

**WILLINGBORO
MUNICIPAL UTILITIES AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDING
DECEMBER 31, 2013 and 2012**



75 YEARS OF SERVICE

— 1939-2014 —

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

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WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Roster of Officials
As of December 31, 2013

Members

Christopher P. Walker
Eddie Campbell, Jr
James H. Gray
Dennis W. Reiter
Vacant
Jacqueline Jennings
T. Wayne Scott

Position

Chairman
Vice-Chairman
Commissioner
Commissioner
Commissioner
Alternate Commissioner
Alternate Commissioner

Other Officials

Joseph S. Bateman III
Joseph Jacobs
Michael A. Armstrong, Esq.
L. Russell Trice, P.E.
 of Richard A. Alaimo Associates
Nicholas Talvacchia, Esq.
 of Cooper Levenson
TD Bank
CEB LLC
Jeremy Ostow
 of DeCotiis, FitzPatrick & Cole, LLP
James Mackie

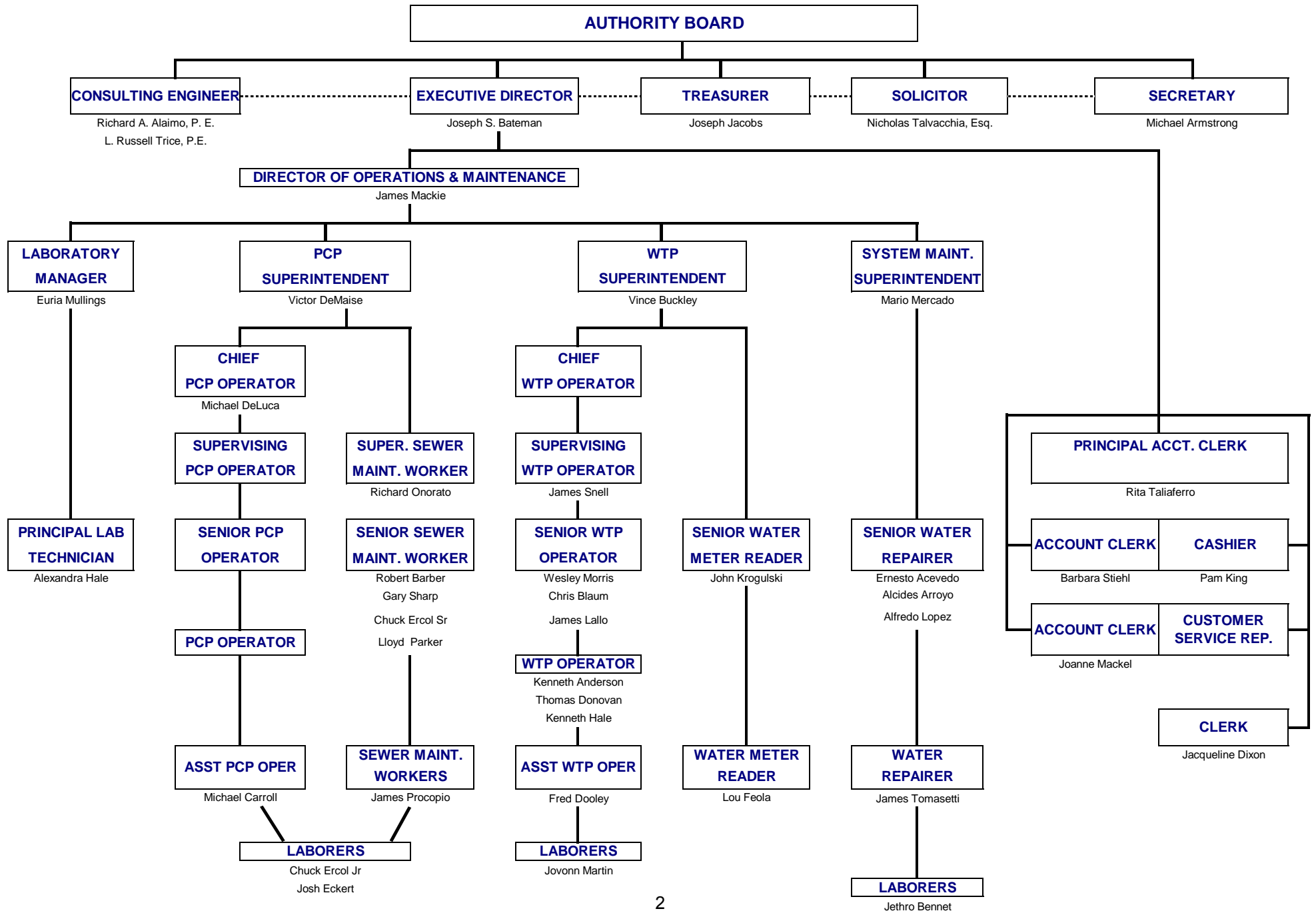
Executive Director
Treasurer
Secretary

Consulting Engineer

Solicitor
Trustee for Bondholders
Insurance Broker

Bond Counsel
Director of Operations and
Maintenance

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY ORGANIZATIONAL CHART



**WILLINGBORO MUNICIPAL
UTILITIES AUTHORITY**

PART I

FINANCIAL SECTION

**FOR THE YEARS ENDED
DECEMBER 31, 2013 and 2012**

INDEPENDENT AUDITORS' REPORT

The Chairman and Members of
The Willingboro Municipal Utilities Authority
Willingboro, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Willingboro Municipal Utilities Authority, in the County of Burlington, State of New Jersey, a component unit of the Township of Willingboro, as of and for the years ending December 31, 2013 and 2012 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Willingboro Municipal Utilities Authority, in the County of Burlington, State of New Jersey as of December 31, 2013 and 2012, and the changes in its financial position and its cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 15, 2014 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
April 15, 2014

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

INDEPENDENT AUDITORS' REPORT

The Chairman and Members of
The Willingboro Municipal Utilities Authority
Willingboro, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey the financial statements of the business-type activities of the Willingboro Municipal Utilities Authority, (Authority), in the County of Burlington, State of New Jersey, a component unit of the Township of Willingboro, as of and for the year ended December 31, 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 April 15, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Recommendations, we identified a certain deficiency in internal control that we consider to be a material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Recommendations as finding no. 2013-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying Schedule of Findings and Recommendations as findings No. 2013-2 and 2013-3.

The Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
April 15, 2014

Willingboro Municipal Utilities Authority Management's Discussion and Analysis For the Years Ending December 31, 2013 and 2012

The Willingboro Municipal Utilities Authority (the Authority) is a municipal utility providing water and wastewater services to Willingboro Township and portions of Westampton Township. Additionally, the Authority has long term contracts with the Edgewater Park Sewerage Authority to provide wastewater treatment and with the Townships of Mount Laurel and Evesham for the provision of up to 5 million gallons per day (gpd) of potable water.

This section of the Authority's annual financial report provides a discussion and analysis of the utility's financial performance for the years ending December 31, 2013 and 2012. The annual financial report consists of three parts; the independent auditor's reports, the financial statements (including supplemental schedules) and management's discussion and analysis of the Authority's finances (this section). In order to fully comprehend the Authority's financial position all three sections of the annual financial report must be reviewed and considered.

FINANCIAL HIGHLIGHTS

Statement of Net Position

Total 2013 net position increased by \$600,153 over 2012. This increase was due primarily to an increase in Invested in Capital Assets. This increase in capital assets is a direct result of the Authority's commitment to adhere to its strategic plan to invest more money improving its infrastructure.

Unrestricted net position has increased by 45% since 2010.

During 2012 and 2013, the Authority expended approximately \$2.6 million for capital additions. These additions consisted primarily of well upgrades and engineering costs in preparation for the 2014 NJEIT. In 2014 the Authority will be replacing the pump stations at Lake Drive and Beechnut Lane, and cleaning and making repairs to the digester.

Total assets at the end of 2013 equaled \$48,002,867. \$35,180,074 of the total was comprised of capital assets.

The Authority's debt ratio has decreased from .413 in 2010 to .318 at the end of 2013. This is a result of the NJEIT credit for unspent proceeds being applied to outstanding debt.

Statement of Revenues, Expenses and Changes in Net Assets

In 2013, the Authority generated operating income of \$1,373,393, an increase of \$318,876 when compared to 2012. The increase is due primarily to an increase in service fees (\$705,295). That increase nullified an increase in major repairs (\$141,202) and cost of providing service (\$185,549).

Both sewer and water rates were increased in 2013. Minimum quarterly rates increased to \$97 (sewer \$48 and water \$49 per quarter).

Growth in new connections had all but ceased since 2009, but in 2012 & 2013 connection fee revenue grew substantially due the construction of a new apartment complex.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

The comparative statements of net position (Exhibit A) include all of the Authority's assets and liabilities. The comparative statements of revenues, expenses and changes in net position (Exhibit B) provide a breakdown of the various areas of revenues and expenses encountered during the fiscal year.

The statements of cash flows provide a breakdown of the various sources of cash flow, categorized into three areas: Cash flows from operating activities, capital and related financing activities and investing activities.

ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS

Overall, the Authority's finances in 2013 showed improvement over the past several years, operating revenues and operating expenses increased. The investment in the Authority's infrastructure continued through 2013, which is why the Authority continues to experience increased major repairs costs.

The table below compares the percent change in revenues and appropriations from one year to the next over the past five years.

Operating Fund Trends Percent Change from Year to Year Over the Last 5 Years

	2008- 2009	2009- 2010	2010- 2011	2011- 2012	2012- 2013	Average % Change	CY Difference
Water Operating Revenues	1.76%	26.10%	5.20%	3.26%	10.68%	9.40%	1.28%
Water Operating Expenses	19.10%	-4.01%	6.17%	3.53%	5.69%	6.10%	-0.41%
Sewer Operating Revenues	-4.74%	-4.45%	3.18%	0.98%	3.85%	-0.24%	4.09%
Sewer Operating Expenses	8.27%	-10.37%	12.23%	12.00%	3.61%	5.15%	-1.54%

Since 2009 budgeted revenues of the Authority increased approximately, \$2,100,000 while the cost of service (exclusive of depreciation) has decreased by approximately \$1,026,000. The primary reasons for this reduction in operating expenses have been reductions in the cost of electricity, insurance and chemicals. Employee related costs continue to be the largest component of the operating budget. Increases in salaries, health insurance and pension are expected to rise ahead of the rate of inflation and will continue to have a significant impact upon the Authority's overall financial position.

The amount of the Authority's total liabilities decreased in 2013 by \$1,178,440 as compared to 2012.

The Authority continues to produce an operating surplus and has one of the lowest combined sewer and water rates in southern New Jersey.

There are significant challenges ahead for the Authority to find new sources of revenue, raise rates, continue to attempt to reduce operating expenses and continue to invest in its aging infrastructure. The Authority's infrastructure continues to age and the need to invest more funds in the infrastructure will become more and more pressing. Most of the funding for a more aggressive capital program will likely need to be generated through rate increases or the issuance of bonds. Over the past several years, the Authority has conducted an extensive evaluation of its existing infrastructure and has adopted a plan to address its improvement.

ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS (CONT'D)

Exhibit A
Comparative Statements of Net Position
As of December 31, 2013, 2012 and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assets		(Restated)	(Restated)
Current Assets			
Unrestricted Assets	\$ 8,786,390.18	\$ 7,907,667.06	\$ 7,544,422.04
Restricted Assets	4,036,403.20	4,412,790.70	6,004,972.50
Capital Assets	35,180,074.21	36,190,448.76	36,848,093.15
Total Assets	<u>\$ 48,002,867.59</u>	<u>\$ 48,510,906.52</u>	<u>\$ 50,397,487.69</u>
 Deferred Outflows of Resources			
Deferred Loss on Refunding	<u>\$ 345,552.69</u>	<u>\$ 415,800.70</u>	<u>\$ 486,048.71</u>
 Liabilities			
Current Liabilities	\$ 2,525,362.22	\$ 2,477,005.12	\$ 2,534,716.26
Long-Term Liabilities	14,636,092.08	15,862,889.19	17,907,593.60
Total Liabilities	<u>\$ 17,161,454.30</u>	<u>\$ 18,339,894.31</u>	<u>\$ 20,442,309.86</u>
 Net Position			
Net Investment in Capital Assets	\$ 20,394,380.64	\$ 20,169,128.66	\$ 19,951,029.75
Restricted	6,033,135.53	5,913,660.01	5,788,251.88
Unrestricted	4,759,449.81	4,504,024.24	4,701,944.91
Total Net Position	<u>\$ 31,186,965.98</u>	<u>\$ 30,586,812.91</u>	<u>\$ 30,441,226.54</u>

ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS (CONT'D)

Exhibit B

Comparative Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2013, 2012 and 2011

	<u>2013</u>	<u>2012</u> (Restated)	<u>2011</u> (Restated)
Operating Revenues			
Service Charges	\$ 7,308,018.79	\$ 6,602,723.70	\$ 7,040,076.59
Intergovernmental Service Agreements	1,817,819.87	1,928,380.76	1,937,761.37
Connection Fees	526,480.00	485,880.44	3,364.44
Other Operating Revenue	803,042.57	711,248.38	539,454.78
Total Operating Revenue	<u>\$ 10,455,361.23</u>	<u>\$ 9,728,233.28</u>	<u>\$ 9,520,657.18</u>
Operating Expenses			
Administration	\$ 1,497,543.26	\$ 1,478,732.42	\$ 1,321,102.48
Cost of Providing Services	4,924,652.40	4,739,103.81	4,646,165.47
Major Repairs	480,066.38	338,864.79	23,746.37
Depreciation	2,179,705.46	2,117,014.78	2,087,222.05
Total Operating Expenses	<u>\$ 9,081,967.50</u>	<u>\$ 8,673,715.80</u>	<u>\$ 8,078,236.37</u>
Net Non-Operating Expenses	<u>\$ (773,240.66)</u>	<u>\$ (908,931.11)</u>	<u>\$ (776,698.06)</u>
Capital Contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,801,113.60</u>
Change in Net Position	<u>\$ 600,153.07</u>	<u>\$ 145,586.37</u>	<u>\$ 2,466,836.35</u>
Net Position - Beginning	<u>\$ 30,586,812.91</u>	<u>\$ 30,441,226.54</u>	<u>\$ 27,974,390.19</u>
Net Position - Ending	<u><u>\$ 31,186,965.98</u></u>	<u><u>\$ 30,586,812.91</u></u>	<u><u>\$ 30,441,226.54</u></u>

BUDGET VARIANCES

The budgetary basis total excess revenues over expenses was \$1,559,343.

The largest sewer revenue variation was in connection fees and amounted to \$297,580 more than the budget projected.

The largest water revenue variation was in residential and commercial service fees which had an unfavorable variance of \$322,770.

The largest sewer expenditure variation was in engineer fees, which amounted to \$47,000 more than the budget projected.

The largest water expenditure variation was \$85,324 less in electricity than the budget projected.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

SEWER

The proposed five-year Capital Programs for the Sewer Department total \$8,563,000. The major line items making up a portion of the Sewer Capital Budget are:

1. Vehicles & Equipment
2. Pump Stations
3. Sewer Mains & Manholes
4. Administration Office Equipment
5. Pollution Control Plant Upgrades

WATER

The proposed five-year Capital Programs for the Water Department total \$9,419,000. The major line items making up a portion of the Water Capital Budget are:

1. Vehicles & Equipment
2. Water Main Replacement
3. Water Treatment Plant Upgrades
4. Administration Office Equipment
5. Water Well Upgrades
6. Water Meter Replacement
7. Water Storage Tanks

EVENTS SUBSEQUENT TO 2013 AUDIT

The Authority has entered into two loan agreements with the New Jersey Environmental Infrastructure Trust. The first loan agreement, totaling \$2,051,943, is for Digester Cleaning and Repair and Trickling Filter Walkway Grating. The second loan agreement, totaling \$1,133,729, is for Lake Drive and Beechnut Lane Pumping Station Replacements.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide its customers, investors, clients and creditors, with an overview of the Authority's finances and to demonstrate the Authority's accountability for the public funds it receives. If you have any questions about this report or need additional financial information, contact Joseph S. Bateman, Executive Director, Willingboro Municipal Utilities Authority, 433 John F. Kennedy Way, Willingboro, New Jersey 08046. You may also visit our web site www.wmua.info

BASIC FINANCIAL STATEMENTS

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position

As of December 31, 2013 and 2012

ASSETS	<u>2013</u>	<u>2012</u> (Restated)
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 6,857,936.84	\$ 5,520,423.00
Investments	346,863.48	746,005.09
Service Fees Receivable	788,431.73	724,060.19
Intergovernmental Service Agreements Receivable	411,907.60	510,160.84
Other Accounts Receivable	13,316.01	20,793.25
Investment Income Receivable	13.59	4.80
Inventory	367,920.93	386,219.89
Total Unrestricted Assets	<u>8,786,390.18</u>	<u>7,907,667.06</u>
Restricted Assets:		
Cash and Cash Equivalents	275,356.13	187,144.03
Investments	3,756,459.87	4,221,059.53
Investment Income Receivable	4,587.20	4,587.14
Total Restricted Assets	<u>4,036,403.20</u>	<u>4,412,790.70</u>
Total Current Assets	<u>12,822,793.38</u>	<u>12,320,457.76</u>
Capital Assets:		
Construction in Progress	717,850.83	124,517.51
Completed (net of depreciation)	34,462,223.38	36,065,931.25
Total Capital Assets	<u>35,180,074.21</u>	<u>36,190,448.76</u>
Total Assets	<u>48,002,867.59</u>	<u>48,510,906.52</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	<u>345,552.69</u>	<u>415,800.70</u>

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position

As of December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u> (Restated)
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 479,989.35	\$ 419,863.47
Unearned Revenue	179,278.24	142,696.51
Overpaid Consumer Accounts Receivable	81,432.11	73,381.38
Developer's Deposits	87,092.80	120,683.47
	<hr/>	<hr/>
Total Current Liabilities Payable from Current Assets	827,792.50	756,624.83
	<hr/>	<hr/>
Current Liabilities Payable from Restricted Assets:		
Accrued Interest Payable	240,655.30	260,083.17
Accounts Payable	125,765.58	145,096.08
Retainage Payable	5,148.94	29,653.99
Current Portion of Loans Payable	425,999.90	415,547.05
Current Portion of Bonds Payable	900,000.00	870,000.00
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	1,697,569.72	1,720,380.29
	<hr/>	<hr/>
Total Current Liabilities	2,525,362.22	2,477,005.12
	<hr/>	<hr/>
Long-term Liabilities:		
Compensated Absences Payable	408,165.44	363,528.64
OPEB Liability	289,363.80	233,304.10
Loans Payable	6,566,771.46	6,992,771.36
Bonds Payable	7,371,791.38	8,273,285.09
	<hr/>	<hr/>
Total Long-Term Liabilities	14,636,092.08	15,862,889.19
	<hr/>	<hr/>
Total Liabilities	17,161,454.30	18,339,894.31
	<hr/>	<hr/>
NET POSITION		
Net Investment in Capital Assets	20,394,380.64	20,169,128.66
Restricted for:		
Bond Resolution Covenants	5,844,054.74	5,728,486.74
Unemployment Compensation	189,080.79	185,173.27
Unrestricted	4,759,449.81	4,504,024.24
	<hr/>	<hr/>
Total Net Position	<u>\$ 31,186,965.98</u>	<u>\$ 30,586,812.91</u>

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

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For The Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u> (Restated)
Operating Revenues:		
Service Fees	\$ 7,308,018.79	\$ 6,602,723.70
Intergovernmental Service Agreements	1,817,819.87	1,928,380.76
Connection Fees	526,480.00	485,880.44
Other Operating Revenues	803,042.57	711,248.38
Total Operating Revenues	10,455,361.23	9,728,233.28
Operating Expenses:		
Administration:		
Salaries and Wages	632,932.29	683,402.79
Fringe Benefits	323,937.18	339,956.64
Other Expenses	540,673.79	455,372.99
Total Administration	1,497,543.26	1,478,732.42
Cost of Providing Service:		
Salaries and Wages	1,863,579.52	1,817,363.59
Fringe Benefits	1,050,685.75	1,025,504.21
Other Expenses	2,010,387.13	1,896,236.01
Total Cost of Providing Service	4,924,652.40	4,739,103.81
Major Repairs	480,066.38	338,864.79
Depreciation	2,179,705.46	2,117,014.78
Total Operating Expenses	9,081,967.50	8,673,715.80
Operating Income	1,373,393.73	1,054,517.48
Non-operating Income (Expenses):		
Investment Income	11,133.85	27,684.97
Net Unemployment Activity	3,721.92	3,940.10
Interest Expense	(588,096.43)	(628,327.18)
Cancellation of NJEIT Credit (Prior Period Adjustment - See Note #11)		(112,229.00)
Contribution to Willingboro Township Per N.J.S.A. 40A:5A-1	(200,000.00)	(200,000.00)
Net Non-operating (Expenses)	(773,240.66)	(908,931.11)
Change in Net Position	600,153.07	145,586.37
Net Position - Beginning	30,586,812.91	30,441,226.54
Net Position - Ending	\$ 31,186,965.98	\$ 30,586,812.91

