

**EVESHAM MUNICIPAL
UTILITIES AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

FOR THE FISCAL YEARS ENDING

JUNE 30, 2015 & 2014

EVESHAM MUNICIPAL UTILITIES AUTHORITYTABLE OF CONTENTS

<u>Exhibit No.</u>		<u>Page No.</u>
	Roster of Officials	1
	<u>PART I</u>	
	Independent Auditor's Report	3
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	6
	Management's Discussion and Analysis	8
A	Comparative Statements of Net Position	16
B	Comparative Statements of Revenues, Expenses and Changes in Net Position	18
C	Comparative Statements of Cash Flows	20
	Notes to Financial Statements	21
	<u>Required Supplemental Information</u>	
RSI-1	Schedule of Funding Progress for the OPEB Plan	49
RSI-2	Schedule of Employer Contributions to the OPEB Plan	49
RSI-3	Schedule of the Authority's Proportionate Share of the Net Pension Liability -- Public Employees' Retirement System (PERS)	50
RSI-4	Schedule of the Authority's Contributions -- Public Employees' Retirement System (PERS)	51
	Note to Required Supplementary Information	52
	<u>Supplemental Schedules</u>	
1	Statement of Net Position by Department	54
2	Schedule of Revenues, Expenses and Changes in Net Position by Department	56
3	Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments	58
4a	Schedule of Water Anticipated Revenues, Operating Appropriations, Principal Payments and Non-Operating Appropriations Compared to Budget—Non-GAAP (Budgetary) Basis	60
4b	Schedule of Sewer Anticipated Revenues, Operating Appropriations, Principal Payments and Non-Operating Appropriations Compared to Budget—Non-GAAP (Budgetary) Basis	62
5	Schedule of Consumer Accounts Receivable	64
6	Schedule of Connection Fees Receivable	64
7	Schedule of Miscellaneous Charges Receivable	65
8	Schedule of Accrued Interest Receivable	66
9	Schedule of Prepaid Expenses	66
10	Analysis of Capital Assets—Completed	67
11	Analysis of Capital Assets—Construction in Progress	68
12	Schedule of Accrued Interest on Revenue Bonds and Loans Payable	69
13	Schedule of Payroll Deductions Payable	69
14	Schedule of Revenue Bonds	70
15	Schedule of New Jersey Environmental Infrastructure Loans Payable	72

EVESHAM MUNICIPAL UTILITIES AUTHORITYTABLE OF CONTENTS

<u>Exhibit No.</u>		<u>Page No.</u>
	<u>PART II</u>	
	<u>SINGLE AUDIT</u>	
	Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by OMB Circular A-133 and State of New Jersey Circular 15-08-OMB	78
Sch B	Schedule of Expenditures of State Financial Assistance	80
	Notes to Schedule of Expenditures of State Financial Assistance	81
	<u>PART III</u>	
	Schedule of Findings and Recommendations	69
	Summary Schedule of Prior Year Findings and Recommendations as Prepared by Management	70
	APPRECIATION	71

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Roster of Officials

June 30, 2015

<u>Members</u>	<u>Position</u>	<u>Amount of Surety Bond</u>
Joseph Fisicaro	Chairperson	
Edward Waters	Vice Chairperson	
Phillip Wesner	Secretary	
Daniel E. Morton	Assistant Secretary	
George Tencza	Assistant Secretary	
Albert Lutner	Alternate Boardmember	
Michele Hassall	Alternate Boardmember	
<u>Other Officials</u>		
Jeffrey Rollins	Executive Director	\$1,000,000.00 (A)
Robert Lender	Deputy Executive Director	\$1,000,000.00 (A)
Laura Puszc	Assistant Executive Director of Business	\$1,000,000.00 (A)
Frank Locantore	Assistant Executive Director of Personnel, Safety and Security	\$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, 2015 & 2014

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 (Authority), as of and for the fiscal years ended June 30, 2015 and 2014 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Evesham Municipal Utilities Authority, in the County of Burlington, State of New Jersey as of June 30, 2015 and 2014, 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.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2015, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Prior Period Restatement

Because of the implementation of GASB Statements No. 68 and No. 71, beginning net position on the statement of revenues, expenses and changes in net position has been restated for fiscal year June 30, 2015, as discussed in note 12 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, analysis and schedule of funding progress for the OPEB plan, schedule of the Authority's proportionate share of the net pension liability and schedule of Authority contributions 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 Schedule of Expenditures of State Financial Assistance, as required by the State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary schedules as listed in the table of contents and the Schedule of Expenditures State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, and the Schedule of Expenditures of State Financial Assistance 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 December 10, 2015 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
December 10, 2015

**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, 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, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 10, 2015. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period ending net position resulting from the adoption of new accounting principles.

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
December 10, 2015

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, 2015. 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 15 totaled \$598,234.49. This was a \$325,273.53 decrease from FY 14. 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 is reviewed annually. The Authority has continued to monitor the rate structure and make adjustments to reduce 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, 2015 were \$78,255,192.03. After adding deferred outflows of resources and deducting liabilities and deferred inflows of resources, net position at June 30, 2015 was \$35,856,768.56.
- **Total Operating Revenue:** FY 15 operating revenue compared to FY 14 decreased over \$181,000.00 to \$17,180,525.08. This decrease in operating revenue can be attributed to a decrease in connection fees. In FY 15, the Authority only utilized 78% of its allocated Potomac-Raritan-Magothy aquifer allocation of 958.732 Million Gallons.
- **Total Operating Expenses:** FY 15 Operating expenses of \$13,647,888.73 decreased by \$11,875.88 from last year's amount of \$13,659,764.61.

FINANCIAL (CONT'D)

- **Interest Income:** In FY15, the Authority generated 329,661.90 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 \$6,789.59 lower than FY 14. 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. The interest income generated from these secure investments is an important component of the rate profile and is used in consideration of the service charge rate structure to help minimize any necessary rate increase.

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.

In the fiscal year ending June 30, 2015, the Authority implemented GASB 68 requirements. The results of implementation were an adjustment to the June 30, 2014 net position – unrestricted of \$7,182,091.00 and the recording of an accounts payable totaling \$320,310.00. In addition, a deferred outflow of resources was recorded totaling \$578,135.00 and a deferred inflow of resources totaling \$421,736.00.

FINANCIAL ANALYSIS OF THE AUTHORITY

The Authority's total assets were \$78,255,192.03 on June 30, 2015. 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>2013</u>	<u>2014</u>	<u>2015 *</u>
Current & Non-Current Assets	\$25,974,495.36	\$30,623,649.10	\$27,511,892.17
Capital Assets	<u>51,868,814.14</u>	<u>49,491,133.20</u>	<u>50,743,299.86</u>
Total Assets	<u>77,843,309.50</u>	<u>80,114,782.30</u>	<u>78,255,192.03</u>
Deferred Outflows of Resources	<u>376,623.28</u>	<u>235,374.10</u>	<u>709,658.06</u>
Current Liabilities	5,020,771.88	5,538,186.77	5,663,894.31
Long-Term Liabilities	<u>33,239,887.13</u>	<u>33,486,031.40</u>	<u>36,379,506.93</u>
Total Liabilities	<u>38,260,659.01</u>	<u>39,024,218.17</u>	<u>42,043,401.24</u>
Deferred Inflows of Resources	<u>773,783.10</u>	<u>579,899.50</u>	<u>1,064,680.30</u>
Net Position			
Net Investment in Capital Assets	15,887,554.67	17,067,414.57	18,925,951.03
Restricted	8,637,564.17	8,959,955.38	9,085,880.38
Unrestricted	<u>14,660,371.83</u>	<u>14,718,668.78</u>	<u>7,844,936.94</u>
Total Net Position	<u>\$39,185,490.67</u>	<u>\$40,746,038.73</u>	<u>\$35,856,768.35</u>

The Authority had operating income of \$3,532,636.35 for the current year.

** The Authority implemented GASB 68*

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>2013</u>	<u>2014</u>	<u>2015 *</u>
Operating Revenues			
Service Charges	\$15,350,536.73	\$15,404,387.40	\$15,569,648.60
Connection Fees	851,500.04	923,508.02	598,234.49
Other Operating Revenues	<u>1,121,249.93</u>	<u>1,033,817.06</u>	<u>1,012,641.99</u>
Total Operating Revenue	<u>17,323,286.70</u>	<u>17,361,712.48</u>	<u>17,180,525.08</u>
Operating Expenses	8,989,368.12	9,733,394.44	9,896,080.84
Major Repairs and Other Expenses	675,307.67	617,939.41	716,893.60
Additional Prior Year Orders	44,594.92	158,763.15	47,500.00
Depreciation Expense	<u>3,321,829.83</u>	<u>3,149,667.61</u>	<u>2,987,414.29</u>
Total Operating Expenses	<u>13,031,100.54</u>	<u>13,659,764.61</u>	<u>13,647,888.73</u>
Operating Income	4,292,186.16	3,701,947.87	3,532,636.35
Non-Operating Revenues (Expenses)			
Investment Income	305,622.07	327,846.76	329,661.90
Change in Fair Value of Investments	(461,131.59)	42,896.43	34,291.71
Bond Interest	(1,229,434.73)	(997,003.07)	(876,352.56)
Municipal Appropriation	(712,158.00)	(721,381.00)	(755,712.00)
Cancellation of Construction in Progress			(1,625.00)
Contributions	1,841,090.70	1,532,447.00	29,962.00
Cancellation of Accrued Interest Payable	507,977.37		
Litigation Settlement	(275,000.00)		
Loss on Disposal of Fixed Assets	<u>(952.07)</u>	<u>(2,326,205.93)</u>	<u>(41.58)</u>
Change in Net Position	<u>\$4,268,199.91</u>	<u>\$1,560,548.06</u>	<u>\$2,292,820.83</u>
<hr/>			
Net Position – July 1	\$34,917,290.76	\$39,185,490.67	\$40,746,038.73
Restatement	<u>-</u>	<u>-</u>	<u>(7,182,091.00)</u>
Net Position – Beginning, as restated	34,917,290.76	39,185,490.67	33,563,947.73
Change in Net Position	<u>4,268,199.91</u>	<u>1,560,548.06</u>	<u>2,292,820.83</u>
Net Position – June 30	<u>\$39,185,490.67</u>	<u>\$40,746,038.73</u>	<u>\$35,856,768.56</u>

* The Authority implemented GASB 68

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 15 were \$598,234.49 which was consistent with our expectations that connection fee revenue is declining. The realized connection fees were used to partially offset the capital budget. The Authority also monitors its service charge rate structure on an annual basis, making adjustments to the rate structure as necessary. This results in gradual, predictable rate increases, which support the Authority's operations, allows for routine maintenance, capital expense repairs and capital improvement projects. The rates also support a contribution of 5% of the Authority's annual operating budget to the Township pursuant P.L. 2004, Chapter 87. The Township has continued to request this annual contribution since 2010.

