

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

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

NOVEMBER 30, 2012

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

We have audited the accompanying financial statements of East Windsor Municipal Utilities Authority, a component unit of the Township of East Windsor, as of and for the years ended November 30, 2012 and 2011. These financial statements are the responsibility of East Windsor Municipal Utilities Authority's (the "Authority") management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2012 and 2011, and the changes in its net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated June 12, 2013 and May 3, 2012, respectively 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 other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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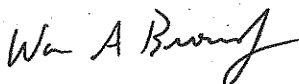
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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages five through ten 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 basic financial statements of the Authority taken as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audits 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information of the East Windsor Municipal Utilities Authority, its board members, management and the State of New Jersey, and is not intended to be and should not be used by anyone other than these specified parties.



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

MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

June 12, 2013

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

The Honorable Board Members of
East Windsor Municipal Utilities Authority

We have audited the financial statements of East Windsor Municipal Utilities Authority (the "Authority"), a component unit of the Township of East Windsor, as of and for the year ended November 30, 2012, and have issued our report thereon dated June 12, 2013. We conducted our audit 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, and the audit requirements prescribed by the State of New Jersey.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

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

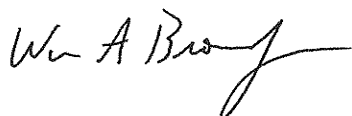
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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.

This report is intended solely for the information of the East Windsor Municipal Utilities Authority, its board members, management and the State of New Jersey, and is not intended to be and should not be used by anyone other than these specified parties.



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

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

June 12, 2013

**MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED**

This section of the annual report presents management's analysis of the Authority's financial condition and activities for the year. This information should be read in conjunction with the Authority's financial statements.

Financial Highlights

The Authority's net position of \$56,490,374 decreased by \$444,758 or 0.78% compared to November 30, 2011. Total operating revenues for the year ended November 30, 2012, decreased by \$115,708 (1.65%) and the total operating expenses decreased by \$3,981 (0.06%) when compared to the amounts for the year ended November 30, 2011.

This resulted in a operating loss of \$218,854 for the year ended November 30, 2012, compared to an operating loss of \$107,127 for the year ended November 30, 2011. When non-operating revenues, net of expenses, for the years ended November 30, 2012 and 2011 of (\$429,640) and (\$788,887), respectively are taken into consideration the Authority ended the year ended November 30, 2012, with a decrease in net position of \$444,758 and the year ended November 30, 2011, with an decrease in net position of \$699,774.

Income from user charges increased by \$68,710 or 1.13% compared to fiscal year ended November 30, 2011.

Income from new connections decreased by \$164,536 or 24.72% compared to fiscal year ended November 30, 2011

Investment income decreased by \$41,314 in 2012. The decrease was a result of lower short-term interest rates.

Employee wages and benefits, materials and supplies increased by \$173,259, while contracted services, repairs and maintenance and insurance expenses decreased by \$256,513. Depreciation expense increased by \$141,062, resulting from the increase in depreciable fixed assets from construction in progress. The overall decrease in total operating expenses in 2012 was \$3,981 when compared to 2011.

The Authority's outstanding debt at November 30, 2012, was \$26,580,999 a decrease of \$2,012,943 when compared to November 30, 2011.

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED**

Overview of Annual Financial Report (Continued)

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, 2012 and 2011:

Table 1
Condensed Summary of Net Position

| | 2012 | November 30, 2011 | 2010 | 2011-2012 Change |
|--|----------------------|----------------------|----------------------|-----------------------|
| Assets: | | | | |
| Current Assets - Unrestricted | \$ 10,481,922 | \$ 12,080,756 | \$ 11,668,383 | \$ (1,598,834) |
| Restricted Assets | 10,947,189 | 10,223,128 | 14,488,325 | 724,061 |
| Capital Assets (Net of Depreciation) | 63,349,645 | 64,775,254 | 64,334,341 | (1,425,609) |
| Other Assets | 731,320 | 778,809 | 824,275 | (47,489) |
| Total Assets | \$ 85,510,076 | \$ 87,857,947 | \$ 91,315,324 | \$ (2,347,871) |
| Liabilities: | | | | |
| Current Liabilities: | | | | |
| Payable from Unrestricted: | | | | |
| Current Assets | \$ 583,287 | \$ 587,143 | \$ 454,475 | \$ (3,856) |
| Restricted Assets | 3,025,057 | 2,774,191 | 3,614,451 | 250,866 |
| Non-Current Liabilities | 25,411,358 | 27,561,481 | 29,611,493 | (2,150,123) |
| Total Liabilities | \$ 29,019,702 | \$ 30,922,815 | \$ 33,680,419 | \$ (1,903,113) |
| Net Position: | | | | |
| Invested in Capital Fixed Assets, Net of | | | | |
| Revenue Bonds Payable | \$ 44,609,949 | \$ 44,621,459 | \$ 45,315,072 | \$ (11,510) |
| Restricted for: | | | | |
| Capital Improvements | 2,771,576 | 2,561,790 | 2,359,577 | 209,786 |
| Future Debt Service | 312,365 | - | 856,348 | 312,365 |
| Unrestricted | 8,796,484 | 9,751,883 | 9,103,909 | (955,399) |
| Total Net Position | \$ 56,490,374 | \$ 56,935,132 | \$ 57,634,906 | \$ (444,758) |

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 \$56,490,374 at November 30, 2012, a decrease of \$444,758 for the fiscal year ended November 30, 2012.

The largest portion of the Authority's net position (\$44,609,949 or 78.9% at November 30, 2012) is reflected in its investment in capital assets, as shown on Table 2. 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 decreased by \$444,758 and unrestricted net position decreased by \$955,399 in 2012.

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, 2012 and 2011.

