.03
<b>Total Disbursements</b>	<b>19,966,976.38</b>	<b>22,815,155.81</b>	<b>445,907.07</b>	<b>5,504,076.24</b>	<b>789,721.64</b>	<b>1,074,004.58</b>	<b>74,745.27</b>	<b>440,040.69</b>	<b>51,110,627.68</b>
Cash, Cash Equivalents and Investments June 30, 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
<b>Analysis of Balance June 30, 2012</b>									
Cash and Cash Equivalents	\$ 962,080.33	\$ 5,666,573.98	\$ 613,128.18	\$ 3,963,232.48	\$ 1,000,000.00	\$ 2,358,119.57	\$ 81,895.48	\$ 334,368.24	\$ 14,979,398.26
Investments:									
F.N.M.A. Notes			519,839.87						519,839.87
F.N.M.A. Pool	269,936.56		224,947.13						494,883.69
GNMA Remic		569,035.72	2,355,826.14						2,924,861.86
GNMA Pool	661,290.89	372,123.84	41,478.38						1,074,893.11
GNMA Bonds	1,401,757.55		793,297.93		591,918.65			262,543.14	3,049,517.27
GNMA Notes	56,210.68	25,784.71	24,237.62						106,233.01
	\$ 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

**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, 2012

	<u>Budget</u>	<u>2011-12 Actual</u>	<u>Favorable (Unfavorable)</u>
Anticipated Revenues:			
Service Charges	\$ 4,737,000.00	\$ 4,919,362.86	\$ 182,362.86
Connection Fees	272,510.00	125,828.84	(146,681.16)
Miscellaneous	700,000.00	894,099.57	194,099.57
Total Operating Revenues	5,709,510.00	5,939,291.27	229,781.27
Other Budget Revenues:			
Investment Income	150,000.00	231,362.39	81,362.39
Total Anticipated Revenues	5,859,510.00	6,170,653.66	311,143.66
Operating Appropriations:			
Administrative:			
Salaries and Wages	151,250.00	150,019.96	1,230.04
Fringe Benefits	56,100.00	48,697.29	7,402.71
Trustee Fees	10,000.00	9,366.07	633.93
Audit Fees	33,500.00	5,222.38	28,277.62
Legal Fees	81,300.00	38,185.29	43,114.71
Engineer Fees	40,000.00	17,259.50	22,740.50
Office Expenses	101,500.00	91,408.75	10,091.25
Financial/Insurance Consultant	16,400.00	7,741.64	8,658.36
Electric	5,000.00		5,000.00
Dues and Meetings	12,000.00	6,932.08	5,067.92
Education and Training	6,000.00	1,612.28	4,387.72
Total Administrative Expenses	513,050.00	376,445.24	136,604.76
Cost of Service			
Salaries and Wages	1,020,710.00	990,433.54	30,276.46
Fringe Benefits	486,350.00	412,143.92	74,206.08
Electric and Utilities	420,000.00	408,537.20	11,462.80
Insurance	126,750.00	112,742.94	14,007.06
Vehicle Expense	35,750.00	41,196.80	(5,446.80)
Vehicle Repairs	20,000.00	26,682.57	(6,682.57)
Parts and Supplies	87,000.00	44,667.43	42,332.57
Chemicals	77,500.00	61,705.39	15,794.61
Repairs and Maintenance	80,000.00	99,886.55	(19,886.55)
Telephone and Communications	33,000.00	37,909.19	(4,909.19)
Well Testing	12,000.00	12,376.00	(376.00)
Bulk Water Purchases	1,689,850.00	1,297,853.57	391,996.43
Uniforms and Safety Equipment	15,304.00	14,612.40	691.60
Dues and Meetings	2,450.00	25.97	2,424.03
Education and Training	8,500.00	6,930.70	1,569.30

