

**EVESHAM MUNICIPAL
UTILITIES AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

FOR THE FISCAL YEARS ENDING

JUNE 30, 2014 & 2013



75 YEARS OF SERVICE

— 1939-2014 —

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EVESHAM MUNICIPAL UTILITIES AUTHORITY

Roster of Officials

June 30, 2014

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

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

EVESHAM MUNICIPAL UTILITIES AUTHORITY

PART I

FINANCIAL SECTION

FOR THE FISCAL YEARS ENDED

JUNE 30, 2014 & 2013

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Evesham Municipal Utilities Authority, in the County of Burlington, State of New Jersey, a component unit of the Township of Evesham, as of and for the fiscal years ending June 30, 2014 and 2013 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Evesham Municipal Utilities Authority, in the County of Burlington, State of New Jersey as of June 30, 2014 and 2013, and the changes in its financial position and its cash flows thereof for the fiscal years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements.

The accompanying supplementary schedules as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary schedules, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2014 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
October 30, 2014

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Evesham Municipal Utilities Authority, in the County of Burlington, State of New Jersey, a component unit of the Township of Evesham (Authority), as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 30, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
October 30, 2014

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, 2014. 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 14 totaled \$923,508.02. This was a \$72,007.98 increase from FY 13. Developers pay connection fees upon submittal of plans for new construction to connect into the Authority's water and/or sewer system. These deposits are set up as a liability until the connection is completed. Once the water meter is installed and a new billing account is established, the liability is removed and the revenue is realized. The connection fees offset the capital expense of capacity in the water and/or sewer system. Future projections indicate that connection fees will decline as Evesham Township approaches build-out. The Authority has had a rate profile in place for many years which annually reduces its dependency on connection fee revenues, which are too volatile to depend on as a revenue source.
- **Total Net Position:** Total assets at June 30, 2014 were \$80,114,782.30. After adding deferred outflows of resources and deducting liabilities and deferred inflows of resources, net position at June 30, 2014 was \$40,746,038.73.
- **Total Operating Revenue:** FY 14 operating revenue compared to FY 13 increased over \$38,000.00 to \$17,361,712.48. This increase in operating revenue can be attributed to an increase in gallons billed. In FY 14, the Authority only utilized 73% of its allocated Potomac-Raritan-Magothy aquifer allocation of 958.732 Million Gallons.
- **Total Operating Expenses:** FY 14 Operating expenses of \$13,659,764.61 increased by \$628,664.07 from last year's amount of \$13,031,100.54.

FINANCIAL (CONT'D)

- **Interest Income:** In FY14, the Authority generated 327,846.76 in interest income from investments. If interest income is adjusted by the adjustment of investments to “fair value”, then the Authority’s interest income on investments was \$526,252.71 higher than FY 13. All of the Authority’s investments are in secure investment vehicles which include treasury obligations, money market funds, GNMA’s, FNMA’s or direct Treasury Securities. The Authority continuously monitors all potential investment opportunities to maximize its rate of return.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY

The Authority's total assets were \$80,114,782.30 on June 30, 2014. Total assets, total deferred outflow of resources, total liabilities, total inflow of resources and total net position are detailed below:

Evesham Municipal Utilities Authority			
Net Position			
As of June 30,			
	<u>Restated 2012</u>	<u>2013</u>	<u>2014</u>
Current & Non-Current Assets	\$25,532,837.65	\$25,974,495.36	\$30,623,649.10
Capital Assets	<u>51,161,116.52</u>	<u>51,868,814.14</u>	<u>49,491,133.20</u>
Total Assets	<u>76,693,954.17</u>	<u>77,843,309.50</u>	<u>80,114,782.30</u>
Deferred Outflows of Resources	<u>549,851.89</u>	<u>376,623.28</u>	<u>235,374.10</u>
Current Liabilities	5,050,328.18	5,020,771.88	5,538,186.77
Long-Term Liabilities	<u>36,984,532.44</u>	<u>33,239,887.13</u>	<u>33,486,031.40</u>
Total Liabilities	<u>42,034,860.62</u>	<u>38,260,659.01</u>	<u>39,024,218.17</u>
Deferred Inflows of Resources	<u>291,654.68</u>	<u>773,783.10</u>	<u>579,899.50</u>
Net Position			
Net Investment in Capital Assets	11,623,270.40	15,887,554.67	17,067,414.57
Restricted	8,560,627.42	8,637,564.17	8,959,955.38
Unrestricted	<u>14,733,392.94</u>	<u>14,660,371.83</u>	<u>14,718,668.78</u>
Total Net Position	<u>\$34,917,290.76</u>	<u>\$39,185,490.67</u>	<u>\$40,746,038.73</u>

The Authority had operating income of \$3,701,947.87 for the current year.

FINANCIAL ANALYSIS OF THE AUTHORITY (CONT'D)

Evesham Municipal Utilities Authority
Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30,

	<u>Restated</u> <u>2012</u>	<u>2013</u>	<u>2014</u>
Operating Revenues			
Service Charges	\$15,161,726.46	\$15,350,536.73	\$15,404,387.40
Connection Fees	453,409.03	851,500.04	923,508.02
Other Operating Revenues	<u>1,072,085.93</u>	<u>1,121,249.93</u>	<u>1,033,817.06</u>
Total Operating Revenue	<u>16,687,221.42</u>	<u>17,323,286.70</u>	<u>17,361,712.48</u>
Operating Expenses	9,119,029.21	8,989,368.12	9,733,394.44
Major Repairs and Other Expenses	415,510.90	675,307.67	617,939.41
Additional Prior Year Orders		44,594.92	158,763.15
Depreciation Expense	<u>4,464,341.78</u>	<u>3,321,829.83</u>	<u>3,149,667.61</u>
Total Operating Expenses	<u>13,139,517.78</u>	<u>13,031,100.54</u>	<u>13,659,764.61</u>
Operating Income	3,547,703.64	4,292,186.16	3,701,947.87
Non-Operating Revenues (Expenses)			
Investment Income	661,035.41	305,622.07	327,846.76
Change in Fair Value of Investments		(461,131.59)	42,896.43
Bond Interest	(1,543,216.04)	(1,229,434.73)	(997,003.07)
Municipal Appropriation	(689,902.00)	(712,158.00)	(721,381.00)
Cancellation of Construction in Progress	(292,639.14)		
Contributions	38,615.00	1,841,090.70	1,532,447.00
Cancellation of Accrued Interest Payable		507,977.37	
Cancellation of OPEB Liability	36,802.01		
Loss on Disposal of Fixed Assets		(952.07)	(2,326,205.93)
Litigation Settlement		(275,000.00)	
Bond Issue Costs	<u>(89,991.38)</u>	<u> </u>	<u> </u>
Change in Net Position	<u>\$1,668,407.50</u>	<u>\$4,268,199.91</u>	<u>\$1,560,548.06</u>
<hr/>			
Net Position – July 1 (Restated)	\$33,248,883.26	\$34,917,290.76	\$39,185,490.67
Change in Net Position	<u>1,668,407.50</u>	<u>4,268,199.91</u>	<u>1,560,548.06</u>
Net Position – June 30	<u>\$34,917,290.76</u>	<u>\$39,185,490.67</u>	<u>\$40,746,038.73</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 14 were \$923,508.02 which was not consistent with our expectations that connection fee revenue is declining. The realized connection fees were used to partially offset the capital budget.

BUDGET VARIANCES

The Authority expended 86.4% of its \$11,192,972.00 operating budget with no major variances except the revenue lines for water and sewer service charges, water and sewer connection fees and expense lines for sewer salaries and fringe benefits, water and sewer electric and utilities and water bulk purchases. The percentage of the amount expended to the amount budgeted compares favorably to past years.

In FY 14, the Authority participated in a shared service agreement with the Township of Evesham and Evesham Fire-Rescue for an Energy Agent to advise on the electrical supply market and secure bids. The Authority experienced significant savings in prior fiscal years due to participation in a reverse online auction for third party electrical supply along with the Township of Evesham and Evesham Fire-Rescue; however in FY 14, the Energy Agent reported a volatile market in third party electrical supply and recommended waiting until FY 15 to advertise for bids to maximize potential savings.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

During the current year, the Authority expended \$2,183,685.01 from its General and Renewal and Replacement accounts for capital activities. \$617,939.41 was classified as repairs and charged as operating expenses. The remaining \$1,565,745.60 was capitalized as either construction in progress or capital assets for the following projects:

New World Pump Station	\$ 1,050,740.76
SCADA System	191,632.30
Well Design & Replacement	40,790.65
Energy Reduction Plan	113,978.54
Buildings, Equipment and Vehicles	168,603.35

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

The Authority's Elmwood and Woodstream Wastewater Treatment Plants participated in New Jersey's Clean Energy Local Government Energy Audit program. The object of the energy audit is to identify energy conservation and retrofit measures to reduce energy usage and to develop an economic basis to financially validate the planning and implementation of identified energy conservation and retrofit measures. Identified energy conservation and retrofit measures included HVAC systems, lighting systems, motor upgrades and aeration system upgrades at both wastewater treatment plants. During FY12, the Authority completed the replacement of the HVAC and lighting systems at both wastewater treatment plants. The remaining energy conservation and retrofit measures include: Elmwood WWTP – The Authority proposes to upgrade the existing two Orbal Aeration System units and replace existing motors on the sludge thickening blowers, return activated sludge pumps, sludge dewatering pumps, chemical feed water pumps, and sand filter blowers. Woodstream WWTP – The Authority proposes to upgrade the existing blower aeration systems at the two contact stabilization plants and equalization tank and replace existing motors on the BIOFOR process blowers, BIOFOR air scour blowers, influent pumps, equalization tank pumps and backwash pumps. These energy conservation and retrofit measures will be implemented under the New Jersey Clean Energy Pay for Performance program. The Authority anticipates overall energy savings of 25%.

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

The Elmwood and Woodstream Wastewater Treatment Plant Upgrades for Energy Conservation and the Elmwood/Woodstream SCADA projects were financed through the New Jersey Environmental Infrastructure Trust Program in FY 14. The Authority borrowed a total of \$4,272,073 for both projects. Three quarters of this amount was obtained through the Fund at 0% interest and the remaining one quarter through the Trust at market rate.