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

| | 2012 | November 30, 2011 | 2010 | 2011-2012 Change |
|---|---------------|----------------------|---------------|---------------------|
| <u>Revenues</u> | | | | |
| Operating Revenues: | | | | |
| User Charges | \$ 6,145,630 | \$ 6,076,920 | \$ 6,167,426 | \$ 68,710 |
| Connection Fees | 500,945 | 665,481 | 93,460 | (164,536) |
| Other | 265,892 | 285,774 | 217,897 | (19,882) |
| Total Operating Revenues | 6,912,467 | 7,028,175 | 6,478,783 | (115,708) |
| Non-Operating Revenues | | | | |
| Interest Income | 49,341 | 90,655 | 105,515 | (41,314) |
| Capital Contribution - Developers | 203,736 | 196,240 | | 7,496 |
| Federal Aid | 346,970 | | 878,440 | 346,970 |
| Total Non-Operating Revenue | 600,047 | 286,895 | 983,955 | 313,152 |
| Total Revenues | 7,512,514 | 7,315,070 | 7,462,738 | 197,444 |
| <u>Expenses</u> | | | | |
| Operating Expenses: | | | | |
| Cost of Providing Services | 4,066,610 | 4,197,748 | 4,247,811 | (131,138) |
| General and Administrative | 805,418 | 819,323 | 751,386 | (13,905) |
| Depreciation | 2,259,293 | 2,118,231 | 1,797,250 | 141,062 |
| Total Operating Expenses | 7,131,321 | 7,135,302 | 6,796,447 | (3,981) |
| Non-Operating Expenses | | | | |
| Interest Expense | 778,462 | 401,415 | | 377,047 |
| Amortization | 47,489 | 45,465 | | 2,024 |
| Arbitrage Rebate Adjustment | | | 123,718 | |
| Loss from Abandonment of Property, Plant and Equipment | | 432,662 | | (432,662) |
| Total Non-Operating Expenses | 825,951 | 879,542 | 123,718 | (53,591) |
| Total Expenses | 7,957,272 | 8,014,844 | 6,920,165 | (57,572) |
| Change in Net Position | (444,758) | (699,774) | 542,573 | 255,016 |
| Net Position, Beginning of the Year | 56,935,131 | 57,634,905 | 57,092,332 | (699,774) |
| Net Position, End of the Year | \$ 56,490,373 | \$ 56,935,131 | \$ 57,634,905 | \$ (444,758) |

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 2012 increased by \$197,444 (2.69%) and total expenses decreased by \$57,572 (.72%) over 2011.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED**

Operating Activities (Continued)

The items which were responsible for the major changes in net position for the year ended November 30, 2012 included:

User charges increased \$68,710 (1.13%) when compared to 2011.

Connection fees charged to new customers decreased by \$164,536 (24.72%), when compared to 2011.

Interest expenses increased \$377,047. This was an increase of (93.93%) for the year ended November 30, 2012.

Interest earned on invested funds decreased by \$41,314 when compared to 2011. This resulted from lower short-term rates in 2012.

Federal grant income increased by \$346,970 for the year ended November 30, 2012. Federal Emergency Assistance Aid was awarded in the total amount of \$346,970 as a result of damages and expenditures incurred during Hurricane Irene in 2011 and Superstorm Sandy in 2012.

Due to the capital improvement programs made to the water and wastewater systems during the period from 2009 through 2011, in the year ended November 30, 2011, the Authority, recorded a loss of \$432,662 for property, plant and equipment abandoned.

Capital Assets and Debt Administration

Capital Assets

Table 3 summarizes the changes in capital assets at November 30, 2012 and 2011.

Table 3
Capital Assets - Net of Depreciation

| | November 30, | | | 2011-2012 |
|---|---------------|---------------|---------------|----------------|
| | 2012 | 2011 | 2010 | Change |
| Land, Land Rights and Improvements | \$ 5,042,944 | \$ 4,878,447 | \$ 3,723,456 | \$ 164,497 |
| Buildings and Improvements | 20,957,514 | 17,749,678 | 8,721,018 | 3,207,836 |
| Machinery and Equipment | 72,603,864 | 72,035,710 | 59,996,659 | 568,154 |
| Construction in Progress | 699,892 | 3,806,696 | 24,868,955 | (3,106,804) |
| | 99,304,214 | 98,470,531 | 97,310,088 | 833,683 |
| Less: Accumulated Depreciation | 35,954,569 | 33,695,276 | 32,975,747 | 2,259,293 |
| Total Capital Assets, Net of Depreciation | \$ 63,349,645 | \$ 64,775,255 | \$ 64,334,341 | \$ (1,425,610) |

At November 30, 2012, the Authority's investment in capital assets was \$99,304,214, an increase of \$833,683 when compared to 2011.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED

Debt Outstanding

Table 4 summarizes the changes in debt payable at November 30, 2012 and 2011.

| | Table 4 Debt Outstanding | | | 2011-2012 Change |
|---------------|-----------------------------|----------------------|----------------------|-----------------------|
| | 2012 | November 30, 2011 | 2010 | |
| Bonds Payable | <u>\$ 26,580,999</u> | <u>\$ 28,593,942</u> | <u>\$ 30,555,440</u> | <u>\$ (2,012,943)</u> |

The Authority's bonded debt was \$26,580,999 at November 30, 2012, a decrease of \$2,012,943 when compared to 2011. 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 E in the financial statements.

Next Year's Budget and User Rates

The Authority adopted a \$5,167,875, 2013 operating and maintenance budget, a decrease of \$267,578 or 4.9%, compared to 2012. Total user fees are budgeted to increase \$766,119 or 12.2% in 2013.

The Authority increased water rates effective December 1, 2012.

The Authority's user rates for wastewater will remain the same for the fiscal year November 30, 2013.

