

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE  
TOWNSHIP OF EAST WINDSOR)**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**NOVEMBER 30, 2014**

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

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## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Board Members of  
East Windsor Municipal Utilities Authority

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the East Windsor Municipal Utilities Authority (the "Authority"), a component unit of the Township of East Windsor, as of and for the years ended November 30, 2014 and 2013, and the related notes to 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 Authority'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.

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## INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 Authority, as of November 30, 2014 and 2013, and the changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

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


Our audits were conducted for the purpose of forming an opinion on the Authority's basic financial statements. The budgetary comparison schedule, schedule of water and sewer revenue bonds, and the roster of officials are presented for purposes of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the part marked "unaudited," 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. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for that portion marked "unaudited," the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated June 30, 2015 and June 20, 2014, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports 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. These reports are an integral part of our audits performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Warren A. Broudy, CPA, CGFM, PSA, CGMA  
Registered Municipal Accountant  
License No. 554

**MERCADIEN, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

June 30, 2015

**INDEPENDENT AUDITORS' 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**

To the Honorable Board Members of  
East Windsor Municipal Utilities Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the East Windsor Municipal Utilities Authority (the "Authority"), as of and for the years ended November 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 30, 2015.

**Internal Control Over Financial Reporting**

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

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**INDEPENDENT AUDITORS' 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 (CONTINUED)**

**Internal Control Over Financial Reporting (continued)**

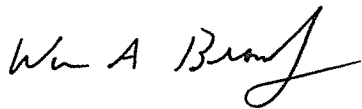
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not 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 audits, 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*.

**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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Warren A. Broudy, CPA, CGFM, PSA, CGMA  
Registered Municipal Accountant  
License No. 554

**MERCADIEN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

June 30, 2015

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

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This section of the annual report presents management's analysis of the East Windsor Municipal Utilities Authority's (the "Authority") financial condition and activities for the year. This information should be read in conjunction with the Authority's financial statements.

Financial Highlights

Total assets were \$79,452,060 and total liabilities were \$19,675,348 resulting in net position of \$59,776,712 at November 30, 2014. Net position increased by \$1,450,484 over November 30, 2013.

The Authority's unrestricted net position increased by \$657,156 for the year ended November 30, 2014.

Operating income was \$873,810 for the year ended November 30, 2014. This was an increase of \$677,495 when compared to the November 30, 2013, operating income of \$196,315.

The increase in operating income resulted in large part from a \$958,021 (804.8%) increase in connection fees received for the year ended November 30, 2014.

Total revenues from user charges increased by \$128,347 (1.9%) compared to fiscal year ended November 30, 2013.

Miscellaneous income \$190,507 (includes \$150,241 in cell tower rental fees) which decreased by \$105,721 (35.7%) compared to November 30, 2013.

Operating expenses increased by \$299,836 (4.2%) when compared to November 30, 2013.

Administrative and general expenses increased \$131,531 (16.3%) for the year ended November 30, 2014. Salaries and wages and employee benefits in the amount of \$138,422 which normally are allocated to capital projects were included in administrative and general expenses for the year ended November 30, 2014. The Authority budgeted for various capital projects in the November 30, 2014 fiscal year, however, these projects were not completed.

Cost of providing service expenses increased by \$268,740 (6.5%) for the year ending November 30, 2014. Contracted services increased by \$179,082 (46.5%). In the budget for the year ending November 30, 2014, the Authority included the first year's appropriation for a multi year program for the maintenance and painting of water standpipes. Contracts were awarded for this program in the amount of \$200,859. Salaries and benefits increased \$44,751 (2.2%), repairs and maintenance expenses, utilities, insurance and other expenses increased \$61,946 (4.9%) and the purchases of materials and supplies decreased \$17,039 (3.7%).

Depreciation expense decreased \$100,434 (4.5%).

The Authority's outstanding debt at November 30, 2014 was \$17,148,530, a decrease of \$7,361,871 when compared to November 30, 2013. The Decrease resulted from payments of \$2,131,795 and the cancellation and/or defeasance of \$5,230,076 of future debt payments resulting from the completion of the projects under the New Jersey Infrastructure Trust program.



**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

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Financial Highlights (Continued)

The future interest savings from the defeasance will be \$580,697.

Overview of Annual Financial Report

Management's Discussion and Analysis ("MD&A") serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplemental information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's capital plan, budget, and other management tools were used for this analysis.

The financial statements report information about the Authority using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a statement of net position; a statement of revenues, expenses and changes in net position; a statement of cash flows; and notes to the financial statements.

The statement of net position presents the financial position of the Authority on a full accrual historical cost basis. The statement presents the Authority's assets and liabilities, with the difference reported as net position. Net position increases and decreases over time, is one indicator of improving or deteriorating financial position of the Authority.

The statement of revenues, expenses and changes in net position presents the results of the business activities over the fiscal year and information as to how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides information about the Authority's ability to recover its costs through user fees and other charges.

The statement of cash flows presents changes in cash and cash equivalents resulting from operating activities, investing, capital and non-capital activities. The statement presents cash receipts and disbursements without consideration of the earnings event. This statement shows what sources provided cash, what cash was used for and what the change in cash balance was for the reporting period.

The notes to the financial statements provide required disclosures and other information essential to a complete understanding of information provided in the financial statements. The notes contain information about the Authority's accounting policies, significant account balances and changes, material risks, obligations, commitments, contingencies and subsequent events.

Financial Analysis of the Authority

The following tables and other information are provided as key financial data used by management for monitoring and planning purposes.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

Financial Analysis of the Authority (Continued)

Net Position – Table 1 summarizes the changes in net position between November 30, 2014 and 2013.

Table 1  
Condensed Summary of Net Position

	2014	November 30, 2013	2012	2013-2014 Change
<b>Assets:</b>				
Current Assets - Unrestricted	\$ 10,352,712	\$ 9,679,624	\$ 10,481,922	\$ 673,088
Restricted Assets	5,496,637	10,603,208	10,947,189	(5,106,571)
Capital Assets (Net of Depreciation)	63,602,711	65,107,116	63,349,645	(1,504,405)
<b>Total Assets</b>	<u>\$ 79,452,060</u>	<u>\$ 85,389,948</u>	<u>\$ 84,778,756</u>	<u>\$ (5,937,888)</u>
<b>Liabilities:</b>				
Current Liabilities:				
Payable from Unrestricted:				
Current Assets	\$ 598,977	\$ 441,373	\$ 583,287	\$ 157,604
Restricted Assets	3,358,400	3,359,313	3,025,057	(913)
Non-Current Liabilities	15,717,971	23,263,034	25,411,358	(7,545,063)
<b>Total Liabilities</b>	<u>\$ 19,675,348</u>	<u>\$ 27,063,720</u>	<u>\$ 29,019,702</u>	<u>\$ (7,388,372)</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	\$ 46,918,748	\$ 46,366,380	\$ 43,878,629	\$ 552,368
Restricted for:				
Capital Improvements	2,984,904	1,999,349	2,771,576	985,555
Future Debt Service	875,299	1,619,894	312,365	(744,595)
Unrestricted	8,997,761	8,340,605	8,796,484	657,156
<b>Total Net Position</b>	<u>\$ 59,776,712</u>	<u>\$ 58,326,228</u>	<u>\$ 55,759,054</u>	<u>\$ 1,450,484</u>

As previously noted, net position may over time serve as a useful measure of an entity's financial position. In the Authority's case, assets exceeded liabilities by \$59,776,712 at November 30, 2014, an increase of \$1,450,484 for the fiscal year ended November 30, 2014.