BUDGET VARIANCES

The Authority expended 85.35% of its \$11,527,700.00 operating budget with no major variances except the revenue lines for sewer service charges, water and sewer connection fees and expense lines for water and sewer salaries and fringe benefits, and sewer electric and other utilities. The percentage of the amount expended to the amount budgeted compares favorably to past years.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

During the current year, the Authority expended \$4,928,044.13 from its General and Renewal and Replacement accounts for capital activities. \$716,758.60 was classified as repairs and charged as operating expenses. The remaining \$4,211,285.53 was capitalized as either construction in progress or capital assets for the following projects:

Screw Pump Replacements	\$ 1,023,722.28
SCADA System	1,041,991.11
Well Design & Replacement	10,139.65
Energy Reduction Plan	1,635,973.92
Buildings, Equipment and Vehicles	497,668.07
Elevated Water Tank	1,790.50

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, 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 upgraded equipment installation at Elmwood and Woodstream Plants were nearing completion at the close of FY 15. Average kilowatt readings commenced at Elmwood Plant and remain ongoing as the energy conservation project nears completion. Equipment installations and performance corrections continue at Woodstream Plant.

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 SCADA System was installed and start-up was in process at the close of FY 15 and the Woodstream SCADA installation was nearly complete.

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

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.

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 16 Capital Budget and five-year Capital Program are \$5,858,750.00 and \$17,037,800.00 respectively. The following major line items making up the FY 16 Capital Budget are:

• Lift Station Rehabilitation	\$ 600,000.00
• UV Disinfection Replacement	125,000.00
• Treatment Plant Improvements	1,100,000.00
• Wells – ASR 13/14; Wells 6 & 7	1,600,000.00
• Water Towers	1,000,000.00
• Water/Sewer Main Replacement	555,000.00
• Generators	\$156,250.00

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:

• Lift Station Rehabilitation	FY 19-20	6,100,000.00
• UV Disinfection Replacement	FY 17	500,000.00
• Treatment Plant Improvements	FY 17-20	2,225,000.00
• Water/Sewer Main Replacement	FY 17-18	2,200,000.00
• Wells 7 Building	FY 17-18	850,000.00
• Water Towers	FY 17-18	3,000,000.00

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

The Authority continues to assess underground infrastructure through the use of television cameras in the pipes to gather data on their condition. Type and age of the pipe and the soil conditions are used to determine an ongoing schedule of assessment and capital improvement planning for the next 5-20 years. The Authority purchased a new CCTV truck in FY 15 in the amount of \$251,165 with upgraded technology for continued condition assessment and Capital Improvement Planning process.

Heritage Village Subdivision was built in the 1950's and the water infrastructure was constructed of cement asbestos pipe. There is a total of 34,000 feet of water main that is at the end of its useful life expectancy which has an estimated replacement cost of \$6.8 million. The sewer pipes are constructed from vitrified clay and were assessed with means of television camera. This assessment clearly shows that the pipe has deteriorated with 871 cracks throughout the project with visual infiltration. There is 23,534 feet of sewer main that is at the end of its useful life cycle which has an estimated cost of \$4.7 million.

The Authority's consulting engineer will begin to review this assessment and supporting documentation which will result in a capital improvement project to commence in FY 16 and 17. The consulting engineer will explore all means of repair and replacement.

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Unrestricted Assets:		
Revenue/Operating Account:		
Cash and Cash Equivalents	\$ 850,221.01	\$ 770,352.11
Investments	2,886,548.35	2,879,190.71
Accrued Interest Receivable	8,389.49	8,568.68
General Account:		
Cash and Cash Equivalents	8,139,385.74	7,264,949.40
Investments	823,492.06	1,577,828.65
Accrued Interest Receivable	1,822.38	3,642.40
Due from New Jersey Environmental Infrastructure Trust	881,839.00	4,272,073.00
Consumer Accounts Receivable	1,208,903.81	1,445,684.89
Other Accounts Receivable	3,101.24	19,404.16
Prepaid Expenses	925,384.13	910,113.03
Total Unrestricted Assets	15,729,087.21	19,151,807.03
Current Restricted Assets:		
Bond Service Account:		
Cash and Cash Equivalents	4,577,703.41	4,288,073.34
Accrued Interest Receivable	14,501.53	8,481.34
Bond Service Reserve Account:		
Cash and Cash Equivalents	100,729.34	27,654.57
Investments	4,563,528.90	4,627,909.58
Accrued Interest Receivable	13,556.32	14,228.10
Renewal and Replacement Account:		
Cash and Cash Equivalents	1,000,000.00	1,000,000.00
Investments	544,866.50	544,388.00
Accrued Interest Receivable	2,083.33	2,083.33
Construction Account:		
Cash and Cash Equivalents	2.98	2.98
Other Accounts:		
Cash and Cash Equivalents	965,832.65	959,020.83
Total Restricted Assets	11,782,804.96	11,471,842.07
Non-Current Assets:		
Capital Assets:		
Construction in Progress	6,649,976.50	2,937,984.04
Completed (Net of Accumulated Depreciation)	44,093,323.36	46,553,149.16
Total Capital Assets	50,743,299.86	49,491,133.20
Total Assets	78,255,192.03	80,114,782.30
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pension	578,135.00	
Deferred Loss on Refunding of Bonds	131,523.06	235,374.10
Total Deferred Outflows of Resources	709,658.06	235,374.10

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Net Position
As of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable--Operations	\$ 990,187.67	\$ 986,016.68
Prepaid Rental Charges	40,909.84	44,946.67
Prepaid Antennae Rental Charges	20,160.00	23,159.85
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	1,051,257.51	1,054,123.20
	<hr/>	<hr/>
Current Liabilities Payable from Restricted Assets:		
Accounts Payable	18,015.11	
Revenue Bonds Payable--Current Portion	3,190,000.00	3,090,000.00
New Jersey Environmental Infrastructure Loan Payable - Current Portion	901,570.87	846,542.47
Accrued Bond Interest Payable	468,206.88	515,301.88
Escrow Deposits	34,843.94	32,219.22
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	4,612,636.80	4,484,063.57
	<hr/>	<hr/>
Long-term Liabilities:		
Revenue Bonds Payable	15,688,084.97	19,041,997.34
New Jersey Environmental Infrastructure Loan Payable	13,051,054.84	13,952,625.92
Related to Pensions	7,076,745.00	
OPEB Obligation	91,338.64	60,641.00
Compensated Absences	472,283.48	430,767.14
	<hr/>	<hr/>
Total Long-term Liabilities	36,379,506.93	33,486,031.40
	<hr/>	<hr/>
Total Liabilities	42,043,401.24	39,024,218.17
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	421,736.00	
Deferred Revenue	642,944.30	579,899.50
	<hr/>	<hr/>
Total Deferred Inflows of Resources	1,064,680.30	579,899.50
	<hr/>	<hr/>
NET POSITION		
Restricted for:		
Bond Covenants:		
Debt Service Reserve Requirement	4,578,280.38	4,578,280.38
System Reserve Requirement	1,500,000.00	1,500,000.00
Operating Requirement	3,007,600.00	2,881,675.00
Net Investment in Capital Assets	18,925,951.24	17,067,414.57
Unrestricted	7,844,936.94	14,718,668.78
	<hr/>	<hr/>
Total Net Position	\$ 35,856,768.56	\$ 40,746,038.73
	<hr/>	<hr/>

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

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the Fiscal Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Service Charges	\$ 15,569,648.60	\$ 15,404,387.40
Connection Fees	598,234.49	923,508.02
Miscellaneous Charges	1,012,641.99	1,033,817.06
	<hr/>	<hr/>
Total Operating Revenues	17,180,525.08	17,361,712.48
Operating Expenses:		
Administrative Expenses:		
Salaries and Wages	528,827.49	323,845.96
Fringe Benefits	192,678.05	132,786.78
Other	550,932.42	542,617.97
	<hr/>	<hr/>
	1,272,437.96	999,250.71
Cost of Service:		
Salaries and Wages	2,924,581.97	2,714,243.58
Fringe Benefits	1,255,193.24	1,414,710.40
Other	4,443,867.67	4,605,189.75
	<hr/>	<hr/>
	8,623,642.88	8,734,143.73
Major Repairs and Other Expenses	716,893.60	617,939.41
Additional Accounts Payable	47,500.00	158,763.15
Depreciation	2,987,414.29	3,149,667.61
	<hr/>	<hr/>
Total Operating Expenses	13,647,888.73	13,659,764.61
	<hr/>	<hr/>
Operating Income	3,532,636.35	3,701,947.87
Non-operating Revenue (Expenses):		
Interest Income:		
Interest Revenue	329,661.90	327,846.76
Change in Fair Value of Investments	34,291.71	42,896.43
	<hr/>	<hr/>
	363,953.61	370,743.19
Bond Interest	(876,352.56)	(997,003.07)
Municipal Appropriation	(755,712.00)	(721,381.00)
Cancellation of Construction in Progress	(1,625.00)	
Loss on Disposal of Property, Plant & Equipment	(41.58)	(2,326,205.93)
	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	(1,269,777.53)	(3,673,846.81)
	<hr/>	<hr/>
Income Before Contributions (Carried Forward)	2,262,858.83	28,101.06

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the Fiscal Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Income Before Contributions (Brought Forward)	\$ 2,262,858.83	\$ 28,101.06
Contributions:		
Developers	29,962.00	1,532,447.00
Change in Net Position	<u>2,292,820.83</u>	<u>1,560,548.06</u>
Net Position - Beginning, as originally stated	40,746,038.73	39,185,490.67
Restatement (See Note 12)	<u>(7,182,091.00)</u>	-
Net Position - Beginning, as Restated	33,563,947.73	39,185,490.67
Change in Net Position	<u>2,292,820.83</u>	<u>1,560,548.06</u>
Net Position - End of Year:		
Restricted	\$ 9,085,880.38	\$ 8,959,955.38
Unrestricted	\$ 7,844,936.94	\$ 14,718,668.78
Net Investment in Capital Assets	<u>\$ 18,925,951.24</u>	<u>\$ 17,067,414.57</u>

