

**EVESHAM MUNICIPAL
UTILITIES AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

FOR THE FISCAL YEARS ENDING

JUNE 30, 2011 & 2010



THE EVESHAM MUNICIPAL UTILITIES AUTHORITY

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EVESHAM MUNICIPAL UTILITIES AUTHORITY

Roster of Officials

June 30, 2011

<u>Members</u>	<u>Position</u>	<u>Amount of Surety Bond</u>
Joseph M. De Julius	Chairperson	
Joseph Fisicaro	Vice Chairperson	
Edward Waters	Secretary	
Daniel E. Morton	Assistant Secretary	
Willard Weikel	Assistant Secretary	
Kiritkumar Patel	Alternate Boardmember	
Carmen Tierno	Alternate Boardmember	
<u>Other Officials</u>		
Joseph Rizzuto	Executive Director	\$1,000,000.00 (A)
Laura Puszc	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, 2011 & 2010

INDEPENDENT AUDITOR'S 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, State of New Jersey as of June 30, 2011 and 2010, 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 Local Finance Board, 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 present fairly, in all material respects, the financial position of the Evesham Municipal Utilities Authority as of June 30, 2011 and 2010 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 October 25, 2011 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 read in conjunction with this report in assessing the results of our audit.

The accompanying management's discussion and analysis and Schedule of Funding Progress for the OPEB plan as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is not a required part of the financial statements. In addition, the supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of State Financial Assistance and the supplementary schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
October 25, 2011

**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, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated October 25, 2011. 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 Local Finance Board, 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 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 that are required to be reported under Government Auditing Standards, and audit requirements as prescribed by the Local Finance Board, Department of Community Affairs, State of New Jersey.

This report is intended solely for the information and use of the management of the Authority, the Local Finance Board, Department of Community Affairs, State of New Jersey and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
October 25, 2011

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, 2011. 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 11 were \$1,120,029.22. This represents a \$866,094.22 increase from FY 10. Future projections indicate that connection fees will decline as Evesham Township approaches buildout. Revenue will be closely monitored to determine what effect this will have on the financial status of the Authority.
- **Total Net Assets:** Total assets at June 30, 2011 were \$75,729,102.14. After deducting liabilities, net assets at June 30, 2011 were \$33,583,627.32.
- **Total Operating Revenue:** FY 11 Operating Revenues totaling \$17,528,443.20 were up from last year's amount of \$15,150,479.89.
- **Total Operating Expenses:** FY 11 Operating expenses of \$14,101,366.02 were down from last year's amount of \$17,487,632.79.
- **Interest Income:** In FY 11 the Authority generated 773,169.89 in interest income from investments. This was \$72,428.49 lower than FY 10, due to lower interest rates available and a decrease in the market value of Authority investments.

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 \$75,729,102.14 on June 30, 2011. Total assets, total liabilities and total net assets are detailed below:

Evesham Municipal Utilities Authority			
Net Assets			
As of June 30,			
	<u>2009</u>	<u>2010</u>	<u>2011</u>
Current Assets	\$24,770,817.69	\$22,056,904.08	\$21,945,336.38
Capital Assets	58,422,838.79	55,625,255.53	53,449,021.60
Unamortized Bond Issuance Costs	<u>391,865.99</u>	<u>358,070.99</u>	<u>334,744.06</u>
Total Assets	<u>\$83,585,522.47</u>	<u>\$78,040,230.60</u>	<u>\$75,729,102.14</u>
Current Liabilities	\$ 4,784,288.44	\$ 5,745,833.23	\$ 4,962,169.11
Long-Term Liabilities	<u>43,075,109.59</u>	<u>40,556,217.96</u>	<u>37,183,305.71</u>
Total Liabilities	<u>\$47,859,398.03</u>	<u>\$46,302,051.19</u>	<u>\$42,145,474.82</u>
Net Assets			
Invested in capital assets, net of			
Related debt	\$13,958,017.70	\$13,777,378.54	\$14,010,301.31
Reserve for Arbitrage Rebate	5,709.25	5,709.25	
Restricted	8,234,713.00	8,481,228.67	8,523,311.17
Unrestricted	<u>13,527,684.49</u>	<u>9,473,862.95</u>	<u>11,050,014.84</u>
Total Net Assets	<u>\$35,726,124.44</u>	<u>\$31,738,179.41</u>	<u>\$33,583,627.32</u>

The Authority had operating income of \$3,427,077.18 for the current year.

Evesham Municipal Utilities Authority
Revenues, Expenses and Net Assets
As of June 30,

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Operating Revenues			
Service Charges	\$14,876,530.24	\$14,215,825.39	\$15,467,080.34
Connection Fees	480,198.70	103,119.04	1,120,029.22
Other Operating Revenues	<u>735,775.77</u>	<u>831,535.46</u>	<u>941,333.64</u>
Total Operating Revenue	<u>16,092,504.71</u>	<u>15,150,479.89</u>	<u>17,528,443.20</u>
Operating Expenses	9,306,945.07	9,342,305.66	9,327,664.63
Major Repairs and Other Expenses	1,925,620.13	3,811,047.00	946,403.04
Depreciation Expense	<u>4,943,354.56</u>	<u>4,334,280.13</u>	<u>3,827,298.35</u>
Total Operating Expenses	<u>16,175,919.76</u>	<u>17,487,632.79</u>	<u>14,101,366.02</u>
Operating Income (Loss)	(83,415.05)	(2,337,152.90)	3,427,077.18
Non-Operating Revenues (Expenses)			
Investment Income	785,905.07	845,598.38	773,169.89
Cancellation of Due from Township		(1,816,750.00)	
Bond Interest	(1,978,431.80)	(1,871,781.00)	(1,752,005.33)
Municipal Appropriation			(672,000.00)
Cancellation of Construction in Progress			(132,063.58)
Contributions	170,587.70	2,148,959.30	234,764.30
Cancellation of Customer Bankruptcy			206.94
Cancellation of Other Accounts Receivable			(3,330.81)
Green Acres Grant Proceeds	28,125.00	66,502.31	
Amortization of Bond Issue Costs	(37,723.67)	(33,795.00)	(30,370.68)
Loss on Disposal of Fixed Assets	<u>(336,004.12)</u>	<u>(989,526.12)</u>	<u>(989,526.12)</u>
Change in Net Assets	<u>(\$1,450,956.87)</u>	<u>(\$3,987,945.03)</u>	<u>\$1,845,447.91</u>
<hr/>			
Net Assets – July 1	\$37,177,081.31	\$35,726,124.44	\$31,738,179.41
Change in Net Assets	<u>(1,450,956.87)</u>	<u>(3,987,945.03)</u>	<u>1,845,447.91</u>
Net Assets – June 30	<u>\$35,726,124.44</u>	<u>\$31,738,179.41</u>	<u>\$33,583,627.32</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 11 were \$1,120,029.22 which was unusual compared to past years. The realized connection fees were used to partially offset the capital budget.

BUDGET VARIANCES

The Authority expended 89% of its \$10,434,800.00 operating budget with no major variances except the revenue lines for sewer and water service charges, sewer connection fees and expense lines for chemicals and bulk water purchases. The percentage of the amount expended to the amount budgeted compares favorably to past years.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

During the current year, the Authority expended \$2,494,766.74 from its General and Renewal and Replacement accounts for capital activities. \$946,403.04 was classified as repairs and charged as operating expenses. The remaining \$1,548,363.70 was capitalized as either construction in progress or fixed assets for the following projects:

Fueling Station	560,500.89
Infiltration Basin Project	570,929.72
Equipment and Vehicles	416,933.09

The recently completed Kings Grant Sewer Treatment Plant Upgrade was financed through the New Jersey Environmental Infrastructure Trust Program. The Authority borrowed \$14,259,471 for the project. One half of this amount was obtained through the Trust at market rate and the other half through the Fund at 0% interest.