The largest portion of the Authority's net position (\$46,918,748 or 78.5% at November 30, 2014) is reflected in its investment in capital assets, as shown on Table 1. These assets are used by the Authority to pump, treat and deliver potable water and for the collection and treatment of wastewater and thus are not available for future spending.

Net position increased by \$1,450,484 and unrestricted net position increased by \$657,156 in 2014.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

Operating Activities

Table 2 summarizes the changes in revenues, expenses and net position between fiscal years November 30, 2014 and 2013.

Table 2  
Condensed Summary of Revenues, Expenses and Changes in Net Position

	November 30,			2013-2014
	2014	2013	2012	Change
<u>Revenues</u>				
Operating Revenues:				
User Charges	\$ 7,060,289	\$ 6,931,942	\$ 6,145,630	\$ 128,347
Connection Fees	1,077,066	119,045	500,945	958,021
Other	225,330	334,367	265,892	(109,037)
Total Operating Revenues	8,362,685	7,385,354	6,912,467	977,331
Non-Operating Revenues				
Interest Income	29,913	28,898	49,341	1,015
Capital Contribution - Developers	1,135,844	3,069,157	203,736	(1,933,313)
Federal Aid	-	-	346,970	-
Total Non-Operating Revenue	1,165,757	3,098,055	600,047	(1,932,298)
Total Revenues	9,528,442	10,483,409	7,512,514	(954,967)
<u>Expenses</u>				
Operating Expenses:				
Cost of Providing Services	4,395,283	4,126,544	4,066,610	268,739
General and Administrative	938,214	806,683	805,418	131,531
Depreciation	2,155,378	2,255,812	2,259,293	(100,434)
Total Operating Expenses	7,488,875	7,189,039	7,131,321	299,836
Non-Operating Expenses				
Interest Expense	589,083	727,196	778,462	(138,113)
Total Non-Operating Expenses	589,083	727,196	778,462	(138,113)
Total Expenses	8,077,958	7,916,235	7,909,783	161,723
Change in Net Position	1,450,484	2,567,174	(397,269)	(1,116,690)
Net Position, Beginning of Year As Previously Reported	58,326,228	55,759,054	56,935,132	2,567,174
Prior Period Adjustment	-	-	(778,809)	-
Net Position, Beginning Year As Restated	58,326,228	55,759,054	56,156,323	2,567,174
Net Position, End of the Year	\$ 59,776,712	\$ 58,326,228	\$ 55,759,054	\$ 1,450,484

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

Operating Activities (Continued)

The summary of revenues, expenses and changes in net position provides information as to the nature and source of changes in financial position. Table 2 shows that total revenues in 2014 decreased by \$954,967 (9.1%) and total expenses increased by \$161,723 (less than 2.0%) over 2013.

The items which were responsible for the major changes in net position for the year ended November 30, 2014, included:

User charges increased \$128,347 (1.9%) when compared to 2013.

Connection fees charged to new customers increased by \$958,021 (804.8%), when compared to 2013.

Capital contributions decreased \$1,933,313 (63.0%), when compared to 2013.

Interest expense decreased \$138,113. This was a decrease of 19.0% for the year ended November 30, 2014, when compared to November 30, 2013.

Operating expenses increased \$299,836 (4.2%) compared to 2013.

Capital Assets and Debt Administration

Capital Assets

Table 3 summarizes the changes in capital assets at November 30, 2014 and 2013.

Table 3  
Capital Assets - Net of Depreciation

	November 30,			2013-2014 Change
	2014	2013	2012	
Land, Land Rights and Improvements	\$ 5,036,704	\$ 5,036,704	\$ 5,042,944	\$ -
Buildings and Improvements	21,814,913	21,787,236	20,957,514	27,677
Machinery and Equipment	76,275,218	75,702,595	72,603,864	572,623
Construction in Progress	172,954	236,252	699,892	(63,298)
	103,299,789	102,762,787	99,304,214	537,002
Less: Accumulated Depreciation	39,697,078	37,655,671	35,954,569	2,041,407
Total Capital Assets, Net of Depreciation	<u>\$ 63,602,711</u>	<u>\$ 65,107,116</u>	<u>\$ 63,349,645</u>	<u>\$ (1,504,405)</u>

At November 30, 2014, the Authority's investment in capital assets was \$103,299,789, an increase of \$537,002 when compared to 2013.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

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Debt Outstanding

Table 4 summarizes the changes in debt payable at November 30, 2014 and 2013.

Table 4  
Debt Outstanding

---

	November 30,			2013-2014
	2014	2013	2012	Change
Bonds Payable	<u>\$ 17,148,530</u>	<u>\$ 24,510,400</u>	<u>\$ 26,580,999</u>	<u>\$ (7,361,870)</u>

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The Authority's bonded debt was \$17,148,530 at November 30, 2014, a decrease of \$7,361,870 when compared to 2013. Interest on these bonds is paid semi-annually with interest rates ranging from 2.8% to 5.5%. Principal payments on the outstanding debt are due annually with final maturity on August 1, 2029. Additional information on the Authority's long-term debt can be found in Note F in the financial statements.

Next Year's Budget and User Rates

The Authority adopted a \$5,734,255, 2015 operating and maintenance budget, an increase of \$350,530 or 6.5%, compared to 2014. Total user fees are budgeted to decrease \$148,650 or 2.2% in 2015.

The Authority increased water rates effective December 1, 2013.

The Authority's user rates for water and wastewater will remain the same for the fiscal year November 30, 2015.

The Authority adopted a six year capital program, with their 2015 budget. The capital program includes future projects totaling \$27,892,000. The six year capital program anticipates the use of \$4,592,000 from unrestricted net position to provide funding for anticipated projects.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need any additional information, contact the Authority at 7 Wiltshire Drive, East Windsor, New Jersey 08520 or by telephone at 609-443-6000.

## **BASIC FINANCIAL STATEMENTS**

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**Exhibit A**  
**(Page 1 of 2)**

**STATEMENT OF NET POSITION**

	November 30,	
	2014	2013
Current Assets:		
Cash and Cash Equivalents	\$ 3,079,001.42	\$ 2,383,142.44
Investments	5,766,175.92	5,752,088.29
User Charges Receivable (Net of Allowance for Uncollectible Accounts of None in 2014 and None in 2013)	1,460,188.77	1,348,445.71
Other Receivables	34,007.69	38,700.85
Federal Emergency Assistance Aid Receivable	-	150,596.41
Interest Receivable	13,338.48	6,650.52
Total Current Assets	<u>10,352,712.28</u>	<u>9,679,624.22</u>
Non Current Assets:		
Restricted Assets:		
Cash and Cash Equivalents	5,033,047.67	4,834,520.78
Funds Held by Trustee	463,589.11	5,768,687.37
Total Restricted Assets	<u>5,496,636.78</u>	<u>10,603,208.15</u>
Capital Assets:		
Land and Land Improvements	5,036,704.32	5,036,704.32
Buildings and Improvements	21,814,912.72	21,787,235.96
Machinery and Equipment	76,275,218.22	75,702,595.23
Construction in Progress	172,954.42	236,252.10
	<u>103,299,789.68</u>	<u>102,762,787.61</u>
Less: Accumulated Depreciation	<u>39,697,078.19</u>	<u>37,655,671.83</u>
Capital Assets (Net)	<u>63,602,711.49</u>	<u>65,107,115.78</u>
Total Assets	<u>\$ 79,452,060.55</u>	<u>\$ 85,389,948.15</u>