The Authority adopted a six year capital program, with their 2012 budget. The capital program includes future projects totaling \$1,738,000. The six year capital program anticipates the use of \$1,588,000 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

| | <u>ASSETS</u> | |
|---|------------------|------------------|
| | November 30, | |
| | 2012 | 2011 |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 2,687,501.86 | \$ 2,754,185.04 |
| Investments | 5,732,566.77 | 7,139,575.48 |
| User Charges Receivable (Net of Allowance for Uncollectible Accounts of None in 2012 and None in 2011) | 1,507,953.07 | 1,261,627.34 |
| Other Receivables | 43,481.98 | 147,356.38 |
| Federal Emergency Assistance Aid Receivable | 301,192.84 | |
| Interest Receivable | 8,031.79 | 31,142.64 |
| Restricted Assets: | | |
| Cash and Cash Equivalents | 201,193.75 | 746,869.12 |
| Total Current Assets | 10,481,922.06 | 12,080,756.00 |
| Non Current Assets: | | |
| Restricted Assets: | | |
| Cash and Cash Equivalents | 5,178,501.16 | 4,003,118.17 |
| Funds Held by Trustee | 5,768,687.37 | 6,220,009.37 |
| Total Restricted Assets | 10,947,188.53 | 10,223,127.54 |
| Capital Assets: | | |
| Land and Land Improvements | 5,042,944.32 | 4,878,446.59 |
| Buildings and Improvements | 20,957,514.23 | 17,749,678.05 |
| Machinery and Equipment | 72,603,863.79 | 72,035,710.46 |
| Construction in Progress | 699,892.06 | 3,806,695.79 |
| | 99,304,214.40 | 98,470,530.89 |
| Less: Accumulated Depreciation | 35,954,569.16 | 33,695,276.36 |
| Capital Assets (Net) | 63,349,645.24 | 64,775,254.53 |
| Other Assets: | | |
| Unamortized Debt Issue Costs | 731,320.29 | 778,809.09 |
| Total Assets | \$ 85,510,076.12 | \$ 87,857,947.16 |

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

Exhibit A
(Page 2 of 2)

STATEMENT OF NET POSITION

| <u>LIABILITIES AND NET POSITION</u> | | |
|--|------------------|------------------|
| | November 30, | |
| | 2012 | 2011 |
| Current Liabilities: | | |
| Accounts Payable and Accrued Expenses | \$ 312,162.77 | \$ 181,125.93 |
| Accounts Payable - Debt Issue Costs | 4,392.26 | 4,392.26 |
| Customer Meter Deposits | 3,111.55 | 5,075.00 |
| Unearned Revenues | 263,620.00 | 396,550.00 |
| Total Current Liabilities | 583,286.58 | 587,143.19 |
| Current Liabilities Payable from Restricted Assets: | | |
| Loans Payable - New Jersey Environmental Infrastructural Trust | 2,070,598.48 | 2,012,943.37 |
| Accounts Payable - Construction | 465,000.00 | 248,535.85 |
| Accrued Interest Payable | 201,193.75 | 213,881.25 |
| Escrow Deposits - Review Fees | 288,265.17 | 298,830.74 |
| Total Current Liabilities Payable from Restricted Assets | 3,025,057.40 | 2,774,191.21 |
| Total Current Liabilities | 3,608,343.98 | 3,361,334.40 |
| Long-Term Liabilities: | | |
| Accounts Payable - Debt Issue Costs | 2,196.13 | 6,588.39 |
| Loans Payable - New Jersey Environmental Infrastructural Trust | 24,510,400.50 | 26,580,998.98 |
| Compensated Absences Payable | 198,048.10 | 208,805.26 |
| Premium on Bonds | 700,713.18 | 765,088.33 |
| Total Long-Term Liabilities | 25,411,357.91 | 27,561,480.96 |
| Total Liabilities | 29,019,701.89 | 30,922,815.36 |
| Net Position: | | |
| Invested in Capital Assets, Net of Related Bonds Payable | 44,609,949.40 | 44,621,458.83 |
| Restricted for Capital Improvements | 2,771,575.60 | 2,561,789.98 |
| Restricted for Future Debt Service | 312,364.91 | |
| Unrestricted | 8,796,484.32 | 9,751,882.99 |
| Total Net Position | \$ 56,490,374.23 | \$ 56,935,131.80 |

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, | |
|--|--------------------------|-------------------------|
| | 2012 | 2011 |
| Operating Revenues: | | |
| User Charges | \$ 6,145,629.78 | \$ 6,076,919.90 |
| Delinquent Penalties | 26,581.06 | 44,333.08 |
| Connection Fees | 500,945.00 | 665,481.00 |
| Laboratory Fees | 11,115.00 | 10,875.00 |
| Other Income | 228,196.43 | 230,566.15 |
| Total Operating Revenues | <u>6,912,467.27</u> | <u>7,028,175.13</u> |
| Operating Expenses: | | |
| Salaries, Wages and Benefits | 2,516,336.12 | 2,361,393.21 |
| Contracted Services | 546,188.05 | 576,566.01 |
| Other Operating Expenses | 1,809,503.96 | 2,079,112.38 |
| Depreciation | 2,259,292.80 | 2,118,230.73 |
| Total Operating Expenses | <u>7,131,320.93</u> | <u>7,135,302.33</u> |
| Operating Loss | <u>(218,853.66)</u> | <u>(107,127.20)</u> |
| Non-Operating Revenues (Expenses), Net: | | |
| Interest Income | 49,340.87 | 90,655.17 |
| Interest Expense | (778,462.35) | (401,414.74) |
| Amortization of Debt Issue Costs | (47,488.80) | (45,465.38) |
| Federal Emergency Assistance | 346,969.87 | |
| Loss from Abandonment of Property, Plant and Equipment | | (432,661.82) |
| Total Non-Operating Expenses, Net | <u>(429,640.41)</u> | <u>(788,886.77)</u> |
| Decrease in Net Position, before Capital Contributions | <u>(648,494.07)</u> | <u>(896,013.97)</u> |
| Capital Contributions: | | |
| Developer Impact Fees | 203,736.50 | 196,240.25 |
| Total Capital Contributions | <u>203,736.50</u> | <u>196,240.25</u> |
| Decrease in Net Position | <u>(444,757.57)</u> | <u>(699,773.72)</u> |
| Net Position, Beginning of Year | <u>56,935,131.80</u> | <u>57,634,905.52</u> |
| Net Position, End of Year | <u>\$ 56,490,374.23</u> | <u>\$ 56,935,131.80</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, | |
|---|--------------------------|------------------------|
| | 2012 | 2011 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipt from Customers | \$ 6,637,085.94 | \$ 7,079,370.44 |
| Payments to Suppliers | (3,087,403.90) | (3,402,197.72) |
| Payments to Employees | (1,664,344.55) | (1,588,028.01) |
| Customers Meter Deposits | (1,963.45) | 1,575.00 |
| Net Cash Provided by Operating Activities | <u>1,883,374.04</u> | <u>2,090,719.71</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Transferred from Funds Held by Trustee | 451,322.00 | 4,115,854.00 |
| Purchase of Property, Plant and Equipment | (617,219.36) | (4,448,686.06) |
| Principal Payments on Bonds | (2,012,943.37) | (1,961,497.65) |
| Contributed Capital | 203,736.50 | 196,240.25 |
| Interest Paid on Bonds | (855,525.00) | (221,181.25) |
| Escrow (Disbursements) Deposits | (10,565.57) | 35,673.62 |
| Payment of Debt Issue Costs | (4,392.26) | (4,392.26) |
| Federal Emergency Assistance Aid Received | 45,777.03 | |
| Net Cash Used for Capital and Related Financing Activities | <u>(2,799,810.03)</u> | <u>(2,287,989.35)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of Investments | (8,768,573.01) | (8,078,194.66) |
| Proceeds from Sale of Investments | 10,175,581.72 | 8,001,225.65 |
| Interest Income | 72,451.72 | 100,361.19 |
| Net Cash Provided by Investing Activities | <u>1,479,460.43</u> | <u>23,392.18</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 563,024.44 | (173,877.46) |
| Cash and Cash Equivalents, Beginning of Year | 7,504,172.33 | 7,678,049.79 |
| Cash and Cash Equivalents, End of Year | <u>\$ 8,067,196.77</u> | <u>\$ 7,504,172.33</u> |
| Reconciliation of Operating Loss to Net Cash Provided by Operating Activities: | | |
| Operating Loss | \$ (218,853.66) | \$ (107,127.20) |
| Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities: | | |
| Depreciation | 2,259,292.80 | 2,118,230.73 |
| (Increase)/Decrease in User Charges Receivable | (246,325.73) | 21,940.70 |
| Decrease/(Increase) in Other Receivables | 103,874.40 | (106,520.39) |
| (Decrease)/Increase in Unearned Revenues | (132,930.00) | 135,775.00 |
| Increase/(Decrease) in Accounts Payable and Accrued Expenses | 131,036.84 | (4,681.56) |
| (Decrease)/ Increase in Compensated Absences Payables | (10,757.16) | 31,527.43 |
| (Decrease)/Increase in Customer Meter Deposits | (1,963.45) | 1,575.00 |
| Total Adjustments | <u>2,102,227.70</u> | <u>2,197,846.91</u> |
| Net Cash Provided by Operating Activities | <u>\$ 1,883,374.04</u> | <u>\$ 2,090,719.71</u> |

See notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

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

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 specially 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 Equivalents and Deposits

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.

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.

Receivables

Customer receivables represent service fees earned, but not yet collected. User charges receivable as of November 30, 2012 and 2011, were \$1,507,953.07 and \$1,261,627.34, respectively.

As of November 30, 2012, the Authority also recorded a receivable of \$301,192.84 from Federal Emergency Management Assistance for costs incurred due to Hurricane Irene and Superstorm Sandy.

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

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. These funds are being held by the trustee and will be released to the Authority upon requisitions for the payment of expenditures and capitalized interest on the projects for which the loans were authorized.

At November 30, 2012, the Authority had \$1,806,295.48 cash and \$5,768,687.37 funds held by the trustee for projects which were provided for by the 2009 and 2010 New Jersey Environmental Infrastructure Trust and Loan program. All projects have been completed and all payments have been made to contractors and the Authority is waiting for final close out of these projects by the New Jersey Environmental Infrastructure Trust to determine the final disposition of these funds.

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. Depreciation is provided over the following estimated useful lives:

| | |
|---------------------------|-------------|
| Building and Improvements | 10-75 Years |
| Land Improvements | 5-40 Years |

Machinery and Equipment

| | |
|--|------------|
| 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.

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

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unamortized Debt Issue Costs

Costs related to the issuance of bonds have been capitalized and are being amortized over the life of the respective bond issues using the straight-line method. Accumulated amortization as of November 30, 2012 and 2011 was \$92,954.18 and \$45,465.38, respectively.

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, 2012 and 2011, was \$700,713.18 and \$765,088.33, 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.

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". For the years ended November 30, 2012 and 2011, \$1,799,002.71 of net interest was capitalized and is included in capital assets.

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.

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

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences Payable (Continued)

It is estimated that the costs of unpaid vacation time and sick time as of November 30, 2012 are \$29,957.28 and \$168,090.82, respectively, and as of November 30, 2011 are \$42,042.52 and \$166,762.74, respectively.

Unearned Revenue Unearned

Revenues received by the Authority before the earnings process has been completed are recorded as unearned revenue. Unearned revenue as of November 30, 2012 and 2011, was \$263,620.00 and \$396,550.00, respectively.

Fund Equity

Restricted Net Position's are those items of equity which are unavailable for expense or are legally restricted as to use. Presently, the Authority has restrictions which are required by the bond resolutions. These are for future debt service and capital improvements.

C. CASH AND 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 approximate 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 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 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.

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

NOTES TO FINANCIAL STATEMENTS

C. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits (Continued)

The market value of the collateral must equal 5 percent of the average daily balance of public funds; and, if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

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.

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.

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

NOTES TO FINANCIAL STATEMENTS

C. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The Authority's investments carried at fair value as of November 30, 2012 were:

| Investment Type | Fair Value | Years | |
|-------------------------|--------------|-------------|-------------|
| | | Less Than 1 | 1-5 |
| Certificate of Deposits | \$ 5,732,567 | \$ - | \$5,732,567 |
| Total Investments | 5,732,567 | \$ - | \$5,732,567 |

| Bank | Carrying Amount |
|---------------------------------|-----------------|
| Fulton Bank | \$ 6,476,969 |
| Wells Fargo | 161,229 |
| Bank of New York | 1,428,774 |
| Cash on Hand | 225 |
| Total Cash and cash equivalents | 8,067,197 |

Total cash and cash equivalents & Investments \$13,799,764

The Authority's investments carried at fair value as of November 30, 2011 were:

| Investment Type | Fair Value | Years | |
|-------------------------|--------------|-------------|-------------|
| | | Less Than 1 | 1-5 |
| Certificate of Deposits | \$ 7,139,575 | \$ - | \$7,139,575 |
| Total Investments | 7,139,575 | \$ - | \$7,139,575 |

| Bank | Carrying Amount |
|---------------------------------|-----------------|
| Fulton Bank | \$ 4,656,797 |
| Wells Fargo | 142,241 |
| Bank of New York | 2,704,910 |
| Cash on Hand | 225 |
| Total Cash and cash equivalents | 7,504,173 |

Total cash and cash equivalents & Investments \$14,643,748

Interest Rate Risk: Interest rate is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure; however, investments are matched with anticipated cash flows to minimize interest rate risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority limits its credit risk by investing in direct obligations of the United States ("U.S.") government, its agencies or instrumentalities secured by the full faith and credit of the government of the United States. U.S. government securities carry an underlying rating of AAA by Standard and Poor's and AAA by Moody's Investors Service. The Authority has no policy on credit risk however, investments are primarily securities guaranteed by the U.S. Government, or GUDPA.