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

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 17,199,319.42	\$ 16,801,127.17
Payments to Suppliers	(8,140,583.67)	(8,138,332.53)
Payments to Employees	(3,453,409.46)	(3,038,089.54)
Other Operating Receipts	1,043,825.17	1,104,176.53
Net Cash Provided by Operating Activities	6,649,151.46	6,728,881.63
Cash Flows from Capital and Related Financing Activities:		
Capital Aquisitions	(4,211,285.53)	(1,565,745.60)
N.J. Environmental Infrastructure Loan Proceeds	3,390,234.00	7,509.40
Municipal Appropriation	(755,712.00)	(721,381.00)
Debt Service:		
Principal	(3,936,542.68)	(3,542,387.05)
Interest	(983,508.89)	(1,060,291.26)
Net Cash Used in Capital and Related Financing Activities	(6,496,815.10)	(6,882,295.51)
Cash Flows from Investing Activities:		
Interest on Investments	360,604.41	368,064.43
Change in Investments:		
Purchases/Unrealized Gains and Losses	(2,381,896.58)	(2,841,622.92)
Sales/Maturities	3,192,777.71	2,102,041.70
Net Cash Flows Provided by (Used) by Investing Activities	1,171,485.54	(371,516.79)
Net Increase (Decrease) in Cash and Cash Equivalents	1,323,821.90	(524,930.67)
Cash and Cash Equivalents--July 1	14,310,053.23	14,834,983.90
Cash and Cash Equivalents--June 30	\$ 15,633,875.13	\$ 14,310,053.23
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 3,532,636.35	\$ 3,701,947.87
Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities:		
Depreciation	2,987,414.29	3,149,667.61
Change in Assets and Liabilities:		
(Increase) Decrease in Consumer Accounts Receivable	236,781.08	(286,836.82)
(Increase) Decrease in Other Accounts Receivable	16,302.92	31,706.35
(Increase) Decrease in Prepaid Expenses	(15,271.10)	87,869.64
(Increase) Decrease in Deferred Outflows Related to Pension	(578,135.00)	
Increase (Decrease) in Accounts Payable	22,186.10	457,022.68
Increase (Decrease) in OPEB Obligation	30,697.64	60,641.00
Increase (Decrease) in Prepaid Rents	(4,036.83)	(3,958.77)
Increase (Decrease) in Liabilities Related to Pension	(105,346.00)	
Increase (Decrease) in Deferred Inflows Related to Pension	421,736.00	
Increase (Decrease) in Litigation Payable		(275,000.00)
Increase (Decrease) in Prepaid Antenna Rents	(2,999.85)	23,159.85
Increase (Decrease) in Escrow Deposits	2,624.72	(37,339.29)
Increase (Decrease) in Compensated Absences Payable	41,516.34	13,885.11
Increase (Decrease) in Connection Fee Deposits	63,044.80	(193,883.60)
Net Cash Provided by Operating Activities	\$ 6,649,151.46	\$ 6,728,881.63

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, 2015 and 2014

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.

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 inflow of resources, net position, revenues and expenses.

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 - 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 Other Postemployment Benefits (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 amended its budget during the fiscal year.

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

Cash, Cash Equivalents and Investments

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

New Jersey 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. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of Authority of which the local unit is a part or within which the Authority is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. 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.

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the 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.

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 the Authority's fiscal year end.

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

Expenditures are capitalized when they meet the following requirements:

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

Depreciation

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Bond Discounts / Bond Premiums**

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

Deferred Outflows and Deferred Inflows of Resources

The Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflow of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources:

Defined Benefit Pension Plans – The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date.

Deferred Loss on Refunding of Bonds - Deferred loss on refunding arising from the issuance of revenue refunding bonds, is recorded as a deferred outflow of resources. The deferred loss is amortized in a systematic and rational method as a component of interest expense.

Deferred Revenue

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

Compensated Absences

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

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.

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 does 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.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Policies****Recently Issued and Adopted Accounting Pronouncements**

For the fiscal year ended June 30, 2015, the Authority adopted GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the Authority was required to measure and recognize liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. The cumulative effect of adopting GASB Statements No. 68 and No. 71 totaled \$7,182,091.00, and was recognized as a restatement of the Authority's June 30, 2014 net position on the statements of net position (see note 12).

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Statement is effective for periods beginning after June 15, 2015. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. Components of this Statement are effective for periods beginning after June 15, 2015 and 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement is effective for periods beginning after June 15, 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement is effective for periods beginning after June 15, 2017. Management has not yet determined the impact of this Statement on the financial statements.

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

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Statement is effective for periods beginning after June 15, 2015. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement is effective for periods beginning after December 15, 2015. Management does not expect this Statement will have an impact on the notes to the financial statements.

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 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, 2015, 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, 2015 of \$4,664,258.24 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, 2015, the balance in the account meets the requirements of the bond resolution.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)**General Bond Resolution (Cont'd)**

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.

Debt Service Coverage

The net revenues for the current year were 1.52 times the annual debt service for the current bond year ending June 30, 2015. 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>2015</u>	<u>2014</u>
Net Revenues:		
Operating Income (Exhibit B)	\$3,532,636.35	\$3,701,947.87
Add: Interest Income Earned	329,661.90	327,846.76
Major Repairs and Replacements	716,893.60	617,939.41
Depreciation	<u>2,987,414.29</u>	<u>3,149,667.61</u>
Net Revenues for Debt Service Coverage	<u>\$7,566,606.14</u>	<u>\$7,797,401.65</u>
Debt Service:		
Bond Principal	\$4,091,570.87	\$3,936,542.47
Interest Expense:		
Interest Accrued	876,352.56	997,003.07
Less: Amortization	<u>(60,061.33)</u>	<u>(22,663.19)</u>
Total Debt Service	<u>\$5,027,984.76</u>	<u>\$4,956,208.73</u>
Net Revenues	<u>\$7,566,606.14</u>	<u>\$7,858,042.65</u>
Debt Service	5,027,984.76 = 1.50	4,956,208.73 = 1.57

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 \$250,000.00 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.

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

As of June 30, 2015 and 2014, the Authority's bank balances were exposed to custodial credit risk as follows:

	June 30,	
	<u>2015</u>	<u>2014</u>
Insured with F.D.I.C.	\$ 500,000.00	\$ 500,000.00
Insured and collateralized with securities held by pledging financial institutions	24,584,393.55	23,885,256.02
	<u>\$ 25,084,393.55</u>	<u>\$ 24,385,256.02</u>

Investments

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's \$8,818,435.81 as of June 30, 2015 and \$9,629,316.94 as of June 30, 2014 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.

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

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, 2015 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 15-65	N/A	05/20/2045	\$ 487,826.86
G.N.M.A. II Pool 13-66	AAA	05/16/2041	228,929.58
G.N.M.A. II Pool 14-88	AAA	11/25/2044	458,357.45
F.N.M.A. Pool #13-27	AAA	01/25/2043	195,991.36
F.N.M.A. Pool #11-117	AAA	11/25/2041	125,901.42
F.N.M.A. Pool	AAA	10/20/2023	487,020.00
F.N.M.A. 12-134	AAA	09/25/2041	231,202.93
F.N.M.A. 12-130	AAA	12/25/2042	289,619.20
F.N.M.A. 14-37	AAA	07/25/2044	1,242,693.79
F.N.M.A. 12-99	AAA	06/25/2042	733,927.14
F.N.M.A.	AAA	10/25/2041	49,478.68
G.N.M.A. GTD Remic 09-46	AAA	02/20/2039	972,788.93
G.N.M.A. GTD Remic 04-34	AAA	05/20/2034	109,940.94
G.N.M.A. GTD Remic 09-34	AAA	04/20/2039	2,100,540.00
Freddie Mac #4150	AAA	01/15/2043	492,352.76
F.N.R.13-105	AAA	03/25/2043	372,240.98
F.H.L.M.C. Pool #4321	AAA	07/15/2043	239,623.79
			<u>\$ 8,818,435.81</u>

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)**Service Fees**

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

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2015	\$ 1,445,684.89	\$ 15,569,648.60	\$ 15,806,429.68	92.90%
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%

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, 2015, the Authority received \$29,962.00 for the Sewer Department. 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.

Capital Assets

During the fiscal year ended June 30, 2015, the following changes in Capital Assets occurred:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Land	\$ 5,332,318.00			\$ 5,332,318.00
Buildings & Improvements	55,333,764.70			55,333,764.70
Infrastructure	101,137,799.81	\$ 75,090.10		101,212,889.91
Fixed Equipment	5,606,522.36	28,151.74		5,634,674.10
Equipment	1,614,360.39	312,401.73	\$ 1,832.00	1,924,930.12
Vehicles	1,888,182.96	111,986.50		2,000,169.46
	170,912,948.22	527,630.07	1,832.00	171,438,746.29
Depreciation	124,359,799.06	2,987,414.29	1,790.42	127,345,422.93
	<u>\$ 46,553,149.16</u>	<u>(\$ 2,459,784.22)</u>	<u>\$ 41.58</u>	<u>\$ 44,093,323.36</u>

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

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

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>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	7,821,040.37	106,501.40	2,321,019.41	5,606,522.36
Equipment	1,622,053.27	6,358.00	14,050.88	1,614,360.39
Vehicles	1,869,684.96	18,498.00		1,888,182.96
	170,175,854.33	3,250,321.18	2,513,227.29	170,912,948.22
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>

Depreciation expense by major class of capital assets is:

	<u>Fiscal Year</u>	
	<u>2015</u>	<u>2014</u>
Buildings and Improvements	\$1,049,132.15	\$1,109,547.44
Infrastructure	1,919,003.67	2,028,005.65
Fixed Equipment	1,381.36	9,637.37
Equipment	10,543.53	275.01
Vehicles	7,353.58	2,202.14
	<u>\$2,987,414.29</u>	<u>\$3,149,667.61</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 \$15,000.00. 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, 2015 and 2014 is estimated at \$472,283.48 and \$430,767.14.

Note 4: DETAIL NOTES – LIABILITIES (Cont'd)**Pension Plans**

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 plan is administered by Prudential Financial for 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
<http://www.state.nj.us/treasury/pensions>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for a certain enrollment tier but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for certain enrollment tiers, but who earn salary of at least \$5,000.00 annually.