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

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Cash Flows
 For The Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 9,204,352.82	\$ 8,380,842.65
Payments to Employees	(3,770,438.24)	(3,840,158.36)
Payments to Suppliers	(2,952,702.46)	(2,555,382.03)
Other Operating Receipts	1,303,409.14	1,155,822.81
Net Cash Provided by Operating Activities	<u>3,784,621.26</u>	<u>3,141,125.07</u>
Cash Flows from Capital and Related Financing Activities :		
Capital Acquisitions	(1,188,661.41)	(1,588,087.51)
Unemployment Activity	3,721.92	3,940.10
Retainage Payable	(24,505.05)	(39,146.00)
Contribution to Willingboro Township Per N.J.S.A. 40A:5A-1	(200,000.00)	(200,000.00)
NJEIT Drawdowns		200,272.00
Debt Service Principal	(1,285,547.05)	(1,249,943.26)
Debt Service Interest	(538,770.00)	(577,508.76)
Net Cash Used in Capital and Related Financing Activities	<u>(3,233,761.59)</u>	<u>(3,450,473.43)</u>
Cash Flows from Investing Activities:		
Investment Income	45,815.00	27,697.83
Unrealized Losses	(34,690.00)	
Investment Redemptions	863,741.27	1,441,484.29
Net Cash Provided by Investing Activities	<u>874,866.27</u>	<u>1,469,182.12</u>
Net Increase in Cash and Cash Equivalents	1,425,725.94	1,159,833.76
Cash and Cash Equivalents - Beginning	<u>5,707,567.03</u>	<u>4,547,733.27</u>
Cash and Cash Equivalents - Ending	<u>\$ 7,133,292.97</u>	<u>\$ 5,707,567.03</u>
Cash Flows from Operating Activities:		
Operating Income	\$ 1,373,393.73	\$ 1,054,517.48
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	2,179,705.46	2,117,014.78
Change in Assets and Liabilities:		
Service Fees Receivable	(64,371.54)	(34,240.60)
Intergovernmental Service Fees Receivable	98,253.24	(129,673.75)
Other Accounts Receivable	7,477.24	43,571.85
Inventory	18,298.96	(44,885.11)
Accounts Payable	60,125.88	179,976.87
OPEB Expense	56,059.70	59,792.70
Unearned Revenue	36,581.73	8,245.72
Payroll Deductions Payable		(16,267.48)
Compensated Absences	44,636.80	(17,456.35)
Overpaid Consumer Accounts Receivable	8,050.73	5,406.82
Developer's Deposits	(33,590.67)	(84,877.86)
Net Cash Provided by Operating Activities	<u>\$ 3,784,621.26</u>	<u>\$ 3,141,125.07</u>

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Reporting Entity**

The Willingboro Municipal Utilities Authority (the "Authority") is a public body corporate and politic of the State of New Jersey and was originally created as a sewerage authority by an ordinance adopted on December 3, 1956 by the governing body of the Township of Willingboro (the "Township"), pursuant to the Sewerage Authority Law, Chapter 138 of the Laws of 1946, as amended. By Ordinance of the governing body of the Township adopted October 7, 1957, the Authority was reorganized as a municipal utilities authority pursuant to the Municipal and County Utilities Authorities Law.

The Authority was created for the purpose of constructing, maintaining and operating water supply and distribution and sewerage collection and treatment facilities for the relief of waters in, bordering or entering the areas within the territorial boundaries of the Township from pollution or threatened pollution and for the improvement of conditions affecting the public health.

The Authority currently provides water supply and sewerage collection and treatment service to all residences and businesses within the Township and a portion of Westampton Township. The Authority also provides bulk water to Mt. Laurel Township and sewerage treatment service to Edgewater Park Township.

Component Unit

Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, provide guidance that all entities associated with a primary government are potential component units, and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. In addition, GASB Statement No. 61 clarifies the manner in which component units are presented, whether discretely presented, blended, or included in the fiduciary fund financial statements.

The Authority is a component unit of the Township as described in Governmental Accounting Standards Board Statements described in the preceding paragraph. These financial statements would be either blended or discretely presented as part of the Township's financial statements if the Township reported using generally accepted accounting principles applicable to governmental entities.

As of December 31, 2013, it has been determined by the Authority that no component units exist.

Basis of Presentation

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

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

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

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

Basis of Accounting

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

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

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

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

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current year and to adopt not later than the beginning of the Authority's year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense, amortization of bond issue costs, bond discounts and deferred loss on defeasance are not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Statement of Revenues, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended.

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

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

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

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

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

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

Inventory

Inventory is recorded at cost and consists principally of spare parts for the infrastructure and chemicals for the treatment of water and sewerage. The Authority has determined that the inventories are material and are recorded in the financial statements

Capital Assets

Capital Assets primarily consists of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased prior to January 1, 1994 are stated at estimated cost. Assets purchased since are stated at actual cost.

Costs incurred are recorded as construction in progress. In the year that the project is completed, these costs are transferred to Capital assets. Interest costs incurred during construction are not capitalized into the cost of the asset.

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$5,400 or more
- 2) Useful life of more than one year
- 3) Asset is not affected by consumption

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

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

	<u>Years</u>
Buildings	30-40
Major Moveable Equipment	7-20
Vehicles	8-15
Infrastructure	25

Depreciation is calculated as of the month of acquisition.

Bond Discount and Bond Premium

Bond discount and bond premium arising from the issuance of the revenue bonds are recorded as liabilities. They are amortized by the straight-line method from the issue date to maturity as a component of interest expense. Bond discount and bond premium are presented as an adjustment of the face amount on the bonds.

Deferred Loss on Refunding

Deferred loss on refunding arising from the issuance of the revenue refunding bonds is recorded as a deferred outflow of resources. It is amortized by the straight-line method from the issue date to maturity as a component of interest expense.

Compensated Absences

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

Unearned Revenue

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

Net Position

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Net Position (Cont'd)**

Restricted – This component of net position consists of external constraints imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restricts the use of net position.

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

Income Taxes

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

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from water treatment and sewer collection facilities (e.g., water and sewer rents and connection fees) and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities.

Operating expenses include expenses associated with the operation, maintenance and repair of the water treatment and sewer collection systems and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt.

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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates

Impact of Recently Issued Accounting Principles.**Recently Issued and Adopted Accounting Pronouncements**

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASBS 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This Statement is effective for periods beginning after June 15, 2012. The adoption of GASBS 61 does not have any impact on the Authority's financial statements.

In March 2012, the GASB issued Statement 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. GASBS 66 is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities.

Questions also have arisen about differences between Statement 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. This Statement is effective for periods beginning after December 15, 2012. The adoption of GASBS 66 does not have any impact on the Authority's financial statements.

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

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

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

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

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

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

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. The objective of GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

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

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

Senior Bond Resolution

The Authority is subject to the provisions and restrictions of the General Bond Resolution adopted June 17, 1986 and Supplemental Resolutions adopted April 11 and May 5, 1991, October 15 and November 12, 1996, September 15 and October 1, 1998, March 20 and March 28, 2001, August 20, 2002, February 2, 2005 and July 15, 2008 (collectively the "Bond Resolution"). A summary of the activities of each account created by the Bond Resolution is covered below.

Revenue Account - All money collected by the Authority for service charges or from any other source for operating, maintaining or repairing the system is deposited in this account. The Trustee, on the first day of each month, shall make payments into the other accounts to satisfy bond resolution or operating requirements.

Operating Account - The balance on deposit must be equal to at least 50% of the annual appropriation for operating expenses. At December 31, 2013, the balance in the operating account meets the requirements of the Bond Resolution.

Bond Service Account - The balance on deposit must be sufficient to enable the Trustee to withdraw amounts equal to interest due on bonds, principal amount maturing on bonds and sinking fund installments when such payments are required. At December 31, 2013, the balance in the bond service account meets the requirements of the Bond Resolution.

Bond Reserve Account - The amount of funds on deposit must be maintained at a level equal to the Maximum Debt Service to insure funds are available for payment of Debt Service. At December 31, 2013, the balance in the bond reserve account meets the requirements of the Bond Resolution.

Renewal and Replacement Account - These funds are maintained for reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements or maintenance items of a type not recurring annually. At December 31, 2013, the balance in the renewal and replacement account meets the requirements of the Bond Resolution.

General Account - All excess funds of the Authority are recorded in the general account. If the Authority is not in default in the payment of bond principal or interest and all fund requirements are satisfied, the Authority may use the excess funds for any lawful purpose.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)**Debt Service Coverage**

Section 709 of the Senior Bond Resolution requires certain ratios of Net Revenues to Debt Service. Compliance with this covenant is calculated as follows:

	<u>2013</u>	<u>2012</u>
Net Revenues:		
Operating Income (Exhibit B)	\$ 1,373,393.73	\$ 1,054,517.48
Add: Depreciation Expense	2,179,705.46	2,117,014.78
Major Repairs & Other Expenses	480,066.38	338,864.79
OPEB Obligation	56,059.70	59,792.70
Interest Revenue	<u>11,133.85</u>	<u>27,684.97</u>
Total Net Revenues	<u>\$ 4,100,359.12</u>	<u>\$ 3,597,874.72</u>
Senior Bonds Debt Service		
Interest Charges (Schedule 10)	\$ 519,342.13	\$ 559,572.88
Bond Principal	<u>1,285,547.05</u>	<u>2,201,813.84</u>
Total Senior Bond Debt Service:	<u>\$ 1,804,889.18</u>	<u>\$ 2,761,386.72</u>
Net Revenues	<u>\$ 4,100,359.12</u>	<u>\$ 3,597,874.72</u>
Senior Bonds Debt Service	1,804,889.18	2,761,386.72
	<u>227.18%</u>	<u>130.29%</u>

This ratio meets the required debt service coverage of 100% for the Series I and J Revenue Bonds.

Junior Lien Bond Resolution

The Authority is further subject to the provisions and restrictions of the Junior Lien Bond Resolution adopted August 18, 2009 (the "Junior Lien Resolution"). Section 402 of the Junior Lien Resolution creates a direct and special obligation on the Authority where the full faith and credit of the Authority is pledged to the payment of principal and interest on the Junior Lien Bond authorized under the Junior Lien Resolution. However, the obligation of the Authority to apply revenues or other funds to the payment of principal and interest on the Junior Lien Bonds is subject to prior obligation of the Authority to apply such revenues or other funds to the payment of operating expenses. The pledge of revenues and other such funds is subordinate to the provisions of the Senior Bond Resolution and the lien and pledge created by the Senior Bond Resolution.

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

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

As of December 31, 2013 and 2012, the Authority's bank balances were exposed to custodial credit risk as follows:

	<u>2013</u>	<u>2012</u>
Insured by Federal Deposit Insurance Corporation	\$ 500,000.00	\$ 250,000.00
Uninsured and Collateralized with Securities Held by Pledging Financial Institutions	<u>6,698,910.66</u>	<u>5,538,602.54</u>
Total	<u>\$ 7,198,910.66</u>	<u>\$ 5,788,602.54</u>

New Jersey Cash Management Fund - During the year, the Authority participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2012 the Authority's deposits with the New Jersey Cash Management Fund were \$1,607.16. The Authority closed its New Jersey Cash Management Fund account during 2013.

Investments

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's \$4,103,323.35 as of December 31, 2013 and \$4,967,064.62 as of December 31, 2012 investments in treasury obligations and money market funds are held in the name of the Authority.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits the investments that the Authority may purchase such as treasury securities in order to limit the exposure of governmental units to credit risk. The Authority has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Authority does not place a limit on the amount that may be invested in any one issuer. All of the Authority's investments are either in treasury obligations or money market funds.