Concentration of Credit Risk: The Authority places no limit on the amount that may be invested in any one issuer. Approximately 94% of the Authority's investments are in obligations of the United States or its agencies or instrumentalities.

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

NOTES TO FINANCIAL STATEMENTS

D. PROPERTY, PLANT AND EQUIPMENT

Activity in the fixed assets was as follows:

| | Balance 12/1/2011 | Additions | Deletions | Balance 11/31/2012 |
|-------------------------------|-------------------------|------------------------|------------------------|-------------------------|
| Land and Land Improvements | \$ 4,878,446.59 | \$ 164,497.73 | \$ - | \$ 5,042,944.32 |
| Buildings and Improvements | 17,749,678.05 | 3,207,836.18 | | 20,957,514.23 |
| Machinery and Equipment | 72,035,710.46 | 568,153.33 | | 72,603,863.79 |
| Construction in Progress | <u>3,806,695.79</u> | <u>685,220.96</u> | <u>3,792,024.69</u> | <u>699,892.06</u> |
| | 98,470,530.89 | 4,625,708.20 | 3,792,024.69 | 99,304,214.40 |
| Less Accumulated Depreciation | <u>(33,695,276.36)</u> | <u>(2,259,292.80)</u> | | <u>(35,954,569.16)</u> |
| | <u>\$ 64,775,254.53</u> | <u>\$ 2,366,415.40</u> | <u>\$ 3,792,024.69</u> | <u>\$ 63,349,645.24</u> |

| | Balance 12/1/2010 | Additions | Deletions | Balance 11/31/2011 |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Land and Land Improvements | \$ 3,723,456.34 | \$ 1,154,990.25 | \$ - | \$ 4,878,446.59 |
| Buildings and Improvements | 8,721,018.18 | 9,120,816.87 | 92,157.00 | 17,749,678.05 |
| Machinery and Equipment | 59,996,658.64 | 13,778,258.19 | 1,739,206.37 | 72,035,710.46 |
| Construction in Progress | <u>24,868,955.16</u> | <u>2,832,798.34</u> | <u>23,895,057.71</u> | <u>3,806,695.79</u> |
| | 97,310,088.32 | 26,886,863.65 | 25,726,421.08 | 98,470,530.89 |
| Less Accumulated Depreciation | <u>(32,975,747.18)</u> | <u>(2,118,230.73)</u> | <u>1,398,701.55</u> | <u>(33,695,276.36)</u> |
| | <u>\$ 64,334,341.14</u> | <u>\$ 24,768,632.92</u> | <u>\$ 24,327,719.53</u> | <u>\$ 64,775,254.53</u> |

Included in the construction in progress balance at November 30, 2012, is \$465,000.00, 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. It has been estimated that this contract was 60% (\$465,000.00) complete at November 30, 2012. This amount is also recorded as an accounts payable – construction at November 30, 2012.

Due to the capital improvements program made to the water and wastewater systems during the period from 2009 through 2011, the Authority recorded a loss of \$432,662 from property, plant and equipment abandoned during the year ended November 30, 2011.

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

NOTES TO FINANCIAL STATEMENTS

E. 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, | |
|---|------------------------|------------------------|
| | 2012 | 2011 |
| 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 \$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 (22) 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). | \$25,760,995.03 | \$27,735,408.77 |
| 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 (22) 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. | 820,003.95 | 858,533.58 |
| | 26,580,998.98 | 28,593,942.35 |
| Less: Current Portion | 2,070,598.48 | 2,012,943.37 |
| Long Term Debt | <u>\$24,510,400.50</u> | <u>\$26,580,998.98</u> |

A summary of maximum annual Debt Service for principal and interest for bonded debt issued and outstanding at November 30, 2012, 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
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

NOTES TO FINANCIAL STATEMENTS

E. LONG TERM DEBT (CONTINUED)

| <u>Year Ending</u> | <u>Amount</u> | <u>Principal</u> | <u>Interest</u> |
|------------------------|------------------------|------------------------|-----------------------|
| November 30, 2013 | \$ 2,875,373.48 | \$ 2,070,598.48 | \$ 804,775.00 |
| November 30, 2014 | 2,883,069.79 | 2,131,794.79 | 751,275.00 |
| November 30, 2015 | 2,881,307.35 | 2,186,532.35 | 694,775.00 |
| November 30, 2016 | 2,875,336.14 | 2,239,811.14 | 635,525.00 |
| November 30, 2017 | 2,873,087.07 | 2,299,562.07 | 573,525.00 |
| November 30, 2018-2022 | 14,360,983.26 | 12,569,108.26 | 1,791,875.00 |
| November 30, 2023-2027 | 3,097,032.39 | 2,971,532.39 | 125,500.00 |
| November 30, 2028-2029 | 116,059.50 | 112,059.50 | 4,000.00 |
| | <u>\$31,962,248.98</u> | <u>\$26,580,998.98</u> | <u>\$5,381,250.00</u> |