Vesting and Benefits Provisions

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. PERS provides retirement, death and disability benefits. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Vesting and Benefits Provisions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Authority's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Authority's contractually required contribution rate for the fiscal year ended June 30, 2015 was 11.52% of the Authority's covered-employee payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$320,310.00 for the fiscal year ended June 30, 2015. Employee contributions were \$195,842.92 for the fiscal year ended June 30, 2015.

The following information is being provided for the fiscal year ended June 30, 2014:

<u>Year</u>	<u>Normal</u> <u>Contribution</u>	<u>Accrued</u> <u>Liability</u>	<u>Total</u> <u>Liability</u>	<u>Paid by</u> <u>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

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)**

Defined Contribution Retirement Program - State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary.

For the fiscal year ended June 30, 2015, the Authority had no employees participating in this plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System - At June 30, 2015, the Authority reported a liability of \$7,076,745.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Authority's proportion was 0.0377976045%, which was an increase of 0.0002186164% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the Authority recognized pension expense of \$370,322.00 for PERS.

At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Deferred Outflows and Inflows Related to PERS

	PERS	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience		
Changes of Assumptions	\$222,531.00	
Net Difference Between Projected and Actual Earnings		
On Pension Plan Investments		\$ 421,736.00
Changes in Proportion and Differences Between Authority		
Contributions and Proportionate Share of Contributions	35,294.00	
Authority Contributions Subsequent to		
the Measurement Date	<u>320,310.00</u>	<u></u>
	<u>\$ 578,135.00</u>	<u>\$421,736.00</u>

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - \$578,135.00 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	
2015	\$ (53,094.86)
2016	(53,094.86)
2017	(53,094.86)
2018	(53,094.86)
2019	33,658.83
Thereafter	<u>14,809.89</u>
	<u><u>\$ (163,910.71)</u></u>

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>
Inflation	3.01%
Salary Increases:	
2012-2021	2.15% - 4.40% Based on Age
Thereafter	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study Upon Which Actuarial Assumptions were Based	July 1, 2008 - June 30, 2011

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for morality improvements from the base year of 2012 based on Projection Scale AA.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Actuarial Assumptions (Cont'd)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 (see the discussion of the pension plans' investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Fixed Income	-	-
Core Bonds	1.00%	2.49%
Short-Term Bonds	-	-
Intermediate-Term Bonds	11.20%	2.26%
Long-Term Bonds	-	-
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Non-US Fixed Income	-	-
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Large Cap US Equities	-	-
Mid Cap US Equities	-	-
Small Cap US Equities	-	-
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Real Estate (REITS)	-	-
Commodities	2.50%	5.35%
Long Credit Bonds	-	-
	<u>100.00%</u>	

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Discount Rate**

The discount rate used to measure the total pension liability was 5.39% and 5.55% for PERS as of June 30, 2014 and 2013, respectively. For PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates for PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using a discount rate of 5.39% for PERS, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 8,902,786.59</u>	<u>\$ 7,076,745.33</u>	<u>\$ 5,543,335.39</u>

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**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. For fiscal year ending June 30, 2015 retirees contributed \$416.01. There were no retiree contributions for fiscal year 2014. The Authority's contributions to the plan for the fiscal years ended June 30, 2015 (second plan year) and 2014 were \$29,218.22 and \$555.07, respectively.

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 at an unfunded discount rate of 5.0%. As stated above, the Authority has funded the cost of existing retirees in the amount of \$29,218.22, 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 2015, the Authority's annual OPEB cost (expense) of \$59,915.86 for the plan was equal to the ARC plus certain adjustments because the Authority's actual contributions in prior years differed from the ARC.

The Authority's annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for (fiscal) years 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Annual Required Contribution (ARC)	\$ 60,641.00	\$ 60,641.00
Interest on the Net OPEB Obligation	3,032.05	-
Adjustment to the ARC	<u>(3,757.19)</u>	<u>-</u>
Annual OPEB Cost	59,915.86	60,641.00
Contributions (Existing Retirees)	<u>(29,218.22)</u>	<u>-</u>
Increase (Decrease) in the Net OPEB Obligation	30,697.64	60,641.00
Net OPEB Obligation, July 1	<u>60,641.00</u>	<u>-</u>
Net OPEB Obligation, June 30	<u><u>\$ 91,338.64</u></u>	<u><u>\$ 60,641.00</u></u>
Percentage of Annual OPEB Cost Contributed	48.2%	0.0%

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

Funded Status and Funding Progress - The funded status of the plan as of June 30, 2015, was as follows:

Actuarial Accrued Liability (AAL)	\$ 635,207.00
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 635,207.00
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0%
Covered Payroll (Active Plan Members)	\$ 3,453,409.46
UAAL as a Percentage of Covered Payroll	18.4%

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 projected 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

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

At June 30, 2015, the Authority had operating lease agreements in effect for copiers.

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

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$ 11,268.64
2017	10,796.40

Current Year Payments under operating leases totaled \$17,294.52.

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 year's budgets over a period of forty years. The Authority's total rental expense for fiscal years 2015 and 2014 was \$26,245.00, including \$21,591.82 for 2015 and \$20,563.64 for 2014 of the prepaid amount that was applied expense.

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.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**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, 2015 is as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	625,000.00	345,285.00	3,575,285.00
2021 to 2025	2,705,000.00		
2026 to 2027	<u>245,000.00</u>	<u>20,743.75</u>	<u>365,743.75</u>
	17,860,000.00	<u>\$2,024,433.75</u>	<u>\$19,884,433.75</u>
Less: Current Maturities	3,190,000.00		
Premium/ Discount on Bonds	<u>(1,018,084.97)</u>		
Long-term Portion	<u>\$15,688,084.97</u>		

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, 2015, 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, 2015, 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, 2015, the Authority has drawn all of these funds.

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

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, 2015, the Authority has drawn \$3,390,234.00 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.

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 901,570.87	\$ 274,381.26	\$ 1,175,952.13
2017	928,850.29	256,006.26	1,184,856.55
2018	940,025.24	237,756.26	1,177,781.50
2019	963,077.04	219,781.26	1,182,858.30
2020	977,372.70	201,050.01	1,178,422.71
2021	996,681.34	181,393.76	1,178,075.10
2022	1,015,472.69	160,615.63	1,176,088.32
2023	1,036,695.42	138,787.50	1,175,482.92
2024	1,056,975.26	115,768.75	1,172,744.01
2025	1,075,785.99	90,375.00	1,166,160.99
2026	1,107,376.88	64,662.50	1,172,039.38
2027	1,087,972.81	39,737.50	1,127,710.31
2028	357,911.98	23,175.00	381,086.98
2029	367,911.98	15,375.00	383,286.98
2030	253,219.58	10,100.00	263,319.58
2031	233,834.21	7,775.00	241,609.21
2032	233,834.21	5,675.00	239,509.21
2033	233,834.21	3,531.25	237,365.46
2034	<u>184,223.01</u>	<u>1,218.75</u>	<u>185,441.76</u>
	\$13,952,625.71	<u>\$ 2,047,165.69</u>	<u>\$ 15,999,795.40</u>
Current Portion	<u>901,570.87</u>		
Long Term	<u>\$13,051,054.84</u>		

Note 5: DETAIL NOTES – DEFERRED INFLOWS OF RESOURCES**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 \$7,844,936.94. Of that amount, \$494,921.00 has been appropriated and included as support in the sewer utility operating budget, \$1,825,000.00 in the sewer utility capital budget and \$284,314.00 in the water utility operating budget and \$396,250.00 in the water utility capital budget for the fiscal year ending June 30, 2016.

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, 2015 and 2014 were \$172,419.35 and \$84,606.40, respectively.

Note 8: INTERGOVERNMENTAL AGREEMENTS**Major Customer**

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 2015 was \$191,690.64 and for fiscal year 2014 was \$117,074.91. An accounts payable has been recorded totaling \$24,255.00 for payment of prior year's 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.

Note 8: INTERGOVERNMENTAL AGREEMENTS (Cont'd)**Other Service Agreements**

In June 2000, the Authority entered into a ten year renewable agreement with New Jersey American Water Company, Inc. (NJAWC) for the supply, delivery and purchase of water. The agreement stipulates that for the initial term ending December 31, 2001, the Authority must purchase 850,000 gallons per day. The purchase requirement remained unchanged until February 1, 2002, when the minimum amount was increased to 1,000,000 gallons per day. The agreement automatically renews for two successive ten year terms unless the Authority has received final approval from the NJ Department of Environmental Protection for a new source of supply plan naming an alternative supply source other than NJAWC and the Authority provides NJAWC with written notice of termination not later than one year prior to the end of the current term. If the notice of termination is delivered, the Authority's minimum purchase amount would be decreased 20% in each year of the next successive five years. The Authority paid the NJAWC \$1,153,302.73 during the fiscal year 2015 and \$1,148,889.74 during the fiscal year 2014.

Note 9: COMMITMENTS**Construction Contracts**

The Authority had several outstanding construction projects as of June 30, 2015. These projects are evidenced by contractual commitments with a contractor and include:

<u>Project</u>	<u>Awarded</u>	<u>Commitment Remaining</u>
Well #14	\$ 64,400.00	\$ 61,129.00
Environmental Lab Testing	34,920.00	7,909.69
Wastewater Treatment Plant SCADA Systems	1,040,000.00	100,358.02
Wastewater Treatment Plant Upgrades	1,853,056.00	306,785.70
Fire Hydrants	57,665.25	23,162.15
Street Sweeper	250,124.00	250,124.00
Elmwood Wastewater Return Sludge Pipe Reconstruction	134,000.00	115,285.33
Trailer Mounted Valve Exercise Machine	82,607.31	82,607.31
Well #7 Redevelopment	102,500.00	102,500.00
Sludge Transportation Services	140,816.00	121,072.80
South Cropwell Road Water Main Reconstruction	<u>224,615.00</u>	<u>224,615.00</u>
	<u>\$ 3,984,703.56</u>	<u>\$ 1,395,549.00</u>

Note 10: RISK MANAGEMENT

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

Note 11: CONTINGENCIES

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

Note 12: RESTATEMENT OF NET POSITION

As indicated in note 1 to the financial statements, the Authority adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, for the fiscal year ended June 30, 2015. As a result of implementing these two Statements, a restatement of unrestricted net position on the government-wide statement of activities was required to record the Authority's proportionate share of its net pension liability. The cumulative effect on the financial statements as reported for June 30, 2014 is as follows:

	Net Position As Previously Reported <u>June 30, 2014</u>	<u>GASB 68 Implementation</u>			Net Position As Restated <u>June 30, 2014</u>
		<u>Net Pension Liability (1)</u>	<u>Deferred Outflows (2)</u>	<u>Accounts Payable (3)</u>	
Governmental Activities:					
Net Investment in Capital Assets	\$ 17,067,414.57				\$ 17,067,414.57
Reserve for:					
Debt Service Reserve Requirement	4,578,280.38				4,578,280.38
System Reserve Requirement	1,500,000.00				1,500,000.00
Operating Requirement	2,881,675.00				2,881,675.00
Unrestricted (Deficit)	<u>14,718,668.78</u>	<u>\$ (7,182,091.00)</u>	<u>\$ 311,598.00</u>	<u>\$ (311,598.00)</u>	<u>7,536,577.78</u>
Total Net Position	<u>\$ 40,746,038.73</u>	<u>\$ (7,182,091.00)</u>	<u>\$ 311,598.00</u>	<u>\$ (311,598.00)</u>	<u>\$ 33,563,947.73</u>

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 June 30,	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2014	\$ 60,641.00	0%
2015	60,641.00	48%

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of the Authority's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Two Fiscal Years

	<u>Measurement Date Ending June 30,</u>	
	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability	0.0377976045%	0.0375789881%
Authority's Proportionate Share of the Net Pension Liability	\$ 7,076,745.00	\$ 7,182,091.00
Authority's Covered-Employee Payroll	\$ 2,592,134.00	\$ 2,405,007.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	273.01%	298.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.
 However, until a full 10-year trend is compiled, this presentation will only include information
 for those years for which information is available.