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

As of December 31, 2013 and 2012, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Maturity</u>	<u>Credit Rating</u>	<u>Fair Value December 31, 2013</u>	<u>Fair Value December 31, 2012</u>
Governmental Money Market	Demand	AAA	\$ 3,524,103.35	\$ 4,353,154.62
U.S. Treasury Bond	5/15/2016	N/A	579,220.00	613,910.00
			<u>\$ 4,103,323.35</u>	<u>\$ 4,967,064.62</u>

Service Fees

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

<u>Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2013	\$ 724,060.19	\$ 7,308,018.79	\$ 7,243,647.25	90.18%
2012	689,819.59	7,168,662.75	7,134,422.15	90.79%
2011	705,502.17	7,102,019.78	7,117,702.36	91.16%

Capital Assets

During the year ended December 31, 2013 and 2012, the following changes in Capital Assets occurred:

	<u>Balance Jan. 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2013</u>
Land	\$ 1,254,200.00			\$ 1,254,200.00
Buildings	28,020,871.03	\$ 388,443.73		28,409,314.76
Major Moveable Equipment	472,092.96	42,420.15	\$ 6,399.00	508,114.11
Vehicles	853,633.44		11,270.56	842,362.88
Infrastructure	39,228,928.22	145,133.71	30,131.64	39,343,930.29
Total Historical Cost	<u>69,829,725.65</u>	<u>575,997.59</u>	<u>47,801.20</u>	<u>70,357,922.04</u>
Less Accumulated Depreciation	<u>33,763,794.40</u>	<u>2,179,705.46</u>	<u>47,801.20</u>	<u>35,895,698.66</u>
Capital Assets, Net	<u>\$ 36,065,931.25</u>	<u>\$ (1,603,707.87)</u>	<u>\$ -</u>	<u>\$ 34,462,223.38</u>

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

	<u>Balance</u> <u>Jan. 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Land	\$ 1,254,200.00			\$ 1,254,200.00
Buildings	27,440,844.68	\$ 580,026.35		28,020,871.03
Major Moveable Equipment	472,092.95			472,092.95
Vehicles	865,762.23	15,132.23	\$ 27,261.00	853,633.46
Infrastructure	38,508,377.55	797,209.86	76,659.20	39,228,928.21
Total Historical Cost	<u>68,541,277.41</u>	<u>1,392,368.44</u>	<u>103,920.20</u>	<u>69,829,725.65</u>
Less Accumulated Depreciation	<u>31,750,699.82</u>	<u>2,117,014.78</u>	<u>103,920.20</u>	<u>33,763,794.40</u>
Capital Assets, Net	<u>\$ 36,790,577.59</u>	<u>\$ (724,646.34)</u>	<u>\$ -</u>	<u>\$ 36,065,931.25</u>

Note 4: DETAIL NOTES – DEFERRED OUTFLOWS OF RESOURCES**Deferred Loss on Refunding**

In 2005, the Authority advanced refunded \$2,515,000.00 of the Series 1998G and \$6,470,000.00 of the Series 2001I Bonds. The Authority issued \$9,555,000.00 of Water-Sewer Revenue Refunding Bonds, Series 2005 J Bonds to provide resources to purchase U.S. government securities that were placed in irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds were considered to be defeased and the liability was removed from the financial statements. The refunded bonds were fully called on January 1, 2010.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$484,631.31. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations over the life of the refunding bonds using the straight line method. The advance refunding was undertaken to reduce total debt payments over 17 years by 464,399.75 and to obtain a present value economic gain of \$358,216.53.

The deferred outflow of resources for the deferred loss on refunding at December 31, 2013 and 2012 were \$345,552.69 and \$415,800.70, respectively.

Note 5: DETAIL NOTES - LIABILITIES

Compensated Absences

Authority employees may accumulate unused sick days with no restrictions. Employees are compensated for accumulated sick leave upon retirement or resignation at one-half of their then current hourly rate of pay times the number of days accumulated, up to a maximum of \$15,000. Vacation days not used during the year may be carried forward for one year. Upon separation from the Authority, the employee will be paid for all accrued vacation time at their then current hourly rate. The accrued liability for accumulated sick leave and vacation time at December 31, 2013 and 2012 is estimated at \$408,165.44 and \$363,528.64, respectively.

Retirement Systems

The Authority contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. In addition, several Authority employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This too is administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

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

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

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

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

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Paid by Authority</u>
2013	\$ 78,881.00	\$ 156,933.00	\$ 235,814.00	\$ 235,814.00
2012	86,229.00	144,790.00	231,019.00	231,019.00
2011	97,445.00	129,721.00	227,166.00	227,166.00

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pension**

The Authority provides reimbursement of Medicare B premiums to employees that have retired from the Authority in addition to benefits provided through the State Pension Fund. The reimbursement for Medicare Part B deduction and the amount of the benefit is established by the Authority. GASB Statement 45 requires that accrued liabilities associated with the Medicare be recorded on the Authority's financial statements.

The State Pension Fund provides health benefits through the State Health Benefit Plan which is a cost-sharing multiple-employer defined benefit postemployment healthcare plan. As a result, GASB Statement 45 requires that the actuarial accrued liability for employee benefits are recorded as an obligation of the State Health Benefit Plan and not the Authority.

State Health Benefit Plan

Plan Description - The Authority contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/.

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Authority on a monthly basis. The Authority contributions to SHBP for the years ended December 31, 2013, 2012, and 2011, were \$259,947.464, \$216,535.54 and \$177,396.48 respectively, which equaled the required contributions for each year. There were approximately 14, 14, and 13 retired participants eligible at December 31, 2013, 2012, and 2011, respectively.

Authority's Plan – Medicare B Reimbursement

Plan Description - The Authority also provides Medicare Part B reimbursement to retirees and their covered dependents. The reimbursements are administered by the Authority; therefore, payments are made directly by the Authority to the retirees.

Funding Policy - The Authority presently funds its current retiree post employment benefit costs on a "pay-as-you-go" basis. The Authority's contributions to the plan for the years ended December 31, 2013, 2012, and 2011, were \$10,909.30 \$7,176.30 and \$7,126.80, respectively.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pension (Cont'd)****Authority's Plan – Medicare B Reimbursement (Cont'd)**

Annual OPEB Cost and Net OPEB Obligation - The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the Authority Plan, and changes in the Authority's net OPEB obligation to the Plan

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Normal cost	\$ 22,624.00	\$ 22,624.00	\$ 22,624.00
Amortization Payment	46,694.00	46,694.00	46,694.00
Annual required contribution (expense)	69,318.00	69,318.00	69,318.00
Interest on Net OPEB obligation	5,625.00	5,625.00	5,625.00
Adjustment to ARC	(7,974.00)	(7,974.00)	(7,974.00)
Annual OPEB Cost	66,969.00	66,969.00	66,969.00
Contributions Made	(10,909.30)	(7,176.30)	(7,126.80)
Net OPEB obligation - beginning of year	233,304.10	173,511.40	113,669.20
Net OPEB obligation - end of year	<u>\$ 289,363.80</u>	<u>\$ 233,304.10</u>	<u>\$ 173,511.40</u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>OPEB Cost Contributed</u>	<u>OPEB Obligation</u>
2012	\$ 69,318.00	15.74%	\$ 289,363.80
2011	69,318.00	10.35%	233,304.10
2010	66,260.00	10.76%	173,511.40

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date, the Authority's Plan was 0% funded. The actuarial accrued liability for benefits was \$760,589, and the actuarial value of plan assets was \$0.00, resulting in an unfunded actuarial accrued liability (UAAL) of \$760,589. (For additional information, please refer to the "Required Supplementary Information Schedule of Funding Progress for Health Benefits Plan" shown at the end of the footnote section.) Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pension (Cont'd)****Authority's Plan – Medicare B Reimbursement (Cont'd)**

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

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The actuarial assumptions included the following: a discount rate of 4.5% on future benefit costs; turnover rate of 25.0% starting at age 25 decreasing to a rate of 0% at age 60; and lastly, the actual number of future retirees with dependants is used to determine dependent coverage. The remaining amortization period at December 31, 2013, was twenty-five years.

Revenue Bonds and Loans Payable - 2002 I, 2005 J, NJEIT 2008 K and NJEIT Junior Lien Series 2010

The Revenue Bonds Series 2002 I and 2005 J are direct obligations of the Authority. The Bonds are secured by a pledge on the Revenues derived by the Authority from the operation of its water supply and distribution facilities and its sewerage treatment facilities. The Bonds are further secured by the limited Service Agreement between the Authority and the Township (See Note 7).

The 2002 Series I Bonds were issued to provide funds to refund portions of the Authority's 1994 Series E Bonds and 1996 Series F Bonds and to pay for the cost of issuance. The Bonds were originally issued for \$7,605,000 and carry interest rates ranging from 2.5% to 4.0% with a final maturity in 2017.

The 2005 Series J Bonds were issued to advance refund the callable maturities of the Authority's 1998 Series G Bonds and the 2001 Series H Bonds and to pay certain costs related to the issuance of the Series J Bonds. The Bonds were originally issued for \$9,555,000 and carry interest rates ranging from 2.5% to 4.0% with a final maturity in 2021.

On November 9, 2008, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Series 2008 K Bonds") totaling \$4,428,000 for the completion of emergency repairs to a sewer main. The first part of the loan award for \$2,198,000 is interest free. The \$2,230,000 portion carries interest rates that range from 5% to 5.5% with a final maturity in 2028.

On March 10, 2010, the Authority closed on four loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Junior Lien Series 2010") totaling \$4,787,982 for the completion of a micro-turbine facility, the installation of solar electric generating systems and the replacement of water main (the "2010 Project"). The total cost of the 2010 Project was \$9,533,946 and was financed with an interim loan of \$9,491,928.00 from the New Jersey Environmental Infrastructure Trust. Proceeds from the loan were used to retire the interim loan. In addition, the Authority received principal forgiveness under the federal government's American Resource and Recovery Act in the amount of \$4,745,964. Two parts of the loan award for \$2,372,982 are interest free. The remaining \$2,415,000 portion carries interest rates of 2.0% with a final maturity in 2029.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Revenue Bonds and Loans Payable - Series 2002 I, 2005 J, NJEIT 2008 K and NJEIT Junior Lien Series 2010 (Cont'd)****Maturities of the Series 2002 I and 2005 J:**

Bond Year	Principal	Interest	Total
2014	\$ 900,000.00	\$ 308,365.63	\$ 1,208,365.63
2015	930,000.00	274,237.50	1,204,237.50
2016	965,000.00	237,700.00	1,202,700.00
2017	1,005,000.00	198,500.00	1,203,500.00
2018	1,045,000.00	157,500.00	1,202,500.00
2019-2023	3,415,000.00	208,300.00	3,623,300.00
	8,260,000.00	<u>\$ 1,384,603.13</u>	<u>\$ 9,644,603.13</u>
Adjustments:			
Premium on Bonds	12,792.90		
Discount on Bonds	<u>(1,001.52)</u>		
		<u>\$ 8,271,791.38</u>	

Maturities of the Series NJEIT 2008 K and Junior Lien NJEIT Junior Lien Series 2010:

Year Ending December 31,	Interest Free Loan Principal	Interest Portion			Total
		Rates	Principal	Interest	
2014	\$ 240,999.90	5.00%	\$ 185,000.00	\$ 157,950.00	\$ 342,950.00
2015	238,282.82	5.00%	190,000.00	148,700.00	338,700.00
2016	238,584.72	5.00%	195,000.00	139,200.00	334,200.00
2017	238,735.66	5.00%	210,000.00	129,450.00	339,450.00
2018	238,735.66	5.00%	220,000.00	118,950.00	338,950.00
2019-2023	1,199,686.10	3.00% - 5.50%	1,285,000.00	423,750.00	1,708,750.00
2024-2028	1,200,622.19	4.00% - 5.00%	985,000.00	135,150.00	1,120,150.00
2028-2029	<u>127,124.31</u>				
	<u>\$ 3,722,771.36</u>		<u>\$ 3,270,000.00</u>	<u>\$ 1,253,150.00</u>	<u>\$ 4,523,150.00</u>

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

As of December 31, 2013, the Authority had a balance an unrestricted net position balance of \$4,759,449.81, which included an unrestricted water deficit of \$323,211.13. The Authority's 2014 budget, which was formulated prior to year end, appropriated unrestricted net assets of \$100,000.00 for water operating budget, \$100,000.00 for water capital budget, \$100,000.00 for sewer operating budget, and \$530,000.00 for sewer capital budget were appropriated for the year ending December 31, 2014.