OVERALL ANALYSIS (CONT'D)

The proposed FY 12 Capital Budget and five-year Capital Program are \$3,610,000.00 and \$21,190,000.00 respectively. The following major line items making up the 12 Capital Budget are:

- | | |
|-----------------------------|-----------------|
| • Sewer Replacement Program | \$ 2,080,000.00 |
| • New World Pump Station | 1,350,000.00 |
| • Well Decommissioning | 180,000.00 |

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&15 | \$ 3,080,000.00 |
| • Energy Conservation | FY 13 | 1,700,000.00 |
| • Sewer SCADA System | FY 13 | 1,630,000.00 |
| • Well 13/14 Rehabilitation | FY 13 | 1,750,000.00 |
| • Woodstream STP Copper Removal | FY 14 | 1,750,000.00 |
| • Southside Water Tower | FY 14 | 2,500,000.00 |
| • Water Replacement | FY 15 | 1,000,000.00 |
| • Cropwell/Westerly Pump Station | FY 16 | 2,500,000.00 |

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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Unrestricted Assets:		
Revenue/Operating Account:		
Cash and Cash Equivalents	\$ 877,982.62	\$ 455,337.62
Investments	2,465,406.18	2,617,947.05
Accrued Interest Receivable	3,548.84	4,021.84
General Account:		
Cash and Cash Equivalents	2,995,595.57	1,204,774.72
Investments	2,502,891.09	3,119,095.61
Cash Held by Fiscal Agents		49,319.00
Accrued Interest Receivable	3,603.82	4,614.21
Due from New Jersey Environmental Infrastructure Trust	229,472.00	976,977.00
Consumer Accounts Receivable	931,682.60	1,149,115.03
Other Accounts Receivable	94,523.63	19,783.33
Prepaid Expenses	1,009,287.26	953,513.66
Total Unrestricted Assets	11,113,993.61	10,554,499.07
Current Restricted Assets:		
Debt Service Account:		
Cash and Cash Equivalents	4,177,286.25	2,822,582.83
Investments		1,223,745.31
Accrued Interest Receivable	84,866.16	9,781.26
Debt Service Reserve Account:		
Cash and Cash Equivalents	16,927.35	156,930.00
Investments	4,439,264.45	4,335,649.39
Accrued Interest Receivable	6,487.25	6,827.78
Renewal and Replacement Account:		
Cash and Cash Equivalents	1,000,000.00	1,000,000.00
Investments	530,874.75	549,256.55
Accrued Interest Receivable	981.25	1,041.67
Other Accounts:		
Cash and Cash Equivalents	82,968.62	797,700.36
Investments	491,686.79	598,889.86
Total Restricted Assets	10,831,342.87	11,502,405.01
Non-Current Assets:		
Property, Plant and Equipment:		
Construction in Progress	4,611,183.08	3,985,174.52
Completed (Net of Accumulated Depreciation)	48,837,838.52	51,640,081.01
Total Property, Plant and Equipment	53,449,021.60	55,625,255.53
Deferred Assets:		
Bond Issue Costs	334,744.06	358,070.99
Total Noncurrent Assets	53,783,765.66	55,983,326.52
Total Assets	\$ 75,729,102.14	\$ 78,040,230.60

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Net Assets
 As of June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable--Operations	\$ 436,103.13	\$ 549,379.87
Prepaid Rental Charges	63,237.77	31,159.25
Prepaid Antenna Rental Charges	3,102.75	
Deferred Revenue	170.34	
Customer Bankruptcy Reserves		206.94
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	502,613.99	580,746.06
	<hr/>	<hr/>
Current Liabilities Payable from Restricted Assets:		
Serial Bonds Payable--Current Portion	2,705,000.00	2,480,000.00
New Jersey Environmental Infrastructure Loan Payable - Current Portion	644,149.66	630,680.44
Accrued Bond Interest Payable	816,116.26	883,226.14
Escrow Deposits	50,674.16	61,471.33
Deferred Connection Fees	243,615.04	1,109,709.26
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	4,459,555.12	5,165,087.17
	<hr/>	<hr/>
Long-term Liabilities:		
Serial Bonds Payable	24,789,316.62	27,374,543.81
New Jersey Environmental Infrastructure Loan Payable	11,864,470.07	12,697,700.73
Other Post Retirement Benefits Payable	36,802.01	29,362.58
Compensated Absences	492,717.01	454,610.84
	<hr/>	<hr/>
Total Long-term Liabilities	37,183,305.71	40,556,217.96
	<hr/>	<hr/>
Total Liabilities	\$ 42,145,474.82	\$ 46,302,051.19
	<hr/>	<hr/>
NET ASSETS		
Restricted for:		
Bond Covenants:		
Debt Service Reserve Requirement	\$ 4,372,528.67	\$ 4,372,528.67
System Reserve Requirement	1,500,000.00	1,500,000.00
Operating Requirement	2,650,782.50	2,608,700.00
Reserve for Arbitrage Rebate		5,709.25
Invested in Capital Assets, Net of Related Debt	14,010,301.31	13,777,378.54
Unrestricted	11,050,014.84	9,473,862.95
	<hr/>	<hr/>
Total Net Assets	\$ 33,583,627.32	\$ 31,738,179.41
	<hr/>	<hr/>

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

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Revenues, Expenses and Changes in Net Assets
 For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues:		
Service Charges	\$ 15,467,080.34	\$ 14,215,825.39
Connection Fees	1,120,029.22	103,119.04
Miscellaneous Charges	941,333.64	831,535.46
	<hr/>	<hr/>
Total Operating Revenues	17,528,443.20	15,150,479.89
	<hr/>	<hr/>
Operating Expenses:		
Administrative Expenses:		
Salaries and Wages	287,839.49	327,336.94
Fringe Benefits	89,911.10	91,443.91
Other	473,652.81	589,914.28
	<hr/>	<hr/>
	851,403.40	1,008,695.13
	<hr/>	<hr/>
Cost of Service:		
Salaries and Wages	2,699,950.26	2,587,004.51
Fringe Benefits	1,056,776.05	1,013,524.40
Other	4,719,534.92	4,733,081.62
	<hr/>	<hr/>
	8,476,261.23	8,333,610.53
	<hr/>	<hr/>
Major Repairs and Other Expenses	946,403.04	3,811,047.00
Depreciation	3,827,298.35	4,334,280.13
	<hr/>	<hr/>
Total Operating Expenses	14,101,366.02	17,487,632.79
	<hr/>	<hr/>
Operating Income (Loss)	3,427,077.18	(2,337,152.90)
	<hr/>	<hr/>
Non-operating Revenue (Expenses):		
Investment Income	773,169.89	845,598.38
Bond Interest	(1,752,005.33)	(1,871,781.00)
Municipal Appropriation	(672,000.00)	
Green Acres Grant Proceeds		66,502.31
Cancellation of Construction in Progress	(132,063.58)	
Cancellation of Customer Bankruptcy Reserve	206.94	
Cancellation of Other Accounts Receivable	(3,330.81)	
Loss on Disposal of Fixed Assets		(989,526.12)
Cancellation of Due from Township		(1,816,750.00)
Amortization of Bond Issue Costs	(30,370.68)	(33,795.00)
	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	(1,816,393.57)	(3,799,751.43)
	<hr/>	<hr/>
Contributions:		
Developers	234,764.30	1,595,234.30
A.R.R.A. Funds		553,725.00
	<hr/>	<hr/>
Total Contributions	234,764.30	2,148,959.30
	<hr/>	<hr/>
Change in Net Assets (Carried Forward)	1,845,447.91	(3,987,945.03)

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Revenues, Expenses and Changes in Net Assets
 For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Change in Net Assets (Brought Forward)	\$ 1,845,447.91	\$ (3,987,945.03)
Net Assets, Beginning of Year	<u>31,738,179.41</u>	<u>35,726,124.44</u>
Net Assets, End of Year:		
Restricted	\$ 8,523,311.17	\$ 8,481,228.67
Unrestricted	\$ 11,050,014.84	\$ 9,473,862.95
Reserve for Arbitrage Rebate		\$ 5,709.25
Invested in Capital Assets, Net of Related Debt	<u>\$ 14,010,301.31</u>	<u>\$ 13,777,378.54</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 17,193,592.74	\$ 15,037,123.51
Payments to Suppliers	(8,698,159.12)	(10,499,735.26)
Payments to Employees	(2,987,789.75)	(2,914,341.45)
Other Operating Receipts	921,048.46	834,086.32
Net Cash Provided by Operating Activities	<u>6,428,692.33</u>	<u>2,457,133.12</u>
Cash Flows from Capital and Related Financing Activities:		
Capital Aquisitions	(1,548,363.70)	(930,988.69)
N.J. Environmental Infrastructure Loan Proceeds	607,743.00	159,164.00
Green Acres Grant Proceeds		66,502.31
A.R.R.A. Contribution		504,406.00
Municipal Appropriation	(672,000.00)	
Debt Issue costs	(7,043.75)	
Debt Service:		
Principal	(3,110,680.44)	(2,920,694.82)
Interest	(1,699,342.40)	(1,842,978.54)
Net Cash Used in Capital and Related Financing Activities	<u>(6,429,687.29)</u>	<u>(4,964,589.74)</u>
Cash Flows from Investing Activities:		
Interest on Investments	699,969.33	846,107.78
Change in Investments	2,014,460.51	1,494,567.59
Net Cash Flows Provided by Investing Activities	<u>2,714,429.84</u>	<u>2,340,675.37</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,713,434.88	(166,781.25)
Cash and Cash Equivalents--July 1	<u>6,437,325.53</u>	<u>6,604,106.78</u>
Cash and Cash Equivalents--June 30	<u><u>\$ 9,150,760.41</u></u>	<u><u>\$ 6,437,325.53</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 3,427,077.18	\$ (2,337,152.90)
Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities:		
Depreciation	3,827,298.35	4,334,280.13
Change in Assets and Liabilities:		
(Increase) Decrease in Consumer Accounts Receivable	217,432.43	(383,934.72)
(Increase) Decrease in Other Accounts Receivable	(78,071.11)	(12,474.65)
(Increase) Decrease in Prepaid Expenses	(55,773.60)	68,732.74
Increase (Decrease) in Accounts Payable	(113,276.74)	(5,419.11)
Increase (Decrease) in Prepaid Rents	32,078.52	(18,363.90)
Increase (Decrease) in Overpaid Rental Charges		(11,588.39)
Increase (Decrease) in Deferred Revenues	170.34	
Increase (Decrease) in Prepaid Antenna Rents	3,102.75	
Increase (Decrease) in Escrow Deposits	(10,797.17)	64.77
Increase (Decrease) in Compensated Absences Payable	38,106.17	(78,226.49)
Increase (Decrease) in Other Post Retirement Benefits Payable	7,439.43	12,360.58
Increase (Decrease) in Connection Fee Deposits	(866,094.22)	888,855.06
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 6,428,692.33</u></u>	<u><u>\$ 2,457,133.12</u></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, 2011 and 2010

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

Enterprise funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned; their expenses are recognized when they are incurred. 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.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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, 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 on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at market value.