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**Exhibit A**  
**(Page 2 of 2)**

**STATEMENT OF NET POSITION**

	November 30,	
	2014	2013
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 417,697.54	\$ 254,789.82
Accounts Payable - Debt Issue Costs	-	2,196.13
Customer Meter Deposits	4,400.00	2,002.47
Unearned Revenues	176,880.00	182,385.00
Total Current Liabilities	<u>598,977.54</u>	<u>441,373.42</u>
Current Liabilities Payable from Restricted Assets:		
Bonds Payable - New Jersey Environmental		
Infrastructural Trust	2,186,532.35	2,131,794.79
Accounts Payable - Construction	775,000.00	775,000.00
Accrued Interest Payable	91,763.84	187,818.75
Escrow Deposits - Review Fees	305,103.82	264,699.24
Total Current Liabilities Payable from Restricted Assets	<u>3,358,400.01</u>	<u>3,359,312.78</u>
Total Current Liabilities	<u>3,957,377.55</u>	<u>3,800,686.20</u>
Long-Term Liabilities:		
Bonds Payable - New Jersey Environmental		
Infrastructural Trust	14,961,997.36	22,378,605.71
Compensated Absences Payable	251,452.94	247,918.88
Premium on Bonds	504,520.62	636,509.30
Total Long-Term Liabilities	<u>15,717,970.92</u>	<u>23,263,033.89</u>
Total Liabilities	<u>19,675,348.47</u>	<u>27,063,720.09</u>
Net Position:		
Net Investment in Capital Assets	46,918,748.46	46,366,380.22
Restricted for Capital Improvements	2,984,903.70	1,999,348.53
Restricted for Future Debt Service	875,298.74	1,619,894.03
Unrestricted	<u>8,997,761.18</u>	<u>8,340,605.28</u>
Total Net Position	<u>\$ 59,776,712.08</u>	<u>\$ 58,326,228.06</u>



**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**Exhibit B**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	Years Ended November 30,	
	2014	2013
Operating Revenues:		
User Charges	\$ 7,060,289.08	\$ 6,931,942.41
Delinquent Penalties	25,722.90	28,083.69
Connection Fees	1,077,066.00	119,045.00
Laboratory Fees	9,100.00	10,055.00
Other Income	190,507.09	296,227.62
Total Operating Revenues	<u>8,362,685.07</u>	<u>7,385,353.72</u>
Operating Expenses:		
Salaries, Wages and Benefits	2,763,087.57	2,560,920.02
Contracted Services	744,233.71	559,803.97
Other Operating Expenses	1,826,175.47	1,812,502.54
Depreciation	2,155,378.36	2,255,812.45
Total Operating Expenses	<u>7,488,875.11</u>	<u>7,189,038.98</u>
Operating Income	<u>873,809.96</u>	<u>196,314.74</u>
Non-Operating Revenues (Expenses), Net:		
Interest Income	29,913.36	28,898.41
Interest Expense	(589,083.30)	(727,196.12)
Total Non-Operating Expenses, Net	<u>(559,169.94)</u>	<u>(698,297.71)</u>
Net Income/(Loss) Before Capital Contributions	<u>314,640.02</u>	<u>(501,982.97)</u>
Capital Contributions:		
Developer Impact Fees	981,624.00	-
Contribution of Property, Plant and Equipment	154,220.00	3,069,157.09
Total Capital Contributions	<u>1,135,844.00</u>	<u>3,069,157.09</u>
Net Income	<u>1,450,484.02</u>	<u>2,567,174.12</u>
Net Position, Beginning of Year	<u>58,326,228.06</u>	<u>55,759,053.94</u>
Net Position, End of Year	<u>\$ 59,776,712.08</u>	<u>\$ 58,326,228.06</u>

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**Exhibit C**

**STATEMENT OF CASH FLOWS**

	Years Ended November 30,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipt from Customers	\$ 8,250,130.17	\$ 7,468,407.21
Payments to Suppliers	(3,335,563.85)	(3,227,167.65)
Payments to Employees	(1,831,491.12)	(1,713,561.05)
Customers Meter Deposits	2,397.53	(1,109.08)
Net Cash Provided by Operating Activities	<u>3,085,472.73</u>	<u>2,526,569.43</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Transferred from Funds Held by Trustee	75,022.26	-
Purchase of Property, Plant and Equipment	(496,754.07)	(634,125.90)
Principal Payments on Bonds	(2,131,794.79)	(2,070,598.48)
Contributed Capital	981,624.00	-
Interest Paid on Bonds	(817,126.89)	(804,775.00)
Escrow (Disbursements) Deposits	40,404.58	(23,565.93)
Payment of Debt Issue Costs	(2,196.13)	(4,392.26)
Federal Emergency Assistance Aid Received	150,596.41	150,596.43
Net Cash Used for Capital and Related Financing Activities	<u>(2,200,224.63)</u>	<u>(3,386,861.14)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Investments	(8,322,027.16)	(6,500,189.76)
Proceeds from Sale of Investments	8,307,939.53	6,480,668.24
Interest Received	23,225.40	30,279.68
Net Cash Provided by Investing Activities	<u>9,137.77</u>	<u>10,758.16</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	894,385.87	(849,533.55)
Cash and Cash Equivalents, Beginning of Year	7,217,663.22	8,067,196.77
Cash and Cash Equivalents, End of Year	<u>\$ 8,112,049.09</u>	<u>\$ 7,217,663.22</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income	\$ 873,809.96	\$ 196,314.74
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	2,155,378.36	2,255,812.45
(Increase)/Decrease in User Charges Receivable	(111,743.06)	159,507.36
Decrease in Other Receivables	4,693.16	4,781.13
Decrease in Unearned Revenues	(5,505.00)	(81,235.00)
Increase/(Decrease) in Accounts Payable and Accrued Expenses	162,907.72	(57,372.95)
Increase in Compensated Absences Payables	3,534.06	49,870.78
Increase/(Decrease) in Customer Meter Deposits	2,397.53	(1,109.08)
Total Adjustments	<u>2,211,662.77</u>	<u>2,330,254.69</u>
Net Cash Provided by Operating Activities	<u>\$ 3,085,472.73</u>	<u>\$ 2,526,569.43</u>

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

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**A. DESCRIPTION OF ENTITY**

The East Windsor Municipal Utilities Authority (the "Authority") was created in 1965 by an ordinance of the Township of East Windsor, (the "Township") Mercer County, New Jersey, and is a public body politic and corporate of the State of New Jersey organized and existing pursuant to the Municipal Utilities Authority Law, constituting Chapter 183 of the Laws of 1957, of the State of New Jersey, as amended and supplemented.

The purposes for which the Authority was created include the acquisition and/or construction of plants and distribution systems to provide an adequate supply of water and the acquisition and/or construction of sewer facilities incident to the collection and treatment of sewerage for the relief of waters from pollution.

As a public body under existing statute, the Authority is exempt from both federal and state taxes.