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of the Authority's Contributions
 Public Employees' Retirement System (PERS)
 Last Two Fiscal Years

	Fiscal Year Ended June 30,	
	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 320,310.00	\$ 311,598.00
Contributions in Relation to the Contractually Required Contribution	<u>(320,310.00)</u>	<u>(311,598.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	\$ 2,780,468.00	\$ 2,592,134.00
Contributions as a Percentage of Authority's Covered-Employee Payroll	11.52%	12.02%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.
 However, until a full 10-year trend is compiled, this presentation will only include information
 for those years for which information is available.

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Note to Required Supplementary Information
For the Year Ended June 30, 2015

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	29 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.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.55% as of June 30, 2013, to 5.39% as of June 30, 2014, in accordance with Paragraph 44 of GASB Statement No. 67.

SUPPLEMENTAL SCHEDULES

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Statement of Net Position by Department

As of June 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current Unrestricted Assets:			
Revenue/Operating Account:			
Cash and Cash Equivalents		\$ 850,221.01	\$ 850,221.01
Investments		2,886,548.35	2,886,548.35
Accrued Interest Receivable	\$ 2,936.32	5,453.17	8,389.49
General Account:			
Cash and Cash Equivalents	123,174.54	8,016,211.20	8,139,385.74
Investments		823,492.06	823,492.06
Accrued Interest Receivable	637.83	1,184.55	1,822.38
Due from New Jersey Environmental Infrastructure Trust		881,839.00	881,839.00
Consumer Accounts Receivable	361,040.36	847,863.45	1,208,903.81
Other Accounts Receivable	1,085.43	2,015.81	3,101.24
Prepaid Expenses	316,496.00	608,888.13	925,384.13
Total Unrestricted Assets	805,370.49	14,923,716.72	15,729,087.21
Non- Current Assets:			
Debt Service Account:			
Cash and Cash Equivalents	810,550.25	3,767,153.16	4,577,703.41
Accrued Interest Receivable	5,075.54	9,425.99	14,501.53
Debt Service Reserve Account:			
Cash and Cash Equivalents	35,255.27	65,474.07	100,729.34
Investments	266,293.79	4,297,235.12	4,563,528.90
Accrued Interest Receivable	4,744.71	8,811.61	13,556.32
Renewal and Replacement Account:			
Cash and Cash Equivalents	100,000.00	900,000.00	1,000,000.00
Investments	100,000.00	444,866.50	544,866.50
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	303,967.27	661,865.38	965,832.65
Interfund Loan	2,400,000.00		2,400,000.00
Total Restricted Assets	4,026,615.99	10,156,188.97	14,182,804.96
Capital Assets:			
Construction in Progress	2,567,871.97	4,082,104.53	6,649,976.50
Completed (Net of Accumulated Depreciation)	10,045,884.20	34,047,439.16	44,093,323.36
Total Capital Assets	12,613,756.17	38,129,543.69	50,743,299.86
Total Assets	17,445,742.65	63,209,449.38	80,655,192.03
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pensions	202,347.25	375,787.75	578,135.00
Deferred Loss on Refunding of Bonds	29,572.96	101,950.10	131,523.06
	231,920.21	477,737.85	709,658.06

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Statement of Net Position by Department
As of June 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
LIABILITIES			
Current Liabilities Payable from Unrestricted Assets:			
Accounts Payable--Operations	\$ 375,795.88	\$ 614,391.79	\$ 990,187.67
Prepaid Rental Charges	14,318.44	26,591.40	40,909.84
Prepaid Antenna Rental Charges	20,160.00		20,160.00
	<hr/>		
Total Current Liabilities Payable from Unrestricted Assets	410,274.32	640,983.19	1,051,257.51
	<hr/>		
Current Liabilities Payable from Restricted Assets:			
Accounts Payable		18,015.11	18,015.11
Revenue Bonds Payable--Current Portion	740,372.00	2,449,628.00	3,190,000.00
New Jersey Environmental Infrastructure Loan Payable--Current Portion		901,570.87	901,570.87
Accrued Bond Interest Payable	69,230.49	398,976.39	468,206.88
Escrow Deposits		34,843.94	34,843.94
	<hr/>		
Total Current Liabilities Payable from Restricted Assets	809,602.49	3,803,034.31	4,612,636.80
	<hr/>		
Long-term Liabilities:			
Revenue Bonds Payable	3,333,566.09	12,354,518.88	15,688,084.97
New Jersey Environmental Infrastructure Loan Payable		13,051,054.84	13,051,054.84
Interfund Loan		2,400,000.00	2,400,000.00
Related to Pensions	2,476,860.75	4,599,884.25	7,076,745.00
OPEB Obligation	31,968.52	59,370.12	91,338.64
Compensated Absences	165,299.22	306,984.26	472,283.48
	<hr/>		
Total Long-term Liabilities	6,007,694.58	32,771,812.35	38,779,506.93
	<hr/>		
Total Liabilities	7,227,571.39	37,215,829.85	44,443,401.24
	<hr/>		
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	147,607.60	274,128.40	421,736.00
Deferred Revenue	203,152.55	439,791.75	642,944.30
	<hr/>		
	350,760.15	713,920.15	1,064,680.30
	<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	1,295,500.00	1,712,100.00	3,007,600.00
Net Investment in Capital Assets	8,569,391.04	10,356,560.20	18,925,951.24
Unrestricted	(1,262,567.66)	9,107,504.60	7,844,936.94
	<hr/>		
Total Net Position	\$ 10,099,331.32	\$ 25,757,437.24	\$ 35,856,768.56
	<hr/>		

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenues, Expenses and Changes in Net Position by Department
For the Fiscal Year Ended June 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues:			
Service Charges	\$ 4,835,794.75	\$ 10,733,853.85	\$ 15,569,648.60
Connection Fees	186,815.97	411,418.52	598,234.49
Miscellaneous Charges	919,968.94	92,673.05	1,012,641.99
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	5,942,579.66	11,237,945.42	17,180,525.08
Operating Expenses:			
Administrative Expenses:			
Salaries and Wages	264,413.80	264,413.69	528,827.49
Fringe Benefits	102,345.82	90,332.23	192,678.05
Other	240,951.49	309,980.93	550,932.42
	<hr/>	<hr/>	<hr/>
	607,711.11	664,726.85	1,272,437.96
	<hr/>	<hr/>	<hr/>
Cost of Service:			
Salaries and Wages	1,010,892.10	1,913,689.87	2,924,581.97
Fringe Benefits	411,093.79	844,099.45	1,255,193.24
Other	2,308,824.58	2,135,043.09	4,443,867.67
	<hr/>	<hr/>	<hr/>
	3,730,810.47	4,892,832.41	8,623,642.88
	<hr/>	<hr/>	<hr/>
Major Repairs and Other Expenses	131,762.27	585,131.33	716,893.60
Additional Accounts Payable	23,750.00	23,750.00	47,500.00
Depreciation	1,075,244.80	1,912,169.49	2,987,414.29
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	5,569,278.65	8,078,610.07	13,647,888.73
	<hr/>	<hr/>	<hr/>
Operating Income	373,301.01	3,159,335.35	3,532,636.35
	<hr/>	<hr/>	<hr/>
Non-operating Revenue (Expenses):			
Interest Revenue:			
Investment Income	115,381.66	214,280.24	329,661.90
Change in Fair Value of Investments	12,002.10	22,289.61	34,291.71
	<hr/>	<hr/>	<hr/>
	127,383.76	236,569.85	363,953.61
	<hr/>	<hr/>	<hr/>
Municipal Appropriation	(280,062.00)	(475,650.00)	(755,712.00)
Bond and Loan Interest	(115,770.96)	(760,581.60)	(876,352.56)
Loss on Disposal of Property, Plant & Equipment	(20.79)	(20.79)	(41.58)
Cancellation of Construction in Progress		(1,625.00)	(1,625.00)
Interfund Loan	(300,000.00)	300,000.00	
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	(568,469.99)	(701,307.54)	(1,269,777.53)
	<hr/>	<hr/>	<hr/>
Income (Loss) Before Contributions (Carried Forward)	(195,168.98)	2,458,027.81	2,262,858.83

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenues, Expenses and Changes in Net Position by Department
For the Fiscal Year Ended June 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Income (Loss) Before Contributions (Brought Forward)	\$ (195,168.98)	\$ 2,458,027.81	\$ 2,262,858.83
Contributions:			
Developers	-	29,962.00	29,962.00
Change in Net Position	(195,168.98)	2,487,989.81	2,292,820.83
Net Position - Beginning, as originally stated	12,808,232.15	27,937,806.58	40,746,038.73
Restatement (See Note 12)	(2,513,731.85)	(4,668,359.15)	(7,182,091.00)
Net Position - Beginning, as Restated	10,294,500.30	23,269,447.43	33,563,947.73
Change in Net Position	(195,168.98)	2,487,989.81	2,292,820.83
Net Position, End of Year:			
Restricted	\$ 2,792,507.94	\$ 6,293,372.44	\$ 9,085,880.38
Unrestricted	\$ (1,262,567.66)	\$ 9,107,504.60	\$ 7,844,936.94
Net Investment in Capital Assets	\$ 8,569,391.04	\$ 10,356,560.20	\$ 18,925,951.24