Local units are required by N.J.S.A. 40A:5-14 to annually adopt a cash management plan and must deposit its funds pursuant to that plan. The cash management plan includes a designation of a depository or depositories as defined in section 1 of P.L. 1970, c.236 (C. 17:9-41). In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

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

The cash management plan adopted by the Authority requires it to deposit funds in public depositories protected from loss under the provisions of GUDPA.

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.

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

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	5-15
Major Moveable Equipment	7
Vehicles	40
Infrastructure	40

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

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.

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

Use of Estimates

Management of the Authority has made certain estimates and assumptions relating to the reporting of assets, liabilities and revenues and expenses to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. 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 and February 4, 2004, 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 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, 2011, 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, 2011 of \$4,456,191.80 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, 2011, 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 1.80 times the annual debt service for the current bond year ending June 30, 2011. 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>2011</u>	<u>2010</u>
Net Revenues:		
Operating Income (Loss) (Exhibit B)	\$3,427,077.18	(\$2,324,792.32)
Add: Interest Income Earned	773,169.89	845,598.38
Major Repairs and Replacements	946,403.04	3,811,047.00
Depreciation	<u>3,827,298.35</u>	<u>4,334,280.13</u>
Net Revenues for Debt Service Coverage	<u>\$8,973,948.46</u>	<u>\$6,666,133.19</u>
Debt Service:		
Bond Principal	\$3,349,149.66	\$3,110,680.44
Interest Expense:		
Interest Accrued	1,752,005.33	1,871,781.00
Less: Amortization	<u>(119,772.81)</u>	<u>(110,791.72)</u>
Total Debt Service	<u>\$4,981,382.18</u>	<u>\$4,871,669.72</u>
Net Revenues	<u>\$8,973,948.46</u>	<u>\$6,666,133.19</u>
Debt Service	4,981,382.18= 1.80	4,871,669.72= 1.39

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.

Insured	\$ 500,000.00
Collateralized under GUDPA	<u>19,436,510.74</u>
	<u>\$19,936,510.74</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 \$10,430,123.24 investments in government securities are held by the 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, money market funds; GNMA's; FNMA's or direct Treasury Securities.

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	824,474.84
			<u>\$10,430,123.26</u>

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

The following is a three-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>
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%

Property, Plant and Equipment

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

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 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
	162,478,549.66	1,025,055.86	600.00	163,503,002.52
Depreciation	110,838,465.65	3,827,298.35	600.00	114,665,164.00
	<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, 2011 and 201 was \$492,717.01 and \$454,610.84, 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, 2007, 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, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. 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, 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.

<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>
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		204,181.00
2009	88,213.00	102,029.00	190,242.00		190,242.00

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Authority.

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.). 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. 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, statute also requires the return to the normal rate when such surplus pension assets no longer exist. 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, 2011.

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

The Authority's defined benefit postemployment plan (the "Authority Plan") provides the former Executive Director and his spouse with fully paid health and prescription benefits until the employee or spouse reaches Medicare age. Once Medicare age is attained by either the employee or spouse, Medicare becomes the primary benefit with the Authority providing supplementary medical and prescription insurance. To be eligible the Executive Director, upon retirement, must be 62 years of age and have twenty five years of service to the Authority.

The Authority Plan does not issue a separate financial report.

Funding Policy

The contribution requirement of the Authority is established by Authority policy. The Authority may amend its policy, subject to contractual provisions, as deemed necessary. The required contribution is based on projected pay-as-you-go financing requirements.

Annual OPEB Cost and Net OPEB Obligation

The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (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) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Authority's net OPEB obligation to the Plan:

Normal Cost	\$ -0-
Unfunded Actuarial Liability	<u>17,002.00</u>
Annual Required Contribution (expense)	17,002.00
Interest on Net OPEB Obligation	1,468.13
Contributions made	<u>(11,030.70)</u>
	7,439.43
Net OPEB Obligation – Beginning of Year	<u>29,362.58</u>
Net OPEB Obligation – End of Year	<u>\$ 36,802.01</u>

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the Authority Plan was 0% funded. The actuarial accrued liability for benefits was \$234,981.00 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$234,981.00. The covered payroll (annual payroll of active employees covered by the plan) was \$117,500.00, and the ratio of the UAAL to the covered payroll was 200%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented in the required supplementary information. This schedule compares the assets used for funding purposes to the comparable liabilities to determine how well the Authority Plan is funded. The actuarial liability is compared to the actuarial value of assets to determine the funding ratio. The Actuarial Accrued Liability under GASB is determined assuming that the Authority Plan is ongoing and participants continue in accordance with the actuarial assumptions.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Post-employment Benefits (Cont'd)****Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Lease Obligations

At June 30, 2011, the Authority had lease agreements in effect for a mail machine and a copy machine. Future minimum rental payments under operating lease agreements are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2012	\$ 8,902.32

Rental payments under operating leases for the year ended June 30, 2011 were \$9,284.46.

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 year 2011 was \$24,995.23, including \$16,684.05 of the prepaid amount that was applied expense.

Revenue Bonds Payable**2000 Series A**

The 2000 Series A Revenue Bonds in the original amount of \$9,970,000.00 were issued by the Authority on April 5, 2000 pursuant to the 2000 Supplemental Bond Resolution. The Bonds carry interest rates ranging from 5.50% to 6.125%.

Proceeds from the 2000 Bonds were used to advance refund the \$10,080,000.00 outstanding 1990 Series B bonds and to pay certain costs of the issuance of the 2000 Bonds, including the premium for a municipal bond insurance policy.

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.

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

Debt Service

A summary of maturities on the 2000, 2002, 2003 and 2004 Revenue Bonds Payable at June 30, 2011 is as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Interest</u> <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	3.25% to 5.000%	\$ 2,705,000.00	\$ 1,266,402.26	\$ 3,971,402.26
2013	3.50 to 5.125	2,875,000.00	1,135,777.26	4,010,777.26
2014	3.60 to 5.125	3,015,000.00	995,186.63	4,010,186.63
2015	3.60 to 5.125	3,155,000.00	846,601.00	4,001,601.00
2016	4.15 to 5.125	3,310,000.00	690,416.75	4,000,416.75
2017	4.15 to 5.000	3,545,000.00	521,745.00	4,066,745.00
2018	4.15 to 5.000	3,725,000.00	340,122.50	4,065,122.50
2019	4.15 to 5.000	3,910,000.00	149,396.25	4,059,396.25
2020	4.15 to 4.650	555,000.00	39,119.25	594,119.25
2021	4.15 to 4.650	<u>585,000.00</u>	<u>13,264.25</u>	<u>598,264.25</u>
		27,380,000.00	<u>\$5,998,031.15</u>	<u>\$33,378,031.15</u>
Less: Current Maturities		2,705,000.00		
Deferred Amount on Refunding		630,686.07		
Premium/ Discount on Bonds		<u>(745,002.69)</u>		
Long-term Portion		<u>\$24,789,316.62</u>		

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

In November 2006, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$5,695,000.00 from the Trust and a \$5,699,574.00 from the Fund. The loan proceeds are being used to fund the Kings Grant Sewer Treatment Plant rehabilitation project. As of June 30, 2011, 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, 2011, 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, 2011, the Authority has drawn \$506,472.00 of these funds.

The balance of \$229,472.00 of loan proceeds recorded as a receivable on Exhibit A consists of 2008 proceeds totaling \$189,081.00 that will be applied to future debt payments and \$40,391.00 from the 2010 proceeds yet to be drawn.

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>
2012	\$ 644,149.66	\$ 296,481.26	\$ 940,630.92
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>
	12,508,619.73	<u>\$ 2,756,390.73</u>	<u>\$ 15,265,010.46</u>
Current Portion	<u>644,149.66</u>		
Long Term	<u>\$11,864,470.07</u>		

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

The Authority ended the year with a balance in unrestricted net assets of \$11,050,014.84; of which \$689,902.00 has been appropriated and included as support in the operating budgets and \$180,000.00 has been appropriated and included as support in the Authority's capital budgets for the fiscal year ending June 30, 2012.

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, 2011 was \$14,157.91.

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 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 \$1,114,190.20 during the fiscal year 2011.