The Governmental Accounting Standards Board ("GASB") Statement 14 requires that disclosure be made in the financial statements regarding the financial reporting entity of governmental units.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the primary government is not accountable but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body, and either the primary government is able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The Authority is a component unit of the primary government, the Township of East Windsor. The board of the Authority is appointed by the committee of the Township and under the agreement entered into by the Authority and the Township, the Township will provide for deficits resulting from failure or inability of the Authority to derive adequate revenues from operating the systems.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation and Accounting**

The Authority's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. In its accounting and financial reporting, the Authority follows the pronouncements of the GASB and other entities that promulgate accounting principles. Per GASB Statement 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, priority is established as to which source of accounting principles to utilize in determining proper accounting treatment. The hierarchy is as follows: GASB Statements and Interpretations; GASB Technical Bulletins; American Institute of Certified Public Accountants ("AICPA")

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

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**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation and Accounting (Continued)**

Industry Audit and Accounting Guides and AICPA Statements of Position, if applicable, and cleared by GASB; AICPA Practice Bulletins, if applicable, and cleared by GASB; Implementation Guides published by the GASB; AICPA pronouncements that are not specifically applicable to state and governmental entities; Financial Accounting Standards Board ("FASB") Statements and Interpretations; and Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee of Accounting Procedure issued on or before November 30 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are: (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (*i.e.*, *total assets net of total liabilities*) is segregated into "invested in capital assets, net of related bonds payable"; "restricted for capital improvements, for future debt service;" and "unrestricted" components. Water and Sewer revenues are recognized based on usage, and connection fees are recognized upon issuance of permits. Expenses are recorded when incurred.

**Cash and Cash Equivalents**

Cash and cash equivalents, for purposes of the statement of cash flows, include restricted and unrestricted cash on hand or on deposit, certificates of deposit, and investments with a original maturity of three months or less.

**Investments**

Investments are stated at cost which approximates market value.

**Restricted Assets**

Restricted assets represent cash and cash equivalents, investments and interest receivable maintained in accordance with bond resolutions, loan agreements and other resolutions and formal actions of the Authority or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities, and improvements and extensions to the utility systems.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

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**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Receivables**

Customer receivables represent service fees earned, but not yet collected. User charges receivable as of November 30, 2014 and 2013, were \$1,460,188.77 and \$1,348,445.71, respectively.

As of November 30, 2014 and 2013, the Authority has a receivable of \$0 and \$150,596.41, respectively, from Federal Emergency Management Assistance for costs incurred due to Superstorm Sandy and Hurricane Irene.

**Allowance for Doubtful Accounts**

Management considers all user charges receivable to be fully collectible; thus no allowance for doubtful accounts is required, if amounts become uncollectible, they will be charged to operations when that determination is made.

**Funds Held by Trustee**

The net proceeds from the series 2009 subordinated revenue bonds, received on November 6, 2008, and the series 2010 subordinated revenue bonds, received March 10, 2010, were placed with the Bank of New York.

The projects which were funded by these revenue bonds were certified completed during the year ended November 30, 2014 and the remaining monies were deposited into an escrow account for payment in 2018, by the Trustee, when bonds maturing in years 2021 through 2023 can be called for redemption.

At November 30, 2014, the Authority had \$463,589.11 held by the Trustee from the 2009 and 2010 New Jersey Environmental Infrastructure Trust and Loan Programs. These funds will be used to make interest and principal payments on the revenue bonds during the years ending November 30, 2015 through November 30, 2018.

See additional comments included under "Long-Term Debt".

**Developer Contributions**

Developer contributions received are recorded in the period received. Developer financed construction is recorded in the period in which applicable costs are incurred. Donated assets are recorded at fair market value at time of the contribution.

**Capital Assets**

Property, Plant and Equipment are stated at cost, which includes direct costs and other expenditures related to their acquisition.

System construction costs are charged to construction in progress until such time as given segments of the system are completed and put in operation.

Depreciation is determined on a straight-line basis for all property, plant and equipment.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

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**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

Building and Improvements	10-75 Years
Land Improvements	5-40 Years
<b>Machinery and Equipment</b>	
Water and Sewer Mains and Interceptors	5-75 Years
Water Wells and Pump Stations	5-50 Years
Other Equipment	5-40 Years
Office Furniture and Equipment	5-15 Years
Vehicles	5-10 Years

The Authority capitalizes any of the above with cost over \$5,000.

**Bond Premium**

Bond premium is amortized based on pro-rata basis of the principal payments made, which approximates the effective interest method. Bond premium as of November 30, 2014 and 2013, was \$504,520.62 and \$636,509.30, respectively.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Budgets**

Budgets, which are required by state statute, are adopted in accordance with regulations promulgated by the Department of Community Affairs ("DCA"). An annual appropriated budget is adopted for the operations of the Authority, subject to approval by the DCA. A capital program adopted by the Authority is management's six year plan for financing the estimated cost of addition or replacement of major fixed assets used in the Authority's operation.

**Net Position**

Equity is classified as net position and displayed in three components:

- 1) Net Investment in Capital Assets - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted - when constraints placed on net position are either a) externally imposed by creditors (such as the bond resolution), grantors, or laws or regulations of other governments, or b) imposed by law.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

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**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position (Continued)**

- 2) Restricted (Continued) - Presently, the Authority has two items of restricted net position which is required by the bond resolution. These restrictions are for capital improvements and future debt services.
- 3) Unrestricted - any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

**Interest Expense**

The Authority capitalizes the interest costs of restricted tax-exempt borrowings during the construction/acquisition period of certain qualifying assets as required by Financial Accounting Standards Board (FASB) Statement No. 34, "Capitalization of Interest Costs." The amount of interest expense is reduced by interest earned on the investment of the borrowed funds in accordance with FASB Statement No. 62, "Capitalization of Interest Costs in Situations Involving Certain Tax Exempt Borrowings and Certain Gifts and Grants."

**Compensated Absences Payable**

The Authority allows employees to earn vacation time based on the employee's length of service and time worked during the preceding year. No more than five unused vacation days may be carried forward to the following calendar year.

Unused sick leave may be carried forward into subsequent calendar years. Upon retirement, accumulated sick leave may be converted to a cash payment at a rate of not more than 50% of the employee's current hourly salary up to a maximum of \$15,000. If the employee leaves for reason other than retirement, unused sick pay is forfeited.

It is estimated that the costs of unpaid vacation time and sick time as of November 30, 2014 are \$53,864.37 and \$197,588.57, respectively, and as of November 30, 2013, are \$61,283.87 and \$186,635.01, respectively.

**Income Taxes**

No provision for income taxes has been made, as the Authority is exempt from federal and state income taxes.

**Unearned Revenue**

Revenues received by the Authority before the earnings process has been completed are recorded as unearned revenue. Unearned revenue as of November 30, 2014 and 2013, was \$176,880.00 and \$182,385.00, respectively.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

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**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Pronouncements**

The Governmental Account Standards Board has issued Statement No. 67, "Financial Reporting for Pensions Plans" effective for financial statements for fiscal years beginning after June 15, 2013, Statement No. 68, "Accounting and Financial Reporting for Pension Plans," and Statement No. 71, "Pension Transition for Contributions made subsequent to the Measurement Date - an amendment of No. 68." effective for fiscal years beginning after June 15, 2014. The objective of the statements is to improve information about financial support for pensions and improve financial reporting and accounting by state and local governmental pension plans. Statement No. 67 requires defined benefit pension plans to present two financial statements; a statement of fiduciary net position and a statement of changes in fiduciary net position, and requires additional disclosures about pension plan investments, assumptions used for the calculation of total pension liability, and the portion of present value of projected benefit payments attributable to members' past service credit. Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows and inflows, and expenses and requires the calculation and recording of a net pension liability and subsequent allocation of the unfunded liability to individual employers participating in the plans, including a proportionate share of the actuarial valuation. Full time employees of the Authority are covered by the PERS which is a cost sharing, multiple-employer defined benefit plan. As such, the Authority will receive information from the State of New Jersey for inclusion in its financial statements and disclosures. As required, the Authority plans to implement these standards for its fiscal year ending November 30, 2015.