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

| | <u>Balance November 30, 2011</u> | <u>Bonds Issued 2012</u> | <u>Principal Payments</u> | <u>Balance November 30, 2012</u> |
|---|--|----------------------------------|-------------------------------|--|
| Series 2009 Subordinated Revenue Bonds | \$27,735,408.77 | \$ - | \$1,974,413.74 | \$25,760,995.03 |
| Series 2010 Subordinated Revenue Bonds | <u>858,533.58</u> | <u>-</u> | <u>38,529.63</u> | <u>820,003.95</u> |
| | <u>\$28,593,942.35</u> | <u>\$ -</u> | <u>\$2,012,943.37</u> | <u>\$26,580,998.98</u> |
| | <u>Balance November 30, 2010</u> | <u>Bonds Issued 2011</u> | <u>Principal Payments</u> | <u>Balance November 30, 2011</u> |
| Series 2009 Subordinated Revenue Bonds | \$29,666,220.00 | \$ - | \$1,930,811.23 | \$27,735,408.77 |
| Series 2010 Subordinated Revenue Bonds | <u>889,220.00</u> | <u>-</u> | <u>30,686.42</u> | <u>858,533.58</u> |
| | <u>\$30,555,440.00</u> | <u>\$ -</u> | <u>\$1,961,497.65</u> | <u>\$28,593,942.35</u> |

F. 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, 2010, 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, 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."

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

NOTES TO FINANCIAL STATEMENTS

F. 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 and is considered in the annual actuarial calculation of the required state contribution for the system.

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 obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

Significant Legislation:

Chapter 108, P.L. 2003, effective July 1, 2003, provided that the State Treasurer shall reduce the normal and accrued liability contributions payable by employers other than the state, excluding the contribution payable from the benefit enhancement fund, to a percentage of the amount certified annually by the retirement system, which for PERS will be as follows: for payments due in the state fiscal year ending June 30, 2005, 20 percent; for payments due in the state fiscal year ending June 30, 2006, not more than 40 percent; for payments due in the state fiscal year ending June 30, 2007, not more than 60 percent; for payment due in the state fiscal year ending June 30, 2009, not more than 80 percent.

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The various pension funds provide for employee contributions based on percentages ranging from 3.00 percent to 8.50 percent of employees' annual compensation as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

During the year ended June 30, 2012, 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 |
| 6/30/12 | \$169,432.00 | 11.39% |
| 6/30/11 | 159,887.00 | 11.46% |
| 6/30/10 | 124,743.00 | 8.423% |

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

NOTES TO FINANCIAL STATEMENTS

G. 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, 2012 and 2011, respectively.

H. 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 \$13,320,448 of cash and construction in kind, with respect to these agreements. As of November 30, 2012 and 2011, the Authority had received \$10,451,016 and \$10,247,279, respectively, in cash and construction in kind. These funds are restricted for capital improvements. Cash restricted for capital improvements at November 30, 2012 and 2011, is \$2,771,576 and \$2,561,790 respectively.

I. 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.

J. 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.

K. SUBSEQUENT EVENTS

Management has evaluated subsequent events that occurred after the statement of net position date but before June 12, 2013, the date the financial statements were available to be issued.

On June 12, 2013, the Authority received \$76,214.23 from Continental Casualty Company for wind damages caused by Superstorm Sandy in October 2012. These funds will be recorded as revenue and utilized to make repairs to various buildings during 2013.

SUPPLEMENTARY INFORMATION

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

**Schedule 1
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BUDGETARY COMPARISON SCHEDULE

For the Year Ended November 30, 2012

With Comparative Actual Amounts for the Year Ended November 30, 2011

| | 2012 Water | | 2012 Sewer | | 2012 Combined | | 2011 Combined | |
|--|-----------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| | Budget (Unaudited) | Actual | Budget (Unaudited) | Actual | Budget (Unaudited) | Actual | Budget (Unaudited) | Actual |
| Operating Revenues: | | | | | | | | |
| Retained Earnings Appropriated | \$ 1,850,680.50 | \$ 1,850,680.50 | \$ 79,040.50 | \$ 79,040.50 | \$ 1,929,721.00 | \$ 1,929,721.00 | \$ 1,791,188.00 | \$ 1,791,188.00 |
| User Charges | 1,997,400.00 | 2,062,129.05 | 4,264,400.00 | 4,083,500.73 | 6,261,800.00 | 6,145,629.78 | 6,076,919.90 | 6,076,919.90 |
| Delinquent Penalties | 12,250.00 | 8,771.74 | 22,750.00 | 17,809.32 | 35,000.00 | 26,581.06 | 44,333.08 | 44,333.08 |
| Connection Fees | 121,260.00 | 132,235.00 | 351,380.00 | 368,710.00 | 472,640.00 | 500,945.00 | 665,481.00 | 665,481.00 |
| Laboratory Fees | | | 8,400.00 | 11,115.00 | 8,400.00 | 11,115.00 | 10,875.00 | 10,875.00 |
| Interest Income | 26,250.00 | 24,670.43 | 48,750.00 | 24,670.44 | 75,000.00 | 49,340.87 | 90,655.17 | 90,655.17 |
| Other Income | 91,650.00 | 115,310.21 | 91,650.00 | 112,886.22 | 183,300.00 | 228,196.43 | 230,566.15 | 230,566.15 |
| Total Revenues | 4,099,490.50 | 4,193,796.93 | 4,866,370.50 | 4,697,732.21 | 8,965,861.00 | 8,891,529.14 | 8,910,018.30 | 8,910,018.30 |
| Operating Expenses: | | | | | | | | |
| Costs of Providing Services: | | | | | | | | |
| Labor | 518,360.00 | 512,291.36 | 821,970.00 | 816,833.51 | 1,340,330.00 | 1,329,124.87 | 1,251,746.36 | 1,251,746.36 |
| Employee Benefits | 286,500.00 | 256,938.52 | 415,400.00 | 400,229.56 | 701,900.00 | 657,168.08 | 582,404.81 | 582,404.81 |
| Materials and Supplies | 144,300.00 | 134,672.35 | 344,750.00 | 348,675.91 | 489,050.00 | 483,348.26 | 466,489.96 | 466,489.96 |
| Repairs and Maintenance | 113,000.00 | 177,010.06 | 157,000.00 | 192,010.20 | 270,000.00 | 369,020.26 | 407,723.28 | 407,723.28 |
| Contracted Services | 51,750.00 | 18,481.52 | 430,700.00 | 337,915.79 | 482,450.00 | 356,397.31 | 377,325.98 | 377,325.98 |
| Utilities | 507,000.00 | 325,465.26 | 607,500.00 | 392,082.71 | 1,114,500.00 | 717,547.97 | 922,807.94 | 922,807.94 |
| Insurance | 48,700.00 | 33,928.62 | 81,000.00 | 56,317.54 | 129,700.00 | 90,246.16 | 112,349.26 | 112,349.26 |
| Other | 45,150.00 | 36,911.17 | 41,800.00 | 26,846.20 | 86,950.00 | 63,757.37 | 76,900.73 | 76,900.73 |
| Total Cost of Providing Services | 1,714,760.00 | 1,495,698.86 | 2,900,120.00 | 2,570,911.42 | 4,614,880.00 | 4,066,610.28 | 4,197,748.32 | 4,197,748.32 |
| Administrative and General Expenses: | | | | | | | | |
| Labor | 168,306.50 | 180,560.33 | 168,306.50 | 180,560.32 | 336,613.00 | 361,120.65 | 369,335.70 | 369,335.70 |
| Employee Benefits | 92,392.50 | 84,461.26 | 92,392.50 | 84,461.26 | 184,785.00 | 168,922.52 | 157,906.34 | 157,906.34 |
| Materials and Supplies | 7,500.00 | 9,200.07 | 7,500.00 | 9,200.08 | 15,000.00 | 18,400.15 | 16,941.95 | 16,941.95 |
| Contracted Services | 98,462.50 | 94,895.37 | 98,462.50 | 94,895.37 | 196,925.00 | 189,790.74 | 199,240.03 | 199,240.03 |
| Utilities | 13,350.00 | 12,076.23 | 13,350.00 | 12,076.24 | 26,700.00 | 24,152.47 | 21,864.66 | 21,864.66 |
| Insurance | 11,775.00 | 9,635.51 | 11,775.00 | 9,635.51 | 23,550.00 | 19,271.02 | 20,331.08 | 20,331.08 |
| Other | 18,500.00 | 11,880.15 | 18,500.00 | 11,880.15 | 37,000.00 | 23,760.30 | 33,703.52 | 33,703.52 |
| Total Administrative and General Expenses | \$ 410,286.50 | \$ 402,708.92 | \$ 410,286.50 | \$ 402,708.93 | \$ 820,573.00 | \$ 805,417.85 | \$ 819,323.28 | \$ 819,323.28 |