Note 8: CONTRIBUTIONS

During the fiscal year, the Authority received capital contribution in the amount of \$234,764.30 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 several outstanding or planned construction projects as of June 30, 2011. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Awarded</u>	<u>Commitment Remaining</u>
Redevelopment of Wells 6 & 9	\$ 113,896.50	\$ 3,167.71
Well #9 Detention Main	91,890.00	9,189.00
Sewer Replacement Program	<u>470,209.32</u>	<u>470,209.32</u>
	<u>\$ 675,995.82</u>	<u>\$ 482,566.03</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.

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 \$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.

REQUIRED SUPPLEMENTARY INFORMATION

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Required Supplementary Information
Schedule of Funding Progress for the OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
6/30/2009	\$ 0	\$ 234,981.00	\$ 234,981.00	0 %	\$ 117,500.00	200.0%

Schedule RSI-2

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Required Supplementary Information
Schedule of Employer Contributions to the OPEB Plan

Year Ended June 30.	Annual Required Contribution (ARC)	Pay as You Go Costs	Percentage of ARC Contributed
2011	\$ 17,002.00		
2010	17,002.00	\$ 11,030.70	64.9%
2009	17,002.00	4,641.42	27.3%

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Note to Required Supplementary Information
For the Year Ended June 30, 2011

Other Postemployment Benefits

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2009
Actuarial Cost Method	Unit Credit Cost Method
Amortization Method	Present Value Straight Line
Remaining Amortization Period	15 years
Asset Valuation Method	N/A
Actuarial Assumptions:	
Mortality	Group Annuity Mortality Table
Future Costs Discount Rate	5% Compounded Annually
Spousal Coverage	Married Employees Will Remain Married
Rate of Medical Inflation	7.0% Pre-Medicare; 5.0% Post-Medicare
Administration Expenses	2% Cost included in Health Care Costs

For determining the GASB ARC, the rate of employer contributions to the Evesham Municipal Utilities Authority Plan is composed of the Normal Cost plus amortization of the Unfunded Actuarial Liability. The Normal Cost is a portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method. The Actuarial Liability is that portion of the Present Value of Projected Benefits that will not be paid by Future Employer Normal Costs or active employee contributions. The difference between this liability and the funds accumulated as of the same date is the Unfunded Actuarial Liability.

SUPPLEMENTAL SCHEDULES

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Statement of Net Assets by Department
As of June 30, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current Unrestricted Assets:			
Revenue/Operating Account:			
Cash and Cash Equivalents		\$ 877,982.62	\$ 877,982.62
Investments	\$ 71,784.29	2,393,621.89	2,465,406.18
Accrued Interest Receivable	1,242.08	2,306.76	3,548.84
General Account:			
Cash and Cash Equivalents		2,995,595.57	2,995,595.57
Investments		2,502,891.09	2,502,891.09
Accrued Interest Receivable	1,261.34	2,342.48	3,603.82
Due from New Jersey Environmental Infrastructure Trust		229,472.00	229,472.00
Consumer Accounts Receivable	306,259.73	625,422.87	931,682.60
Other Accounts Receivable	29,912.12	64,611.51	94,523.63
Prepaid Expenses	341,831.82	667,455.44	1,009,287.26
Total Unrestricted Assets	752,291.38	10,361,702.23	11,113,993.61
Non- Current Assets:			
Restricted Assets:			
Debt Service Account:			
Cash and Cash Equivalents	102,111.69	4,075,174.56	4,177,286.25
Accrued Interest Receivable	29,703.16	55,163.00	84,866.16
Debt Service Reserve Account:			
Cash and Cash Equivalents	5,924.57	11,002.78	16,927.35
Investments	91,782.47	4,347,481.98	4,439,264.45
Accrued Interest Receivable	2,270.54	4,216.71	6,487.25
Renewal and Replacement Account:			
Cash and Cash Equivalents		1,000,000.00	1,000,000.00
Investments	26,543.74	504,331.01	530,874.75
Accrued Interest Receivable	343.44	637.81	981.25
Other Accounts:			
Cash and Cash Equivalents		82,968.62	82,968.62
Investments		491,686.79	491,686.79
Interfund Loan	3,725,000.00		3,725,000.00
Total Restricted Assets	3,983,679.60	10,572,663.27	14,556,342.87
Property, Plant and Equipment:			
Construction in Progress	2,857,919.56	1,753,263.52	4,611,183.08
Completed (Net of Accumulated Depreciation)	14,736,719.88	34,101,118.64	48,837,838.52
Total Property, Plant and Equipment	17,594,639.44	35,854,382.16	53,449,021.60
Deferred Assets			
Bond Issue Costs	69,197.30	265,546.76	334,744.06
Total Noncurrent Assets	17,663,836.74	36,119,928.92	68,340,108.53
Total Assets	\$ 22,399,807.72	\$ 57,054,294.42	\$ 79,454,102.14

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Statement of Net Assets by Department
As of June 30, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
LIABILITIES			
Current Liabilities Payable from Unrestricted Assets:			
Accounts Payable--Operations	\$ 212,617.69	\$ 223,485.44	\$ 436,103.13
Prepaid Rental Charges	28,681.67	34,556.10	63,237.77
Prepaid Antenna Rental Charges	3,102.75		3,102.75
Deferred Revenue	85.17	85.17	170.34
	<hr/>		
Total Current Liabilities Payable from Unrestricted Assets	244,487.28	258,126.71	502,613.99
	<hr/>		
Current Liabilities Payable from Restricted Assets:			
Serial Bonds Payable--Current Portion	773,650.00	1,931,350.00	2,705,000.00
New Jersey Environmental Infrastructure Loan Payable--Current Portion		644,149.66	644,149.66
Accrued Bond Interest Payable	179,354.31	636,761.95	816,116.26
Escrow Deposits		50,674.16	50,674.16
Deferred Connection Fees	124,864.32	118,750.72	243,615.04
	<hr/>		
Total Current Liabilities Payable from Restricted Assets	1,077,868.63	3,381,686.49	4,459,555.12
	<hr/>		
Long-term Liabilities:			
Serial Bonds Payable	6,424,068.54	18,365,248.08	24,789,316.62
New Jersey Environmental Infrastructure Loan Payable		11,864,470.07	11,864,470.07
Interfund Loan		3,725,000.00	3,725,000.00
Other Post Retirement Benefits Payable	12,880.00	23,922.01	36,802.01
Compensated Absences	200,727.27	291,989.74	492,717.01
	<hr/>		
Total Long-term Liabilities	6,637,675.81	34,270,629.90	40,908,305.71
	<hr/>		
Total Liabilities	\$ 7,960,031.72	\$ 37,910,443.10	\$ 45,870,474.82
	<hr/>		
NET ASSETS			
Restricted for:			
Bond Covenants:			
Debt Service Reserve Requirement	\$ 948,961.60	\$ 3,423,567.07	\$ 4,372,528.67
System Reserve Requirement	525,000.00	975,000.00	1,500,000.00
Operating Requirement	1,172,451.00	1,478,331.50	2,650,782.50
Invested in Capital Assets, Net of Related Debt	10,466,118.20	3,544,183.11	14,010,301.31
Unrestricted	1,327,245.21	9,722,769.63	11,050,014.84
	<hr/>		
Total Net Assets	\$ 14,439,776.01	\$ 19,143,851.31	\$ 33,583,627.32
	<hr/>		

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenues, Expenses and Changes in Net Assets by Department
For the Fiscal Year Ended June 30, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues:			
Service Charges	\$ 5,309,304.08	\$ 10,157,776.26	\$ 15,467,080.34
Connection Fees	304,351.76	815,677.46	1,120,029.22
Miscellaneous Charges	818,074.88	123,258.76	941,333.64
Total Operating Revenues	6,431,730.72	11,096,712.48	17,528,443.20
Operating Expenses:			
Administrative Expenses:			
Salaries and Wages	143,919.89	143,919.60	287,839.49
Fringe Benefits	49,534.03	40,377.07	89,911.10
Other	222,629.06	251,023.75	473,652.81
	416,082.98	435,320.42	851,403.40
Cost of Service:			
Salaries and Wages	914,892.70	1,785,057.56	2,699,950.26
Fringe Benefits	375,726.91	681,049.14	1,056,776.05
Other	2,330,237.96	2,389,296.96	4,719,534.92
	3,620,857.57	4,855,403.66	8,476,261.23
Major Repairs and Other Expenses	609,720.60	336,682.44	946,403.04
Depreciation	1,372,329.95	2,454,968.40	3,827,298.35
Total Operating Expenses	6,018,991.10	8,082,374.92	14,101,366.02
Operating Income	412,739.62	3,014,337.56	3,427,077.18
Non-operating Revenue (Expenses):			
Investment Income	270,609.46	502,560.43	773,169.89
Municipal Appropriation	(268,800.00)	(403,200.00)	(672,000.00)
Bond Interest	(375,743.69)	(1,376,261.64)	(1,752,005.33)
Cancellation of Construction in Progress	(72,843.58)	(59,220.00)	(132,063.58)
Cancellation of Customer Bankruptcy Reserve	103.47	103.47	206.94
Cancellation of Other Accounts Receivable	(3,330.81)		(3,330.81)
Interfund Loan	(275,000.00)	275,000.00	-
Amortization of Bond Issue Costs	(7,438.95)	(22,931.73)	(30,370.68)
Total Non-Operating Revenues (Expenses)	(732,444.10)	(1,083,949.47)	(1,816,393.57)
Contributions:			
Developers	203,552.60	31,211.70	234,764.30
Change in Net Assets (Carried Forward)	(116,151.88)	1,961,599.79	1,845,447.91