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

As part of the Authority's continued capital improvement program, the Authority intends to pursue NJEIT financing for Wells 13 and 14 Treatment Improvements pending a decision from the NJDEP regarding continued withdrawals of recharged water. The Well 13 and 14 Treatment Improvements are necessary to maintain peak water supply capacity through the use of an existing aquifer storage and supply well pair. The Authority is currently not using these facilities due to the loss of production from Well 14, which is related to iron present in the recharged water from Well 13. This project will install iron precipitation and filtration equipment in an expanded well building and required ancillary equipment. The anticipated cost of this project is \$1.78 million.

The proposed FY 15 Capital Budget and five-year Capital Program are \$5,938,668.00 and \$22,683,668.00 respectively. The following major line items making up the FY 15 Capital Budget are:

• Energy Conservation	2,523,688.00
• Elmwood & Woodstream SCADA	1,548,000.00
• Elmwood Filter Press Rehabilitation	1,000,000.00
• Screw Pump Rehabilitation	782,000.00

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:

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

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

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

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide New Jersey, and Evesham Township residents in particular, and our customers, clients, investors and creditors, with a general overview of the Authority's finances. If you have any questions about this report or need additional financial information, contact the Authority at 984 Tuckerton Road, Room 211, P.O. Box 467, Marlton, New Jersey 08053.

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position
As of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Unrestricted Assets:		
Revenue/Operating Account:		
Cash and Cash Equivalents	\$ 770,352.11	\$ 1,216,488.91
Investments	2,879,190.71	2,181,623.77
Accrued Interest Receivable	8,568.68	6,355.60
General Account:		
Cash and Cash Equivalents	7,264,949.40	6,508,826.23
Investments	1,577,828.65	1,907,169.06
Accrued Interest Receivable	3,642.40	4,505.11
Due from New Jersey Environmental Infrastructure Trust	4,272,073.00	7,509.40
Consumer Accounts Receivable	1,445,684.89	1,158,848.07
Other Accounts Receivable	19,404.16	51,110.51
Prepaid Expenses	910,113.03	997,982.67
Total Unrestricted Assets	19,151,807.03	14,040,419.33
Current Restricted Assets:		
Debt Service Account:		
Cash and Cash Equivalents	4,288,073.34	4,110,695.23
Accrued Interest Receivable	8,481.34	8,446.19
Debt Service Reserve Account:		
Cash and Cash Equivalents	27,654.57	176,921.54
Investments	4,627,909.58	4,243,392.39
Accrued Interest Receivable	14,228.10	12,934.86
Renewal and Replacement Account:		
Cash and Cash Equivalents	1,000,000.00	1,000,000.00
Investments	544,388.00	557,550.50
Accrued Interest Receivable	2,083.33	2,083.33
Construction Account:		
Cash and Cash Equivalents	2.98	635,956.69
Other Accounts:		
Cash and Cash Equivalents	959,020.83	1,186,095.30
Total Restricted Assets	11,471,842.07	11,934,076.03
Non-Current Assets:		
Capital Assets:		
Construction in Progress	2,937,984.04	3,090,112.62
Completed (Net of Accumulated Depreciation)	46,553,149.16	48,778,701.52
Total Capital Assets	49,491,133.20	51,868,814.14
Total Assets	80,114,782.30	77,843,309.50
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding of Bonds	235,374.10	376,623.28

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position

As of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable--Operations	\$ 986,016.68	\$ 528,994.00
Prepaid Rental Charges	44,946.67	48,905.44
Prepaid Antennae Rental Charges	23,159.85	
Total Current Liabilities Payable from Unrestricted Assets	<u>1,054,123.20</u>	<u>577,899.44</u>
Current Liabilities Payable from Restricted Assets:		
Revenue Bonds Payable--Current Portion	3,090,000.00	2,870,000.00
New Jersey Environmental Infrastructure Loan Payable - Current Portion	846,542.47	672,387.05
Accrued Bond Interest Payable	515,301.88	555,926.88
Litigation Payable		275,000.00
Escrow Deposits	32,219.22	69,558.51
Total Current Liabilities Payable from Restricted Assets	<u>4,484,063.57</u>	<u>4,442,872.44</u>
Long-term Liabilities:		
Revenue Bonds Payable	19,041,997.34	22,295,909.71
New Jersey Environmental Infrastructure Loan Payable	13,952,625.92	10,527,095.39
OPEB Obligation	60,641.00	
Compensated Absences	430,767.14	416,882.03
Total Long-term Liabilities	<u>33,486,031.40</u>	<u>33,239,887.13</u>
Total Liabilities	<u>39,024,218.17</u>	<u>38,260,659.01</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenue	<u>579,899.50</u>	<u>773,783.10</u>
NET POSITION		
Restricted for:		
Bond Covenants:		
Debt Service Reserve Requirement	4,578,280.38	4,339,321.17
System Reserve Requirement	1,500,000.00	1,500,000.00
Operating Requirement	2,881,675.00	2,798,243.00
Net Investment in Capital Assets	17,067,414.57	15,887,554.67
Unrestricted	14,718,668.78	14,660,371.83
Total Net Position	<u>\$ 40,746,038.73</u>	<u>\$ 39,185,490.67</u>

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

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the Fiscal Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Service Charges	\$ 15,404,387.40	\$ 15,350,536.73
Connection Fees	923,508.02	851,500.04
Miscellaneous Charges	1,033,817.06	1,121,249.93
	<hr/>	<hr/>
Total Operating Revenues	17,361,712.48	17,323,286.70
Operating Expenses:		
Administrative Expenses:		
Salaries and Wages	323,845.96	307,083.71
Fringe Benefits	132,786.78	92,315.48
Other	542,617.97	530,948.47
	<hr/>	<hr/>
	999,250.71	930,347.66
Cost of Service:		
Salaries and Wages	2,714,243.58	2,530,513.68
Fringe Benefits	1,414,710.40	1,142,214.37
Other	4,605,189.75	4,386,292.41
	<hr/>	<hr/>
	8,734,143.73	8,059,020.46
Major Repairs and Other Expenses	617,939.41	675,307.67
Additional/Canceled Accounts Payable	158,763.15	44,594.92
Depreciation	3,149,667.61	3,321,829.83
	<hr/>	<hr/>
Total Operating Expenses	13,659,764.61	13,031,100.54
	<hr/>	<hr/>
Operating Income	3,701,947.87	4,292,186.16
Non-operating Revenue (Expenses):		
Interest Revenue:		
Investment Income	327,846.76	305,622.07
Change in Fair Value of Investments	42,896.43	(461,131.59)
	<hr/>	<hr/>
	370,743.19	(155,509.52)
Bond Interest	(997,003.07)	(1,229,434.73)
Municipal Appropriation	(721,381.00)	(712,158.00)
Loss on Disposal of Property, Plant & Equipment	(2,326,205.93)	(952.07)
Cancellation of Accrued Interest Payable		507,977.37
Litigation Settlement		(275,000.00)
	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	(3,673,846.81)	(1,865,076.95)
	<hr/>	<hr/>
Income Before Contributions (Carried Forward)	28,101.06	2,427,109.21

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the Fiscal Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Income Before Contributions (Brought Forward)	\$ 28,101.06	\$ 2,427,109.21
Contributions:		
Developers	1,532,447.00	1,841,090.70
	<hr/>	<hr/>
Change in Net Position	1,560,548.06	4,268,199.91
	<hr/>	<hr/>
Net Position - Beginning	39,185,490.67	34,917,290.76
	<hr/>	<hr/>
Net Position - End of Year:		
Restricted	\$ 8,959,955.38	\$ 8,637,564.17
Unrestricted	\$ 14,718,668.78	\$ 14,660,371.83
Net Investment in Capital Assets	\$ 17,067,414.57	\$ 15,887,554.67
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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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 16,801,127.17	\$ 17,635,241.98
Payments to Suppliers	(8,138,332.53)	(7,730,918.70)
Payments to Employees	(3,038,089.54)	(2,837,597.39)
Other Operating Receipts	1,104,176.53	1,121,759.86
Net Cash Provided by Operating Activities	<u>6,728,881.63</u>	<u>8,188,485.75</u>
Cash Flows from Capital and Related Financing Activities:		
Capital Aquisitions	(1,565,745.60)	(2,189,388.82)
N.J. Environmental Infrastructure Loan Proceeds	7,509.40	100,626.67
Municipal Appropriation	(721,381.00)	(712,158.00)
Debt Service:		
Principal	(3,542,387.05)	(3,639,987.63)
Interest	(1,060,291.26)	(1,001,617.65)
Net Cash Used in Capital and Related Financing Activities	<u>(6,882,295.51)</u>	<u>(7,442,525.43)</u>
Cash Flows from Investing Activities:		
Interest on Investments	368,064.43	290,263.82
Change in Investments:		
Purchases/Unrealized Gains and Losses	(2,841,622.92)	(5,654,208.34)
Sales/Maturities	2,102,041.70	4,473,569.84
Net Cash Flows Provided (Used) by Investing Activities	<u>(371,516.79)</u>	<u>(890,374.68)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(524,930.67)	(144,414.36)
Cash and Cash Equivalents--July 1	14,834,983.90	14,979,398.26
Cash and Cash Equivalents--June 30	<u>\$ 14,310,053.23</u>	<u>\$ 14,834,983.90</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 3,701,947.87	\$ 4,292,186.16
Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities:		
Depreciation	3,149,667.61	3,321,829.83
Change in Assets and Liabilities:		
(Increase) Decrease in Consumer Accounts Receivable	(286,836.82)	58,740.37
(Increase) Decrease in Other Accounts Receivable	31,706.35	5,224.69
(Increase) Decrease in Prepaid Expenses	87,869.64	(15,798.64)
Increase (Decrease) in Accounts Payable	457,022.68	82,752.24
Increase (Decrease) in OPEB Obligation	60,641.00	
Increase (Decrease) in Prepaid Rents	(3,958.77)	(14,463.96)
Increase (Decrease) in Litigation Payable	(275,000.00)	
Increase (Decrease) in Prepaid Antenna Rents	23,159.85	
Increase (Decrease) in Escrow Deposits	(37,339.29)	(12,309.40)
Increase (Decrease) in Compensated Absences Payable	13,885.11	(11,803.96)
Increase (Decrease) in Connection Fee Deposits	(193,883.60)	482,128.42
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,728,881.63</u>	<u>\$ 8,188,485.75</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, 2014 and 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Evesham Municipal Utilities Authority (the "Authority") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

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

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

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

Component Unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units and is a component unit of the Township of Evesham.