The Governmental Accounting Standards Board issued Statement No. 72, "Fair Value Measurement and Application" effective for financial statements for periods beginning after June 15, 2015. This standard describes how fair value should be defined and measured, the use of various valuation techniques, and which information about fair value should be disclosed in the notes to the financial statements. The standard defines fair value as 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. The standard also states that investments generally should be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. However, certain investments, such as money market investments, continue to be excluded from measurement at fair value. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment. Statement No. 72 requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement. These assets previously were required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). The Authority is currently evaluating the impact of this Statement on the financial statements.



**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

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**C. ROUNDING**

Some amounts in the financial statements may have dollar differences due to rounding.

**D. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include petty cash, change funds, cash in banks, and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost which approximates fair value. U.S. Treasury and agency obligations and certificates of deposit with maturities of 90 days or less when purchased are stated at cost which approximate fair value. All other investments are stated at fair value.

**Deposits**

Cash and cash equivalents and investments include amounts on deposit, petty cash, change funds and short-term investments with original maturities of three months or less.

New Jersey authorities 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 Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey authorities. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies.

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.

GUDPA permits the deposit of public funds in the State of New Jersey Cash Management Fund or in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation ("FDIC") or by any other agencies of the United States that insure deposits. GUDPA requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

Each depository participating in the GUDPA system must pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million. The minimum 5% pledge applies to institutions that are categorized as "well capitalized" by federal banking standards. The percentage of the required pledge will increase for institutions that are less than "well capitalized."

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

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**D. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

No collateral is required for amounts covered by FDIC or National Credit Union Share Insurance Fund ("NCUSIF") insurance. The collateral which may be pledged to support these deposits includes obligations of the state and federal governments, insured securities and other collateral approved by the Department of Banking and Insurance. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged.

If a governmental depository fails and the FDIC or NCUSIF insurance does not insure or pay out the full amount of public deposits, the collateral pledged to protect these funds would first be liquidated and paid out. If this amount is insufficient, other institutions holding public funds would be assessed pro rata up to 4% of their uninsured public funds. Although these protections do not constitute a 100% guarantee of the safety of all funds, no governmental unit under GUDPA has ever lost protected deposits.

**Investments**

N.J.S.A. 40A:5-15.1 provides that public funds may be invested in the following types of securities when authorized by resolution adopted by a majority vote of all its members:

- a. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- b. Government Money Market Mutual Funds.
- c. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an Act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- d. Bonds or other obligations of the Township, or bonds or other obligations of the school districts of which the Township is a part or within which the school district is located.
- e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local Government Investment Pools.
- g. Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, C. 281 (C.52:18A:90.4).
- h. Agreements for the repurchase of fully collateralized securities if certain requirements apply.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

**D. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

N.J.S.A.52:18A-90.4 provides that the Director of the Division of Investment may, subject to the approval of the State Investments Council and the State Treasurer, establish, maintain and operate a common trust fund to be known as the State of New Jersey Cash Management Fund in which may be deposited the surplus public moneys of the state, its counties, municipalities and school districts and the agencies or authorities created by any of these entities. This fund shall be considered a legal depositor for public moneys.

Certificates of deposit with original maturities in excess of 90 days are included in investments.

The Authority's investments carried at fair value as of November 30, 2014, were:

Investment Type	Fair Value	Years	
		Less Than 1	1-5
Certificate of Deposits	\$ 5,766,175.92	\$ 5,766,175.92	\$ -
Total Investments	5,766,175.92	\$ 5,766,175.92	\$ -
<b>Bank</b>			
Fulton Bank	5,697,048.02		
BONY	2,330,771.49		
Wells Fargo	163,029.18		
Cash on Hand	225.00		
Total Cash and Cash Equivalents	8,191,073.69		
Total Cash, Cash Equivalents and Investments	\$ 13,957,249.61		

The Authority's investments carried at fair value as of November 30, 2013, were:

Investment Type	Fair Value	Years	
		Less Than 1	1-5
Certificate of Deposits	\$ 5,752,088.29	\$ 5,494,427.11	\$ 257,661.18
Total Investments	5,752,088.29	\$ 5,494,427.11	\$ 257,661.18
<b>Bank</b>			
The Bank	3,810,724.67		
BONY	3,380,316.01		
Wells Fargo	120,506.72		
Cash on Hand	225.00		
Total Cash and Cash Equivalents	7,311,772.40		
Total Cash, Cash Equivalents and Investments	\$ 13,063,860.69		

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

**D. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk Related to Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. Although the Authority does not have a formal policy for custodial credit risk, other than those policies that adhere to the requirements of statute, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the FDIC. Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust fund such as salary withholdings and funds that may pass to the authority relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At November 30, 2014 and 2013, the Authority's bank balances of \$13,957,249.61 and \$13,063,860.69, respectively, were insured and collateralized as follows:

	November 30,	
	2014	2013
Insured and Collateralized	\$ 663,029.00	\$ 602,507.00
Uninsured and Collateralized	13,294,220.61	12,461,353.69
	<u>\$ 13,957,249.61</u>	<u>\$ 13,063,860.69</u>

**E. PROPERTY, PLANT AND EQUIPMENT**

	Balance November 30, 2013	Additions	Deletions	Balance November 30, 2014
Land and Land Improvements	\$ 5,036,704.32	\$ -	\$ -	\$ 5,036,704.32
Buildings and Improvements	21,787,235.96	27,676.76	-	21,814,912.72
Machinery and Equipment	75,702,595.23	686,594.99	113,972.00	76,275,218.22
Construction in Progress	236,252.10	326,972.73	390,270.41	172,954.42
	<u>102,762,787.61</u>	<u>1,041,244.48</u>	<u>504,242.41</u>	<u>103,299,789.68</u>
Less: Accumulated Depreciation	<u>37,655,671.83</u>	<u>2,155,378.36</u>	<u>113,972.00</u>	<u>39,697,078.19</u>
	<u>\$ 65,107,115.78</u>	<u>\$ (1,114,133.88)</u>	<u>\$ 390,270.41</u>	<u>\$ 63,602,711.49</u>

	Balance November 30, 2012	Additions	Deletions	Balance November 30, 2013
Land and Land Improvements	\$ 5,042,944.32	\$ -	\$ 6,240.00	\$ 5,036,704.32
Buildings and Improvements	20,957,514.23	857,297.10	27,575.37	21,787,235.96
Machinery and Equipment	72,603,863.79	3,619,625.85	520,894.41	75,702,595.23
Construction in Progress	699,892.06	90,550.68	554,190.64	236,252.10
	<u>99,304,214.40</u>	<u>4,567,473.63</u>	<u>1,108,900.42</u>	<u>102,762,787.61</u>
Less: Accumulated Depreciation	<u>35,954,569.16</u>	<u>2,255,812.45</u>	<u>554,709.78</u>	<u>37,655,671.83</u>
	<u>\$ 63,349,645.24</u>	<u>\$ 2,311,661.18</u>	<u>\$ 554,190.64</u>	<u>\$ 65,107,115.78</u>

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

**E. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Included in property, plant and equipment balance at November 30, 2014 and 2013, is \$775,000.00, the estimated amount due to the New Jersey Turnpike Authority for the construction associated with the installation of a water main. The New Jersey Turnpike Authority and the Authority entered into an agreement and the Authority adopted a resolution on June 16, 2011, wherein they agreed to be responsible for the payment of the entire cost of the water main including the engineering design and construction management costs a sum not to exceed one million, one hundred thousand (\$1,100,000.00) dollars. A construction contract was awarded by the New Jersey Turnpike Authority in July 2011 in the amount of \$775,000.00. The construction of the water main was completed November 30, 2013, and the amount of \$775,000.00 has been recorded as account payable - construction at November 30, 2014 and 2013, respectively.