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenues, Expenses and Changes in Net Assets by Department
For the Fiscal Year Ended June 30, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Change in Net Assets (Brought Forward)	\$ (116,151.88)	\$ 1,961,599.79	\$ 1,845,447.91
Net Assets, Beginning of Year	<u>14,555,927.89</u>	<u>17,182,251.52</u>	<u>31,738,179.41</u>
Net Assets, End of Year:			
Restricted	\$ 2,646,412.60	\$ 5,876,898.57	\$ 8,523,311.17
Unrestricted	\$ 1,327,245.21	\$ 9,722,769.63	\$ 11,050,014.84
Invested in Capital Assets, Net of Related Debt	<u>\$ 10,466,118.20</u>	<u>\$ 3,544,183.11</u>	<u>\$ 14,010,301.31</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments
For the Fiscal Year Ended June 30, 2011

	Revenue/Operating <u>Accounts</u>	<u>General</u>	Bond <u>Reserve</u>	Bond <u>Service</u>	Restricted <u>Renewal and Replacement</u>	Planning <u>Escrow</u>	Connection <u>Fee</u>	<u>Total</u>
Cash, Cash Equivalents and Investments July 1, 2010	\$ 3,073,284.67	\$ 4,323,870.33	\$ 4,492,579.39	\$ 4,046,328.14	\$ 1,549,256.55	\$ 61,482.62	\$ 1,335,107.60	\$ 18,881,909.30
Receipts:								
User Charges and Fees:								
Water	5,301,330.10							5,301,330.10
Sewer	10,352,023.42							10,352,023.42
Connection Fee Deposits:								
Water	298,344.76						134,591.87	432,936.63
Sewer	815,677.46						119,343.13	935,020.59
Miscellaneous Revenue Receivable:								
Water	821,332.70							821,332.70
Sewer	87,850.72							87,850.72
Rent Overpayments	16,384.27							16,384.27
Prepaid Rents:								
Water	28,681.67							28,681.67
Sewer	34,556.10							34,556.10
Other Accounts Receivable	11,694.70							11,694.70
Prepaid Antenna Rents	3,102.75							3,102.75
Deferred Revenue	170.34							170.34
N.J.Environmental Infrastructure Loans Receivable		607,743.00						607,743.00
Payroll Deductions Payable	1,344,629.00							1,344,629.00
Planning Escrow Deposits						89,557.21		89,557.21
Investment Income	153,299.11	188,864.84	146,083.26	202,453.27	9,268.85			699,969.33
Transfers In	1,013,080.29	2,430,349.28		4,738,527.68	1,338,243.94	213.32	50,711.76	9,571,126.27
Total Cash and Investments Available	23,355,442.06	7,550,827.45	4,638,662.65	8,987,309.09	2,896,769.34	151,253.15	1,639,754.36	49,220,018.10
Disbursements:								
Budgetary Expenses:								
Water	3,634,011.08							3,634,011.08
Sewer	4,800,427.50							4,800,427.50
Payroll Deductions Payable	1,342,650.62							1,342,650.62
Prepaid Expenses	469,386.97							469,386.97
Accounts Payable	549,322.20							549,322.20
Other Accounts Receivable	57,615.59							57,615.59
Municipal Appropriation	672,000.00							672,000.00
Rent Overpayments	16,384.27							16,384.27

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments
For the Fiscal Year Ended June 30, 2011

	Revenue/Operating Accounts	General	Bond Reserve	Bond Service	Restricted Renewal and Replacement	Planning Escrow	Connection Fee	Total
Disbursements (Cont'd):								
Transfers Out	\$ 8,470,255.03	\$ 204,505.81	\$ 182,470.85		\$ 711,919.08	\$ 203.70	\$ 1,771.80	\$ 9,571,126.27
Bond Issue Costs		7,043.75						7,043.75
Bond Principal				\$ 2,480,000.00				2,480,000.00
Loan Principal				630,680.44				630,680.44
Bond and Loan Interest				1,699,342.40				1,699,342.40
Capital Outlays:								
Expensed		292,427.53			653,975.51			946,403.04
Construction in Progress		1,131,430.61						1,131,430.61
Fixed Assets		416,933.09						416,933.09
Expenditures for Planning Escrow						100,354.38		100,354.38
Due to Unrestricted Funds							1,114,022.22	1,114,022.22
Total Disbursements	20,012,053.26	2,052,340.79	182,470.85	4,810,022.84	1,365,894.59	100,558.08	1,115,794.02	29,639,134.43
Cash, Cash Equivalents and Investments June 30, 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
<u>Analysis of Balance June 30, 2011</u>								
Cash and Cash Equivalents	\$ 877,982.62	\$ 2,995,595.57	\$ 16,927.35	\$ 4,177,286.25	\$ 1,000,000.00	\$ 50,695.07	\$ 32,273.55	\$ 9,150,760.41
Investments:								
U.S. Treasury Bills								0.00
F.N.M.A. Notes								0.00
GNMA Remic		2,248,860.95	2,686,678.59					4,935,539.54
GNMA Pool		87,038.10	87,038.07					174,076.17
GNMA Bonds	2,121,461.85	9,219.43	1,517,241.53		530,874.75		491,686.79	4,670,484.35
GNMA Notes	343,944.33	157,772.61	148,306.26					650,023.20
	\$ 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

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, 2011

	<u>Budget</u>	<u>2010-11 Actual</u>	<u>Favorable (Unfavorable)</u>
Anticipated Revenues:			
Service Charges	\$ 4,737,160.00	\$ 5,309,304.08	\$ 572,144.08
Connection Fees	160,000.00	304,351.76	144,351.76
Miscellaneous	700,000.00	818,074.88	118,074.88
Total Operating Revenues	5,597,160.00	6,431,730.72	834,570.72
Other Budget Revenues:			
Investment Income	150,000.00	270,609.46	120,609.46
Total Anticipated Revenues	5,747,160.00	6,702,340.18	955,180.18
Operating Appropriations:			
Administrative:			
Salaries and Wages	152,000.00	143,919.89	8,080.11
Fringe Benefits	53,450.00	49,534.03	3,915.97
Trustee Fees	10,000.00	10,568.12	(568.12)
Audit Fees	36,350.00	32,600.00	3,750.00
Legal Fees	81,300.00	46,862.10	34,437.90
Engineer Fees	40,000.00	33,464.03	6,535.97
Office Expenses	101,500.00	88,735.01	12,764.99
Electric	5,000.00		5,000.00
Insurance	7,500.00	3,015.63	4,484.37
Dues and Meetings	14,000.00	6,474.74	7,525.26
Education and Training	6,000.00	909.43	5,090.57
Total Administrative Expenses	507,100.00	416,082.98	91,017.02
Cost of Service			
Salaries and Wages	1,010,000.00	914,892.70	95,107.30
Fringe Benefits	416,850.00	375,726.91	41,123.09
Electric and Utilities	420,000.00	462,342.91	(42,342.91)
Insurance	132,500.00	110,030.15	22,469.85
Vehicle Expense	20,500.00	29,210.97	(8,710.97)
Vehicle Repairs	20,000.00	41,603.22	(21,603.22)
Parts and Supplies	94,000.00	55,316.84	38,683.16
Chemicals	73,000.00	54,265.13	18,734.87
Repairs and Maintenance	80,000.00	65,596.03	14,403.97
Telephone and Communications	33,000.00	42,000.94	(9,000.94)
Well Testing	18,000.00	4,086.80	13,913.20
Bulk Water Purchases	1,690,000.00	1,389,132.72	300,867.28
Uniforms and Safety Equipment	15,500.00	14,301.12	1,198.88
Dues and Meetings	3,700.00	817.84	2,882.16
Education and Training	9,500.00	5,090.37	4,409.63

(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, 2011

	<u>Budget</u>	<u>2010-11 Actual</u>	<u>Favorable (Unfavorable)</u>
Operating Appropriations (Cont'd):			
Cost of Service			
State Fees	\$ 43,000.00	\$ 35,965.53	\$ 7,034.47
Public Information	14,850.00	12,667.69	2,182.31
One Call/Public Relations	8,800.00	6,813.88	1,986.12
Equipment Rental	1,000.00		1,000.00
Small Equipment Purchases	3,500.00	995.82	2,504.18
Total Cost of Service	4,107,700.00	3,620,857.57	486,842.43
Principal Payments on Debt Service in Lieu of Depreciation	773,650.00	612,500.00	161,150.00
	5,388,450.00	4,649,440.55	739,009.45
Non-Operating Appropriations:			
Interest on Bonds	358,710.00	358,708.62	1.38
Municipal Appropriation	268,800.00	268,800.00	
Total Operating, Principal Payments and Non-Operating Appropriations	6,015,960.00	5,276,949.17	739,010.83
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	\$ (268,800.00)	\$ 1,425,391.01	\$ 1,694,191.01
<u>Reconciliation to Operating Income</u>			
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations			\$ 1,694,191.01
Add:			
Bond Principal		\$ 612,500.00	
Bond Interest		358,708.62	
			971,208.62
			2,665,399.63
Less:			
Investment Income		270,609.46	
Depreciation		1,372,329.95	
Major Repairs and Replacements		609,720.60	
			2,252,660.01
Operating Income (Schedule 2)			\$ 412,739.62