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

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

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

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

Basis of Accounting

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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, 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 Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority adopted an amending budget resolution during the year.

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

Cash, Cash Equivalents and Investments

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

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

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

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

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

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

Prepaid Expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

Capital Assets

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

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Costs incurred during construction of an asset are recorded as construction in progress. In the year that the project is completed, these costs are transferred to Capital Assets.

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$1,000.00 or more
- 2) Useful life of more than one year
- 3) Asset is not affected by consumption

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

Depreciation

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

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

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

Bond Discounts/Premiums

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in a systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount on the bonds.

Deferred Loss on Refunding

Deferred loss on refunding arising, from the issuance of the revenue refunding bonds, is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

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

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

Compensated Absences

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

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the Authority is eligible to realize the revenue.

Net Position

In accordance with the provisions of GASB Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", the Authority has classified its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Income Taxes

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Operating and Non-Operating Revenues and Expenses**

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

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Recently Issued and Adopted Accounting Pronouncements

During the fiscal year ended June 30, 2014, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB)

In March 2012, the GASB issued Statement 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. GASBS 66 is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. This Statement is effective for periods beginning after December 15, 2012. The adoption of GASBS 66, however, does not have a material impact on the Authority's financial statements.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Recently Issued Accounting Pronouncements**

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. GASBS 67 is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2013. The Authority does not administer any state or local pension plans; therefore, the adoption of GASBS 67 will not have any impact on the Authority's financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASBS 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. In addition, this Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements and expects the impact to be material.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASBS 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for periods beginning after December 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements although no impact is expected.

In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements and expects the impact to be material when considered in conjunction with the adoption of Statement No. 68.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**Compliance with Finance Related Legal and Contractual Provisions**

Management of the Authority is unaware of any material violations of finance related legal and contractual provisions.

General Bond Resolution

The Authority is subject to the provisions and restrictions of the General Bond Resolution adopted July 25, 1990 (Amended August 1, 1990). On August 2, 1995, July 10, 1996, November 10, 1999, October 16, 2002, February 4, 2004, August 3, 2011 and March 7, 2012, the authority adopted Supplemental Bond Resolutions, which amended the 1990 Bond Resolution. A summary of the activities of each account created by the 1990 Bond Resolution 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 2002 Series A Revenue Bonds, 2003 Series A Revenue Bonds, 2004 Series A Revenue Bonds, the 2011 Series A Revenue Bonds, the 2012 Series A Revenue Bonds and the Authority's New Jersey Environmental Infrastructure Trust Fund Loans. The balance on deposit must be sufficient to enable the Trustee to withdraw amounts equal to interest due on bonds, principal amount maturing on bonds and sinking fund installments when such payments are required. At June 30, 2014, 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, 2014 of \$4,655,564.15 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, 2014, 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 1.57 times the annual debt service for the current bond year ending June 30, 2014. 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>2014</u>	<u>2013</u>
Net Revenues:		
Operating Income (Exhibit B)	\$3,701,947.87	\$4,292,186.16
Add: Interest Income Earned	327,846.76	305,622.07
Major Repairs and Replacements	617,939.41	675,307.67
Depreciation	<u>3,149,667.61</u>	<u>3,321,829.83</u>
Net Revenues for Debt Service Coverage	<u>7,797,401.65</u>	<u>\$8,594,945.73</u>
Debt Service:		
Bond Principal	\$3,936,542.47	\$3,542,387.05
Interest Expense:		
Interest Accrued	997,003.07	1,229,434.73
Less: Amortization	<u>(22,663.19)</u>	<u>(17,225.69)</u>
Total Debt Service	<u>\$4,956,208.73</u>	<u>\$4,789,047.47</u>
Net Revenues	<u>\$7,858,042.65</u>	<u>\$8,594,845.83</u>
Debt Service	4,956,208.73 = 1.57	4,789,047.47 = 1.79

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

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

As of June 30, 2014 and 2013, the Authority's bank balances were exposed to custodial credit risk as follows:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Insured	\$ 500,000.00	\$ 500,000.00
Uninsured and collateralized with securities held by pledging financial institutions	<u>23,885,256.02</u>	<u>23,742,558.91</u>
	<u>\$ 24,385,256.02</u>	<u>\$ 24,242,558.91</u>

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

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's \$9,629,316.94 as of June 30, 2014 and \$8,889,735.72 as of June 30, 2013 investments in treasury obligations, money market funds and state and municipal bonds are held 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 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 – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Authority's investment policies place no limit on the amount the Authority may invest in any one issuer. All of the Authority's investments are either in treasury obligations, money market funds, GNMA's or direct Treasury Securities.

As of June 30, 2014 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	\$ 10,887.78
G.N.M.A. II Pool 13-66	AAA	05/16/2041	381,036.00
G.N.M.A. II Pool 14-41	AAA	03/20/2044	683,158.01
G.N.M.A. II 13-111	AAA	06/20/2043	359,383.39
F.N.M.A. Pool #13-27	AAA	01/25/2043	693,561.77
F.N.M.A. Pool #11-117	AAA	11/25/2041	212,254.00
F.N.M.A. 12-134	AAA	09/25/2041	410,301.66
F.N.M.A. 12-130	AAA	12/25/2042	281,092.21
F.N.M.A. 14-37	N/A	07/25/2044	666,600.00
F.N.M.A. 12-99	AAA	06/25/2042	704,861.73
F.N.M.A.	AAA	10/25/2041	102,845.79
G.N.M.A. GTD Remic 09-46	AAA	02/20/2039	973,257.35
G.N.M.A. GTD Remic 04-34	AAA	05/20/2034	162,197.41
G.N.M.A. GTD Remic 09-34	AAA	04/20/2039	2,176,060.00
Freddie Mac #4150	AAA	01/15/2043	703,469.14
F.N.R.13-105	AAA	03/25/2043	429,178.66
F.H.L.M.C. Pool #4321	AAA	07/15/2043	393,467.71
F.H.L.M.C. #4176 Ua	AAA	11/15/2042	285,704.33
			<u>\$ 9,629,316.94</u>

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

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

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

Service Fees

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

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2014	\$ 1,158,848.07	\$ 15,404,387.40	\$ 15,117,550.58	91.27%
2013	1,217,588.44	15,350,536.73	15,409,277.10	93.01%
2012	931,682.60	15,161,726.46	14,875,820.62	92.43%
2011	1,149,115.03	15,467,080.34	15,684,512.77	94.39%
2010	765,180.31	14,215,825.39	13,831,890.67	92.33%

Capital Contributions

The Authority receives capital contributions from developers that consist of sewer and water infrastructure installed at the developer's expense and turned over to the Authority upon completion of construction. During the fiscal year ending June 30, 2014, the Authority received \$536,356.45 for the Water Department and \$996,090.55 for the Sewer Department. During the fiscal year ending June 30, 2013, the Authority received \$644,381.75 for the Water Department and \$1,196,708.96 for the Sewer Department.

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

During the fiscal year ended June 30, 2014, the following changes in Capital Assets occurred:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Land	\$ 5,332,318.00			\$ 5,332,318.00
Buildings & Improvements	55,511,921.70		\$ 178,157.00	55,333,764.70
Infrastructure	98,018,836.03	\$ 3,118,963.78		101,137,799.81
Fixed Equipment	7,865,953.47	106,501.40	2,321,019.41	5,651,435.46
Equipment	1,577,140.17	6,358.00	14,050.88	1,569,447.29
Vehicles	1,869,684.96	18,498.00		1,888,182.96
	<u>170,175,854.33</u>	<u>3,250,321.18</u>	<u>2,513,227.29</u>	<u>170,912,948.22</u>
Depreciation	<u>121,397,152.81</u>	<u>3,149,667.61</u>	<u>187,021.36</u>	<u>124,359,799.06</u>
	<u>\$ 48,778,701.52</u>	<u>\$ 100,653.57</u>	<u>\$ 2,326,205.93</u>	<u>\$ 46,553,149.16</u>

During the fiscal year ended June 30, 2013, the following changes in Capital Assets occurred:

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

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

Authority employees may accumulate unused sick days with no restrictions. Employees are compensated for accumulated sick leave upon retirement or resignation at one-half of their then current hourly rate of pay times the number of days accumulated, up to a maximum of \$15,000. Vacation days not used during the year may be carried forward for one year. Upon separation from the Authority, the employee will be paid for all accrued vacation time at their then current hourly rate. The accrued liability for accumulated sick leave and vacation time at June 30, 2014 and 2013 is estimated at \$430,767.14 and \$416,882.03.

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, Authority employees may participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This too is administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

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

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

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

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

<u>Year</u>		<u>Normal Contribution</u>		<u>Accrued Liability</u>		<u>Total Liability</u>		<u>Paid by Authority</u>
2014	\$	51,590.00	\$	226,825.00		278,415.00	\$	4,735.00
2013		85,053.00		203,365.00		288,418.00		17,166.00
2012		89,337.00		178,673.00		268,010.00		17,075.00

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

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

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

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

The Authority had no employees enrolled in this plan for the year ending June 30, 2014.

Post-Employment Benefits

Plan Description - The Authority provides postretirement medical and prescription benefits through a health plan for retirees. The Authority's plan is provided through an agreement with the Township of Evesham (see Note 8) which is a self-insured plan. The Authority's plan was approved by the Board on October 9, 2013. The plan covers the all employees and eligible dependents in which said employee is sixty-two (62) years or older and has at least twenty (20) years of service to the Authority. Benefits to the employee will cease when the employee reaches age sixty five (65), dependent coverage ends at this time regardless of age. The benefits are determined by negotiated contract of the collective bargaining unit. A memorandum of understanding limits the authorization of postretirement benefits up to and including June 30, 2018. Retirees must continue to make contributions per Chapter 78 while they receive these benefits.

Funding Policy – The plan is funded by the Authority on a “pay as you go basis”.

Retirees - The Authority receives monthly contributions from retirees to offset a portion of the cost. The Authority's contributions to the plan for the fiscal year ended June 30, 2014 (first plan year) were \$555.07.