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

Schedule 1
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BUDGETARY COMPARISON SCHEDULE

For the Year Ended November 30, 2012

With Comparative Actual Amounts for the Year Ended November 30, 2011

| | 2012 Water | | 2012 Sewer | | 2012 Combined | | 2011 Combined | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | Budget (Unaudited) | Actual | Budget (Unaudited) | Actual | Budget (Unaudited) | Actual | Budget (Unaudited) | Actual |
| Interest Expense | \$ 415,736.00 | \$ 415,735.90 | \$ 362,727.00 | \$ 362,726.45 | \$ 778,463.00 | \$ 778,462.35 | \$ 401,414.74 | |
| Other Costs Funded by Revenues: | | | | | | | | |
| Principal Maturity | 1,132,208.00 | 1,132,207.56 | 880,737.00 | 880,735.81 | 2,012,945.00 | 2,012,943.37 | 1,961,497.65 | |
| Capital Outlay | 426,500.00 | 182,140.90 | 312,500.00 | 100,187.90 | 739,000.00 | 282,328.80 | 355,194.05 | |
| Total Costs Funded by Revenues | 4,099,490.50 | 3,628,492.14 | 4,866,370.50 | 4,317,270.51 | 8,965,861.00 | 7,945,762.65 | 7,735,178.04 | |
| Add: Excess Revenues Over Costs | | 565,304.79 | | 380,461.70 | | 945,766.49 | 1,174,840.26 | |
| | <u>\$ 4,099,490.50</u> | <u>\$ 4,193,796.93</u> | <u>\$ 4,866,370.50</u> | <u>\$ 4,697,732.21</u> | <u>\$ 8,965,861.00</u> | <u>\$ 8,891,529.14</u> | <u>\$ 8,910,018.30</u> | |
| Reconciliation to Net Income: | | | | | | | | |
| Excess from Above-Budgetary Basis | | | | | | | | |
| | | | | | | | 2012 Actual | 2011 Actual |
| | | | | | | | \$ 945,766.49 | \$ 1,174,840.26 |
| Adjustments to Budgetary Basis: | | | | | | | | |
| Depreciation Expense | | | | | | | (2,259,292.80) | (2,118,230.73) |
| Amortization of Debt Issue Costs | | | | | | | (47,488.80) | (45,465.38) |
| Federal Emergency Assistance Aid | | | | | | | 346,969.87 | |
| Capital Outlay | | | | | | | 282,328.80 | 355,194.05 |
| Debt Service - Principal | | | | | | | 2,012,943.37 | 1,961,497.65 |
| Developer Contributions | | | | | | | 203,736.50 | 196,240.25 |
| Loss from Abandonment of Property, Plant and Equipment | | | | | | | (1,929,721.00) | (432,661.82) |
| Retained Earnings Appropriated | | | | | | | | (1,791,188.00) |
| | | | | | | | <u>\$ (444,757.57)</u> | <u>\$ (699,773.72)</u> |
| Decrease in Net Position | | | | | | | | |

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

**Schedule 2
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SCHEDULES OF WATER AND SEWER REVENUE BONDS - NOVEMBER 30, 2012

| | Date of Issues | Amount of Original Issue | Interest Rates | Maturity | | Amount | Balance Dec. 1, 2011 | Paid | | Balance Nov. 30, 2012 |
|--|-------------------|-----------------------------|-------------------|----------|--|---------------|-------------------------|----------------------------------|--|--------------------------|
| | | | | Dates | | | | Dec. 1, 2011 to Nov. 30, 2012 | | |
| New Jersey Environmental Infrastructure Trust, Series 2009A - Clean Water Trust Loan | | | | | | | | | | |
| | 11/6/2009 | \$ 7,715,000.00 | | 8/1/2013 | | \$ 480,000.00 | | | | |
| | | | | 8/1/2014 | | 505,000.00 | | | | |
| | | | | 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 | | | | |
| | | | | | | | \$ 7,280,000.00 | \$ 455,000.00 | | \$ 6,825,000.00 |
| New Jersey Environmental Infrastructure Trust, Series 2009A - Clean Water Fund Loan | | | | | | | | | | |
| | 11/6/2009 | 5,036,636.00 | None | 2/1/2013 | | 82,861.82 | | | | |
| | | | | 8/1/2013 | | 305,387.46 | | | | |
| | | | | 2/1/2014 | | 77,298.68 | | | | |
| | | | | 8/1/2014 | | 311,414.19 | | | | |
| | | | | 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 | | | | |