As of December 31, 2012, the Authority had a balance an unrestricted net position balance of \$4,504,024.24, which included an unrestricted water deficit of \$632,573.10. The Authority's 2013 budget, which was formulated prior to year end, appropriated unrestricted net assets of \$123,437.00 for water operating and \$530,000.0000 for sewer capital were appropriated for the year ending December 31, 2013.

Note 7: INTERGOVERNMENTAL AGREEMENTS**Major Customer**

The Authority derives a significant portion of its total service fees from Mount Laurel Township Municipal Utilities Authority (MLTMUA). Since the charges are based upon the flow from the system, the Authority's revenues are subject to large fluctuations from one customer. A comparison of billings is shown below:

<u>Year</u>	<u>MLTMUA Water Billings</u>	<u>Total Water Billings</u>	<u>Percentage</u>
2013	\$ 1,097,544.03	\$ 4,904,773.74	22.38%
2012	1,239,417.41	4,450,987.01	27.85%
2011	1,268,342.28	4,462,784.44	28.42%

Edgewater Park Agreement

The Authority entered into a forty year agreement with Edgewater Park Sewerage Authority on December 4, 1965, in which the Authority agreed to accept for appropriate treatment and disposal through its facilities, the sewage and industrial waste collected in Edgewater Park Township. In exchange, Edgewater Park Sewerage Authority annually pays to the Authority:

- a) Residential Accounts – An amount equal to that charged to Willingboro Township residents less \$4.50.
- b) Commercial Accounts – The same per gallon charge currently billed to a Willingboro Township commercial customer.

Mount Laurel Service Agreement

The Authority, the Mount Laurel Township Municipal Utilities Authority (MLTMUA), and the Evesham Municipal Utilities Authority (EMUA) signed an agreement dated April 19, 1989 for the purchase and sale of potable water. The Authority sells bulk water to MLTMUA, which in turn sells a portion to EMUA.

Under the agreement the Authority must make available 5 million gallons per day and the MLTMUA must purchase a minimum of 67.5 million gallons per annual quarter. The charge imposed by the Authority is based on metered flow at the lowest prevailing Authority potable water service charge, plus 25%.

The agreement was made for an initial term of five years and is automatically renewed for five year terms unless written notice is given at least two years prior to the end of the then existing term by any of the principals to the agreement.

Note 7: INTERGOVERNMENTAL AGREEMENTS (CONT'D)

Township of Willingboro Service Agreement

A Service Agreement was entered into on June 15, 1990 between the Authority and the Township. Under the Service Agreement, the Township agrees to pay any shortfall the Authority may encounter in making payments for either Operating Expenses and/or Debt Service (Annual Charges).

The purpose of this agreement is to grant temporary relief to the Authority should it experience difficulty in meeting its obligations. The agreement calls for the Township to be reimbursed for any Annual Charges paid by the Township when the Authority's operations permit. Ultimately, all Operating Expenses and Debt Service of the Authority are borne by revenues of the system.

Note 8: COMMITMENTS AND CONTINGENCIES

Commitments

The Authority had several outstanding or planned construction projects as of December 31, 2013. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Awarded</u>	<u>Commitment Remaining</u>
Lining of Windsor Interceptor	<u>\$ 273,005.50</u>	<u>\$ 20,707.44</u>

Litigation

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

Note 9: DEFERRED COMPENSATION SALARY ACCOUNT

The Authority offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Authority or its creditors. Since the Authority does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Authority's financial statements.

Note 10: RISK MANAGEMENT

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

Note 11: PRIOR YEAR FINANCIAL STATEMENTS**Prior Year Adjustment - Correction of an Error**

For the year ended December 31, 2012 the credit received from NJEIT was overstated. This resulted in Loans Payable being understated and Net Investment in Capital Assets overstated. The adjustment is detailed below:

Summary Statement of Net Position As of December 31, 2012			
	Previously Reported	Prior Period Adjustment	Restated
Assets			
Current Assets			
Unrestricted Assets	\$ 7,907,667.06		\$ 7,907,667.06
Restricted Assets	4,412,790.70		4,412,790.70
Capital Assets	36,190,448.76		36,190,448.76
Total Assets	48,510,906.52	-	48,510,906.52
Deferred Outflows of Resources			
Deferred Loss on Defeasance of Debt	415,800.70		415,800.70
Total Deferred Outflows of Resources	415,800.70	-	415,800.70
Liabilities			
Current Liabilities	2,477,005.12		2,477,005.12
Long-term Liabilities			
Compensated Absences Payable	363,528.64		363,528.64
OPEB Liability	233,304.10		233,304.10
Loans Payable	6,880,542.36	\$ 112,229.00	6,992,771.36
Bonds Payable	8,273,285.09		8,273,285.09
Total Liabilities	18,227,665.31	112,229.00	18,339,894.31
Net Position			
Net Investment in Capital Assets	20,281,357.66	(112,229.00)	20,169,128.66
Restricted	5,913,660.01		5,913,660.01
Unrestricted	4,504,024.24		4,504,024.24
Total Net Position	\$ 30,699,041.91	\$ (112,229.00)	\$ 30,586,812.91

Note 12: SUBSEQUENT EVENTS

Subsequent to December 31, 2013, the Authority authorized additional Loans through the New Jersey Environmental Infrastructure Trust as follows:

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
Digester Cleaning and Repair and Trickling Filter Walkway Grating	January 15, 2014	\$ 2,051,943.00
Lake Drive and Beechnut Lane Pumping Station Replacements	January 15, 2014	<u>1,133,729.00</u>
		<u>\$ 3,185,672.00</u>

REQUIRED SUPPLEMENTARY INFORMATION

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of Funding Progress for the OPEB Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability - (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
7/1/2010	\$ -	\$ 760,589.00	\$ 760,589.00	0 %	N/A	N/A
7/1/2008	-	688,793.00	688,793.00	0 %	N/A	N/A

Schedule RSI-2

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of Employer Contributions to the OPEB Plan

<u>Year Ended December 31,</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
2013	\$ 69,318.00	15.74%
2012	69,318.00	10.35%
2011	66,260.00	10.76%

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Note to Required Supplementary Information
For the Year Ended December 31, 2013

Other Postemployment Benefits

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

Valuation Date	July 1, 2010
Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Closed, Level Dollar Method
Remaining Amortization Period	25 years
Asset Valuation Method	N/A
Actuarial Assumptions:	
Investment Rate of Return	4.5%
Rate of Medicare Part B Inflation	5%

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

SUPPLEMENTARY SCHEDULES

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Combining Schedule of Revenue, Expenses and Changes in Net Position
Restricted and Unrestricted Accounts
For the Year Ended December 31, 2013

	Unrestricted		Restricted				Totals
	Operating	General	Bond Reserve	Bond Service	Renewal and Replacement	Unemployment Compensation	
Operating Revenues:							
Service Fees	\$ 7,308,018.79						\$ 7,308,018.79
Intergovernmental Service Agreements	1,817,819.87						1,817,819.87
Connection Fees	526,480.00						526,480.00
Other Operating Revenues	803,042.57						803,042.57
Total Operating Revenues	10,455,361.23	-	-	-	-	-	10,455,361.23
Operating Expenses:							
Administration:							
Salaries and Wages	632,932.29						632,932.29
Employee Benefits	323,937.18						323,937.18
Other Expenses	540,673.79						540,673.79
Cost of Providing Service:							
Salaries and Wages	1,863,579.52						1,863,579.52
Employee Benefits	1,050,685.75						1,050,685.75
Other Expenses	2,010,387.13						2,010,387.13
Major Repairs		\$ 480,066.38					480,066.38
Depreciation		2,179,705.46					2,179,705.46
Total Operating Expenses	6,422,195.66	2,659,771.84	-	-	-	-	9,081,967.50
Operating Income (Loss)	4,033,165.57	(2,659,771.84)					1,373,393.73
Non-operating Revenue (Expenses):							
Investment Income	9,078.31	114.03	\$ 1,622.97	\$ 70.73	\$ 62.21	\$ 185.60	11,133.85
Net Unemployment Activity						3,721.92	3,721.92
Bond Interest		(68,754.30)		(519,342.13)			(588,096.43)
Contribution to Willingboro Township		(200,000.00)					(200,000.00)
Income (Loss) Before Transfers and Contributions	4,042,243.88	(2,928,412.11)	1,622.97	(519,271.40)	62.21	3,907.52	600,153.07
Transfers	(3,926,675.88)	3,409,089.66	(1,622.97)	519,271.40	(62.21)		-
Change in Net Position	115,568.00	480,677.55	-	(0.00)	-	3,907.52	600,153.07
Net Position - Beginning, as Restated	3,215,650.00	24,673,152.90	1,512,836.74	-	1,000,000.00	185,173.27	30,586,812.91
Net Position - Ending:							
Net Investment in Capital Assets		\$ 20,394,380.64					\$ 20,394,380.64
Restricted	\$ 3,331,218.00		\$ 1,512,836.74	\$ -	\$ 1,000,000.00	\$ 189,080.79	6,033,135.53
Unrestricted		4,759,449.81					4,759,449.81

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenues, Expenses and Changes in Fund Net Position by Department
 For the Year Ended December 31, 2013

	<u>Sewer</u>	<u>Water Treatment</u>	<u>Total</u>
Operating Revenues:			
Service Fees	\$ 3,500,789.08	\$ 3,807,229.71	\$ 7,308,018.79
Intergovernmental Service Agreements	720,275.84	1,097,544.03	1,817,819.87
Connection Fees	297,580.00	228,900.00	526,480.00
Other Operating Revenues	221,486.60	581,555.97	803,042.57
	<u>4,740,131.52</u>	<u>5,715,229.71</u>	<u>10,455,361.23</u>
Operating Expenses:			
Administration:			
Salaries and Wages	316,466.15	316,466.15	632,932.29
Fringe Benefits	161,968.59	161,968.59	323,937.18
Other Expenses	270,336.90	270,336.90	540,673.79
Total Administration	<u>748,771.63</u>	<u>748,771.63</u>	<u>1,497,543.26</u>
Cost of Providing Service:			
Salaries and Wages	784,578.14	1,079,001.38	1,863,579.52
Fringe Benefits	470,561.16	580,124.59	1,050,685.75
Other Expenses	936,658.57	1,073,728.56	2,010,387.13
Total Cost of Providing Service	<u>2,191,797.87</u>	<u>2,732,854.53</u>	<u>4,924,652.40</u>
Major Repairs and Other Expenses	277,141.19	202,925.19	480,066.38
Depreciation	1,035,156.89	1,144,548.57	2,179,705.46
Total Operating Expenses	<u>4,252,867.58</u>	<u>4,829,099.92</u>	<u>9,081,967.50</u>
Operating Income	<u>487,263.94</u>	<u>886,129.79</u>	<u>1,373,393.73</u>
Non-operating Income (Expenses):			
Investment Income	5,564.74	5,569.11	11,133.85
Net Unemployment Activity	1,860.96	1,860.96	3,721.92
Interest Expense	(255,613.42)	(332,483.01)	(588,096.43)
Contribution to Willingboro Township	(173,423.00)	(26,577.00)	(200,000.00)
Increase in Net Position	65,653.21	534,499.85	600,153.07
Net Position - Beginning, as Restated	<u>14,682,525.83</u>	<u>15,904,287.08</u>	<u>30,586,812.91</u>
Net Position - Ending	<u>\$ 14,748,179.04</u>	<u>\$ 16,438,786.93</u>	<u>\$ 31,186,965.98</u>
Net Position:			
Net Investment in Capital Assets	\$ 6,843,712.70	\$ 13,550,667.94	\$ 20,394,380.64
Restricted for:			
Bond Resolution Covenants	2,727,265.01	3,116,789.73	5,844,054.74
Unemployment Compensation	94,540.40	94,540.40	189,080.79
Unrestricted (Deficit)	5,082,660.94	(323,211.13)	4,759,449.81
	<u>\$ 14,748,179.04</u>	<u>\$ 16,438,786.93</u>	<u>\$ 31,186,965.98</u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Cash Receipts and Cash Disbursements
 For the Year Ended December 31, 2013