Future Retirees - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Authority is required to expense the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 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 (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be \$60,641.00. As stated above, the Authority has funded the cost of existing retirees in the amount of \$555.07, and has accrued the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

Annual OPEB Cost - For fiscal year 2014, the Authority's annual OPEB cost (expense) of \$60,641.00 for the plan was equal to the ARC. The percentage of annual OPEB cost contributed was 0%.

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

Funded Status and Funding Progress - The unfunded actuarial accrued liability (UAAL) of the plan as of June 30, 2014, was \$635,207.00. There was no actuarial value of plan assets at June 30, 2014.

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, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - The 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 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.

In the June 30, 2014 actuarial valuation, the unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (straight-line) for thirty (30) years on an open basis. The actuarial assumptions included the following:

- *Mortality:* Group Annuity Mortality Table *Turnover*.
- *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

Lease Obligations

At June 30, 2014, the Authority has operating lease agreements in effect for mail machine, folding machine and copy machines.

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

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2015	\$ 17,039.52

Current year payments under operating leases totaled \$6,243.02

The Authority's administration office is located in the Evesham Township Municipal Complex. The Authority previously paid the Township \$300,000.00 for office space for twenty years. In March 2004, in accordance with amendments to the rental agreement, the Authority paid the Township an additional \$150,847.89 for office space extending the lease to thirty years. In August 2004, the Authority paid the Township \$247,824.00 extending the lease for an additional ten years to June 30, 2038. The Authority has recorded a prepaid expense on its balance sheet and will apply the prepayment to subsequent years budgets over a period of forty years. The Authority's total rental expense for fiscal years 2014 and 2013 was \$24,921.32, including \$20,563.64 for 2014 and \$18,394.32 for 2013 of the prepaid amount that was applied expense.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Revenue Bonds Payable****2004 Series A**

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

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

2011 Series A

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

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

2012 Series A

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

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

A summary of maturities on the 2004, 2011 and 2012 Revenue Bonds Payable at June 30, 2014 is as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 3,090,000.00	\$ 701,102.50	\$ 3,791,102.50
2016	3,190,000.00	608,963.75	3,798,963.75
2017	3,555,000.00	494,787.50	4,049,787.50
2018	3,695,000.00	351,827.50	4,046,827.50
2019	3,845,000.00	202,826.25	4,047,826.25
2020 to 2024	3,230,000.00	345,285.00	3,575,285.00
2025 to 2027	<u>345,000.00</u>	<u>20,743.75</u>	<u>365,743.75</u>
	20,950,000.00	<u>\$2,725,536.25</u>	<u>\$23,675,536.25</u>
Less: Current Maturities	3,090,000.00		
Premium/ Discount on Bonds	<u>(1,181,997.34)</u>		
Long-term Portion	<u>\$19,041,997.34</u>		

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Debt Service - 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, 2014, 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, 2014, 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, 2014, the Authority has drawn all of these funds.

In May 2014, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$1,050,000.00 from the Trust and a \$3,222,073.00 from the Fund. The loan proceeds are being used to fund the Elmwood / Woodstream SCADA project and the Elmwood / Woodstream Treatment Plant Upgrades for Energy Conservation. As of June 30, 2014, the Authority has drawn none of these funds.

The Fund Loan is a non-interest bearing loan with the first semi-annual principal payment due July 1, 2014. The Trust Loan carries rates from 3.00% to 5.00%. Both loans have a final maturity of July 1, 2033.

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

The following schedule reflects the Debt Service Requirements for the Authority's N.J.E.I.T. Loans until 2034.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 846,542.47	\$ 282,407.26	\$ 1,128,949.73
2016	901,570.66	274,382.26	1,175,952.92
2017	928,850.08	256,007.26	1,184,857.34
2018	940,025.03	237,757.26	1,177,782.29
2019	963,076.83	219,782.26	1,182,859.09
2020	977,372.49	201,051.01	1,178,423.50
2021	996,681.13	181,394.76	1,178,075.89
2022	1,015,472.48	160,616.63	1,176,089.11
2023	1,036,695.21	138,788.50	1,175,483.71
2024	1,056,975.05	115,769.75	1,172,744.80
2025	1,075,785.78	90,376.00	1,166,161.78
2026	1,107,376.67	64,663.50	1,172,040.17
2027	1,087,972.60	39,738.50	1,127,711.10
2028	357,911.77	23,176.00	381,087.77
2029	367,911.77	15,376.00	383,287.77
2030	253,219.37	10,101.00	263,320.37
2031	233,834.00	7,776.00	241,610.00
2032	233,834.00	5,676.00	239,510.00
2033	233,834.00	3,532.00	237,366.00
2034	<u>184,227.00</u>	<u>1,219.00</u>	<u>185,446.00</u>
	\$14,799,168.39	<u>\$ 2,329,590.95</u>	<u>\$ 17,128,759.34</u>
Current Portion	<u>846,542.47</u>		
Long Term	<u>\$13,952,625.92</u>		

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

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

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

The Authority ended the fiscal year with Unrestricted Net Position totaling \$14,718,668.78. Of that amount, \$475,650.00 has been appropriated and included as support in the sewer utility operating budget, \$1,522,000.00 in the sewer utility capital budget and \$280,062.00 in the water utility operating budget and \$75,000.00 in the water utility capital budget for the fiscal year ending June 30, 2015.

Note 7: DEVELOPERS' PERFORMANCE DEPOSITS

The Authority has accepted cash deposits for several construction projects in lieu of performance bonds. Performance bonds and deposits are required by the Authority to insure the proper completion of a project. If a project is not completed to the satisfaction of the Authority, this money or bond will be used to pay for the corrections needed to meet the Authority's requirements. The Authority has established individual bank accounts for each developer's deposit. The accounts are in the name of the developer and the Authority. The Authority has no right to the deposits or interest earned until the time of developer default. Therefore, the Authority does not record the deposits in its financial statements. The total amount of performance deposits at June 30, 2014 and 2013 were \$84,606.40 and \$72,216.12, respectively.

Note 8: SERVICE AGREEMENTS**Intergovernmental**

In April 1989, the Authority entered into a five year renewable agreement with the Municipal Utilities Authorities of Willingboro and Mount Laurel. The agreement was renewed in April 1994 for an additional period of five years and has been extended by mutual agreement. The agreement details the purchase of water by the Mount Laurel M.U.A. from the Willingboro M.U.A. and the subsequent resale of water by Mount Laurel to the Evesham M.U.A. Evesham M.U.A. is required to purchase a minimum of 50% of the quarterly gallons purchased by the Mount Laurel M.U.A., subject to certain daily requirements, if such water is available. Pursuant to the agreement, the Mount Laurel M.U.A. has title to all interconnection assets and is responsible for their maintenance, except for any extraordinary repair costs for certain defined areas of the interconnection system which would be shared equally with Evesham M.U.A. The payments for water purchases are deemed to be an operating expense to the Evesham M.U.A. and are appropriately charged to the Authority's budget. The amount paid to Mount Laurel M.U.A. for fiscal year 2014 was \$117,074.91 and for fiscal year 2013 was \$265,177.51. An accounts payable has been recorded totaling \$447,043.95 for payment of prior years usage.

On November 12, 2013, the Authority entered into an agreement with the Township of Evesham to provide health and prescription benefits to the Authority employees and dependents through the Township's self-insured benefits plan. The plan is administered by Insurance Administrator of America, Inc (I.A.A.). The agreement calls for the Authority to be billed for 100% of claims associated with their employees and dependents. The Authority will also pay a percentage of the fixed costs associated with the administration of the plan. The agreement provides a maximum claim amount per employee or dependent (individually) of \$75,000.00. A stop loss policy for claims exceeding \$75,000.00 is provided by an insurance policy acquired through a commercial insurance company. The effective date of the agreement was December 1, 2013 and expires November 30, 2105.

Other Service Agreements

In June 2000, the Authority entered into a ten year renewable agreement with New Jersey American Water Company, Inc. (NJAWC) for the supply, delivery and purchase of water. The agreement stipulates that for the initial term ending December 31, 2001, the Authority must purchase 850,000 gallons per day. The purchase requirement remained unchanged until February 1, 2002, when the minimum amount was increased to 1,000,000 gallons per day. The agreement automatically renews for two successive ten year terms unless the Authority has received final approval from the NJ Department of Environmental Protection for a new source of supply plan naming an alternative supply source other than NJAWC and the Authority provides NJAWC with written notice of termination not later than one year prior to the end of the current term. If the notice of termination is delivered, the Authority's minimum purchase amount would be decreased 20% in each year of the next successive five years. The Authority paid the NJAWC \$1,148,889.74 during the fiscal year 2014 and \$1,171,244.23 during the fiscal year 2013.

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

The Authority had several outstanding construction projects as of June 30, 2014. These projects are evidenced by contractual commitments with a contractor and include:

<u>Project</u>	<u>Awarded</u>	<u>Commitment Remaining</u>
Sewer Replacement Program	\$ 1,339,638.88	\$ 10,254.33
Well #14	64,400.00	64,400.00
Well Sealing Program	63,609.00	12,129.00
New World Pump Station	1,322,183.23	28,207.66
Environmental Lab Testing	34,920.00	34,920.00
Wastewater Treatment Plant SCADA Systems	1,040,000.00	977,400.00
Wastewater Treatment Plant Upgrades	1,853,056.00	1,853,056.00
Rotary Pump for Filter Press	24,078.00	24,078.00
Air Pipe Replacement	54,000.00	54,000.00
Fire Hydrants	57,665.25	57,665.25
Replacement of Screw Pumps	<u>1,019,452.00</u>	<u>1,019,452.00</u>
	<u>\$ 6,873,002.36</u>	<u>\$ 4,135,562.24</u>

Litigation

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

Note 10: RISK MANAGEMENT

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

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)
6/30/2014	\$ -	\$ 635,207.00	\$ 635,207.00	0 %	N/A	N/A

Schedule RSI-2

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Required Supplementary Information
Schedule of Employer Contributions to the OPEB Plan

Fiscal Year Ended <u>June 30,</u>	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2014	\$ 60,641.00	0%

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Note to Required Supplementary Information
For the Year Ended June 30, 2014