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, 2011

	<u>Budget</u>	<u>2010-11 Actual</u>	<u>Favorable (Unfavorable)</u>
Anticipated Revenues:			
Service Charges	\$ 9,197,075.00	\$ 10,157,776.26	\$ 960,701.26
Connection Fees	150,000.00	815,677.46	665,677.46
Miscellaneous	66,500.00	123,258.76	56,758.76
Total Operating Revenues	9,413,575.00	11,096,712.48	1,683,137.48
Other Budget Revenues:			
Investment Income	275,000.00	502,560.43	227,560.43
Total Anticipated Revenues	9,688,575.00	11,599,272.91	1,910,697.91
Operating Appropriations:			
Administrative:			
Salaries and Wages	152,000.00	143,919.60	8,080.40
Fringe Benefits	44,950.00	40,377.07	4,572.93
Trustee Fees	27,000.00	34,801.87	(7,801.87)
Audit Fees	36,350.00	32,600.00	3,750.00
Legal Fees	81,300.00	47,090.43	34,209.57
Engineer Fees	60,000.00	25,719.74	34,280.26
Office Expenses	101,500.00	98,645.21	2,854.79
Electric	5,000.00		5,000.00
Insurance	7,500.00	3,015.62	4,484.38
Dues and Meetings	14,000.00	7,902.37	6,097.63
Education and Training	6,000.00	1,248.51	4,751.49
Total Administrative Expenses	535,600.00	435,320.42	100,279.58
Cost of Service:			
Salaries and Wages	1,802,000.00	1,785,057.56	16,942.44
Fringe Benefits	757,850.00	681,049.14	76,800.86
Electric and Utilities	1,015,000.00	978,442.78	36,557.22
Insurance	132,500.00	111,071.82	21,428.18
Vehicle Expense	69,000.00	84,208.30	(15,208.30)
Vehicle Repairs	60,000.00	47,979.93	12,020.07
Parts and Supplies	100,000.00	75,998.57	24,001.43
Chemicals	375,000.00	223,374.00	151,626.00
Repairs and Maintenance	154,400.00	138,159.79	16,240.21
Telephone and Communications	80,000.00	84,387.03	(4,387.03)
Wastewater Testing	25,000.00	20,213.50	4,786.50
Sludge Removal	570,000.00	505,481.85	64,518.15
Uniforms and Safety Equipment	32,200.00	30,727.32	1,472.68

(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, 2011

	<u>Budget</u>	<u>2010-11 Actual</u>	<u>Favorable (Unfavorable)</u>
Operating Expenses (Cont'd):			
Cost of Service:			
Dues and Meetings	\$ 3,700.00	\$ 3,115.49	\$ 584.51
Education and Training	13,000.00	9,248.81	3,751.19
State Fees	50,000.00	41,247.35	8,752.65
Public Information	19,550.00	19,362.32	187.68
One Call/Public Relations	17,200.00	12,038.90	5,161.10
Equipment Rental	4,000.00	2,730.90	1,269.10
Small Equipment Purchase	4,000.00	1,508.30	2,491.70
Total Cost of Service	5,284,400.00	4,855,403.66	428,996.34
Principal Payments on Debt Service in Lieu of Depreciation	2,589,580.00	2,498,180.44	91,399.56
	8,409,580.00	7,788,904.52	620,675.48
Non-Operating Appropriations:			
Interest on Bonds	1,278,995.00	1,273,523.90	5,471.10
Municipal Appropriation	403,200.00	403,200.00	
Total Operating, Principal Payments and Non-Operating Appropriations	10,091,775.00	9,465,628.42	626,146.58
Excess in Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	\$ (403,200.00)	\$ 2,133,644.49	\$ 2,536,844.49
<u>Reconciliation to Operating Income</u>			
Excess in Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations			\$ 2,536,844.49
Add:			
Bond Principal		\$ 2,498,180.44	
Bond Interest		1,273,523.90	
			3,771,704.34
			6,308,548.83
Less:			
Investment Income		502,560.43	
Depreciation		2,454,968.40	
Major Repairs and Replacements		336,682.44	
			3,294,211.27
Operating Income (Schedule 2)			\$ 3,014,337.56

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Consumer Accounts Receivable
For the Fiscal Year Ended June 30, 2011

	<u>Water</u>	<u>Sewer</u>
Balance July 1, 2010	\$ 318,539.26	\$ 830,575.77
Rental Charges	<u>5,309,304.08</u>	<u>10,157,776.26</u>
	5,627,843.34	10,988,352.03
Less:		
Collections	\$ 5,301,330.10	\$ 10,352,023.42
Prepaid Applied	<u>20,253.51</u>	<u>10,905.74</u>
	<u>5,321,583.61</u>	<u>10,362,929.16</u>
Balance June 30, 2011	<u><u>\$ 306,259.73</u></u>	<u><u>\$ 625,422.87</u></u>

Schedule 6

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Connection Fees Receivable
For the Fiscal Year Ended June 30, 2011

	<u>Water</u>	<u>Sewer</u>
2010-11 Charges	\$ 304,351.76	\$ 815,677.46
Less:		
Cash Receipts	\$ 298,344.76	<u>\$ 815,677.46</u>
Due From Connection Fee Deposit Account	<u>6,007.00</u>	
	<u><u>\$ 304,351.76</u></u>	

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Schedule of Miscellaneous Charges Receivable

For the Fiscal Year Ended June 30, 2011

	Balance <u>July 1, 2010</u>	2010-2011 <u>Charges</u>	Cash <u>Receipts</u>	Balance <u>June 30, 2011</u>
Water Meter Charges		\$ 8,967.64	\$ 8,967.64	
Filing, Review and Application Fees		1,250.00	1,250.00	
Sprint/Nextel Rental Agreement	\$ 3,257.82	211,992.22	215,250.04	
Verizon Rental Agreement		40,334.04	40,334.04	
T-Mobile Rental Agreement		152,165.83	152,165.83	
A.T.&T.Wireless Rental Agreement		96,970.58	96,970.58	
Metro PC Rental Agreement		79,492.48	79,492.48	
Clearwire Rental Agreement		155,028.96	155,028.96	
Cricket Rental Agreement		88,201.18	88,201.18	
TTM Rental Agreement		6,842.81	6,842.81	
Miscellaneous		23,883.76	23,883.76	
Medford Lakes Project		57,304.14	21,896.10	\$ 35,408.04
Returned Check Fees		1,900.00	1,900.00	
Water Turn-On Charges		17,000.00	17,000.00	
	<u>\$ 3,257.82</u>	<u>\$ 941,333.64</u>	<u>\$ 909,183.42</u>	<u>\$ 35,408.04</u>
Recap:				
Water	\$ 3,257.82	\$ 818,074.88	\$ 821,332.70	
Sewer		123,258.76	87,850.72	\$ 35,408.04
	<u>\$ 3,257.82</u>	<u>\$ 941,333.64</u>	<u>\$ 909,183.42</u>	<u>\$ 35,408.04</u>

Schedule 8

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Schedule of Refunds Receivable

For the Fiscal Year Ended June 30, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance June 30, 2010	\$ 15,025.51	\$ -	\$ 15,025.51
Increased by:			
Accrued 2010-11	708.63	-	708.63
	<u>15,734.14</u>	<u>-</u>	<u>15,734.14</u>
Decreased by:			
Cash Received	11,694.70		11,694.70
Canceled	3,330.81		3,330.81
	<u>15,025.51</u>	<u>-</u>	<u>15,025.51</u>
Balance June 30, 2011	<u>\$ 708.63</u>	<u>\$ -</u>	<u>\$ 708.63</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Schedule of Accrued Interest Receivable
For the Fiscal Year Ended June 30, 2011

	<u>Balance June 30, 2010</u>	<u>Investment Income</u>	<u>Received</u>	<u>Balance June 30, 2011</u>
Unrestricted:				
Revenue Account	\$ 76.75	\$ 56,169.10	\$ 56,186.56	\$ 59.29
Operating Account	3,945.09	96,657.01	97,112.55	3,489.55
General Account	4,614.21	187,854.45	188,864.84	3,603.82
	<u>8,636.05</u>	<u>340,680.56</u>	<u>342,163.95</u>	<u>7,152.66</u>
Restricted:				
Bond Reserve Account	6,827.78	145,742.73	146,083.26	6,487.25
Bond Service Account	9,781.26	277,538.17	202,453.27	84,866.16
Renewal and Replacement Account	1,041.67	9,208.43	9,268.85	981.25
	<u>17,650.71</u>	<u>432,489.33</u>	<u>357,805.38</u>	<u>92,334.66</u>
	<u>\$ 26,286.76</u>	<u>\$ 773,169.89</u>	<u>\$ 699,969.33</u>	<u>\$ 99,487.32</u>
Recap:				
Water	\$ 8,835.92	\$ 270,609.46	\$ 244,989.27	\$ 34,456.12
Sewer	17,450.84	502,560.43	454,980.06	65,031.20
	<u>\$ 26,286.76</u>	<u>\$ 773,169.89</u>	<u>\$ 699,969.33</u>	<u>\$ 99,487.32</u>