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

Schedule 2
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SCHEDULES OF WATER AND SEWER REVENUE BONDS - NOVEMBER 30, 2012

| | Date of Issues | Amount of Original Issue | Interest Rates | Maturity Dates | Amount | Balance Dec. 1, 2011 | Paid | | Balance Nov. 30, 2012 |
|---|-------------------|-----------------------------|-------------------|-------------------|--------------|-------------------------|----------------------------------|---------------|--------------------------|
| | | | | | | | Dec. 1, 2011 to Nov. 30, 2012 | Nov. 30, 2012 | |
| New Jersey Environmental Infrastructure Trust, Series 2009A - Clean Water Fund Loan (Continued) | | | | | | | | | |
| | | | | 2/1/2022 | \$ 19,633.25 | | | | |
| | | | | 8/1/2022 | 367,329.55 | | | | |
| | | | | 2/1/2023 | 10,071.60 | | | | |
| | | | | 8/1/2023 | 376,311.86 | | | | |
| | | | | | | \$ 4,648,618.52 | \$ 387,206.18 | \$ | 4,261,412.34 |
| New Jersey Environmental Infrastructure Trust, Series 2009A - Drinking Water Trust Loan | 11/6/2009 | \$ 9,650,000.00 | 5.0%- 5.500% | | | | | | |
| | | | | 8/1/2013 | 575,000.00 | | | | |
| | | | | 8/1/2014 | 605,000.00 | | | | |
| | | | | 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 | 855,000.00 | | | | |
| | | | | 8/1/2022 | 900,000.00 | | | | |
| | | | | 8/1/2023 | 950,000.00 | | | | |
| | | | | | | 8,745,000.00 | 545,000.00 | | 8,200,000.00 |
| New Jersey Environmental Infrastructure Trust, Series 2009A - Drinking Water Fund Loan | 11/6/2009 | 7,649,584.00 | None | | | | | | |
| | | | | 2/1/2013 | 125,882.53 | | | | |
| | | | | 8/1/2013 | 462,937.04 | | | | |
| | | | | 2/1/2014 | 117,456.16 | | | | |
| | | | | 8/1/2014 | 472,096.13 | | | | |
| | | | | 2/1/2015 | 108,590.17 | | | | |
| | | | | 8/1/2015 | 480,815.58 | | | | |
| | | | | 2/1/2016 | 99,284.53 | | | | |
| | | | | 8/1/2016 | 489,095.40 | | | | |

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY
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SCHEDULES OF WATER AND SEWER REVENUE BONDS - NOVEMBER 30, 2012

| | Date of Issues | Amount of Original Issue | Interest Rates | Maturity Dates | Amount | Balance Dec. 1, 2011 | Paid | | Balance Nov. 30, 2012 |
|---|-------------------|-----------------------------|-------------------|-------------------|--------------|-------------------------|----------------------------------|------------------|--------------------------|
| | | | | | | | Dec. 1, 2011 to Nov. 30, 2012 | Nov. 30, 2012 | |
| New Jersey Environmental Infrastructure | | | | | | | | | |
| Trust, Series 2009A - Drinking Water | | | | | | | | | |
| Fund Loan (Continued) | | | | | | | | | |
| | | | | 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 | 519,869.94 | | | | |
| | | | | 2/1/2020 | 56,661.79 | | | | |
| | | | | 8/1/2020 | 531,469.01 | | | | |
| | | | | 2/1/2021 | 43,604.59 | | | | |
| | | | | 8/1/2021 | 544,789.99 | | | | |
| | | | | 2/1/2022 | 29,821.99 | | | | |
| | | | | 8/1/2022 | 557,385.57 | | | | |
| | | | | 2/1/2023 | 15,313.99 | | | | |
| | | | | 8/1/2023 | 572,186.79 | | | | |
| | | | | | | \$ 7,061,790.25 | \$ 587,207.56 | \$ 6,474,582.69 | |
| New Jersey Environmental Infrastructure | | | | | | | | | |
| Trust, Series 2010A-CW ARRA Trust 3/10/2010 | | | | | | | | | |
| | | \$ 450,000.00 | 3.0% - | 8/1/2013 | 15,000.00 | | | | |
| | | | 5.0% | 8-1-2014-18 | 20,000.00 | | | | |
| | | | | 8-1-2019-24 | 25,000.00 | | | | |
| | | | | 8-1-2025-28 | 30,000.00 | | | | |
| | | | | 8/1/2029 | 35,000.00 | 435,000.00 | 15,000.00 | 420,000.00 | |
| New Jersey Environmental Infrastructure | | | | | | | | | |
| Trust, Series 2010A-CW ARRA Fund 3/10/2010 | | | | | | | | | |
| | | 439,220.00 | | 8-1-2013-28 | 15,686.42 | | | | |
| | | | | 2-1-2013-29 | 7,843.21 | | | | |
| | | | | 8/1/2029 | 15,686.66 | 423,533.58 | 23,529.63 | 400,003.95 | |
| | | | | | | \$ 28,593,942.35 | \$ 2,012,943.37 | \$ 26,580,998.98 | |

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

ROSTER OF OFFICIALS
At November 30, 2012

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.
Edwin W. Schmierer,
(Mason, Griffin & Pierson)
Hatch Mott MacDonald
Dolores Borosko
Ronald A. Ghrist
Maryann Hutchinson

Karen L. Dinardo

Executive Director
General Manager/Development
Superintendent-Wastewater
Superintendent-Water
Attorney

Consulting Engineers
Administrative Assistant
Financial Officer
Purchasing Agent/Accounts
Payable Clerk
Accounts Receivable Clerk