(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, 2012

	<u>Budget</u>	<u>2011-12 Actual</u>	<u>Favorable (Unfavorable)</u>
Operating Appropriations (Cont'd):			
Cost of Service			
State Fees	\$ 40,000.00	\$ 37,955.68	\$ 2,044.32
Public Information	13,190.00	8,448.59	4,741.41
One Call/Public Relations	7,200.00	9,319.15	(2,119.15)
Equipment Rental	1,200.00	50.00	1,150.00
Total Cost of Service	<u>4,176,754.00</u>	<u>3,623,477.59</u>	<u>553,276.41</u>
Principal Payments on Debt Service in Lieu of Depreciation	<u>848,850.00</u>	<u>713,470.00</u>	<u>135,380.00</u>
	5,538,654.00	4,713,392.83	825,261.17
Non-Operating Appropriations:			
Interest on Bonds	320,856.00	320,854.23	1.77
Municipal Appropriation	269,423.00	269,423.00	
Total Operating, Principal Payments and Non-Operating Appropriations	<u>6,128,933.00</u>	<u>5,303,670.06</u>	<u>825,262.94</u>
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	<u>\$ (269,423.00)</u>	<u>\$ 866,983.60</u>	<u>\$ 1,136,406.60</u>
<u>Reconciliation to Operating Income</u>			
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations			\$ 1,136,406.60
Add:			
Bond Principal		\$ 713,470.00	
Bond Interest		<u>320,854.23</u>	
			<u>1,034,324.23</u>
			2,170,730.83
Less:			
Investment Income		231,362.39	
Depreciation		1,332,652.78	
Major Repairs and Replacements		<u>108,032.83</u>	
			<u>1,672,048.01</u>
Operating Income (Schedule 2)			<u>\$ 498,682.83</u>

**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, 2012

	<u>Budget</u>	<u>2011-12 Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Anticipated Revenues:</b>			
Service Charges	\$ 9,200,000.00	\$ 10,242,363.60	\$ 1,042,363.60
Connection Fees	475,661.00	327,580.19	(148,080.81)
Miscellaneous	66,500.00	177,986.36	111,486.36
<b>Total Operating Revenues</b>	<b>9,742,161.00</b>	<b>10,747,930.15</b>	<b>1,005,769.15</b>
<b>Other Budget Revenues:</b>			
Investment Income	275,000.00	429,673.02	154,673.02
<b>Total Anticipated Revenues</b>	<b>10,017,161.00</b>	<b>11,177,603.17</b>	<b>1,160,442.17</b>
<b>Operating Appropriations:</b>			
<b>Administrative:</b>			
Salaries and Wages	151,250.00	150,019.52	1,230.48
Fringe Benefits	46,100.00	36,830.43	9,269.57
Trustee Fees	36,000.00	46,324.21	(10,324.21)
Audit Fees	33,500.00	5,222.37	28,277.63
Legal Fees	81,300.00	38,191.13	43,108.87
Engineer Fees	60,000.00	36,363.01	23,636.99
Office Expenses	101,500.00	102,006.06	(506.06)
Financial/Insurance Consultant	20,900.00	7,741.63	13,158.37
Electric	5,000.00		5,000.00
Dues and Meetings	12,000.00	7,460.63	4,539.37
Education and Training	6,000.00	1,094.01	4,905.99
<b>Total Administrative Expenses</b>	<b>553,550.00</b>	<b>431,253.00</b>	<b>122,297.00</b>
<b>Cost of Service:</b>			
Salaries and Wages	1,805,890.00	1,693,083.96	112,806.04
Fringe Benefits	869,150.00	751,327.77	117,822.23
Electric and Utilities	1,015,000.00	787,035.89	227,964.11
Insurance	121,750.00	112,742.94	9,007.06
Vehicle Expense	91,450.00	91,817.87	(367.87)
Vehicle Repairs	60,000.00	56,689.86	3,310.14
Parts and Supplies	98,100.00	86,128.47	11,971.53
Chemicals	332,000.00	232,086.90	99,913.10
Repairs and Maintenance	154,400.00	150,108.27	4,291.73
Telephone and Communications	80,000.00	76,156.01	3,843.99
Wastewater Testing	25,000.00	14,094.35	10,905.65
Sludge Removal	570,000.00	519,564.90	50,435.10
Uniforms and Safety Equipment	34,226.00	29,477.20	4,748.80