Schedule 10**EVESHAM MUNICIPAL UTILITIES AUTHORITY**

Schedule of Prepaid Expenses
For the Fiscal Year Ended June 30, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2010	\$ 331,337.61	\$ 622,176.05	\$ 953,513.66
Add:			
Disbursements Fiscal Year 2011	<u>179,861.73</u>	<u>289,525.24</u>	<u>469,386.97</u>
	511,199.34	911,701.29	1,422,900.63
Less:			
Charged to Operations Fiscal Year 2011	<u>169,367.52</u>	<u>244,245.85</u>	<u>413,613.37</u>
Balance June 30, 2011	<u>\$ 341,831.82</u>	<u>\$ 667,455.44</u>	<u>\$ 1,009,287.26</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Analysis of Property Plant and Equipment -- Completed
 For the Fiscal Year Ended June 30, 2011

	Balance June 30, 2010	Additions	Disposals	Balance June 30, 2011	Useful Life
Water:					
Land and Improvements	\$ 187,079.00			\$ 187,079.00	
Buildings and Improvements	10,543,365.03			10,543,365.03	40 Yrs.
Infrastructure	43,954,752.83	\$ 203,552.60		44,158,305.43	40 Yrs.
Fixed Equipment	3,686,449.95	15,313.00	\$ 150.00	3,701,612.95	15 Yrs.
Equipment	450,714.91	6,774.44		457,489.35	5 to 15 Yrs.
Vehicles	612,337.34			612,337.34	7 Yrs.
	59,434,699.06	225,640.04	150.00	59,660,189.10	
Less: Accumulated Depreciation	43,551,289.27	1,372,329.95	150.00	44,923,469.22	
	\$ 15,883,409.79	\$ (1,146,689.91)	\$ -	\$ 14,736,719.88	
Sewer:					
Land and Improvements	\$ 5,145,239.00			\$ 5,145,239.00	
Buildings and Improvements	44,725,939.73			44,725,939.73	40 Yrs.
Infrastructure	48,169,615.24	\$ 404,570.17		48,574,185.41	40 Yrs.
Fixed Equipment	2,642,067.96	391,554.97	\$ 450.00	3,033,172.93	15 Yrs.
Equipment	1,182,364.19	3,290.68		1,185,654.87	5 to 15 Yrs.
Vehicles	1,178,621.48			1,178,621.48	7 Yrs.
	103,043,847.60	799,415.82	450.00	103,842,813.42	
Less: Accumulated Depreciation	67,287,176.38	2,454,968.40	450.00	69,741,694.78	
	\$ 35,756,671.22	\$ (1,655,552.58)	\$ -	\$ 34,101,118.64	
Recap:					
Total Fixed Capital	\$ 162,478,546.66	\$ 1,025,055.86	\$ 600.00	\$ 163,503,002.52	
Less:					
Accumulated Depreciation	110,838,465.65	3,827,298.35	600.00	114,665,164.00	
	\$ 51,640,081.01	\$ (2,802,242.49)	\$ -	\$ 48,837,838.52	
Contributions		\$ 234,764.30			
Transfer from Construction in Progress		373,358.47			
Cash Disbursed		416,933.09			
		\$ 1,025,055.86			

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Analysis of Property, Plant and Equipment -- Construction in Progress
 For the Fiscal Year Ended June 30, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2010	\$ 2,650,512.70	\$ 1,334,661.82	\$ 3,985,174.52
Increased by:			
Cash Disbursements - General Fund	280,250.44	851,180.17	1,131,430.61
	2,930,763.14	2,185,841.99	5,116,605.13
Decreased by:			
Canceled	72,843.58	59,220.00	132,063.58
Transferred to Fixed Assets		373,358.47	373,358.47
	72,843.58	432,578.47	505,422.05
Balance June 30, 2011	<u>\$ 2,857,919.56</u>	<u>\$ 1,753,263.52</u>	<u>\$ 4,611,183.08</u>

Analysis of Balance June 30, 2011

SCADA System	\$ 2,515,151.17		\$ 2,515,151.17
Infiltration Basin Project		\$ 1,410,495.11	1,410,495.11
Fueling Station	342,768.39	342,768.41	685,536.80
	<u>\$ 2,857,919.56</u>	<u>\$ 1,753,263.52</u>	<u>\$ 4,611,183.08</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Accrued Interest on Revenue Bonds and Loans Payable
For the Fiscal Year Ended June 30, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2010	\$ 196,964.65	\$ 686,261.49	\$ 883,226.14
Increased by:			
Interest Charges Fiscal Year 2011 Budget	358,708.62	1,273,523.90	1,632,232.52
Amortization of Deferred Amount of Refunding	40,531.01	154,829.05	195,360.06
Amortization of Net Discount/Premium on Bonds	(23,495.94)	(52,091.31)	(75,587.25)
Total Interest Expense	375,743.69	1,376,261.64	1,752,005.33
	572,708.34	2,062,523.13	2,635,231.47
Decreased by:			
Interest Paid	376,318.96	1,323,023.44	1,699,342.40
Amortization of Deferred Amount of Refunding	40,531.01	154,829.05	195,360.06
Amortization of Net Discount/Premium on Bonds	(23,495.94)	(52,091.31)	(75,587.25)
	393,354.03	1,425,761.18	1,819,115.21
Balance June 30, 2011	\$ 179,354.31	\$ 636,761.95	\$ 816,116.26

Schedule 14

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Payroll Deductions Payable
For the Fiscal Year Ended June 30, 2011

Balance July 1, 2010	\$ 57.67
Receipts:	
Payroll Deductions Payable	1,344,629.00
	1,344,686.67
Disbursements:	
Checks Drawn to Payroll Agencies	1,342,650.62
Balance June 30, 2011	\$ 2,036.05
<u>Analysis of Balance June 30, 2011</u>	
State Unemployment Insurance	\$ (47.05)
Pennsylvania Tax	(0.07)
N.J. Family Leave	(294.32)
Public Employees Retirement System	1,817.52
Cafeteria - 125 Plan	366.45
Union Dues	32.05
Life Insurance	161.47
	\$ 2,036.05

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Bonds

For the Fiscal Year Ended June 30, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding June 30, 2011</u>		<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2011</u>
			<u>Date</u>	<u>Amount</u>					
2000 Revenue Bonds (Series A)	4-5-00	\$ 9,970,000.00			6.125%	\$ 1,155,000.00		\$ 1,155,000.00	
2002 Revenue Bonds (Series A)	11-19-02	14,940,000.00	7-1-2011	\$ 480,000.00	4.25%				
			7-1-2012	320,000.00	4.50%				
			7-1-2013	335,000.00	4.00%				
			7-1-2014	350,000.00	4.00%				
			7-1-2015	365,000.00	4.10%				
			7-1-2016	3,535,000.00	5.00%				
			7-1-2017	3,705,000.00	5.00%				
			7-1-2018	3,895,000.00	5.00%				
			7-1-2019	430,000.00	4.65%				
			7-1-2020	450,000.00	4.65%	14,495,000.00		630,000.00	\$ 13,865,000.00
2003 Revenue Bonds (Series A)	4-8-03	12,160,000.00	7-1-2011	1,895,000.00	5.00%				
			7-1-2012	2,215,000.00	5.00%				
			7-1-2013	2,325,000.00	5.125%				
			7-1-2014	2,440,000.00	5.125%				
			7-1-2015	2,570,000.00	5.125%	11,560,000.00		115,000.00	11,445,000.00