During the fiscal year ended November 30, 2014, one residential development was completed including water and wastewater improvements in the amount of \$154,220.00.

These improvements were contributed to the East Windsor Municipal Utilities Authority and are included in capital assets at fair market value at time of contribution.

A summary of the contributed additions to capital assets are provided below:

	November 30, 2014		
	Water	Wastewater	Total
Equipment	\$ 38,555.00	\$ 115,665.00	\$ 154,220.00
Total	<u>\$ 38,555.00</u>	<u>\$ 115,665.00</u>	<u>\$ 154,220.00</u>
	November 30, 2013		
	Water	Wastewater	Total
Building	\$ -	\$ 857,297.10	\$ 857,297.10
Equipment	403,084.00	1,808,775.99	2,211,859.99
Total	<u>\$ 403,084.00</u>	<u>\$ 2,666,073.09</u>	<u>\$ 3,069,157.09</u>

**F. LONG TERM DEBT**

The Authority issues revenue bonds to provide funds for the acquisition and construction of capital facilities.

Revenue bonds currently outstanding are as follows:

	November 30,	
	2014	2013
Series 2009 Subordinated Revenue Bonds – On November 6, 2008, loan agreements were executed between the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection and the New Jersey Environmental Infrastructure Trust whereby commitments were made for the Authority to have loans not to exceed		

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS**

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**F. LONG TERM DEBT (CONTINUED)**

November 30,	
2014	2013

\$29,666,220.00. The loan agreements contain provisions for repayment during the years 2011 through 2023. Provision has been made for the capitalization of interest for the first twenty-two months of all bonds issued. The interest rate for the New Jersey Environmental Trust portion of the loans (\$16,980,000.00) ranges between 5.0% and 5.50%, no interest is paid on the Fund portion of the loans (\$12,686,220.00).

The Authority received notice in a letter dated February 12, 2014, from the State of New Jersey Department of Environmental Protection that the remaining fund share of the loan in the amount of \$2,650,076.00 would be de-obligated and that pursuant to P.L. 2008 Chapter 68 appropriated application to reduce the amount of fund loan for this project would be made by the Commissioner of the New Jersey Department of Environmental Protection. Included with this letter was a revised fund loan repayment schedule reducing the loan payment for August 1, 2019 by \$298,842.28 and eliminating total payments from February 1, 2020 through August 1, 2023 in the amount of \$2,351,233.72.

In addition the Authority received another notification from the New Jersey Environmental Infrastructure Trust (NJEIT) dated August 5, 2014 stating that the Authority had received on February 12, 2014 notification of a final loan decrease from the Department of Environmental Protection based upon project completion. The notice indicated that in accordance with section 5.02(4)(a) of the Bond Resolution, the remaining funds in the East Windsor Municipal Utilities Loan Account were included in a current defeasance completed on July 18, 2014 by the NJEIT.

Included with this notice was a revised trust loan repayment schedule reducing the future principal payments on August 1, 2021 by \$730,000.00, August 1, 2022 by \$900,000.00 and August 1, 2023 by \$950,000.00 for a total reduction of \$2,580,000.00.

Funds in the amount of \$3,058,433.66 were deposited in the Defeasance account established with The Bank of New York Mellon, as Trustee. These funds shall be invested (in securities which are state and local government securities) and transferred to the Debt Service Fund in the amounts and at times set forth in accordance with section 5.02(4)(a) of the Bond Resolution.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS**

**F. LONG TERM DEBT (CONTINUED)**

The trust irrevocably instructs the trustee to apply the principal of and interest earned on the defeasance securities through and including the redemption date to the payment of (i) all of the interest due from September 1, 2014 through the redemption date September 1, 2018 and (ii) all of the outstanding principal to be defeasance that will be outstanding on the redemption date (\$2,580,000.00).

November 30,	
2014	2013
\$16,410,585.02	\$23,728,926.18

Series 2010 Subordinated Revenue Bonds - On March 10, 2010, loan agreements were executed between the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection and the New Jersey Environmental Infrastructure Trust whereby commitments were made for the Authority to have loans not to exceed \$889,220.00. In addition to the loan amounts, the Authority was awarded \$878,440.00 in a Federal Stimulus Grant under the American Recovery and Reinvestment Act of 2009. The funds will be used for improvements and upgrades to the Millstone Road Water Pollution Control Facility. The loan agreements contain provisions for repayment during the years 2011 through 2029. Provision has been made for the capitalization of interest for the first twenty-two months of all bonds issued. The interest rate for the New Jersey Environmental Trust portion of the loan, \$450,000.00, ranges between 3.00% to 5.0%, no interest is paid on the Fund portion of the loans totaling \$439,220.00.

737,944.69	781,474.32
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The Authority was notified in November 2014 that the project funded by this series of revenue bonds was certified complete and that the remaining funds in the project fund (\$52,944.00) would be held by the US Bank and be applied against the projects loan repayments. Based on conservative estimates of interest earnings it is anticipated that there will be sufficient funds available to make full payments towards the February 2015 through February 2016 debt service payments and a partial payment toward the August 2016 debt service payment.

Total Bonds Payable	17,148,529.71	24,510,400.50
Less: Current Portion	<u>2,186,532.35</u>	<u>2,131,794.79</u>
Long Term Debt	<u>\$14,961,997.36</u>	<u>\$22,378,605.71</u>

A summary of maximum annual Debt Service for principal and interest for bonded debt issued and outstanding at November 30, 2014, is provided below (maximum debt service shall be reduced by allocable interest income credits from the various funds established in accordance with the New Jersey Wastewater Treatment Trust resolution):

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS**

**F. LONG TERM DEBT (CONTINUED)**

<u>Year Ending</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
November 30, 2015	\$ 2,739,407.35	\$ 2,186,532.35	\$ 552,875.00
November 30, 2016	2,733,436.14	2,239,811.14	493,625.00
November 30, 2017	2,731,187.07	2,299,562.07	431,625.00
November 30, 2018	2,731,650.67	2,365,025.67	366,625.00
November 30, 2019	2,433,300.77	2,134,925.77	298,375.00
November 30, 2020-2024	6,166,099.32	5,650,024.32	516,075.00
November 30, 2025-2029	291,348.39	272,648.39	18,700.00
	<u>\$ 19,826,429.71</u>	<u>\$ 17,148,529.71</u>	<u>\$ 2,677,900.00</u>

A summary of the activity in the Authority's principal portion of its debt is as follows:

	<u>Balance November 30, 2013</u>	<u>Principal Payments</u>	<u>Defeased</u>	<u>Balance November 30, 2014</u>
Series 2009 Subordinated Revenue Bonds	\$23,728,926.18	\$2,088,265.16	\$5,230,076.00	\$16,410,585.02
Series 2010 Subordinated Revenue Bonds	<u>781,474.32</u>	<u>43,529.63</u>	<u>-</u>	<u>737,944.69</u>
	<u>\$24,510,400.50</u>	<u>\$2,131,794.79</u>	<u>\$5,230,076.00</u>	<u>\$17,148,529.71</u>
	<u>Balance November 30, 2012</u>	<u>Principal Payment</u>	<u>Defeased</u>	<u>Balance November 30, 2013</u>
Series 2009 Subordinated Revenue Bonds	\$25,760,995.03	\$2,032,068.85	\$ -	\$23,728,926.18
Series 2010 Subordinated Revenue Bonds	<u>820,003.95</u>	<u>38,529.63</u>	<u>-</u>	<u>781,474.32</u>
	<u>\$26,580,998.98</u>	<u>\$2,070,598.48</u>	<u>\$ -</u>	<u>\$24,510,400.50</u>

**G. PENSION PLAN**

Description of Plans

All eligible employees of the Authority are covered by the Public Employees' Retirement System which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (the "Division"). The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the PERS.