(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, 2012

	<u>Budget</u>	<u>2011-12 Actual</u>	<u>Favorable (Unfavorable)</u>
Operating Expenses (Cont'd):			
Cost of Service:			
Dues and Meetings	\$ 2,450.00	\$ 662.01	\$ 1,787.99
Education and Training	12,000.00	9,423.55	2,576.45
State Fees	50,000.00	39,765.29	10,234.71
Public Information	18,760.00	17,174.69	1,585.31
One Call/Public Relations	16,800.00	18,441.03	(1,641.03)
Equipment Rental	2,800.00	2,072.42	727.58
Total Cost of Service	<u>5,359,776.00</u>	<u>4,687,853.38</u>	<u>671,922.62</u>
Principal Payments on Debt Service in Lieu of Depreciation	<u>2,791,145.00</u>	<u>2,635,679.66</u>	<u>155,465.34</u>
	8,704,471.00	7,754,786.04	949,684.96
Non-Operating Appropriations:			
Interest on Bonds	1,312,690.00	1,244,773.51	67,916.49
Municipal Appropriation	420,479.00	420,479.00	
Total Operating, Principal Payments and Non-Operating Appropriations	<u>10,437,640.00</u>	<u>9,420,038.55</u>	<u>1,017,601.45</u>
Excess in Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	<u>\$ (420,479.00)</u>	<u>\$ 1,757,564.62</u>	<u>\$ 2,178,043.62</u>
<u>Reconciliation to Operating Income</u>			
Excess in Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations			\$ 2,178,043.62
Add:			
Bond Principal		\$ 2,635,679.66	
Bond Interest		<u>1,244,773.51</u>	
			<u>3,880,453.17</u>
			6,058,496.79
Less:			
Investment Income		429,673.02	
Depreciation		2,272,324.89	
Major Repairs and Replacements		<u>307,478.07</u>	
			<u>3,009,475.97</u>
Operating Income (Schedule 2)			<u>\$ 3,049,020.81</u>



**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Consumer Accounts Receivable  
 For the Fiscal Year Ended June 30, 2012

	<u>Water</u>	<u>Sewer</u>
Balance July 1, 2011	\$ 306,259.73	\$ 625,422.87
Rental Charges	<u>4,919,362.86</u>	<u>10,242,363.60</u>
	5,225,622.59	10,867,786.47
Less:		
Collections	\$ 4,804,222.44	\$ 10,008,360.41
Prepaid Applied	<u>28,681.67</u>	<u>34,556.10</u>
	<u>4,832,904.11</u>	<u>10,042,916.51</u>
Balance June 30, 2012	<u><u>\$ 392,718.48</u></u>	<u><u>\$ 824,869.96</u></u>

## Schedule 6

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Connection Fees Receivable  
 For the Fiscal Year Ended June 30, 2012

	<u>Water</u>	<u>Sewer</u>
2011-12 Charges	\$ 125,828.84	\$ 327,580.19
Less:		
Cash Receipts	\$ 117,168.84	\$ 316,316.19
Due From Connection Fee Deposit Account	<u>8,660.00</u>	<u>11,264.00</u>
	<u><u>\$ 125,828.84</u></u>	<u><u>\$ 327,580.19</u></u>

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Miscellaneous Charges Receivable  
 For the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>2011-2012</u> <u>Charges</u>	<u>Prepaid</u> <u>Applied</u>	<u>Cash</u> <u>Receipts</u>	<u>Balance</u> <u>June 30, 2012</u>
Water Meter Charges		\$ 11,657.98		\$ 11,657.98	
Filing, Review and Application Fees		900.00		900.00	
Sprint/Nextel Rental Agreement		226,012.37		226,012.37	
Verizon Rental Agreement		42,350.76		42,350.76	
T-Mobile Rental Agreement		157,909.93		157,909.93	
A.T.&T.Wireless Rental Agreement		101,624.16		101,624.16	
Metro PC Rental Agreement		83,467.04		83,467.04	
Clearwire Rental Agreement		165,883.08	\$ 3,102.75	162,780.33	
Cricket Rental Agreement		91,729.15		91,729.15	
TTM Rental Agreement		7,048.16		7,048.16	
Miscellaneous		19,985.53		15,491.01	\$ 4,494.52
FEMA Reimbursements		5,099.33		5,099.33	
Sale of Scrap Metal		35,809.80		35,809.80	
Medford Lakes Project	\$ 35,408.04	88,793.64		124,201.68	
Returned Check Fees		3,650.00		3,650.00	
Water Turn-On Charges		30,165.00		30,165.00	
	<u>\$ 35,408.04</u>	<u>\$ 1,072,085.93</u>	<u>\$ 3,102.75</u>	<u>\$ 1,099,896.70</u>	<u>\$ 4,494.52</u>
Recap:					
Water		\$ 894,099.57	\$ 3,102.75	\$ 886,502.30	\$ 4,494.52
Sewer	\$ 35,408.04	177,986.36		213,394.40	
	<u>\$ 35,408.04</u>	<u>\$ 1,072,085.93</u>	<u>\$ 3,102.75</u>	<u>\$ 1,099,896.70</u>	<u>\$ 4,494.52</u>