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Bonds

For the Fiscal Year Ended June 30, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2010	Issued	Paid	Balance June 30, 2011
			Outstanding June 30, 2011	Amount					
			Date						
2004 Revenue Bonds (Series A)	3-1-04	\$ 4,435,000.00	7-1-2011	\$ 330,000.00	3.00%				
			7-1-2012	340,000.00	3.25%				
			7-1-2013	355,000.00	3.50%				
			7-1-2014	365,000.00	3.60%				
			7-1-2015	375,000.00	3.60%				
			7-1-2016	10,000.00	4.15%				
			7-1-2017	20,000.00	4.15%				
			7-1-2018	15,000.00	4.15%				
			7-1-2019	125,000.00	4.15%				
			7-1-2020	135,000.00	4.15%				
						\$ 2,650,000.00		\$ 580,000.00	\$ 2,070,000.00
						<u>\$ 29,860,000.00</u>	<u>\$ -</u>	<u>\$ 2,480,000.00</u>	<u>27,380,000.00</u>
			Less: Net Discount/Premium on Bonds						(745,002.69)
			Deferred Amount on Refunding						<u>630,686.07</u>
									<u>\$ 27,494,316.62</u>
			Sewer			\$ 22,112,980.00		\$ 1,867,500.00	\$ 20,245,480.00
			Water			<u>7,747,020.00</u>		<u>612,500.00</u>	<u>7,134,520.00</u>
						<u>29,860,000.00</u>	<u>\$ -</u>	<u>2,480,000.00</u>	<u>27,380,000.00</u>
			(Premium)/Discount on Bonds						
			Sewer			(579,655.87)		(52,091.31)	(527,564.56)
			Water			<u>(240,934.07)</u>		<u>(23,495.94)</u>	<u>(217,438.13)</u>
						<u>(820,589.94)</u>	<u>-</u>	<u>(75,587.25)</u>	<u>(745,002.69)</u>
			Deferred Amount of Refunding						
			Sewer			631,275.53		154,829.05	476,446.48
			Water			<u>194,770.60</u>		<u>40,531.01</u>	<u>154,239.59</u>
						<u>826,046.13</u>	<u>-</u>	<u>195,360.06</u>	<u>630,686.07</u>
						<u>\$ 29,854,543.81</u>	<u>\$ -</u>	<u>\$ 2,360,227.19</u>	<u>\$ 27,494,316.62</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Loans Payable
For the Fiscal Year Ended June 30, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding June 30, 2011</u>		<u>Interest Rate</u>	<u>Balance July 1, 2010</u>		<u>Paid</u>	<u>Canceled</u>	<u>Balance June 30, 2011</u>	
			<u>Date</u>	<u>Amount</u>							
2006A Fund Loan Agreement	11-7-06	\$ 5,699,574.00	7-1-2011	\$ 288,604.15	N/A						
			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	\$ 4,904,172.84	\$ 291,748.15	\$ -	\$ 4,612,424.69		

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Loans Payable
For the Fiscal Year Ended June 30, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance</u>		<u>Paid</u>	<u>Canceled</u>	<u>Balance</u>	
			<u>Date</u>	<u>Amount</u>		<u>July 1, 2010</u>				<u>June 30, 2011</u>	
2006A Trust Loan Agreement	11-7-06	\$ 5,695,000.00	7-1-2011	\$ 220,000.00	5.000%						
			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%	\$ 5,295,000.00	\$ 215,000.00	\$ -	\$ 5,080,000.00		

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Loans Payable
For the Fiscal Year Ended June 30, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding June 30, 2011</u>		<u>Interest Rate</u>	<u>Balance July 1, 2010</u>		<u>Paid</u>	<u>Canceled</u>	<u>Balance June 30, 2011</u>	
			<u>Date</u>	<u>Amount</u>							
2008A Fund Loan Agreement	11-6-08	\$ 1,307,340.00	7-1-2011	\$ 66,467.74	N/A						
			7-1-2012	64,931.34	N/A						
			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						
						\$ 1,257,345.33	\$ 64,854.52	\$ 189,081.00	\$ 1,003,409.81		

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Loans Payable
For the Fiscal Year Ended June 30, 2011

<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, 2010</u>	<u>Paid</u>	<u>Canceled</u>	<u>Balance June 30, 2011</u>
			<u>Date</u>	<u>Amount</u>					
2008A Trust Loan Agreement	11-6-08	\$ 1,325,000.00	7-1-2011	\$ 45,000.00	5.000%				
			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%				
						\$ 1,325,000.00	\$ 45,000.00	\$ -	\$ 1,280,000.00

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Loans Payable
For the Fiscal Year Ended June 30, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding June 30, 2011</u>		<u>Interest Rate</u>	<u>Balance July 1, 2010</u>		<u>Paid</u>	<u>Canceled</u>	<u>Balance June 30, 2011</u>	
			<u>Date</u>	<u>Amount</u>							
2010A Fund Loan Agreement	11-5-09	\$ 276,863.00	7-1-2011	\$ 14,077.77	N/A						
			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	\$	276,863.00	\$	14,077.77	\$	-
										\$	262,785.23

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Loans Payable
For the Fiscal Year Ended June 30, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance July 1, 2010	Paid	Canceled	Balance June 30, 2011
			Outstanding June 30, 2011							
			Date	Amount						
2010A Trust Loan Agreement	11-5-09	\$ 270,000.00	7-1-2011	\$ 10,000.00	4.000%					
			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	
						\$ 13,328,381.17	\$ 630,680.44	\$ 189,081.00	\$ 12,508,619.73	

EVESHAM MUNICIPAL UTILITIES AUTHORITY

PART II

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
STATE OF NEW JERSEY CIRCULAR 04-04-OMB**

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

Compliance

We have audited the compliance of the Evesham Municipal Utilities Authority with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on the Authority's major state program for the fiscal year ended June 30, 2011. The Authority's major state program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major state program is the responsibility of the Evesham Municipal Utilities Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance 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; the audit requirements as prescribed by the Local Finance Board, Department of Community Affairs, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133, and State of New Jersey Circular 04-04-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Evesham Municipal Utilities Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Evesham Municipal Utilities Authority complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on its major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the management of the Authority, the Local Finance Board, Department of Community Affairs, State of New Jersey, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
October 25, 2011

EVESHAM MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/ Program Title	State GMIS Number	Program or Award Amount	Grant Period		July 1, 2010					June 30, 2011	
					Deferred Revenue	(Accounts Receivable)	Cash Received	Adjustments	Expenditures	Deferred Revenue	(Accounts Receivable)
			From	To							
State Department of Environmental Protection											
Division of Water Quality:											
Environmental Infrastructure Trust-2008	N/A	\$ 2,632,340.00	01/01/09	N/A	\$ 867,388.24	\$ (904,202.00)	\$ 575,359.00	\$ (139,762.00)	\$ 489,226.24	\$ 238,400.00	\$ (189,081.00)
Environmental Infrastructure Trust-2010	N/A	546,863.00	01/01/11	N/A	72,775.00	(72,775.00)	32,384.00		32,384.00	40,391.00	(40,391.00)
					\$ 940,163.24	\$ (976,977.00)	\$ 607,743.00	\$ (139,762.00)	\$ 521,610.24	\$ 278,791.00	\$ (229,472.00)

The Accompanying Notes to Financial Statements and Notes to the Schedule of Expenditures of State Financial Assistance are an integral part of this Schedule.

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Notes to Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2011

Note 1: **GENERAL**

The accompanying schedule of expenditures of state financial assistance presents the activity of all state financial assistance programs of the Evesham Municipal Utilities Authority, State of New Jersey. The Authority is defined in the Notes to the Financial Statements, Note 1.

Note 2: **BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of state financial assistance is presented using the accrual basis of accounting. This basis of accounting is described in the Notes to the Financial Statements, Note 1.

Note 3: **RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule agree with amounts reported in the Authority's financial statements.

Note 4: **ADJUSTMENTS**

The adjustment recorded on Schedule B, Schedule of Expenditures of State Financial Assistance represents a cancellation of NJEIT Loan proceeds receivable and the receipt from cash held by fiscal agents.

Note 5: **MAJOR PROGRAMS**

The New Jersey Environmental Infrastructure Trust Loan Program is the Authority's only major program.

EVESHAM MUNICIPAL UTILITIES AUTHORITY

PART III

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Fiscal Ended June 30, 2011

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	___ yes <u>X</u> no
Were reportable conditions identified that were not considered to be a material weakness?	___ yes <u>X</u> none reported
Noncompliance material to financial statements noted?	___ yes <u>X</u> no

Federal Awards

Not Applicable

Internal control over compliance:	
Material weaknesses identified?	___ yes ___ no ___ n/a
Were reportable conditions identified that were not considered to be material weaknesses?	___ yes ___ none reported
Type of auditor's report on compliance for major programs	_____
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))?	___ yes ___ no ___ n/a
Identification of major programs:	

CFDA Numbers

Name of Federal Program or Cluster

Dollar threshold used to determine Type A programs	\$300,000.00
Auditee qualified as low-risk auditee?	___ yes ___ no ___ n/a

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Fiscal Ended June 30, 2011

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over compliance:

Material weaknesses identified? _____ yes X no

Were reportable conditions identified that were not considered to be material weaknesses? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a)) or New Jersey Circular 04-04-OMB? _____ yes X no

Identification of major programs:

<u>GMIS Numbers</u>	<u>Name of State Program</u>
<u>N/A</u>	<u>New Jersey Environmental Infrastructure Trust</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to determine Type A programs \$ \$ 300,000.00

Auditee qualified as low-risk auditee? _____ yes X no _____ n/a

**EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011**

Section 2- Schedule of Financial Statement Findings

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 Local Finance Board, Department of Community Affairs, State of New Jersey.

N/A – None

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

Not Applicable

**EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011**

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

N/A - None

**EVESHAM MUNICIPAL UTILITIES AUTHORITY
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management**

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.

Finding No. 2010-1

Condition

The Authority's consumer accounts receivable accounting software could not produce records that presented water and sewer activities separately.

Current Status

The condition has been corrected.

Finding No. 2010-2

Condition

The Authority did not deposit all receipts within forty eight hours as required by N.J.S.A. 40A:5-15.

Current Status

The condition has been corrected.

APPRECIATION

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

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink, appearing to read "K. N. Applegate". The signature is written in a cursive, flowing style.

Kirk N. Applegate
Certified Public Accountant
Registered Municipal Accountant