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, 2014
Actuarial Cost Method	Unit Credit Cost Method
Amortization Method	Present Value Straight Line
Remaining Amortization Period	30 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 Position by Department
As of June 30, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current Unrestricted Assets:			
Revenue/Operating Account:			
Cash and Cash Equivalents		\$ 770,352.11	\$ 770,352.11
Investments		2,879,190.71	2,879,190.71
Accrued Interest Receivable	\$ 2,999.04	5,569.64	8,568.68
General Account:			
Cash and Cash Equivalents		7,264,949.40	7,264,949.40
Investments	318,862.52	1,258,966.13	1,577,828.65
Accrued Interest Receivable	1,274.84	2,367.56	3,642.40
Due from New Jersey Environmental Infrastructure Trust		4,272,073.00	4,272,073.00
Consumer Accounts Receivable	519,871.57	925,813.32	1,445,684.89
Other Accounts Receivable	7,956.62	11,447.54	19,404.16
Prepaid Expenses	353,707.75	556,405.28	910,113.03
Total Unrestricted Assets	1,204,672.34	17,947,134.69	19,151,807.03
Non- Current Assets:			
Restricted Assets:			
Debt Service Account:			
Cash and Cash Equivalents		4,288,073.34	4,288,073.34
Accrued Interest Receivable	2,968.47	5,512.87	8,481.34
Debt Service Reserve Account:			
Cash and Cash Equivalents		27,654.57	27,654.57
Investments	600,175.34	4,027,734.24	4,627,909.58
Accrued Interest Receivable	4,979.84	9,248.27	14,228.10
Renewal and Replacement Account:			
Cash and Cash Equivalents	100,000.00	900,000.00	1,000,000.00
Investments		544,388.00	544,388.00
Accrued Interest Receivable	729.17	1,354.16	2,083.33
Construction Account:			
Cash and Cash Equivalents		2.98	2.98
Other Accounts:			
Cash and Cash Equivalents	293,231.35	665,789.48	959,020.83
Interfund Loan	2,700,000.00		2,700,000.00
Total Restricted Assets	3,702,084.16	10,469,757.91	14,171,842.07
Property, Plant and Equipment:			
Construction in Progress	2,555,941.82	382,042.22	2,937,984.04
Completed (Net of Accumulated Depreciation)	11,006,481.62	35,546,667.54	46,553,149.16
Total Property, Plant and Equipment	13,562,423.44	35,928,709.76	49,491,133.20
Total Assets	18,469,179.94	64,345,602.36	82,814,782.30
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Refunding of Bonds	52,963.11	182,410.99	235,374.10

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Statement of Net Position by Department
As of June 30, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
LIABILITIES			
Current Liabilities Payable from Unrestricted Assets:			
Accounts Payable--Operations	\$ 406,330.24	\$ 579,686.44	\$ 986,016.68
Prepaid Rental Charges	17,854.35	27,092.32	44,946.67
Prepaid Antenna Rental Charges	23,159.85		23,159.85
	<hr/>		
Total Current Liabilities Payable from Unrestricted Assets	447,344.44	606,778.76	1,054,123.20
	<hr/>		
Current Liabilities Payable from Restricted Assets:			
Revenue Bonds Payable--Current Portion	715,784.00	2,374,216.00	3,090,000.00
New Jersey Environmental Infrastructure Loan Payable--Current Portion		846,542.47	846,542.47
Accrued Bond Interest Payable	79,967.25	435,334.63	515,301.88
Escrow Deposits		32,219.22	32,219.22
	<hr/>		
Total Current Liabilities Payable from Restricted Assets	795,751.25	3,688,312.32	4,484,063.57
	<hr/>		
Long-term Liabilities:			
Revenue Bonds Payable	4,121,913.78	14,920,083.56	19,041,997.34
New Jersey Environmental Infrastructure Loan Payable		13,952,625.92	13,952,625.92
Interfund Loan		2,700,000.00	2,700,000.00
OPEB Obligation	21,224.35	39,416.65	60,641.00
Compensated Absences	150,768.50	279,998.64	430,767.14
	<hr/>		
Total Long-term Liabilities	4,293,906.63	31,892,124.77	36,186,031.40
	<hr/>		
Total Liabilities	5,537,002.32	36,187,215.85	41,724,218.17
	<hr/>		
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	176,908.58	402,990.92	579,899.50
	<hr/>		
NET POSITION			
Restricted for:			
Bond Covenants:			
Debt Service Reserve Requirement	972,007.94	3,606,272.44	4,578,280.38
System Reserve Requirement	525,000.00	975,000.00	1,500,000.00
Operating Requirement	1,236,475.00	1,645,200.00	2,881,675.00
Net Investment in Capital Assets	8,777,688.77	8,289,725.80	17,067,414.57
Unrestricted	1,297,060.44	13,421,608.34	14,718,668.78
	<hr/>		
Total Net Position	\$ 12,808,232.15	\$ 27,937,806.58	\$ 40,746,038.73
	<hr/>		

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenues, Expenses and Changes in Net Position by Department
For the Fiscal Year Ended June 30, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues:			
Service Charges	\$ 4,743,918.50	\$ 10,660,468.90	\$ 15,404,387.40
Connection Fees	284,897.22	638,610.80	923,508.02
Miscellaneous Charges	953,594.91	80,222.15	1,033,817.06
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	5,982,410.63	11,379,301.85	17,361,712.48
Operating Expenses:			
Administrative Expenses:			
Salaries and Wages	161,923.11	161,922.85	323,845.96
Fringe Benefits	71,750.12	61,036.66	132,786.78
Other	247,611.34	295,006.63	542,617.97
	<hr/>	<hr/>	<hr/>
	481,284.57	517,966.14	999,250.71
	<hr/>	<hr/>	<hr/>
Cost of Service:			
Salaries and Wages	949,597.43	1,764,646.15	2,714,243.58
Fringe Benefits	467,732.84	946,977.56	1,414,710.40
Other	2,202,336.33	2,402,853.42	4,605,189.75
	<hr/>	<hr/>	<hr/>
	3,619,666.60	5,114,477.13	8,734,143.73
	<hr/>	<hr/>	<hr/>
Major Repairs and Other Expenses	189,057.81	428,881.60	617,939.41
Additional/Canceled Accounts Payable	175,013.15	(16,250.00)	158,763.15
Depreciation	1,133,147.79	2,016,519.82	3,149,667.61
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	5,598,169.92	8,061,594.69	13,659,764.61
	<hr/>	<hr/>	<hr/>
Operating Income	384,240.71	3,317,707.16	3,701,947.87
	<hr/>	<hr/>	<hr/>
Non-operating Revenue (Expenses):			
Interest Revenue:			
Investment Income	114,746.37	213,100.39	327,846.76
Change in Fair Value of Investments	15,013.75	27,882.68	42,896.43
	<hr/>	<hr/>	<hr/>
	129,760.12	240,983.07	370,743.19
	<hr/>	<hr/>	<hr/>
Municipal Appropriation	(269,365.00)	(452,016.00)	(721,381.00)
Bond Interest	(143,316.70)	(853,686.37)	(997,003.07)
Loss on Disposal of Property, Plant & Equipment	(2,317,020.91)	(9,185.02)	(2,326,205.93)
Interfund Loan	(300,000.00)	300,000.00	
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	(2,899,942.49)	(773,904.32)	(3,673,846.81)
	<hr/>	<hr/>	<hr/>
Income Before Contributions (Carried Forward)	(2,515,701.78)	2,543,802.84	28,101.06

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenues, Expenses and Changes in Net Position by Department
For the Fiscal Year Ended June 30, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Income Before Contributions (Brought Forward)	\$ (2,515,701.78)	\$ 2,543,802.84	\$ 28,101.06
Contributions:			
Developers	536,356.45	996,090.55	1,532,447.00
Change in Net Position	(1,979,345.33)	3,539,893.39	1,560,548.06
Net Position - Beginning	14,787,577.48	24,397,913.19	39,185,490.67
Net Position, End of Year:			
Restricted	\$ 2,733,482.94	\$ 6,226,472.44	\$ 8,959,955.38
Unrestricted	\$ 1,297,060.44	\$ 13,421,608.34	\$ 14,718,668.78
Net Investment in Capital Assets	\$ 8,777,688.77	\$ 8,289,725.80	\$ 17,067,414.57

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments
For the Fiscal Year Ended June 30, 2014

	Revenue/Operating		Restricted						
	<u>Accounts</u>	<u>General</u>	<u>Bond</u>	<u>Bond</u>	<u>Renewal and</u>	<u>Construction</u>	<u>Planning</u>	<u>Connection</u>	<u>Total</u>
			<u>Reserve</u>	<u>Service</u>	<u>Replacement</u>		<u>Escrow</u>	<u>Fee</u>	
Cash, Cash Equivalents and Investment:									
July 1, 2013	\$ 3,398,112.68	\$ 8,415,995.29	\$ 4,420,313.93	\$ 4,110,695.23	\$ 1,557,550.50	\$ 635,956.69	\$ 69,563.96	\$ 1,116,531.34	\$ 23,724,719.62
Receipts:									
User Charges and Fees:									
Water	4,591,603.84								4,591,603.84
Sewer	10,477,041.30								10,477,041.30
Connection Fee Deposits:									
Water	269,098.22							221,928.00	491,026.22
Sewer	594,720.80							507,696.42	1,102,417.22
Miscellaneous Revenue Receivable:									
Water	960,576.87								960,576.87
Sewer	80,222.15								80,222.15
Prepaid Rents:									
Water	17,854.35								17,854.35
Sewer	27,092.32								27,092.32
Other Accounts Receivable	40,217.66								40,217.66
Prepaid Antennae Rents	23,159.85								23,159.85
N.J.Environmental Infrastructure									
Loans Receivable				7,509.40					7,509.40
Payroll Deductions Payable	3,252,417.59								3,252,417.59
Planning Escrow Deposits							94,091.92		94,091.92
Investment Income	95,233.57	108,410.07	133,946.02	17,050.06	13,412.10	12.61			368,064.43
Transfers In	646,022.23	2,828,646.03	240,369.83	4,767,816.34	498,920.07			1,477.41	8,983,251.91
Total Cash and Investments Available	24,473,373.43	11,353,051.39	4,794,629.78	8,903,071.03	2,069,882.67	635,969.30	163,655.88	1,847,633.17	54,241,266.65
Disbursements:									
Budgetary Expenses:									
Water	3,488,400.18								3,488,400.18
Sewer	4,825,904.94								4,825,904.94
Payroll Deductions Payable	3,254,368.16								3,254,368.16
Prepaid Expenses	418,377.61								418,377.61
Accounts Payable	509,905.36			12,319.38					522,224.74
Municipal Appropriation	721,381.00								721,381.00
Bond Principal				2,870,000.00					2,870,000.00
Loan Principal				672,387.05					672,387.05
Bond and Loan Interest				1,060,291.26					1,060,291.26
Litigation Payable	250,000.00								250,000.00
Transfers Out	7,355,493.37	714,282.47	139,065.63		137,800.53	635,966.32	3.12	640.47	8,983,251.91
Capital Outlays:									
Expensed		230,245.27			387,694.14				617,939.41
Construction in Progress		1,431,849.99							1,431,849.99
Fixed Assets		133,895.61							133,895.61