## Schedule 8

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Refunds Receivable  
 For the Fiscal Year Ended June 30, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance June 30, 2011	\$ 708.63	\$ -	\$ 708.63
Decreased by:			
Cash Received	\$ 708.63	\$ -	\$ 708.63

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**

Schedule of Accrued Interest Receivable  
For the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Investment</u> <u>Income</u>	<u>Received</u>	<u>Balance</u> <u>June 30, 2012</u>
Unrestricted:				
Revenue Account	\$ 59.29	\$ 6,362.53	\$ 6,389.16	\$ 32.66
Operating Account	3,489.55	124,497.59	120,193.09	7,794.05
General Account	3,603.82	61,671.09	61,568.40	3,706.51
	<u>7,152.66</u>	<u>192,531.21</u>	<u>188,150.65</u>	<u>11,533.22</u>
Restricted:				
Bond Reserve Account	6,487.25	368,343.54	370,027.77	4,803.02
Bond Service Account	84,866.16	11,004.21	95,323.10	547.27
Construction Fund		83.72	83.72	
Renewal and Replacement Account	981.25	89,072.73	87,970.65	2,083.33
	<u>92,334.66</u>	<u>468,504.20</u>	<u>553,405.24</u>	<u>7,433.62</u>
	<u>\$ 99,487.32</u>	<u>\$ 661,035.41</u>	<u>\$ 741,555.89</u>	<u>\$ 18,966.84</u>
Recap:				
Water	\$ 34,456.12	\$ 231,362.39	\$ 259,544.56	\$ 6,273.95
Sewer	65,031.20	429,673.02	482,011.33	12,692.89
	<u>\$ 99,487.32</u>	<u>\$ 661,035.41</u>	<u>\$ 741,555.89</u>	<u>\$ 18,966.84</u>

**Schedule 10****EVESHAM MUNICIPAL UTILITIES AUTHORITY**

Schedule of Prepaid Expenses  
For the Fiscal Year Ended June 30, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2011	\$ 341,831.82	\$ 667,455.44	\$ 1,009,287.26
Add:			
Disbursements Fiscal Year 2012	175,036.83	276,453.98	451,490.81
	<u>516,868.65</u>	<u>943,909.42</u>	<u>1,460,778.07</u>
Less:			
Charged to Operations Fiscal Year 2012	182,623.85	295,970.19	478,594.04
Balance June 30, 2012	<u>\$ 334,244.80</u>	<u>\$ 647,939.23</u>	<u>\$ 982,184.03</u>

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Analysis of Property Plant and Equipment -- Completed  
 For the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Useful</u> <u>Life</u>
<b>Water:</b>					
Land and Improvements	\$ 187,079.00			\$ 187,079.00	
Buildings and Improvements	10,543,365.03		\$ 64,905.90	10,478,459.13	40 Yrs.
Infrastructure	44,158,305.43	\$ 112,313.50		44,270,618.93	40 Yrs.
Fixed Equipment	3,701,612.95	381,701.05		4,083,314.00	15 Yrs.
Equipment	457,489.35		23,860.90	433,628.45	5 to 15 Yrs.
Vehicles	612,337.34			612,337.34	7 Yrs.
	59,660,189.10	494,014.55	88,766.80	60,065,436.85	
Less: Accumulated Depreciation	44,923,469.22	1,332,652.78	88,766.80	46,167,355.20	
	<u>\$ 14,736,719.88</u>	<u>\$ (838,638.23)</u>	<u>\$ -</u>	<u>\$ 13,898,081.65</u>	
<b>Sewer:</b>					
Land and Improvements	\$ 5,145,239.00			\$ 5,145,239.00	
Buildings and Improvements	44,725,939.73	\$ 298,767.43		45,024,707.16	40 Yrs.
Infrastructure	48,574,185.41	1,255,129.31		49,829,314.72	40 Yrs.
Fixed Equipment	3,033,172.93	392,863.79	\$ 44,313.10	3,381,723.62	15 Yrs.
Equipment	1,185,654.87	2,769.95		1,188,424.82	5 to 15 Yrs.
Vehicles	1,178,621.48			1,178,621.48	7 Yrs.
	103,842,813.42	1,949,530.48	44,313.10	105,748,030.80	
Less: Accumulated Depreciation	69,741,694.78	2,272,324.89	44,313.10	71,969,706.57	
	<u>\$ 34,101,118.64</u>	<u>\$ (322,794.41)</u>	<u>\$ -</u>	<u>\$ 33,778,324.23</u>	
<b>Recap:</b>					
Total Fixed Capital	\$ 163,503,002.52	\$ 2,443,545.03	\$ 133,079.90	\$ 165,813,467.65	
Less: Accumulated Depreciation	114,665,164.00	3,604,977.67	133,079.90	118,137,061.77	
	<u>\$ 48,837,838.52</u>	<u>\$ (1,161,432.64)</u>	<u>\$ -</u>	<u>\$ 47,676,405.88</u>	
Contributions		\$ 38,615.00			
Transfer from Construction in Progress		1,876,980.02			
Cash Disbursed		<u>527,950.01</u>			
		<u>\$ 2,443,545.03</u>			