The following is a brief description of the above mentioned plan as taken from the June 30, 2014, comprehensive annual financial report of the State of New Jersey:

"Public Employees' Retirement System (PERS) - established in January 1955, under the provisions of N.J.S.A.43:15A to provide coverage, including post-retirement healthcare, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State- administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement healthcare coverage."



EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS

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**G. PENSION PLAN (CONTINUED)**

Description of Plans (Continued)

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The state established and administers a Supplemental Annuity Collective Trust Fund ("SACT") which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PERS is funded directly by the respective system, but is currently suspended as a result of reform legislation.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above system, fund and trust. The financial reports may be accessed via the New Jersey Division of Pension and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

Contribution Requirement

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of the contributions by the State of New Jersey contingent upon the annual Appropriation Act. As defined, the various retirement systems require employee contributions based on percentages ranging from 6.9 percent to 10.0 percent of employees' annual compensation.

During the year ended June 30, 2014, for PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension costs differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

Three-Year Trend Information for PERS		
Year Funding	Annual Pension Cost (APC)	Percentage of Covered Payroll
6/30/14	\$162,593.00	9.59%
6/30/13	164,858.71	10.31%
6/30/12	169,432.00	11.39%

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS**

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**H. SERVICE CONTRACTS WITH EAST WINDSOR**

In accordance with terms of the Service Contract dated June 1, 1965, as amended, between the Authority and the Township of East Windsor, the Township will pay service charges to the Authority of a sum equal to the excess (if any) of all expenditures of the water/sewer fund of the Authority over water/sewer fund receipts of the Authority for any fiscal year.

No amounts have been accrued or paid by the Township to the Authority under the terms of the service contract through the fiscal year ended November 30, 2014 and 2013.

**I. DEVELOPERS' AGREEMENTS (WATER AND SEWER FACILITIES TRUST ACCOUNT)**

The Authority has negotiated Capacity Allocation and Developer's On-Tract and Off-Tract Agreements and an Agreement for Payment in Lieu of Construction of a Satellite Treatment Plant with various developers. The Authority will receive a total of \$14,236,177.98 of cash and construction in kind, with respect to these agreements. As of November 30, 2014 and 2013, the Authority had received \$11,432,639.85 and \$10,451,015.85 respectively, in cash and construction in kind. These funds are restricted for capital improvements. Cash restricted for capital improvements at November 30, 2014 and 2013, is \$3,759,904.00 and \$2,761,131.00, respectively.

**J. RISK MANAGEMENT**

The Authority is exposed to various risks of losses related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There was no reduction in commercial coverage during the year.

**K. LITIGATION**

The Authority is a defendant in a matter under litigation. In the opinion of the Authority's management, this matter will not have a material adverse effect on the financial position of the Authority in the event of unfavorable or adverse outcome.

**L. SUBSEQUENT EVENTS**

Management has evaluated subsequent events that occurred after the statement of net position date but before the date the financial statements were available to be issued. No items were noted by management that required disclosure.

## **SUPPLEMENTARY INFORMATION**

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
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**Schedule 1  
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**BUDGETARY COMPARISON SCHEDULE**

For the Year Ended November 30, 2014

With Comparative Actual Amounts for the Year Ended November 30, 2013

	2014 Water		2014 Sewer		2014 Combined		2013 Combined	
	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual
<b>Operating Revenues:</b>								
Retained Earnings Appropriated	\$ 1,321,046.00	\$ 1,321,046.00	\$ 1,132,597.00	\$ 1,132,597.00	\$ 2,453,643.00	\$ 2,453,643.00	\$ 1,331,869.00	\$ 1,331,869.00
User Charges	2,757,300.00	2,957,221.44	4,106,350.00	4,103,067.64	6,863,650.00	7,060,289.08	6,931,942.41	6,931,942.41
Delinquent Penalties	16,400.00	11,083.74	24,600.00	14,639.16	41,000.00	25,722.90	28,083.69	28,083.69
Connection Fees	308,000.00	975,488.00	215,475.00	101,578.00	523,475.00	1,077,066.00	119,045.00	119,045.00
Laboratory Fees	-	-	10,200.00	9,100.00	10,200.00	9,100.00	10,055.00	10,055.00
Interest Income	16,000.00	12,563.61	24,000.00	17,349.75	40,000.00	29,913.36	28,898.41	28,898.41
Other Income	101,250.00	97,430.54	118,250.00	93,076.55	219,500.00	190,507.09	296,227.62	296,227.62
<b>Total Revenues</b>	<b>4,519,996.00</b>	<b>5,374,833.33</b>	<b>5,631,472.00</b>	<b>5,471,408.10</b>	<b>10,151,468.00</b>	<b>10,846,241.43</b>	<b>8,746,121.13</b>	<b>8,746,121.13</b>
<b>Operating Expenses:</b>								
<b>Costs of Providing Services:</b>								
Labor	534,300.00	557,173.05	883,000.00	797,448.34	1,417,300.00	1,354,621.39	1,333,560.90	1,333,560.90
Employee Benefits	293,800.00	281,535.07	446,400.00	425,397.69	740,200.00	706,932.76	683,242.11	683,242.11
Materials and Supplies	176,900.00	168,442.15	317,350.00	273,097.04	494,250.00	441,539.19	458,578.40	458,578.40
Repairs and Maintenance	103,850.00	161,499.01	134,300.00	246,168.79	238,150.00	407,667.80	376,075.77	376,075.77
Contracted Services	210,450.00	233,210.69	406,000.00	330,827.59	616,450.00	564,038.28	384,956.45	384,956.45
Utilities	354,500.00	287,572.02	515,500.00	463,698.22	870,000.00	751,270.24	735,571.35	735,571.35
Insurance	39,800.00	38,899.10	66,800.00	65,071.41	106,600.00	103,970.51	92,865.47	92,865.47
Other	37,750.00	38,285.54	31,000.00	26,957.39	68,750.00	65,242.93	61,693.11	61,693.11
<b>Total Cost of Providing Services</b>	<b>1,751,350.00</b>	<b>1,766,616.63</b>	<b>2,800,350.00</b>	<b>2,628,666.47</b>	<b>4,551,700.00</b>	<b>4,395,283.10</b>	<b>4,126,543.56</b>	<b>4,126,543.56</b>
<b>Administrative and General Expenses:</b>								
Labor	188,650.00	243,186.99	188,650.00	243,186.99	377,300.00	486,373.98	379,492.03	379,492.03
Employee Benefits	97,713.00	107,579.72	97,713.00	107,579.72	195,426.00	215,159.44	164,624.68	164,624.68
Materials and Supplies	8,250.00	5,890.99	8,250.00	5,891.00	16,500.00	11,781.99	22,315.26	22,315.26
Contracted Services	89,525.00	90,097.72	89,525.00	90,097.71	179,050.00	180,195.43	174,847.52	174,847.52
Utilities	14,475.00	9,131.49	14,475.00	9,131.50	28,950.00	18,262.99	25,676.41	25,676.41
Insurance	5,500.00	5,671.96	5,500.00	5,671.96	11,000.00	11,343.92	18,252.65	18,252.65
Other	11,900.00	7,547.95	11,900.00	7,547.95	23,800.00	15,095.90	21,474.42	21,474.42
<b>Total Administrative and General Expenses</b>	<b>\$ 416,013.00</b>	<b>\$ 469,106.82</b>	<b>\$ 416,013.00</b>	<b>\$ 469,106.83</b>	<b>\$ 832,026.00</b>	<b>\$ 938,213.65</b>	<b>\$ 806,682.97</b>	<b>\$ 806,682.97</b>