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments
For the Fiscal Year Ended June 30, 2014

	Revenue/Operating <u>Accounts</u>	<u>General</u>	Bond <u>Reserve</u>	Bond <u>Service</u>	Restricted Renewal and <u>Replacement</u>	<u>Construction</u>	Planning <u>Escrow</u>	Connection <u>Fee</u>	<u>Total</u>
Disbursements (Cont'd):									
Expenditures for Planning Escrow							\$ 131,431.21		\$ 131,431.21
Due to Unrestricted Funds								\$ 920,193.42	920,193.42
Total Disbursements	\$ 20,823,830.61	\$ 2,510,273.34	\$ 139,065.63	\$ 4,614,997.69	\$ 525,494.67	\$ 635,966.32	131,434.33	920,833.89	30,301,896.48
Cash, Cash Equivalents and Investments June 30, 2014	\$ 3,649,542.82	\$ 8,842,778.05	\$ 4,655,564.15	\$ 4,288,073.34	\$ 1,544,388.00	\$ 2.98	\$ 32,221.55	\$ 926,799.28	\$ 23,939,370.17
<u>Analysis of Balance June 30, 2014</u>									
Cash and Cash Equivalents	\$ 770,352.11	\$ 7,264,949.40	\$ 27,654.57	\$ 4,288,073.34	\$ 1,000,000.00	\$ 2.98	\$ 32,221.55	\$ 926,799.28	\$ 14,310,053.23
Investments:									
F.N.M.A. Notes	807,584.62		1,358,116.77						2,165,701.39
F.N.M.A. Pool	115,774.91	571,168.51	648,051.01						1,334,994.43
F.H.L.M.C.	577,793.08		101,378.96						679,172.04
Freddie Mac		579,327.53	124,141.61						703,469.14
GNMA Remic	761,621.00	40,852.72	1,964,653.04						2,767,126.76
GNMA Pool	405,015.11	386,479.89	283,586.79						1,075,081.79
GNMA Bonds	211,401.99		147,981.40		544,388.00				903,771.39
	\$ 3,649,542.82	\$ 8,842,778.05	\$ 4,655,564.15	\$ 4,288,073.34	\$ 1,544,388.00	\$ 2.98	\$ 32,221.55	\$ 926,799.28	\$ 23,939,370.17

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, 2014

	Amended <u>Budget</u>	2013-14 <u>Actual</u>	Favorable (Unfavorable)
Anticipated Revenues:			
Service Charges	\$ 4,808,330.00	\$ 4,743,918.50	\$ (64,411.50)
Connection Fees	60,000.00	284,897.22	224,897.22
Miscellaneous	750,000.00	953,594.91	203,594.91
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	5,618,330.00	5,982,410.63	364,080.63
Other Budget Revenues:			
Investment Income	150,000.00	114,746.37	(35,253.63)
Change in Fair Value of Investments		15,013.75	15,013.75
	<hr/>	<hr/>	<hr/>
	150,000.00	129,760.12	(20,239.88)
	<hr/>	<hr/>	<hr/>
Total Anticipated Revenues	5,768,330.00	6,112,170.75	343,840.75
	<hr/>	<hr/>	<hr/>
Operating Appropriations:			
Administrative:			
Salaries and Wages	163,000.00	161,923.11	1,076.89
Fringe Benefits	66,450.00	71,750.12	(5,300.12)
Trustee Fees	10,000.00	8,583.00	1,417.00
Audit Fees	33,000.00	5,956.00	27,044.00
Legal Fees	70,000.00	66,378.47	3,621.53
Engineer Fees	28,500.00	17,023.27	11,476.73
Office Expenses	120,200.00	113,978.43	6,221.57
Financial/Insurance Consultant	12,250.00	11,729.16	520.84
Dues and Meetings	8,000.00	4,448.65	3,551.35
Education and Training	20,000.00	19,514.36	485.64
	<hr/>	<hr/>	<hr/>
Total Administrative Expenses	531,400.00	481,284.57	50,115.43
	<hr/>	<hr/>	<hr/>
Cost of Service			
Salaries and Wages	1,113,300.00	949,597.43	163,702.57
Fringe Benefits	543,750.00	467,732.84	76,017.16
Electric and Utilities	420,000.00	273,593.60	146,406.40
Insurance	120,000.00	122,304.28	(2,304.28)
Vehicle Expense	46,710.00	42,809.65	3,900.35
Vehicle Repairs	30,000.00	23,915.58	6,084.42
Parts and Supplies	79,300.00	59,224.12	20,075.88
Chemicals	78,100.00	46,810.54	31,289.46
Repairs and Maintenance	85,000.00	54,385.94	30,614.06
Telephone and Communications	38,400.00	38,066.00	334.00
Well Testing	29,000.00	14,051.90	14,948.10
Bulk Water Purchases	1,649,850.00	1,433,476.41	216,373.59
Uniforms and Safety Equipment	17,936.00	13,015.29	4,920.71
Dues and Meetings	2,100.00	1,360.11	739.89
Education and Training	9,100.00	10,026.42	(926.42)

(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, 2014

	<u>Amended Budget</u>	<u>2013-14 Actual</u>	<u>Favorable (Unfavorable)</u>
Operating Appropriations (Cont'd):			
Cost of Service			
State Fees	\$ 40,000.00	\$ 34,135.93	\$ 5,864.07
Public Information	11,860.00	9,410.85	2,449.15
One Call/Public Relations	5,410.00	4,525.36	884.64
OPEB Obligation		21,224.35	(21,224.35)
	<hr/>	<hr/>	<hr/>
Total Cost of Service	4,319,816.00	3,619,666.60	700,149.40
	<hr/>		
Principal Payments on Debt Service in Lieu of Depreciation	750,014.00	652,050.00	97,964.00
	<hr/>		
	5,601,230.00	4,753,001.17	848,228.83
	<hr/>		
Non-Operating Appropriations:			
Interest on Bonds	167,100.00	159,934.50	7,165.50
Municipal Appropriation	269,365.00	269,365.00	
	<hr/>	<hr/>	
Total Operating, Principal Payments and Non-Operating Appropriations	6,037,695.00	5,182,300.67	855,394.33
	<hr/>		
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	\$ (269,365.00)	\$ 929,870.08	\$ 1,199,235.08
	<hr/>		
<u>Reconciliation to Operating Income</u>			
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations			\$ 1,199,235.08
Add:			
Bond Principal		\$ 652,050.00	
Bond Interest		159,934.50	
		<hr/>	
			811,984.50
			<hr/>
			2,011,219.58
Less:			
Investment Income		129,760.12	
Depreciation		1,133,147.79	
Additional/Canceled Accounts Payable		175,013.15	
Major Repairs and Replacements		189,057.81	
		<hr/>	
			1,626,978.86
			<hr/>
Operating Income (Schedule 2)			\$ 384,240.71
			<hr/>

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Schedule of Sewer Anticipated Revenues, Operating Appropriations

Principal Payments and Non-operating Appropriations Compared to Budget--Non-GAAP (Budgetary) Basis

For the Fiscal Year Ended June 30, 2014

	Amended <u>Budget</u>	2013-14 <u>Actual</u>	Favorable <u>(Unfavorable)</u>
Anticipated Revenues:			
Service Charges	\$ 9,935,460.00	\$ 10,660,468.90	\$ 725,008.90
Connection Fees	100,000.00	638,610.80	538,610.80
Miscellaneous	66,500.00	80,222.15	13,722.15
Total Operating Revenues	10,101,960.00	11,379,301.85	1,277,341.85
Other Budget Revenues:			
Investment Income	275,000.00	213,100.39	(61,899.61)
Change in Fair Value of Investments		27,882.68	27,882.68
	275,000.00	240,983.07	(34,016.93)
Total Anticipated Revenues	10,376,960.00	11,620,284.92	1,243,324.92
Operating Appropriations:			
Administrative:			
Salaries and Wages	163,000.00	161,922.85	1,077.15
Fringe Benefits	54,450.00	61,036.66	(6,586.66)
Trustee Fees	35,000.00	33,221.76	1,778.24
Audit Fees	33,000.00	5,956.00	27,044.00
Legal Fees	81,300.00	66,378.49	14,921.51
Engineer Fees	66,500.00	47,925.11	18,574.89
Office Expenses	121,400.00	122,097.34	(697.34)
Financial/Insurance Consultant	8,750.00	5,729.17	3,020.83
Dues and Meetings	8,000.00	3,268.95	4,731.05
Education and Training	11,000.00	10,429.81	570.19
Total Administrative Expenses	582,400.00	517,966.14	64,433.86
Cost of Service:			
Salaries and Wages	2,099,200.00	1,764,646.15	334,553.85
Fringe Benefits	1,076,050.00	946,977.56	129,072.44
Electric and Utilities	1,015,000.00	943,983.43	71,016.57
Insurance	120,000.00	122,304.26	(2,304.26)
Vehicle Expense	109,090.00	100,386.17	8,703.83
Vehicle Repairs	60,000.00	28,831.04	31,168.96
Parts and Supplies	110,700.00	75,634.35	35,065.65
Chemicals	260,000.00	209,687.66	50,312.34
Repairs and Maintenance	149,000.00	147,244.54	1,755.46
Telephone and Communications	89,600.00	87,592.12	2,007.88
Wastewater Testing	15,000.00	10,251.00	4,749.00
Sludge Removal	521,000.00	501,914.77	19,085.23
Uniforms and Safety Equipment	39,016.00	36,681.72	2,334.28