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments
For the Fiscal Year Ended June 30, 2015

	Revenue/Operating		Restricted						
	<u>Accounts</u>	<u>General</u>	<u>Bond Reserve</u>	<u>Bond Service</u>	<u>Renewal and Replacement</u>	<u>Construction</u>	<u>Planning Escrow</u>	<u>Connection Fee</u>	<u>Total</u>
Cash, Cash Equivalents and Investments July 1, 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
Receipts:									
User Charges and Fees:									
Water	4,976,771.61								4,976,771.61
Sewer	10,784,711.40								10,784,711.40
Connection Fee Deposits:									
Water	202,614.97							225,093.19	427,708.16
Sewer	455,308.52							436,186.10	891,494.62
Miscellaneous Revenue Receivable:									
Water	902,561.50								902,561.50
Sewer	92,673.05								92,673.05
Prepaid Rents:									
Water	14,318.44								14,318.44
Sewer	26,591.40								26,591.40
Other Accounts Receivable	14,510.36								14,510.36
Prepaid Antennae Rents	20,160.00								20,160.00
N.J.Environmental Infrastructure Loans Receivable		3,390,234.00							3,390,234.00
Due to NJEIT - Administration Fees				17,880.11					17,880.11
Payroll Deductions Payable	3,497,233.67								3,497,233.67
Planning Escrow Deposits							77,723.79		77,723.79
Investment Income	78,024.70	72,781.22	165,781.74	17,079.56	26,937.19				360,604.41
Transfers In	200,265.62	1,489,851.69	8,744.03	5,185,656.97	735,099.06		0.01	1,431.74	7,621,049.12
Total Cash and Investments Available	24,915,288.06	13,795,644.96	4,830,089.92	9,508,689.98	2,306,424.25	2.98	109,945.35	1,589,510.31	57,055,595.81
Disbursements:									
Budgetary Expenses:									
Water	3,819,464.44								3,819,464.44
Sewer	4,840,767.15								4,840,767.15
Payroll Deductions Payable	3,497,275.44								3,497,275.44
Prepaid Expenses	455,240.53								455,240.53
Accounts Payable	1,017,763.08			10,935.00					1,028,698.08
Municipal Appropriation	755,712.00								755,712.00
Bond Principal				3,090,000.00					3,090,000.00
Loan Principal				846,542.68					846,542.68
Bond and Loan Interest				983,508.89					983,508.89
Refund of Prepaid Antennae Rents	3,959.85								3,959.85
Transfers Out	6,788,336.21	166,203.42	165,831.68		500,077.36			600.45	7,621,049.12
Capital Outlays:									
Expensed		455,278.21			261,480.39				716,758.60
Construction in Progress		3,724,242.46							3,724,242.46
Fixed Assets		487,043.07							487,043.07

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Cash Receipts, Cash Disbursements and Changes in Cash and Investments
For the Fiscal Year Ended June 30, 2015

	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							\$ 75,099.07		\$ 75,099.07
Due to Unrestricted Funds								\$ 657,923.49	657,923.49
Total Disbursements	\$ 21,178,518.70	\$ 4,832,767.16	\$ 165,831.68	\$ 4,930,986.57	\$ 761,557.75	\$ -	75,099.07	658,523.94	32,603,284.87
Cash, Cash Equivalents and Investments June 30, 2015	\$ 3,736,769.36	\$ 8,962,877.80	\$ 4,664,258.24	\$ 4,577,703.41	\$ 1,544,866.50	\$ 2.98	\$ 34,846.28	\$ 930,986.37	\$ 24,452,310.94
<u>Analysis of Balance June 30, 2015</u>									
Cash and Cash Equivalents	\$ 850,221.01	\$ 8,139,385.74	\$ 100,729.34	\$ 4,577,703.41	\$ 1,000,000.00	\$ 2.98	\$ 34,846.28	\$ 930,986.37	\$ 15,633,875.13
Investments:									
F.N.M.A. Notes	1,073,787.64		1,473,134.10						2,546,921.74
F.N.M.A. Pool	350,121.06	161,404.65	1,127,985.50						1,639,511.21
F.H.L.M.C.	239,623.79								239,623.79
Freddie Mac		405,466.98	86,885.78						492,352.76
GNMA Remic	735,189.00	27,690.85	1,875,523.52						2,638,403.37
GNMA Pool	487,826.86	228,929.58							716,756.44
GNMA Bonds					544,866.50				544,866.50
	\$ 3,736,769.36	\$ 8,962,877.80	\$ 4,664,258.24	\$ 4,577,703.41	\$ 1,544,866.50	\$ 2.98	\$ 34,846.28	\$ 930,986.37	\$ 24,452,310.94

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, 2015

	Amended <u>Budget</u>	2014-15 <u>Actual</u>	Favorable <u>(Unfavorable)</u>
Anticipated Revenues:			
Service Charges	\$ 4,866,635.00	\$ 4,835,794.75	\$ (30,840.25)
Connection Fees	60,000.00	186,815.97	126,815.97
Miscellaneous	750,000.00	919,968.94	169,968.94
Total Operating Revenues	5,676,635.00	5,942,579.66	265,944.66
Other Budget Revenues:			
Investment Income	150,000.00	115,381.66	(34,618.34)
Change in Fair Value of Investments		12,002.10	12,002.10
	150,000.00	127,383.76	(22,616.24)
Total Anticipated Revenues	5,826,635.00	6,069,963.42	243,328.42
Operating Appropriations:			
Administrative:			
Salaries and Wages	264,500.00	264,413.80	86.20
Fringe Benefits	102,350.00	102,345.82	4.18
Trustee Fees	1,500.00	1,470.09	29.91
Audit Fees	33,250.00	33,431.25	(181.25)
Legal Fees	81,300.00	32,566.91	48,733.09
Engineer Fees	28,500.00	14,235.95	14,264.05
Office Expenses	121,400.00	121,552.61	(152.61)
Cellular Lease/Insurance Consultant	26,250.00	6,250.00	20,000.00
GIS Program	10,000.00		10,000.00
Dues and Meetings	8,000.00	5,093.49	2,906.51
Education and Training	40,000.00	26,351.19	13,648.81
Total Administrative Expenses	717,050.00	607,711.11	109,338.89
Cost of Service			
Salaries and Wages	1,096,150.00	1,010,892.10	85,257.90
Fringe Benefits	635,000.00	390,596.04	244,403.96
Electric and Utilities	390,000.00	384,823.58	5,176.42
Insurance	130,000.00	127,676.95	2,323.05
Vehicle Expense	39,500.00	25,985.30	13,514.70
Vehicle Repairs	33,000.00	12,600.13	20,399.87
Parts and Supplies	79,000.00	60,352.09	18,647.91
Chemicals	75,500.00	41,206.07	34,293.93
Repairs and Maintenance	85,000.00	61,572.08	23,427.92
Telephone and Communications	39,000.00	42,824.64	(3,824.64)
Well Testing	29,000.00	9,587.44	19,412.56
Bulk Water Purchases	1,514,850.00	1,439,729.63	75,120.37
Uniforms and Safety Equipment	17,150.00	14,415.21	2,734.79

(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, 2015

	Amended <u>Budget</u>	2014-15 <u>Actual</u>	Favorable <u>(Unfavorable)</u>
Operating Appropriations (Cont'd):			
Cost of Service			
Dues and Meetings	\$ 1,650.00	\$ 1,876.52	\$ (226.52)
Education and Training	6,500.00	6,762.67	(262.67)
State Fees	40,000.00	52,580.93	(12,580.93)
Public Information	11,150.00	9,287.09	1,862.91
One Call/Public Relations	6,400.00	6,800.08	(400.08)
OPEB Obligation		10,744.17	(10,744.17)
Total Cost of Service	4,228,850.00	3,710,312.72	518,537.28
Principal Payments on Debt Service in Lieu of Depreciation	740,375.00	715,784.00	24,591.00
	5,686,275.00	5,033,807.83	652,467.17
Non-Operating Appropriations:			
Interest on Bonds	140,360.00	140,356.50	3.50
Municipal Appropriation	280,062.00	280,062.00	
Total Operating, Principal Payments and Non-Operating Appropriations	6,106,697.00	5,454,226.33	652,470.67
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	\$ (280,062.00)	\$ 615,737.09	\$ 895,799.09
<u>Reconciliation to Operating Income</u>			
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations			\$ 895,799.09
Add:			
Bond Principal		\$ 715,784.00	
Bond Interest		140,356.50	
			856,140.50
			1,751,939.59
Less:			
Investment Income		127,383.76	
Depreciation		1,075,244.80	
Related to Pensions		20,497.75	
Additional/Canceled Accounts Payable		23,750.00	
Major Repairs and Replacements		131,762.27	
			1,378,638.58
Operating Income (Schedule 2)			\$ 373,301.01

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, 2015

	Amended <u>Budget</u>	2014-15 <u>Actual</u>	Favorable <u>(Unfavorable)</u>
Anticipated Revenues:			
Service Charges	\$ 10,387,510.00	\$ 10,733,853.85	\$ 346,343.85
Connection Fees	100,000.00	411,418.52	311,418.52
Miscellaneous	66,500.00	92,673.05	26,173.05
Total Operating Revenues	10,554,010.00	11,237,945.42	683,935.42
Other Budget Revenues:			
Investment Income	150,000.00	214,280.24	64,280.24
Change in Fair Value of Investments		22,289.61	22,289.61
	150,000.00	236,569.85	86,569.85
Total Anticipated Revenues	10,704,010.00	11,474,515.26	770,505.26
Operating Appropriations:			
Administrative:			
Salaries and Wages	264,500.00	264,413.69	86.31
Fringe Benefits	90,350.00	90,332.23	17.77
Trustee Fees	47,000.00	51,999.15	(4,999.15)
Audit Fees	33,250.00	33,428.25	(178.25)
Legal Fees	81,300.00	32,566.90	48,733.10
Engineer Fees	66,500.00	31,165.78	35,334.22
Office Expenses	121,400.00	118,705.12	2,694.88
Cellular Lease/Insurance Consultant	11,250.00	6,250.00	5,000.00
GIS Program	10,000.00		10,000.00
Dues and Meetings	8,000.00	3,266.41	4,733.59
Education and Training	38,000.00	32,599.32	5,400.68
Total Administrative Expenses	771,550.00	664,726.85	106,823.15
Cost of Service:			
Salaries and Wages	2,053,750.00	1,913,689.87	140,060.13
Fringe Benefits	1,203,100.00	806,032.20	397,067.80
Electric and Utilities	1,000,000.00	825,691.94	174,308.06
Insurance	130,000.00	127,676.97	2,323.03
Vehicle Expense	100,500.00	55,189.13	45,310.87
Vehicle Repairs	68,000.00	48,378.86	19,621.14
Parts and Supplies	105,000.00	75,607.21	29,392.79
Chemicals	260,000.00	168,735.29	91,264.71
Repairs and Maintenance	147,750.00	108,253.65	39,496.35
Telephone and Communications	91,000.00	94,868.00	(3,868.00)
Wastewater Testing	15,000.00	13,150.00	1,850.00
Sludge Removal	495,000.00	462,179.83	32,820.17
Uniforms and Safety Equipment	37,650.00	35,436.60	2,213.40