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Analysis of Property, Plant and Equipment -- Construction in Progress  
 For the Fiscal Year Ended June 30, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2011	\$ 2,857,919.56	\$ 1,753,263.52	\$ 4,611,183.08
Increased by:			
Cash Disbursements - General Fund	36,793.63	1,006,353.09	1,043,146.72
	2,894,713.19	2,759,616.61	5,654,329.80
Decreased by:			
Canceled		292,639.14	292,639.14
Transferred to Fixed Assets	379,562.02	1,497,418.00	1,876,980.02
	379,562.02	1,790,057.14	2,169,619.16
Balance June 30, 2012	<u>\$ 2,515,151.17</u>	<u>\$ 969,559.47</u>	<u>\$ 3,484,710.64</u>

Analysis of Balance June 30, 2012

SCADA System	\$ 2,515,151.17		\$ 2,515,151.17
Charter Oaks/Willow Ridge Replacement Project		\$ 607,676.57	607,676.57
New World Pump Station Project		136,324.38	136,324.38
Sanitary Sewer Replacement		225,558.52	225,558.52
	<u>\$ 2,515,151.17</u>	<u>\$ 969,559.47</u>	<u>\$ 3,484,710.64</u>

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Accrued Interest on Revenue Bonds and Loans Payable  
 For the Fiscal Year Ended June 30, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2011	\$ 179,354.31	\$ 636,761.95	\$ 816,116.26
Increased by:			
Interest Charges Fiscal Year 2012 Budget	320,854.23	1,244,773.51	1,565,627.74
Amortization of Deferred Amount of Refunding	49,749.07	113,443.88	163,192.95
Amortization of Net Discount/Premium on Bonds	(58,994.70)	(126,609.95)	(185,604.65)
<b>Total Interest Expense</b>	<b>311,608.60</b>	<b>1,231,607.44</b>	<b>1,543,216.04</b>
	490,962.91	1,868,369.39	2,359,332.30
Decreased by:			
Interest Paid	339,781.36	1,223,101.16	1,562,882.52
Amortization of Deferred Amount of Refunding	49,749.07	113,443.88	163,192.95
Amortization of Net Discount/Premium on Bonds	(58,994.70)	(126,609.95)	(185,604.65)
	330,535.73	1,209,935.09	1,540,470.82
Balance June 30, 2012	\$ 160,427.18	\$ 658,434.30	\$ 818,861.48

Schedule 14

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Payroll Deductions Payable  
 For the Fiscal Year Ended June 30, 2012

Balance July 1, 2011	\$ 2,036.05
Receipts:	
Payroll Deductions Payable	1,292,117.65
	1,294,153.70
Disbursements:	
Checks Drawn to Payroll Agencies	1,293,657.34
Balance June 30, 2012	\$ 496.36
<u>Analysis of Balance June 30, 2012</u>	
State Unemployment Insurance	\$ (57.08)
Pennsylvania Tax	(0.07)
N.J. Family Leave	9.85
Public Employees Retirement System	(172.83)
Cafeteria - 125 Plan	520.77
Union Dues	90.26
Life Insurance	105.46
	\$ 496.36