	Unrestricted		Restricted				Total
	Operating Accounts	General	Bond Reserve	Bond Service	Renewal and Replacement	Other	
Cash, Cash Equivalents and Investments January 1, 2013	\$ 5,402,099.12	\$ 746,005.09	\$ 1,626,747.00	\$ 1,594,312.53	\$ 1,000,000.00	\$ 305,467.91	\$ 10,674,631.65
Receipts:							
User Charges and Fees	7,170,265.87						7,170,265.87
Intergovernmental Service Agreements Receivable	1,916,073.11						1,916,073.11
Rent Overpayments	81,432.11						81,432.11
Other Accounts Receivable	810,519.81					3,721.92	814,241.73
Connection Fees	526,480.00						526,480.00
Investment Income (Including Unrealized Losses)	8,974.91	105.28	1,621.71	73.18	60.96	288.96	11,125.00
Developer's Escrow Deposits						34,286.50	34,286.50
Unearned Revenue	36,581.73						36,581.73
Transfers In	3,003,917.72	2,950,630.96		1,431,998.97			7,386,547.65
Total Cash and Investments Available	18,956,344.38	3,696,741.33	1,628,368.71	3,026,384.68	1,000,060.96	343,765.29	28,651,665.35
Disbursements:							
Budgetary Expenses	6,465,612.47			37,664.76			6,503,277.23
Debt Service Principal				1,285,547.05			1,285,547.05
Debt Service Interest				538,770.00			538,770.00
Construction in Progress	1,043,565.33						1,043,565.33
Retainage Payable	24,505.05						24,505.05
Capital Accounts Payable	145,096.08						145,096.08
Operating Accounts Payable	419,863.47						419,863.47
Developer's Escrow Expenses						67,877.17	67,877.17
Transfers Out	3,999,765.14	3,349,877.85	36,311.71		60.96	531.99	7,386,547.65
Total Disbursements	12,098,407.54	3,349,877.85	36,311.71	1,861,981.81	60.96	68,409.16	17,415,049.03
Cash, Cash Equivalents and Investments December 31, 2013	\$ 6,857,936.84	\$ 346,863.48	\$ 1,592,057.00	\$ 1,164,402.87	\$ 1,000,000.00	\$ 275,356.13	\$ 11,236,616.32
<u>Analysis of Balance December 31, 2013</u>							
Cash and Cash Equivalents	\$ 6,857,936.84					\$ 275,356.13	\$ 7,133,292.97
Investments:							
Governmental Mutual Funds		\$ 346,863.48	\$ 1,012,837.00	\$ 1,164,402.87	\$ 1,000,000.00		3,524,103.35
Investments: U.S. Treasury Bonds			579,220.00				579,220.00
Total	\$ 6,857,936.84	\$ 346,863.48	\$ 1,592,057.00	\$ 1,164,402.87	\$ 1,000,000.00	\$ 275,356.13	\$ 11,236,616.32

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Sewer Operations -- Revenues, Operating Appropriations,
 Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
 For the Year Ended December 31, 2013

	Adopted Budget	Actual	Variance Favorable / (Unfavorable)
Operating Revenues:			
Service Fees:			
Residential and Commercial	\$ 3,610,617.00	\$ 3,500,789.08	\$ (109,827.92)
Intergovernmental Service Agreements	700,000.00	720,275.84	20,275.84
Connection Fees	-	297,580.00	297,580.00
Other Operating Revenues:			
Lechate Disposal Fees	8,000.00	7,270.96	(729.04)
Laboratory Testing	6,000.00	5,186.00	(814.00)
Search Fees	5,000.00	7,000.00	2,000.00
Late Penalties	40,000.00	47,490.08	7,490.08
Miscellaneous Service Fees	16,500.00	19,462.50	2,962.50
Miscellaneous Income	127,750.00	135,077.06	7,327.06
	203,250.00	221,486.60	18,236.60
Total Operating Revenues	4,513,867.00	4,740,131.52	226,264.52
Non-Operating Revenues:			
Investment Income	23,000.00	5,564.74	(17,435.26)
Total Budget Revenues	4,536,867.00	4,745,696.26	208,829.26
Operating Appropriations:			
Administration			
Salaries and Wages	322,000.00	316,466.15	5,533.85
Employee Benefits:			
Supplemental Compensation	15,000.00		15,000.00
Social Security Tax	25,500.00	22,470.72	3,029.29
Unemployment & Disability Insurance	1,250.00	92.73	1,157.27
Public Employees Retirement System	33,500.00	31,834.89	1,665.11
Health Insurance	102,500.00	85,736.56	16,763.44
Dental Insurance	8,000.00	5,528.86	2,471.15
Prescription Plan	14,000.00	11,583.51	2,416.50
Uniforms	250.00	24.75	225.25
OPEB Obligation		4,696.59	(4,696.59)
Total Employee Benefits	200,000.00	161,968.59	38,031.41
Other Expenses:			
Telephone	2,500.00	4,127.35	(1,627.35)
Electricity	5,500.00	4,517.78	982.22
Gas Heat	1,500.00	1,080.53	419.47
Vehicle, Gasoline	1,500.00	1,175.67	324.33

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Sewer Operations -- Revenues, Operating Appropriations,
 Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
 For the Year Ended December 31, 2013

	Adopted Budget	Actual	Variance Favorable / (Unfavorable)
Administration (Cont'd):			
Other Expenses (Cont'd):			
Vehicle, Maintenance	\$ 1,000.00	\$ 211.53	\$ 788.48
Maintenance of Building and Site	3,500.00	966.27	2,533.73
Equipment Maintenance	10,000.00	6,070.42	3,929.59
Insurance	9,000.00	17,132.62	(8,132.62)
Printing	12,500.00	7,284.73	5,215.27
Postage	16,500.00	18,917.31	(2,417.31)
Miscellaneous Supplies and Expenses	27,500.00	41,824.66	(14,324.66)
Safety Services	500.00	19.00	481.00
Engineer Fees	22,500.00	69,499.87	(46,999.87)
Legal Fees	25,000.00	28,632.08	(3,632.08)
Information Management	15,000.00	18,263.97	(3,263.97)
Auditor Fees	22,500.00	20,780.75	1,719.25
Trustee Fees	13,500.00	27,332.38	(13,832.38)
Consulting Fees	5,000.00	2,500.00	2,500.00
Total Other Expenses	195,000.00	270,336.90	(75,336.90)
Total Administration	717,000.00	748,771.63	(31,771.63)
Cost of Providing Service:			
Salaries and Wages	762,000.00	784,578.14	(22,578.14)
Employee Benefits:			
Social Security Tax	59,500.00	60,687.12	(1,187.12)
Unemployment & Disability Insurance	3,000.00	610.24	2,389.76
Public Employees Retirement System	80,000.00	77,818.62	2,181.38
Health Insurance	217,500.00	240,285.41	(22,785.41)
Dental Insurance	18,700.00	17,171.66	1,528.34
Prescription Plan	55,500.00	47,970.80	7,529.20
Uniforms	4,500.00	3,694.30	805.70
OPEB Obligation		22,323.01	(22,323.01)
Total Employee Benefits	438,700.00	470,561.16	(31,861.16)
Other Expenses:			
Telephone	7,700.00	10,453.23	(2,753.23)
Electricity	255,000.00	242,929.73	12,070.27
Gas Heat	24,000.00	26,395.29	(2,395.29)
Vehicles, Gasoline	18,000.00	14,896.23	3,103.77
Vehicles, Maintenance	15,000.00	5,142.78	9,857.22
Maintenance of Buildings and Sites	15,000.00	13,100.81	1,899.19
Equipment Maintenance	61,000.00	57,746.23	3,253.77
Insurance	100,000.00	112,159.14	(12,159.14)
System Maintenance	50,000.00	50,202.32	(202.32)
Miscellaneous Supplies and Expenses	35,000.00	32,749.97	2,250.03

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Sewer Operations -- Revenues, Operating Appropriations,
 Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
 For the Year Ended December 31, 2013

	Adopted Budget	Actual	Variance Favorable / (Unfavorable)
Cost of Providing Service (Cont'd):			
Other Expenses (Cont'd):			
Chemicals	\$ 90,500.00	\$ 91,038.20	\$ (538.20)
Safety Services	5,500.00	7,476.00	(1,976.00)
Permits and Fees	77,000.00	61,846.98	15,153.02
Laboratory Tests and Analyses	25,000.00	32,470.60	(7,470.60)
Lab Supplies & Expenses	20,000.00	31,611.31	(11,611.31)
Sludge Disposal Fees	145,000.00	146,439.75	(1,439.75)
Total Other Expenses	943,700.00	936,658.57	7,041.43
Total Cost of Providing Service	2,144,400.00	2,191,797.87	(47,397.87)
Total Principal Payments on Debt in lieu of Depreciation	669,858.00	662,016.53	7,841.47
Total Operating Appropriations	3,531,258.00	3,602,586.03	(71,328.03)
Non-Operating Appropriations			
Interest on Debt	227,046.00	227,698.14	(652.14)
Renewal and Replacement	583,000.00	277,141.19	305,858.81
Municipal Contributions	176,563.00	173,423.00	3,140.00
Other Reserves	19,000.00	19,000.00	19,000.00
Total Non-Operating Appropriations	1,005,609.00	678,262.33	327,346.67
Total Operating and Non-Operating Appropriations	4,536,867.00	4,280,848.36	256,018.64
Excess Revenues Over Expenditures	\$ -	\$ 464,847.90	\$ 464,847.90
Adjustments to Reconcile to GAAP Basis Change in Net Assets:			
Excess Revenues Over Expenditures		\$ 464,847.90	
Employee Unemployment Compensation Deductions		1,860.96	
Bond Principal		662,016.53	
Depreciation Expense		(1,035,156.89)	
Amortization of Original Issue Discount		(203.64)	
Amortization of Premium on Bonds		310.68	
Amortization of Loss Amount on Refunding		(28,022.33)	
Total GAAP Basis Change in Net Position		\$ 65,653.21	

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Water Treatment Operations -- Revenues, Operating Appropriations,
Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
For the Year Ended December 31, 2013