(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, 2015

	Amended <u>Budget</u>	2014-15 <u>Actual</u>	Favorable <u>(Unfavorable)</u>
Dues and Meetings	\$ 3,450.00	\$ 3,225.27	\$ 224.73
Education and Training	11,500.00	14,304.73	(2,804.73)
State Fees	57,500.00	53,633.80	3,866.20
Public Information	15,500.00	15,053.37	446.63
One Call/Public Relations	14,550.00	13,704.97	845.03
OPEB Obligation		19,953.47	(19,953.47)
Total Cost of Service	5,809,250.00	4,854,765.16	954,484.84
Principal Payments on Debt Service in Lieu of Depreciation	3,316,207.00	3,220,758.68	95,448.32
	9,897,007.00	8,740,250.69	1,156,756.31
Non-Operating Appropriations:			
Interest on Bonds	807,003.00	796,057.39	10,945.61
Municipal Appropriation	475,650.00	475,650.00	
Total Operating, Principal Payments and Non-Operating Appropriations	11,179,660.00	10,011,958.08	1,167,701.92
Excess in Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	\$ (475,650.00)	\$ 1,462,557.19	\$ 1,938,207.19
<u>Reconciliation to Operating Income</u>			
Excess in Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations			\$ 1,938,207.19
Add:			
Bond Principal		\$ 3,220,758.68	
Bond Interest		796,057.39	
			4,016,816.07
			5,955,023.26
Less:			
Investment Income		236,569.85	
Depreciation		1,912,169.49	
Related to Pensions		38,067.24	
Canceled Accounts Payable		23,750.00	
Major Repairs and Replacements		585,131.33	
			2,795,687.91
Operating Income (Schedule 2)			\$ 3,159,335.35

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Consumer Accounts Receivable
For the Fiscal Year Ended June 30, 2015

	<u>Water</u>	<u>Sewer</u>
Balance July 1, 2014	\$ 519,871.57	\$ 925,813.32
Rental Charges	<u>4,835,794.75</u>	<u>10,733,853.85</u>
	5,355,666.32	11,659,667.17
Less:		
Collections	\$ 4,976,771.61	\$ 10,784,711.40
Prepaid Applied	<u>17,854.35</u>	<u>27,092.32</u>
	<u>4,994,625.96</u>	<u>10,811,803.72</u>
Balance June 30, 2015	<u>\$ 361,040.36</u>	<u>\$ 847,863.45</u>

Schedule 6

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Connection Fees Receivable
For the Fiscal Year Ended June 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
2014-15 Charges	\$ 186,815.97	\$ 411,418.52	\$ 598,234.49
Less:			
Cash Receipts	<u>\$ 186,815.97</u>	<u>\$ 411,418.52</u>	<u>\$ 598,234.49</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Schedule of Miscellaneous Charges Receivable

For the Fiscal Year Ended June 30, 2015

	Balance <u>July 1, 2014</u>	2014-2015 <u>Charges</u>	Cash <u>Receipts</u>
Water Meter Charges		\$ 42,949.94	\$ 42,949.94
Filing, Review and Application Fees		680.00	680.00
Cingular/AT&T Rental Agreement	\$ 1,792.56	123,364.36	125,156.92
Sprint Rental Agreement		121,383.83	121,383.83
Nextel Rental Agreement		32,074.86	32,074.86
Verizon Rental Agreement		49,026.01	49,026.01
T-Mobile Rental Agreement		184,168.35	184,168.35
Metro PCS Rental Agreement		106,919.46	106,919.46
Clearwire Rental Agreement		188,438.49	188,438.49
Cricket Rental Agreement		103,182.80	103,182.80
TTM Rental Agreement		7,701.73	7,701.73
Miscellaneous		4,697.89	4,697.89
Meter Test Fees		25.00	25.00
Refund of Prior Year Expenses		21,654.27	21,654.27
Returned Check Fees		2,875.00	2,875.00
Water Turn-On/Off Charges		23,500.00	23,500.00
	<u>\$ 1,792.56</u>	<u>\$ 1,012,641.99</u>	<u>\$ 1,014,434.55</u>
Recap:			
Water	\$ 1,792.56	\$ 919,968.94	\$ 921,761.50
Sewer		92,673.05	92,673.05
	<u>\$ 1,792.56</u>	<u>\$ 1,012,641.99</u>	<u>\$ 1,014,434.55</u>
Cash Receipts			\$ 995,234.55
Prepaid Applied			19,200.00
			<u>\$ 1,014,434.55</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Schedule of Accrued Interest Receivable
For the Fiscal Year Ended June 30, 2015

	<u>Balance July 1, 2014</u>	<u>Investment Income</u>	<u>Received</u>	<u>Balance June 30, 2015</u>
Unrestricted:				
Revenue Account		\$ 2,361.33	\$ 2,361.33	
Operating Account	\$ 8,568.68	75,484.18	75,663.37	\$ 8,389.49
General Account	3,642.40	70,961.20	72,781.22	1,822.38
	<u>12,211.08</u>	<u>148,806.71</u>	<u>150,805.92</u>	<u>10,211.87</u>
Restricted:				
Bond Reserve Account	14,228.10	165,109.96	165,781.74	13,556.32
Bond Service Account	8,481.34	23,099.75	17,079.56	14,501.53
Renewal and Replacement Account	2,083.33	26,937.19	26,937.19	2,083.33
	<u>24,792.77</u>	<u>215,146.90</u>	<u>209,798.49</u>	<u>30,141.18</u>
	<u>\$ 37,003.85</u>	<u>\$ 363,953.61</u>	<u>\$ 360,604.41</u>	<u>\$ 40,353.05</u>
Recap:				
Water	\$ 12,951.35	\$ 127,383.76	\$ 126,211.54	\$ 14,123.57
Sewer	24,052.50	236,569.85	234,392.87	26,229.48
	<u>\$ 37,003.85</u>	<u>\$ 363,953.61</u>	<u>\$ 360,604.41</u>	<u>\$ 40,353.05</u>

Schedule 9**EVESHAM MUNICIPAL UTILITIES AUTHORITY**

Schedule of Prepaid Expenses
For the Fiscal Year Ended June 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2014	\$ 353,707.75	\$ 556,405.28	\$ 910,113.03
Add:			
Disbursements Fiscal Year 2015	174,057.26	281,183.27	455,240.53
	<u>527,765.01</u>	<u>837,588.55</u>	<u>1,365,353.56</u>
Less:			
Charged to Operations Fiscal Year 2015	211,269.01	228,700.42	439,969.43
Balance June 30, 2015	<u>\$ 316,496.00</u>	<u>\$ 608,888.13</u>	<u>\$ 925,384.13</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY

Analysis of Capital Assets -- Completed

For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Disposals	Balance June 30, 2015	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	45,851,809.84	\$ 34,503.10		45,886,312.94	40 Yrs.
Fixed Equipment	1,847,966.51	2,623.37		1,850,589.88	15 Yrs.
Equipment	429,548.87	21,548.45	\$ 441.00	450,656.32	5 to 15 Yrs.
Vehicles	670,242.58	55,993.25		726,235.83	7 Yrs.
	59,468,886.13	114,668.17	441.00	59,583,113.30	
Less: Accumulated Depreciation	48,462,404.51	1,075,244.80	420.21	49,537,229.10	
	<u>\$ 11,006,481.62</u>	<u>\$ (960,576.63)</u>	<u>\$ 20.79</u>	<u>\$ 10,045,884.20</u>	
Sewer:					
Land and Improvements	\$ 5,145,239.00			\$ 5,145,239.00	
Buildings and Improvements	44,851,525.37			44,851,525.37	40 Yrs.
Infrastructure	55,285,989.97	\$ 40,587.00		55,326,576.97	40 Yrs.
Fixed Equipment	3,758,555.85	25,528.37		3,784,084.22	15 Yrs.
Equipment	1,184,811.52	290,853.28	\$ 1,391.00	1,474,273.80	5 to 15 Yrs.
Vehicles	1,217,940.38	55,993.25		1,273,933.63	7 Yrs.
	111,444,062.09	412,961.90	1,391.00	111,855,632.99	
Less: Accumulated Depreciation	75,897,394.55	1,912,169.49	1,370.21	77,808,193.83	
	<u>\$ 35,546,667.54</u>	<u>\$ (1,499,207.59)</u>	<u>\$ 20.79</u>	<u>\$ 34,047,439.16</u>	
Recap:					
Total Fixed Capital	\$ 170,912,948.22	\$ 527,630.07	\$ 1,832.00	\$ 171,438,746.29	
Less:					
Accumulated Depreciation	124,359,799.06	2,987,414.29	1,790.42	127,345,422.93	
	<u>\$ 46,553,149.16</u>	<u>\$ (2,459,784.22)</u>	<u>\$ 41.58</u>	<u>\$ 44,093,323.36</u>	
Contributions		\$ 29,962.00			
Transfer from Construction in Progress		10,625.00			
Cash Disbursed		487,043.07			
		<u>\$ 527,630.07</u>			

EVESHAM MUNICIPAL UTILITIES AUTHORITY
 Analysis of Capital Assets -- Construction in Progress
 For the Fiscal Year Ended June 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2014	\$ 2,555,941.82	\$ 382,042.22	\$ 2,937,984.04
Increased by:			
Cash Disbursements - General Fund	11,930.15	3,712,312.31	3,724,242.46
	2,567,871.97	4,094,354.53	6,662,226.50
Decreased by:			
Canceled		1,625.00	1,625.00
Transferred to Fixed Assets		10,625.00	10,625.00
	-	12,250.00	12,250.00
Balance June 30, 2015	<u>\$ 2,567,871.97</u>	<u>\$ 4,082,104.53</u>	<u>\$ 6,649,976.50</u>