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Bonds  
 For the Fiscal Year Ended June 30, 2012

<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, 2011</u>	<u>Issued</u>	<u>Decreased</u>	<u>Balance June 30, 2012</u>
			<u>Outstanding June 30, 2012</u>	<u>Date</u>					
2002 Revenue Bonds (Series A)	11-19-02	\$ 14,940,000.00	7-1-2012	\$ 320,000.00	4.500%	\$ 13,865,000.00		\$ 13,545,000.00	\$ 320,000.00
2003 Revenue Bonds (Series A)	4-8-03	12,160,000.00	7-1-2012	2,215,000.00	5.000%	11,445,000.00		9,230,000.00	2,215,000.00
2004 Revenue Bonds (Series A)	3-1-04	4,435,000.00	7-1-2012	340,000.00	3.250%				
			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%	2,070,000.00		330,000.00	1,740,000.00
2011 Revenue Bonds (Series A)	11-16-11	3,655,000.00	7-1-2012	100,000.00	2.000%				
			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	645,000.00	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		3,655,000.00

(Continued)





**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of New Jersey Environmental Infrastructure Loans Payable  
 For the Fiscal Year Ended June 30, 2012

<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, 2011</u>	<u>Paid</u>	<u>Balance June 30, 2012</u>
			<u>Outstanding June 30, 2012</u>	<u>Date</u>				
2006A Fund Loan Agreement	11-7-06	\$ 5,699,574.00	7-1-2012	\$ 290,978.52	N/A			
			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	\$ 4,612,424.69	\$ 288,604.15	\$ 4,323,820.54			
2006A Trust Loan Agreement	11-7-06	5,695,000.00	7-1-2012	235,000.00	5.000%			
			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%	5,080,000.00	220,000.00	4,860,000.00			

(Continued)

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of New Jersey Environmental Infrastructure Loans Payable  
 For the Fiscal Year Ended June 30, 2012

<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, 2011</u>	<u>Paid</u>	<u>Balance June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>				
2008A Fund Loan Agreement	11-6-08	\$ 1,307,340.00	7-1-2012	\$ 64,931.34	N/A	\$ 1,003,409.81	\$ 66,467.74	\$ 936,942.07
			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			

(Continued)

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of New Jersey Environmental Infrastructure Loans Payable  
 For the Fiscal Year Ended June 30, 2012

<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, 2011</u>	<u>Paid</u>	<u>Balance June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>					
2008A Trust Loan Agreement	11-6-08	\$ 1,325,000.00	7-1-2012	\$ 50,000.00		5.000%			
			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%		\$ 1,280,000.00	\$ 45,000.00

(Continued)

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of New Jersey Environmental Infrastructure Loans Payable  
 For the Fiscal Year Ended June 30, 2012

<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, 2011</u>	<u>Paid</u>	<u>Balance June 30, 2012</u>						
			<u>Date</u>	<u>Amount</u>										
2010A Fund Loan Agreement	11-5-09	\$ 276,863.00	7-1-2012	\$ 14,077.77	N/A									
			7-1-2013	14,077.77	N/A									
			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									
												\$ 262,785.23	\$ 14,077.77	\$ 248,707.46

(Continued)

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of New Jersey Environmental Infrastructure Loans Payable  
 For the Fiscal Year Ended June 30, 2012

<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, 2011</u>	<u>Paid</u>	<u>Balance June 30, 2012</u>		
			<u>Date</u>	<u>Amount</u>							
2010A Trust Loan Agreement	11-5-09	\$ 270,000.00	7-1-2012	\$ 10,000.00		5.000%					
			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	15,000.00		4.000%					
									\$ 270,000.00	\$ 10,000.00	\$ 260,000.00
									\$ 12,508,619.73	\$ 644,149.66	\$ 11,864,470.07

**EVESHAM MUNICIPAL UTILITIES AUTHORITY**

**PART II**

**FINDINGS AND RECOMMENDATIONS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**EVESHAM MUNICIPAL UTILITIES AUTHORITY  
Schedule of Findings and Recommendations  
For the Fiscal Year Ended June 30, 2012**

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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 Audit Findings  
And Questioned Costs as Prepared by Management**

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This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

N/A - None



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**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*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