	Adopted Budget	Actual	Variance Favorable / (Unfavorable)
Operating Revenues:			
Service Fees:			
Residential and Commercial	\$ 4,130,000.00	\$ 3,807,229.71	\$ (322,770.29)
Intergovernmental Service Agreements	1,000,000.00	1,097,544.03	97,544.03
Connection Fees	-	228,900.00	228,900.00
Other Operating Revenues:			
Search Fees	5,000.00	7,000.00	2,000.00
Elevated Tank Rentals	215,000.00	253,597.92	38,597.92
Fire Hydrants and Fire Service Lines	92,000.00	92,668.00	668.00
Late Penalties	40,000.00	53,055.74	13,055.74
Miscellaneous Service Fees	50,500.00	117,062.50	66,562.50
Miscellaneous Income	85,000.00	58,171.81	(26,828.19)
	487,500.00	581,555.97	94,055.97
Total Operating Revenues	5,617,500.00	5,715,229.71	97,729.71
Non-Operating Revenues:			
Investment Income	23,000.00	5,569.11	(17,430.89)
Total Budget Revenues	5,640,500.00	5,720,798.82	80,298.82
Operating Appropriations:			
Administration:			
Salaries and Wages	322,000.00	316,466.15	5,533.85
Employee Benefits:			
Supplemental Compensation	15,000.00		15,000.00
Social Security Tax	25,500.00	22,470.72	3,029.29
Temporary Disability Insurance	1,250.00	92.73	1,157.27
Public Employees Retirement System	33,500.00	31,834.89	1,665.11
Health Insurance	102,500.00	85,736.56	16,763.44
Dental Insurance	8,000.00	5,528.86	2,471.15
Prescription Plan	14,000.00	11,583.51	2,416.50
Uniforms	250.00	24.75	225.25
OPEB Obligation		4,696.59	(4,696.59)
Total Employee Benefits	200,000.00	161,968.59	38,031.41
Other Expenses:			
Telephone	2,500.00	4,127.35	(1,627.35)
Electricity	5,500.00	4,517.78	982.22
Gas Heat	1,500.00	1,080.53	419.47
Vehicle, Gasoline	1,500.00	1,175.67	324.33

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Water Treatment Operations -- Revenues, Operating Appropriations,
Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
For the Year Ended December 31, 2013

	Adopted <u>Budget</u>	<u>Actual</u>	Variance Favorable / <u>(Unfavorable)</u>
Administration (Cont'd):			
Other Expenses (Cont'd):			
Vehicle, Maintenance	\$ 1,000.00	\$ 211.53	\$ 788.48
Maintenance of Building and Site	3,500.00	966.27	2,533.73
Equipment Maintenance	10,000.00	6,070.42	3,929.59
Insurance	9,000.00	17,132.62	(8,132.62)
Printing	12,500.00	7,284.73	5,215.27
Postage	16,500.00	18,917.31	(2,417.31)
Miscellaneous Supplies and Expenses	27,500.00	41,824.66	(14,324.66)
Safety Services	500.00	19.00	481.00
Engineer Fees	22,500.00	69,499.87	(46,999.87)
Legal Fees	25,000.00	28,632.08	(3,632.08)
Information Management	15,000.00	18,263.97	(3,263.97)
Auditor Fees	22,500.00	20,780.75	1,719.25
Trustee Fees	13,500.00	27,332.38	(13,832.38)
Consulting Fees	5,000.00	2,500.00	2,500.00
Total Other Expenses	<u>195,000.00</u>	<u>270,336.90</u>	<u>(75,336.90)</u>
Total Administration	<u>717,000.00</u>	<u>748,771.63</u>	<u>(31,771.63)</u>
Cost of Providing Service:			
Salaries and Wages	<u>1,080,000.00</u>	<u>1,079,001.38</u>	<u>998.62</u>
Employee Benefits:			
Social Security Tax	81,000.00	81,966.91	(966.91)
Temporary Disability Insurance	4,500.00	3,760.59	739.41
Public Employees Retirement System	116,500.00	94,325.60	22,174.40
Health Insurance	306,500.00	284,473.99	22,026.01
Dental Insurance	30,400.00	23,694.67	6,705.33
Prescription Plan	70,000.00	60,756.11	9,243.89
Uniforms	11,000.00	6,803.20	4,196.80
OPEB Obligation		24,343.52	(24,343.52)
Total Employee Benefits	<u>619,900.00</u>	<u>580,124.59</u>	<u>39,775.41</u>
Other Expenses:			
Telephone	19,000.00	19,543.21	(543.21)
Electricity	490,000.00	404,675.72	85,324.28
Gas Heat	8,000.00	7,390.01	609.99
Vehicles, Gasoline	52,000.00	37,317.85	14,682.15
Vehicles, Maintenance	25,000.00	22,115.11	2,884.89
Maintenance of Buildings and Sites	25,000.00	12,847.89	12,152.11
Equipment Maintenance	90,000.00	110,917.28	(20,917.28)
Insurance	145,000.00	167,901.33	(22,901.33)
System Maintenance	10,000.00	10,269.17	(269.17)
Miscellaneous Supplies and Expenses	45,000.00	51,122.26	(6,122.26)

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Water Treatment Operations -- Revenues, Operating Appropriations,
Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
For the Year Ended December 31, 2013

	Adopted Budget	Actual	Variance Favorable / (Unfavorable)
Cost of Providing Service (Cont'd):			
Other Expenses (Cont'd):			
Safety Services	\$ 9,000.00	\$ 2,205.10	\$ 6,794.90
Chemicals	190,000.00	189,957.35	42.65
Laboratory Tests and Analyses	15,000.00	5,925.16	9,074.84
Permits and Fees	30,000.00	31,541.12	(1,541.12)
Total Other Expenses	1,153,000.00	1,073,728.56	79,271.44
Total Cost of Providing Service	2,852,900.00	2,732,854.53	120,045.47
Total Principal Payments on Debt in lieu of Depreciation	644,403.00	623,530.52	20,872.48
Total Operating Appropriations	4,214,303.00	4,105,156.68	109,146.32
Non-Operating Appropriations			
Interest on Debt	291,535.00	291,644.00	(109.00)
Renewal and Replacement	944,000.00	202,925.19	741,074.81
Municipal Contributions	123,437.00	26,577.00	96,860.00
Other Reserves	19,000.00	19,000.00	19,000.00
Total Non-Operating Appropriations	1,377,972.00	521,146.19	856,825.81
Accumulated Deficit	48,225.00		48,225.00
Total Operating Appropriations, Non-Operating Appropriations and Accumulated Deficit	5,640,500.00	4,626,302.87	1,014,197.13
Excess Revenues Over Expenditures	\$ -	\$ 1,094,495.96	\$ 1,094,495.96
Adjustments to Reconcile to GAAP Basis Net Income:			
Excess Revenues Over Expenditures		\$ 1,094,495.96	
Employee Unemployment Compensation Deductions		1,860.96	
Bond Principal		623,530.52	
Depreciation Expense		(1,144,548.57)	
Amortization of Premium on Bonds		1,516.87	
Amortization of Original Issue Discount		(130.20)	
Amortization of Deferred Loss on Refunding		(42,225.68)	
Total GAAP Basis Change in Net Position		\$ 534,499.85	

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedules of Anticipated Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget by Department--Budgetary Basis
For the Year Ended December 31, 2013

Reconciliation to Operating Income

Excess Anticipated Revenues Over Expenses and Other Costs		
Schedule 4 - Sewer Department	\$ 464,847.90	
Schedule 5 - Water Department	<u>1,094,495.96</u>	
		\$ 1,559,343.86
Add:		
Debt Service Principal Payments	1,285,547.05	
Interest on Debt	519,342.13	
Contribution to Willingboro Township Per N.J.S.A. 40A:5A-1	<u>200,000.00</u>	
		<u>2,004,889.18</u>
		3,564,233.04
Less:		
Investment Income	11,133.85	
Depreciation	<u>2,179,705.46</u>	
		<u>2,190,839.31</u>
Operating Income (Exhibit B)		<u><u>\$ 1,373,393.73</u></u>

Reconciliation of Actual Expenditures

Cash Disbursements	\$ 6,503,277.23
OPEB Expense	56,059.70
Accounts Payable	479,989.35
Change in Inventory	18,298.96
Change in Compensated Absences Payable	44,636.80
Debt Principal	1,285,547.05
Debt Interest	<u>519,342.13</u>
Total Sewer and Water Budgetary Appropriations	<u><u>\$ 8,907,151.22</u></u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Service Fees Receivable
For the Year Ended December 31, 2013

	<u>Sewer Department</u>	<u>Water Treatment Department</u>	<u>Total</u>
Balance Jan. 1, 2013	\$ 350,393.96	\$ 373,666.23	\$ 724,060.19
Increased by:			
Service Fees	<u>3,500,789.08</u>	<u>3,807,229.71</u>	<u>7,308,018.79</u>
	<u>3,851,183.04</u>	<u>4,180,895.94</u>	<u>8,032,078.98</u>
Decreased by:			
Collections	3,433,506.02	3,736,759.85	7,170,265.87
Overpayments Applied	<u>36,690.69</u>	<u>36,690.69</u>	<u>73,381.38</u>
	<u>3,470,196.71</u>	<u>3,773,450.54</u>	<u>7,243,647.25</u>
Balance Dec. 31, 2013	<u>\$ 380,986.33</u>	<u>\$ 407,445.40</u>	<u>\$ 788,431.73</u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Investment Income Receivable

For the Year Ended December 31, 2013

	Balance <u>Jan. 1, 2013</u>	Investment Income <u>Earned</u>	Investment Income <u>Collected</u>	Balance <u>Dec. 31, 2013</u>
Unrestricted Earnings:				
Operating Accounts	\$ 0.01	\$ 8,974.95	\$ 8,974.91	\$ 0.05
General Fund	4.79	114.03	105.28	13.54
	<u>4.80</u>	<u>9,088.98</u>	<u>9,080.19</u>	<u>13.59</u>
Restricted Earnings:				
Bond Reserve Fund	4,573.73	1,622.97	1,621.71	4,574.99
Bond Service Fund	8.24	70.73	73.18	5.79
Renewal and Replacement Fund	5.17	62.21	60.96	6.42
Other		288.96	288.96	
	<u>4,587.14</u>	<u>2,044.87</u>	<u>2,044.81</u>	<u>4,587.20</u>
	<u>\$ 4,591.94</u>	<u>\$ 11,133.85</u>	<u>\$ 11,125.00</u>	<u>\$ 4,600.79</u>
Sewer Department	\$ 2,174.04	\$ 5,564.74	\$ 5,560.31	\$ 2,178.47
Water Treatment Department	2,417.90	5,569.11	5,564.69	2,422.32
	<u>\$ 4,591.94</u>	<u>\$ 11,133.85</u>	<u>\$ 11,125.00</u>	<u>\$ 4,600.79</u>
Cash Receipts			\$ 45,815.00	
Unrealized Losses on Investments			<u>(34,690.00)</u>	
			<u>\$ 11,125.00</u>	

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Capital Assets
For the Year Ended December 31, 2013