(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, 2014

	Amended <u>Budget</u>	2013-14 <u>Actual</u>	Favorable (Unfavorable)
Operating Expenses (Cont'd):			
Cost of Service:			
Dues and Meetings	\$ 3,250.00	\$ 2,333.91	\$ 916.09
Education and Training	13,000.00	12,931.43	68.57
State Fees	50,000.00	60,618.99	(10,618.99)
Public Information	14,360.00	12,444.52	1,915.48
One Call/Public Relations	15,090.00	10,596.86	4,493.14
OPEB Obligation		39,416.65	(39,416.65)
Total Cost of Service	5,759,356.00	5,114,477.13	644,878.87
Principal Payments on Debt Service in Lieu of Depreciation	3,171,239.00	2,890,337.05	280,901.95
	9,512,995.00	8,522,780.32	990,214.68
Non-Operating Appropriations:			
Interest on Bonds	863,965.00	859,731.76	4,233.24
Municipal Appropriation	452,016.00	452,016.00	-
Total Operating, Principal Payments and Non-Operating Appropriations	10,828,976.00	9,834,528.08	994,447.92
Excess in Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	\$ (452,016.00)	\$ 1,785,756.84	\$ 2,237,772.84
<u>Reconciliation to Operating Income</u>			
Excess in Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations			\$ 2,237,772.84
Add:			
Bond Principal		\$ 2,890,337.05	
Bond Interest		859,731.76	
			3,750,068.81
			5,987,841.65
Less:			
Investment Income		240,983.07	
Depreciation		2,016,519.82	
Canceled Accounts Payable		(16,250.00)	
Major Repairs and Replacements		428,881.60	
			2,670,134.50
Operating Income (Schedule 2)			\$ 3,317,707.16

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Schedule of Consumer Accounts Receivable

For the Fiscal Year Ended June 30, 2014

	<u>Water</u>	<u>Sewer</u>
Balance July 1, 2013	\$ 392,009.63	\$ 766,838.44
Rental Charges	<u>4,743,918.50</u>	<u>10,660,468.90</u>
	5,135,928.13	11,427,307.34
Less:		
Collections	\$ 4,591,603.84	\$ 10,477,041.30
Prepaid Applied	<u>24,452.72</u>	<u>24,452.72</u>
	<u>4,616,056.56</u>	<u>10,501,494.02</u>
Balance June 30, 2014	<u><u>\$ 519,871.57</u></u>	<u><u>\$ 925,813.32</u></u>

Schedule 6**EVESHAM MUNICIPAL UTILITIES AUTHORITY**

Schedule of Connection Fees Receivable

For the Fiscal Year Ended June 30, 2014

	<u>Water</u>	<u>Sewer</u>
2013-14 Charges	\$ 284,897.22	\$ 638,610.80
Less:		
Cash Receipts	\$ 269,098.22	\$ 594,720.80
Due From Connection Fee Deposit Account	<u>15,799.00</u>	<u>43,890.00</u>
	<u><u>\$ 284,897.22</u></u>	<u><u>\$ 638,610.80</u></u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Schedule of Miscellaneous Charges Receivable

For the Fiscal Year Ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>2013-2014</u> <u>Charges</u>	<u>Cash</u> <u>Receipts</u>	<u>Balance</u> <u>June 30, 2014</u>
Water Meter Charges		\$ 55,056.30	\$ 55,056.30	
Filing, Review and Application Fees		580.00	580.00	
Cingular/AT&T Rental Agreement		115,549.02	113,756.46	\$ 1,792.56
Sprint Rental Agreement		111,831.62	111,831.62	
Nextel Rental Agreement		114,052.12	114,052.12	
Verizon Rental Agreement		46,691.46	46,691.46	
T-Mobile Rental Agreement		174,273.31	174,273.31	
Metro PCS Rental Agreement		92,022.40	92,022.40	
Clearwire Rental Agreement		179,465.25	179,465.25	
Cricket Rental Agreement	\$ 8,240.40	99,214.40	107,454.80	
TTM Rental Agreement		7,477.44	7,477.44	
Miscellaneous	534.12	16,778.74	17,312.86	
Meter Test Fees		50.00	50.00	
Bid Package Fees		50.00	50.00	
Returned Check Fees		2,675.00	2,675.00	
Water Turn-On/Off Charges		18,050.00	18,050.00	
	<u>\$ 8,774.52</u>	<u>\$ 1,033,817.06</u>	<u>\$ 1,040,799.02</u>	<u>\$ 1,792.56</u>
Recap:				
Water	\$ 8,774.52	\$ 953,594.91	\$ 960,576.87	\$ 1,792.56
Sewer		80,222.15	80,222.15	
	<u>\$ 8,774.52</u>	<u>\$ 1,033,817.06</u>	<u>\$ 1,040,799.02</u>	<u>\$ 1,792.56</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Schedule of Accrued Interest Receivable
For the Fiscal Year Ended June 30, 2014

	<u>Balance July 1, 2013</u>	<u>Investment Income</u>	<u>Received</u>	<u>Balance June 30, 2014</u>
Unrestricted:				
Revenue Account		\$ 2,338.54	\$ 2,338.54	
Operating Account	\$ 6,355.60	95,108.11	92,895.03	\$ 8,568.68
General Account	4,505.11	107,547.36	108,410.07	3,642.40
	<u>10,860.71</u>	<u>204,994.01</u>	<u>203,643.64</u>	<u>12,211.08</u>
Restricted:				
Bond Reserve Account	12,934.86	135,239.26	133,946.02	14,228.10
Bond Service Account	8,446.19	17,085.21	17,050.06	8,481.34
Construction Fund		12.61	12.61	
Renewal and Replacement Account	2,083.33	13,412.10	13,412.10	2,083.33
	<u>23,464.38</u>	<u>165,749.18</u>	<u>164,420.79</u>	<u>24,792.77</u>
	<u>\$ 34,325.09</u>	<u>\$ 370,743.19</u>	<u>\$ 368,064.43</u>	<u>\$ 37,003.85</u>
Recap:				
Water	\$ 12,013.78	\$ 129,760.12	\$ 128,822.55	\$ 12,951.35
Sewer	22,311.31	240,983.07	239,241.88	24,052.50
	<u>\$ 34,325.09</u>	<u>\$ 370,743.19</u>	<u>\$ 368,064.43</u>	<u>\$ 37,003.85</u>

Schedule 9**EVESHAM MUNICIPAL UTILITIES AUTHORITY**

Schedule of Prepaid Expenses
For the Fiscal Year Ended June 30, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2013	\$ 338,485.61	\$ 659,497.06	\$ 997,982.67
Add:			
Disbursements Fiscal Year 2014	<u>206,187.12</u>	<u>212,190.49</u>	<u>418,377.61</u>
	544,672.73	871,687.55	1,416,360.28
Less:			
Charged to Operations Fiscal Year 2014	<u>190,964.98</u>	<u>315,282.27</u>	<u>506,247.25</u>
Balance June 30, 2014	<u>\$ 353,707.75</u>	<u>\$ 556,405.28</u>	<u>\$ 910,113.03</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Analysis of Capital Assets -- Completed
For the Fiscal Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Disposals	Balance June 30, 2014	Useful Life
Water:					
Land and Improvements	\$ 187,079.00			\$ 187,079.00	
Buildings and Improvements	10,482,239.33			10,482,239.33	40 Yrs.
Infrastructure	45,219,928.63	\$ 631,881.21		45,851,809.84	40 Yrs.
Fixed Equipment	4,135,992.22	27,073.20	\$ 2,315,098.91	1,847,966.51	15 Yrs.
Equipment	433,628.45		4,079.58	429,548.87	5 to 15 Yrs.
Vehicles	660,993.58	9,249.00		670,242.58	7 Yrs.
	61,119,861.21	668,203.41	2,319,178.49	59,468,886.13	
Less: Accumulated Depreciation	47,331,414.30	1,133,147.79	2,157.58	48,462,404.51	
	<u>\$ 13,788,446.91</u>	<u>\$ (464,944.38)</u>	<u>\$ 2,317,020.91</u>	<u>\$ 11,006,481.62</u>	
Sewer:					
Land and Improvements	\$ 5,145,239.00			\$ 5,145,239.00	
Buildings and Improvements	45,029,682.37		\$ 178,157.00	44,851,525.37	40 Yrs.
Infrastructure	52,798,907.40	\$ 2,487,082.57		55,285,989.97	40 Yrs.
Fixed Equipment	3,685,048.15	79,428.20	5,920.50	3,758,555.85	15 Yrs.
Equipment	1,188,424.82	6,358.00	9,971.30	1,184,811.52	5 to 15 Yrs.
Vehicles	1,208,691.38	9,249.00		1,217,940.38	7 Yrs.
	109,055,993.12	2,582,117.77	194,048.80	111,444,062.09	
Less: Accumulated Depreciation	74,065,738.51	2,016,519.82	184,863.78	75,897,394.55	
	<u>\$ 34,990,254.61</u>	<u>\$ 565,597.95</u>	<u>\$ 9,185.02</u>	<u>\$ 35,546,667.54</u>	
Recap:					
Total Fixed Capital	\$ 170,175,854.33	\$ 3,250,321.18	\$ 2,513,227.29	\$ 170,912,948.22	
Less: Accumulated Depreciation	121,397,152.81	3,149,667.61	187,021.36	124,359,799.06	
	<u>\$ 48,778,701.52</u>	<u>\$ 100,653.57</u>	<u>\$ 2,326,205.93</u>	<u>\$ 46,553,149.16</u>	
Contributions		\$ 1,532,447.00			
Transfer from Construction in Progress		1,583,978.57			
Cash Disbursed		<u>133,895.61</u>			
		<u>\$ 3,250,321.18</u>			

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Analysis of Capital Assets -- Construction in Progress
 For the Fiscal Year Ended June 30, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2013	\$ 2,515,151.17	\$ 574,961.45	\$ 3,090,112.62
Increased by:			
Cash Disbursements - General Fund	40,790.65	1,391,059.34	1,431,849.99
	2,555,941.82	1,966,020.79	4,521,962.61
Decreased by:			
Transferred to Fixed Assets	-	1,583,978.57	1,583,978.57
Balance June 30, 2014	<u>\$ 2,555,941.82</u>	<u>\$ 382,042.22</u>	<u>\$ 2,937,984.04</u>