## For the Year Ended November 30, 2014

	<u>2014 Water</u>		<u>2014 Sewer</u>		<u>2014 Combined</u>	<u>2013 Combined</u>
	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual
Interest Expense	\$ 359,080.00	\$ 275,216.62	\$ 313,866.00	\$ 313,866.68	\$ 672,946.00	\$ 727,196.12
Other Costs Funded by Revenues:						
Principal Maturity	1,194,553.00	1,194,552.29	937,243.00	937,242.50	2,131,796.00	2,070,598.48
Capital Outlay, Net	799,000.00	118,571.78	1,164,000.00	378,182.29	1,963,000.00	634,125.90
Total Costs Funded by Revenues	4,519,996.00	3,824,064.14	5,631,472.00	4,727,064.77	10,151,468.00	8,365,147.03
Add: Excess Revenues Over Costs	-	1,550,769.19	-	744,343.33	-	380,974.10
	<u>\$ 4,519,996.00</u>	<u>\$ 5,374,833.33</u>	<u>\$ 5,631,472.00</u>	<u>\$ 5,471,408.10</u>	<u>\$ 10,151,468.00</u>	<u>\$ 8,746,121.13</u>
Reconciliation to Net Income:						
Excess from Above-Budgetary Basis						
					2014 Actual	2013 Actual
					\$ 2,295,112.52	\$ 380,974.10
Adjustments to Budgetary Basis:						
Depreciation Expense					(2,155,378.36)	(2,255,812.45)
Capital Outlay, Net					496,754.07	634,125.90
Debt Service - Principal					2,131,794.79	2,070,598.48
Developer Contributions					1,135,844.00	3,069,157.09
Retained Earnings Appropriated					(2,453,643.00)	(1,331,869.00)
Increase in Net Position					\$ 1,450,484.02	\$ 2,567,174.12

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
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SCHEDULE OF WATER AND SEWER REVENUE BONDS

NOVEMBER 30, 2014

	Date of Issue	Amount of Original Issue	Interest Rates	Maturity Dates	Amount	Balance Dec. 1, 2013	Paid		Balance Nov. 30, 2014
							Dec. 1, 2013 to Nov. 30, 2014	Defeased/ Cancelled	
New Jersey Environmental Infrastructure Trust, Series 2009A - Clean Water Trust Loan	11/6/2009	\$ 7,715,000.00		8/1/2015	530,000.00				
				8/1/2016	555,000.00				
				8/1/2017	580,000.00				
				8/1/2018	610,000.00				
				8/1/2019	640,000.00				
				8/1/2020	675,000.00				
				8/1/2021	710,000.00				
				8/1/2022	750,000.00				
				8/1/2023	790,000.00				
						\$ 6,345,000.00	\$ 505,000.00	\$ -	\$ 5,840,000.00
New Jersey Environmental Infrastructure Trust, Series 2009A - Clean Water Fund Loan	11/6/2009	5,036,636.00	None	2/1/2015	71,445.79				
				8/1/2015	317,151.18				
				2/1/2016	65,303.16				
				8/1/2016	322,598.42				
				2/1/2017	58,870.77				
				8/1/2017	327,755.92				
				2/1/2018	52,148.65				
				8/1/2018	334,941.64				
				2/1/2019	45,078.82				
				8/1/2019	341,779.67				
				2/1/2020	37,290.42				
				8/1/2020	350,217.10				
				2/1/2021	28,684.94				
				8/1/2021	357,837.45				
				2/1/2022	19,633.25				
				8/1/2022	367,329.55				
				2/1/2023	10,071.60				
				8/1/2023	376,311.86				
						3,873,163.06	388,712.87	-	3,484,450.19

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
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SCHEDULE OF WATER AND SEWER REVENUE BONDS (CONTINUED)

NOVEMBER 30, 2014

	Date of Issue	Amount of Original Issue	Interest Rates	Maturity Dates	Amount	Balance Dec. 1, 2013	Reduced		Balance Nov. 30, 2014
							Paid	Defeased/Cancelled	
New Jersey Environmental Infrastructure Trust, Series 2009A - Drinking Water Trust Loan	11/6/2009	9,650,000.00	5.0%-5.500%	8/1/2015	635,000.00				
				8/1/2016	665,000.00				
				8/1/2017	700,000.00				
				8/1/2018	735,000.00				
				8/1/2019	770,000.00				
				8/1/2020	810,000.00				
				8/1/2021	125,000.00	7,625,000.00	605,000.00	2,580,000.00	4,440,000.00
New Jersey Environmental Infrastructure Trust, Series 2009A - Drinking Water Fund Loan	11/6/2009	7,649,584.00	None	2/1/2015	108,590.17				
				8/1/2015	480,815.58				
				2/1/2016	99,284.53				
				8/1/2016	489,095.40				
				2/1/2017	89,539.26				
				8/1/2017	499,866.49				
				2/1/2018	79,281.08				
				8/1/2018	510,124.67				
				2/1/2019	68,509.99				
				8/1/2019	221,027.66	5,885,763.12	589,552.29	2,650,076.00	2,646,134.83
Trust, Series 2010A-CW ARRA Trust Loan	3/10/2010	450,000.00	3.0% - 5.0%	8-1-2015-18	20,000.00				
				8-1-2019-24	25,000.00				
				8-1-2025-28	30,000.00				
				8/1/2029	35,000.00	405,000.00	20,000.00	-	385,000.00
New Jersey Environmental Infrastructure Trust, Series 2010A-CW ARRA Fund Loan	3/10/2010	439,220.00		8-1-2015-28	15,686.42				
				2-1-2015-29	7,843.21				
				8/1/2029	15,686.66	376,474.32	23,529.63	-	352,944.69
						<u>\$ 24,510,400.50</u>	<u>\$ 2,131,794.79</u>	<u>\$ 5,230,076.00</u>	<u>\$ 17,148,529.71</u>

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**ROSTER OF OFFICIALS  
(UNAUDITED)  
At November 30, 2014**

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Authority Members

Linda L. Moore  
Marc Lippman  
Steven A. Kurs  
Leonard J. Millner  
Marc Platizky  
William P. Lawler  
Michael Shifman

Position

Chairperson  
Vice Chairperson  
Secretary  
Treasurer  
Assistant Secretary-Treasurer  
Alternate Member #1  
Alternate Member #2

Other Officials

Richard Brand  
Appleton Fryer  
Clark Wolverton  
Carlin P. Lovejoy, Jr.  
Dolores Borosko  
Ronald A. Ghrist  
Maryann Hutchinson

Executive Director  
General Manager/Development  
Superintendent-Wastewater  
Superintendent-Water  
Administrative Assistant  
Financial Officer  
Purchasing Agent/Accounts  
Payable Clerk  
Accounts Receivable Clerk  
Attorney

Karen L. Dinardo  
Edwin W. Schmierer,  
(Mason, Griffin & Pierson)  
Hatch Mott MacDonald

Consulting Engineers