Analysis of Balance June 30, 2015

SCADA System EW/WS	\$ 2,515,151.17	\$ 1,294,794.86	\$ 3,809,946.03
Screw Pump Replacement		1,037,357.21	1,037,357.21
Hydrogeologic Evaluation of Well 13 & 14 ASR	44,912.30		44,912.30
South Side Elevated Tank Design	7,808.50		7,808.50
Energy Reduction Plan		1,749,952.46	1,749,952.46
	<u>\$ 2,567,871.97</u>	<u>\$ 4,082,104.53</u>	<u>\$ 6,649,976.50</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Accrued Interest on Revenue Bonds and Loans Payable
For the Fiscal Year Ended June 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2014	\$ 79,967.25	\$ 435,334.63	\$ 515,301.88
Increased by:			
Interest Charges Fiscal Year 2015 Budget	140,356.50	796,057.39	936,413.89
Amortization of Deferred Amount of Refunding	23,390.15	80,460.89	103,851.04
Amortization of Net Discount/Premium on Bonds	(47,975.69)	(115,936.68)	(163,912.37)
Total Interest Expense	115,770.96	760,581.60	876,352.56
	195,738.21	1,195,916.23	1,391,654.44
Decreased by:			
Interest Paid	151,093.26	832,415.63	983,508.89
Amortization of Deferred Amount of Refunding	23,390.15	80,460.89	103,851.04
Amortization of Net Discount/Premium on Bonds	(47,975.69)	(115,936.68)	(163,912.37)
	126,507.72	796,939.84	923,447.56
Balance June 30, 2015	\$ 69,230.49	\$ 398,976.39	\$ 468,206.88

Schedule 13

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Payroll Deductions Payable
For the Fiscal Year Ended June 30, 2015

Balance July 1, 2014	\$ 4,818.60
Receipts:	
Payroll Deductions Payable	3,497,233.67
	3,502,052.27
Disbursements:	
Checks Drawn to Payroll Agencies	3,497,275.44
Balance June 30, 2015	\$ 4,776.83
<u>Analysis of Balance June 30, 2015</u>	
State Unemployment Insurance	\$ (59.32)
N.J. Family Leave	11.70
Public Employees Retirement System	5,170.39
Cafeteria - 125 Plan	(194.86)
Union Dues	(89.30)
Life Insurance	(61.78)
	\$ 4,776.83

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds
For the Fiscal Year Ended June 30, 2015

<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, 2015</u>	<u>Date</u>		<u>July 1, 2014</u>			<u>June 30, 2015</u>
2004 Revenue Bonds (Series A)	3-1-04	\$ 4,435,000.00	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%	\$ 1,045,000.00	\$ 365,000.00	\$ 680,000.00	
2011 Revenue Bonds (Series A)	11-16-11	3,655,000.00	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%	3,455,000.00	105,000.00	3,350,000.00	

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds
For the Fiscal Year Ended June 30, 2015

<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>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>July 1, 2014</u>	<u>Paid</u>	<u>June 30, 2015</u>
2012 Revenue Bonds (Series A)	4-4-12	\$ 18,865,000.00	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%			
						\$ 16,450,000.00	\$ 2,620,000.00	\$ 13,830,000.00
						<u>\$ 20,950,000.00</u>	<u>\$ 3,090,000.00</u>	<u>17,860,000.00</u>
			Less: Net Discount/Premium on Bonds					<u>(1,018,084.97)</u>
								<u>\$ 18,878,084.97</u>
			Sewer			\$ 16,448,132.00	\$ 2,374,216.00	\$ 14,073,916.00
			Water			<u>4,501,868.00</u>	<u>715,784.00</u>	<u>3,786,084.00</u>
						<u>20,950,000.00</u>	<u>3,090,000.00</u>	<u>17,860,000.00</u>
			(Premium)/Discount on Bonds					
			Sewer			(846,167.56)	(115,936.68)	(730,230.88)
			Water			<u>(335,829.78)</u>	<u>(47,975.69)</u>	<u>(287,854.09)</u>
						<u>(1,181,997.34)</u>	<u>(163,912.37)</u>	<u>(1,018,084.97)</u>
						<u>\$ 22,131,997.34</u>	<u>\$ 3,253,912.37</u>	<u>\$ 18,878,084.97</u>

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Loans Payable
For the Fiscal Year Ended June 30, 2015

<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, 2014</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2015</u>
			<u>Outstanding June 30, 2015</u>	<u>Amount</u>					
2006A Fund Loan Agreement	11-7-06	\$ 5,699,574.00	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	\$ 3,743,173.50		\$ 288,031.04	\$ 3,455,142.46
2006A Trust Loan Agreement	11-7-06	5,695,000.00	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%	4,380,000.00		255,000.00	4,125,000.00

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Loans Payable
For the Fiscal Year Ended June 30, 2015

<u>Purpose</u>	<u>Issue</u>	<u>Issue</u>	<u>Maturities of Bonds</u>		<u>Interest</u>	<u>Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>July 1, 2014</u>			<u>June 30, 2015</u>
2008A Fund Loan Agreement	11-6-08	\$ 1,307,340.00	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	\$ 808,369.97		\$ 65,599.66	\$ 742,770.31
2008A Trust Loan Agreement	11-6-08	1,325,000.00	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%	1,135,000.00		50,000.00	1,085,000.00

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Loans Payable
For the Fiscal Year Ended June 30, 2015

<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>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2015</u>
			<u>Outstanding June 30, 2015</u>	<u>Date</u>		<u>July 1, 2014</u>				
2010A Fund Loan Agreement	11-5-09	\$ 276,863.00	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	\$ 220,551.92		\$ 14,077.77		\$ 206,474.15
2010A Trust Loan Agreement	11-5-09	270,000.00	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, 2014</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2015</u>
			<u>Date</u>	<u>Amount</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%	\$ 240,000.00		\$ 10,000.00	\$ 230,000.00
2014A&B Trust Loan Agreement	5/21/14	3,222,073.00	7-1-2015	163,834.21	N/A				
			7-1-2016	163,834.21	N/A				
			7-1-2017	163,834.21	N/A				
			7-1-2018	163,834.21	N/A				
			7-1-2019	163,834.21	N/A				
			7-1-2020	163,834.21	N/A				
			7-1-2021	163,834.21	N/A				
			7-1-2022	163,834.21	N/A				
			7-1-2023	163,834.21	N/A				
			7-1-2024	163,834.21	N/A				
			7-1-2025	163,834.21	N/A				
			7-1-2026	163,834.21	N/A				
			7-1-2027	163,834.21	N/A				
			7-1-2028	163,834.21	N/A				
			7-1-2029	163,834.21	N/A				
			7-1-2030	163,834.21	N/A				
			7-1-2031	163,834.21	N/A				
			7-1-2032	163,834.21	N/A				
			7-1-2033	109,223.01	N/A	3,222,073.00		163,834.21	3,058,238.79

(Continued)

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Loans Payable
For the Fiscal Year Ended June 30, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance		Issued	Paid	Balance		
			Outstanding June 30, 2015			July 1, 2014	June 30, 2015					
			Date	Amount								
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			
						\$ 14,799,168.39	\$ -	\$ 846,542.68		\$ 13,952,625.71		

EVESHAM MUNICIPAL UTILITIES AUTHORITY

PART II

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND
STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Evesham Municipal Utilities Authority's (Authority) compliance with the types of compliance requirements described in the New Jersey State Grant Compliance Supplement that could have a direct and material effect on the Authority's major state program for the fiscal year ended June 30, 2015. The Authority's major state program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and the State of New Jersey Circular 15-08-OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Authority's Major State Program

In our opinion, the Evesham Municipal Utilities Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major state program and to test and report on internal control over compliance in accordance with the State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
December 10, 2015

EVESHAM MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/ Program Title	State GMIS Number	Program or Award Amount	Grant Period		July 1, 2014		Cash Received	Adjustments	Expenditures	June 30, 2015	
			From	To	Deferred Revenue	(Accounts Receivable)				Deferred Revenue	(Accounts Receivable)
State Department of Environmental Protection Division of Water Quality:											
Environmental Infrastructure Trust-2014	N/A	\$ 4,272,000.00	05/21/14	N/A	\$ 3,778,776.00	\$ (4,272,073.00)	\$3,390,234.00	\$ -	\$ 2,896,937.00	\$ 881,839.00	\$ (881,839.00)

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

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Notes to Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2015

Note 1: GENERAL

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Evesham Municipal Utilities Authority (hereafter referred to as the "Authority"). The Authority is defined in note 1 to the Authority's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies, are included on the schedule of expenditures of state financial assistance.

Note 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance is presented using the accrual basis of accounting. This basis of accounting is described in note 1 to the Authority's basic financial statements.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

Note 4: MAJOR PROGRAMS

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

EVESHAM MUNICIPAL UTILITIES AUTHORITY

PART III

SCHEDULE OF FINDINGS & QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Fiscal Ended June 30, 2015

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued _____ Unmodified _____

Internal control over financial reporting:

Material weaknesses identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Not Applicable

Internal control over compliance:

Material weaknesses identified? _____ yes _____ no _____ n/a

Significant deficiency(ies) identified? _____ yes _____ none reported

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

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

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

Dollar threshold used to determine Type A programs _____

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

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Fiscal Ended June 30, 2015

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

State Financial Assistance

Internal control over compliance:

Material weaknesses identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? _____ yes X no

Identification of major programs:

GMIS Numbers

N/A

Name of State Program

New Jersey Environmental Infrastructure Trust

Dollar threshold used to determine Type A programs

\$ \$ 300,000.00

Auditee qualified as low-risk auditee?

_____ yes X no _____ n/a

**EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015**

Section 2- Schedule of Financial Statement Findings

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

N/A – None

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section 3- Schedule of Federal Award Findings and Questioned Costs

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

Not Applicable

EVESHAM MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

N/A - None

**EVESHAM MUNICIPAL UTILITIES AUTHORITY
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management**

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

N/A - None

FEDERAL AWARDS

N/A – Not Applicable

STATE FINANCIAL ASSISTANCE PROGRAMS

N/A - Not Applicable

APPRECIATION

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

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink, appearing to read "K.N. Applegate".

Kirk N. Applegate
Certified Public Accountant
Registered Municipal Accountant