Analysis of Balance June 30, 2014

SCADA System EW/WS	\$ 2,515,151.17	\$ 203,803.75	\$ 2,718,954.92
EW/WS Scada NJEIT Funded		49,000.00	49,000.00
Screw Pump Replacement		13,634.93	13,634.93
Hydrogeologic Evaluation of Well 13 & 14 ASR	34,772.65		34,772.65
South Side Elevated Tank Design	6,018.00		6,018.00
Black Run Preserve - Infiltration Decommissioning		1,625.00	1,625.00
Energy Reduction Plan		103,353.54	103,353.54
Energy Reduction Plan - KG		10,625.00	10,625.00
	<u>\$ 2,555,941.82</u>	<u>\$ 382,042.22</u>	<u>\$ 2,937,984.04</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Accrued Interest on Revenue Bonds and Loans Payable
For the Fiscal Year Ended June 30, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2013	\$ 90,811.68	\$ 465,115.20	\$ 555,926.88
Increased by:			
Interest Charges Fiscal Year 2014 Budget	159,934.50	859,731.76	1,019,666.26
Amortization of Deferred Amount of Refunding	31,357.89	109,891.29	141,249.18
Amortization of Net Discount/Premium on Bonds	(47,975.69)	(115,936.68)	(163,912.37)
Total Interest Expense	143,316.70	853,686.37	997,003.07
	234,128.38	1,318,801.57	1,552,929.95
Decreased by:			
Interest Paid	170,778.93	889,512.33	1,060,291.26
Amortization of Deferred Amount of Refunding	31,357.89	109,891.29	141,249.18
Amortization of Net Discount/Premium on Bonds	(47,975.69)	(115,936.68)	(163,912.37)
	154,161.13	883,466.94	1,037,628.07
Balance June 30, 2014	\$ 79,967.25	\$ 435,334.63	\$ 515,301.88

Schedule 13

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Payroll Deductions Payable
For the Fiscal Year Ended June 30, 2014

Balance July 1, 2013	\$ 6,769.17
Receipts:	
Payroll Deductions Payable	3,252,417.59
	3,259,186.76
Disbursements:	
Checks Drawn to Payroll Agencies	3,254,368.16
Balance June 30, 2014	\$ 4,818.60
<u>Analysis of Balance June 30, 2014</u>	
State Unemployment Insurance	\$ (57.59)
N.J. Family Leave	11.47
Public Employees Retirement System	3,282.05
Cafeteria - 125 Plan	1,870.04
Union Dues	(367.45)
Life Insurance	80.08
	\$ 4,818.60

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds
For the Fiscal Year Ended June 30, 2014

<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>Balance</u>
			<u>Outstanding June 30, 2014</u>	<u>Date</u>		<u>July 1, 2013</u>			<u>June 30, 2014</u>
2004 Revenue Bonds (Series A)	3-1-04	\$ 4,435,000.00	7-1-2014	\$ 365,000.00	3.600%				
			7-1-2015	375,000.00	3.600%				
			7-1-2016	10,000.00	4.150%				
			7-1-2017	20,000.00	4.150%				
			7-1-2018	15,000.00	4.150%				
			7-1-2019	125,000.00	4.150%				
			7-1-2020	135,000.00	4.150%	\$ 1,400,000.00	\$ 355,000.00	\$ 1,045,000.00	
2011 Revenue Bonds (Series A)	11-16-11	3,655,000.00	7-1-2014	105,000.00	4.000%				
			7-1-2015	105,000.00	1.750%				
			7-1-2016	110,000.00	2.000%				
			7-1-2017	110,000.00	2.250%				
			7-1-2018	115,000.00	2.500%				
			7-1-2019	300,000.00	2.500%				
			7-1-2020	300,000.00	2.625%				
			7-1-2021	920,000.00	2.750%				
			7-1-2022	945,000.00	5.000%				
			7-1-2023	100,000.00	3.375%				
			7-1-2024	100,000.00	3.500%				
			7-1-2025	100,000.00	3.600%				
			7-1-2026	145,000.00	3.750%	3,555,000.00	100,000.00	3,455,000.00	

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds
For the Fiscal Year Ended June 30, 2014

<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>Balance</u>	
			<u>Outstanding June 30, 2014</u>	<u>Amount</u>		<u>July 1, 2013</u>			<u>June 30, 2014</u>	
									(Continued)	
2012 Revenue Bonds (Series A)	4-4-12	\$ 18,865,000.00	7-1-2014	\$ 2,620,000.00	3.00%					
			7-1-2015	1,770,000.00	2.00%					
			7-1-2015	940,000.00	4.00%					
			7-1-2016	3,435,000.00	4.00%					
			7-1-2017	3,565,000.00	4.00%					
			7-1-2018	3,715,000.00	4.00%					
			7-1-2019	200,000.00	3.00%					
			7-1-2020	205,000.00	3.00%					
						\$ 18,865,000.00	\$ 2,415,000.00	\$ 16,450,000.00		
						\$ 23,820,000.00	\$ 2,870,000.00	20,950,000.00		
			Less: Net Discount/Premium on Bonds						(1,181,997.34)	
								\$ 22,131,997.34		
			Sewer			\$ 18,666,082.00	\$ 2,217,950.00	\$ 16,448,132.00		
			Water			5,153,918.00	652,050.00	4,501,868.00		
						23,820,000.00	2,870,000.00	20,950,000.00		
			(Premium)/Discount on Bonds							
			Sewer			(962,104.24)	(115,936.68)	(846,167.56)		
			Water			(383,805.47)	(47,975.69)	(335,829.78)		
						(1,345,909.71)	(163,912.37)	(1,181,997.34)		
						\$ 25,165,909.71	\$ 3,033,912.37	\$ 22,131,997.34		

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Loans Payable
For the Fiscal Year Ended June 30, 2014

<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, 2013</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2014</u>
			<u>Outstanding June 30, 2014</u>	<u>Amount</u>					
2006A Fund Loan Agreement	11-7-06	\$ 5,699,574.00	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	\$ 4,032,842.02		\$ 289,668.52	\$ 3,743,173.50
2006A Trust Loan Agreement	11-7-06	5,695,000.00	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%	4,625,000.00		245,000.00	4,380,000.00

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Loans Payable
For the Fiscal Year Ended June 30, 2014

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding June 30, 2014</u>		<u>Interest Rate</u>	<u>Balance July 1, 2013</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2014</u>
			<u>Date</u>	<u>Amount</u>					
2008A Fund Loan Agreement	11-6-08	\$ 1,307,340.00	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	\$ 872,010.73		\$ 63,640.76	\$ 808,369.97
2008A Trust Loan Agreement	11-6-08	1,325,000.00	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%	1,185,000.00		50,000.00	1,135,000.00

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Loans Payable
For the Fiscal Year Ended June 30, 2014

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding June 30, 2014</u>		<u>Interest Rate</u>	<u>Balance July 1, 2013</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2014</u>
			<u>Date</u>	<u>Amount</u>					
2010A Fund Loan Agreement	11-5-09	\$ 276,863.00	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	\$ 234,629.69		\$ 14,077.77	\$ 220,551.92
2010A Trust Loan Agreement	11-5-09	\$ 270,000.00	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%				

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Loans Payable
For the Fiscal Year Ended June 30, 2014

<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, 2013</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2014</u>
			<u>Outstanding June 30, 2014</u>	<u>Date</u>					
2010A Trust Loan Agreement	11-5-09	\$ 270,000.00	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%	\$ 250,000.00		\$ 10,000.00	\$ 240,000.00
2014A&B Trust Loan Agreement	5/21/14	3,222,073.00	7-1-2014	163,834.00	N/A				
			7-1-2015	163,834.00	N/A				
			7-1-2016	163,834.00	N/A				
			7-1-2017	163,834.00	N/A				
			7-1-2018	163,834.00	N/A				
			7-1-2019	163,834.00	N/A				
			7-1-2020	163,834.00	N/A				
			7-1-2021	163,834.00	N/A				
			7-1-2022	163,834.00	N/A				
			7-1-2023	163,834.00	N/A				
			7-1-2024	163,834.00	N/A				
			7-1-2025	163,834.00	N/A				
			7-1-2026	163,834.00	N/A				
			7-1-2027	163,834.00	N/A				
			7-1-2028	163,834.00	N/A				
			7-1-2029	163,835.00	N/A				
			7-1-2030	163,835.00	N/A				
			7-1-2031	163,835.00	N/A				
			7-1-2032	163,835.00	N/A				
			7-1-2033	109,223.00	N/A		\$ 3,222,073.00		\$ 3,222,073.00

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Loans Payable
For the Fiscal Year Ended June 30, 2014

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding June 30, 2014</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>July 1, 2013</u>			<u>June 30, 2014</u>
2014A&B Trust Loan Agreement	5/21/14	\$ 1,050,000.00	7-1-2015	\$ 35,000.00	3.000%				
			7-1-2016	40,000.00	3.000%				
			7-1-2017	40,000.00	5.000%				
			7-1-2018	40,000.00	5.000%				
			7-1-2019	45,000.00	5.000%				
			7-1-2020	45,000.00	5.000%				
			7-1-2021	50,000.00	5.000%				
			7-1-2022	50,000.00	5.000%				
			7-1-2023	55,000.00	5.000%				
			7-1-2024	55,000.00	5.000%				
			7-1-2025	60,000.00	3.000%				
			7-1-2026	60,000.00	3.000%				
			7-1-2027	60,000.00	3.000%				
			7-1-2028	65,000.00	3.000%				
			7-1-2029	65,000.00	3.000%				
			7-1-2030	70,000.00	3.000%				
			7-1-2031	70,000.00	3.000%				
			7-1-2032	70,000.00	3.125%				
			7-1-2033	75,000.00	3.250%				
							\$ 1,050,000.00		\$ 1,050,000.00
						\$ 11,199,482.44	\$ 4,272,073.00	\$ 672,387.05	\$ 14,799,168.39

EVESHAM MUNICIPAL UTILITIES AUTHORITY

PART II

FINDINGS AND RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2014

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

N/A – None

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

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

N/A - None

APPRECIATION

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