	Balance <u>Jan. 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2013</u>
Sewer Department:				
Plant:				
Buildings	\$ 14,393,317.89	\$ 163,598.99		\$ 14,556,916.88
Major Moveable Equipment	131,463.94	12,949.00	\$ 6,399.00	138,013.94
Vehicles	265,405.85			265,405.85
Infrastructure	14,464,893.10	1,997.31		14,466,890.41
	<u>29,255,080.78</u>	<u>178,545.30</u>	<u>6,399.00</u>	<u>29,427,227.08</u>
Administration:				
Buildings	151,720.25			151,720.25
Major Moveable Equipment	79,880.47	6,596.50		86,476.97
Vehicles	7,130.00			7,130.00
	<u>238,730.72</u>	<u>6,596.50</u>	<u>-</u>	<u>245,327.22</u>
Land:				
Plant	578,000.00			578,000.00
Administration	30,000.00			30,000.00
	<u>608,000.00</u>	<u>-</u>	<u>-</u>	<u>608,000.00</u>
Subtotal	30,101,811.50	185,141.80	6,399.00	30,280,554.30
Less Depreciation	<u>15,293,674.63</u>	<u>1,035,156.89</u>	<u>6,399.00</u>	<u>16,322,432.52</u>
	<u>\$ 14,808,136.87</u>	<u>\$ (850,015.09)</u>	<u>\$ -</u>	<u>\$ 13,958,121.78</u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Capital Assets
For the Year Ended December 31, 2013

	Balance Jan. 1, 2013	Additions	Deletions	Balance Dec. 31, 2013
Water Treatment Department:				
Plant:				
Buildings	\$ 13,324,112.64	\$ 224,844.74		\$ 13,548,957.38
Major Moveable Equipment	180,868.08	16,278.15		197,146.23
Vehicles	573,967.59		\$ 11,270.56	562,697.03
Infrastructure	24,764,035.12	143,136.40	30,131.64	24,877,039.88
	<u>38,842,983.43</u>	<u>384,259.29</u>	<u>41,402.20</u>	<u>39,185,840.52</u>
Administration:				
Buildings	151,720.25			151,720.25
Major Moveable Equipment	79,880.47	6,596.50		86,476.97
Vehicles	7,130.00			7,130.00
	<u>238,730.72</u>	<u>6,596.50</u>	<u>-</u>	<u>245,327.22</u>
Land:				
Plant	616,200.00			616,200.00
Administration	30,000.00			30,000.00
	<u>646,200.00</u>	<u>-</u>	<u>-</u>	<u>646,200.00</u>
Subtotal	39,727,914.15	390,855.79	41,402.20	40,077,367.74
Less Depreciation	18,470,119.77	1,144,548.57	41,402.20	19,573,266.14
	<u>\$ 21,257,794.38</u>	<u>\$ (753,692.78)</u>	<u>\$ -</u>	<u>\$ 20,504,101.60</u>
Recap:				
Capital Assets	\$ 69,829,725.65	\$ 575,997.59	\$ 47,801.20	\$ 70,357,922.04
Less Depreciation	33,763,794.40	2,179,705.46	47,801.20	35,895,698.66
	<u>\$ 36,065,931.25</u>	<u>\$ (1,603,707.87)</u>	<u>\$ -</u>	<u>\$ 34,462,223.38</u>
Transferred from Construction in Progress		<u>\$ 575,997.59</u>		

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Construction in Progress
For the Year Ended December 31, 2013

Balance Jan. 1, 2013		\$ 124,517.51
Add:		
Disbursed	\$ 1,043,565.33	
Accounts Payable	<u>125,765.58</u>	
		<u>1,169,330.91</u>
		1,293,848.42
Less:		
Transferred to Completed		<u>575,997.59</u>
Balance Dec. 31, 2013		<u><u>\$ 717,850.83</u></u>

Schedule 10**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**

Analysis of Accrued Interest Payable
For the Year Ended December 31, 2013

	<u>Sewer</u>	<u>Water Treatment</u>	<u>Total</u>
Balance Jan. 1, 2013	\$ 105,756.26	\$ 154,326.91	\$ 260,083.17
Increased by:			
Accrued	<u>227,698.14</u>	<u>291,644.00</u>	<u>519,342.13</u>
	333,454.40	445,970.91	779,425.30
Decreased by:			
Cash Disbursed	<u>236,206.41</u>	<u>302,563.59</u>	<u>538,770.00</u>
Balance Dec. 31, 2013	<u><u>\$ 97,247.99</u></u>	<u><u>\$ 143,407.32</u></u>	<u><u>\$ 240,655.30</u></u>
Analysis of Interest Expense:			
Accrued	\$ 227,698.14	\$ 291,644.00	\$ 519,342.13
Deferred Loss on Refunding	28,022.33	42,225.68	70,248.01
Premium on Bonds	(310.68)	(1,516.87)	(1,827.55)
Discount on Bonds	<u>203.64</u>	<u>130.20</u>	<u>333.84</u>
Total Interest Expense	<u><u>\$ 255,613.42</u></u>	<u><u>\$ 332,483.01</u></u>	<u><u>\$ 588,096.43</u></u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds Payable
 For the Year Ended December 31, 2013

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2013	Paid	Balance Dec. 31, 2013
	Date	Amount		Date	Amount			
2002 Series I Water & Sewer Revenue Bonds	10-22-2002	\$ 7,605,000.00	3.625%	1-1-2014	\$ 295,000.00	\$ 1,540,000.00	\$ 285,000.00	\$ 1,255,000.00
			3.750%	1-1-2015	310,000.00			
			3.875%	1-1-2016	320,000.00			
			4.000%	1-1-2017	330,000.00			
					<u>1,255,000.00</u>			
2005 Series J Water & Sewer Revenue Bonds	3-9-2005	9,555,000.00	3.75%	1-1-2014	605,000.00	7,590,000.00	585,000.00	7,005,000.00
			3.75%	1-1-2015	620,000.00			
			4.00%	1-1-2016	645,000.00			
			4.00%	1-1-2017	675,000.00			
			4.00%	1-1-2018	1,045,000.00			
			4.00%	1-1-2019	1,095,000.00			
			4.00%	1-1-2020	1,140,000.00			
			4.00%	1-1-2021	1,180,000.00			
					<u>7,005,000.00</u>			
						9,130,000.00	<u>\$ 870,000.00</u>	8,260,000.00
Adjustments:								
Discount on Bonds						(1,335.36)		(1,001.52)
Premium on Bonds						14,620.45		12,792.90
						<u>\$ 9,143,285.09</u>		<u>\$ 8,271,791.38</u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2013

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2013	Defeased	Paid	Balance Dec. 31, 2013
	Date	Amount		Date	Amount				
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Non-Interest Bearing)	11-9-08	\$ 2,198,000.00		2-1-2014	\$ 29,767.13				
				8-1-2014	84,108.75				
				2-1-2015	28,408.59				
				8-1-2015	82,750.21				
				2-1-2016	27,050.05				
				8-1-2016	84,410.65				
				2-1-2017	25,616.03				
				8-1-2017	85,995.61				
				2-1-2018	24,106.54				
				8-1-2018	87,505.10				
				2-1-2019	22,521.58				
				8-1-2019	88,939.12				
				2-1-2020	20,778.12				
				8-1-2020	93,233.62				
				2-1-2021	18,785.59				
				8-1-2021	94,260.07				
				2-1-2022	16,710.04				
				8-1-2022	95,203.50				
				2-1-2023	14,551.47				
				8-1-2023	99,082.89				
				2-1-2024	12,226.86				
				8-1-2024	99,777.25				
				2-1-2025	10,038.10				
				8-1-2025	103,626.45				
				2-1-2026	7,698.39				
				8-1-2026	104,305.72				
				2-1-2027	5,283.21				
				8-1-2027	107,928.50				
				2-1-2028	2,717.08				
				8-1-2028	111,400.53				
					<u>1,688,786.75</u>	\$ 1,802,209.78		\$ 113,423.03	\$ 1,688,786.75

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2013

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2013	Defeased	Paid	Balance Dec. 31, 2013
	Date	Amount		Date	Amount				
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Interest Bearing)	11-9-08	\$ 2,300,000.00	5.00%	9-1-2014	\$ 90,000.00	\$ 2,000,000.00			\$ 1,915,000.00
			5.00%	9-1-2015	90,000.00				
			5.00%	9-1-2016	95,000.00				
			5.00%	9-1-2017	100,000.00				
			5.00%	9-1-2018	105,000.00				
			5.25%	9-1-2019	110,000.00				
			5.50%	9-1-2020	120,000.00				
			5.50%	9-1-2021	125,000.00				
			5.50%	9-1-2022	130,000.00				
			5.50%	9-1-2023	140,000.00				
			5.00%	9-1-2024	145,000.00				
			5.00%	9-1-2025	155,000.00				
			5.00%	9-1-2026	160,000.00				
			5.00%	9-1-2027	170,000.00				
			5.00%	9-1-2028	180,000.00				
					1,915,000.00				
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Clean Water (Non-Interest Bearing)	3-10-10	1,753,612.00		2-1-2014	31,314.50				
				8-1-2014	62,629.00				
				2-1-2015	31,314.50				
				8-1-2015	62,629.00				
				2-1-2016	31,314.50				
				8-1-2016	62,629.00				
				2-1-2017	31,314.50				
				8-1-2017	62,629.00				
				2-1-2018	31,314.50				
				8-1-2018	62,629.00				
				2-1-2019	31,314.50				
				8-1-2019	62,629.00				
				2-1-2020	31,314.50				
				8-1-2020	62,629.00				
				2-1-2021	31,314.50				
				8-1-2021	62,629.00				
				2-1-2022	31,314.50				

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2013

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2013	Defeased	Paid	Balance Dec. 31, 2013		
	Date	Amount		Date	Amount						
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Clean Water (Non-Interest Bearing) (Cont'd)	3-10-10	\$ 1,753,612.00		8-1-2022	\$ 62,629.00						
				2-1-2023	31,314.50						
				8-1-2023	62,629.00						
				2-1-2024	31,314.50						
				8-1-2024	62,629.00						
				2-1-2025	31,314.50						
				8-1-2025	62,629.00						
				2-1-2026	31,314.50						
				8-1-2026	62,629.00						
				2-1-2027	31,314.50						
				8-1-2027	62,629.00						
				2-1-2028	31,314.50						
				8-1-2028	62,629.00						
				2-1-2029	31,314.50						
				8-1-2029	62,629.00						
				1,503,096.00	\$ 1,597,039.50		\$ 93,943.50	\$ 1,503,096.00			
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Clean Water (Interest Bearing)	3-10-10	1,785,000.00	2.00%	8-1-2014	70,000.00						
			2.00%	8-1-2015	75,000.00						
			2.00%	8-1-2016	75,000.00						
			2.00%	8-1-2017	80,000.00						
			2.00%	8-1-2018	85,000.00						
			2.00%	8-1-2019	90,000.00						
			2.00%	8-1-2020	95,000.00						
			2.00%	8-1-2021	100,000.00						
			2.00%	8-1-2022	100,000.00						
			2.00%	8-1-2023	105,000.00						
			2.00%	8-1-2024	110,000.00						
			2.00%	8-1-2025	60,000.00						
							1,045,000.00	1,660,000.00	\$ 550,000.00	65,000.00	1,045,000.00

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2013

<u>Purpose</u>	<u>Original</u>		<u>Interest</u> <u>Rate</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2013</u>	<u>Defeased</u>	<u>Paid</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Drinking Water (Non-Interest Bearing)	3-10-10	\$ 619,370.00		2-1-2014	\$ 11,060.17				
				8-1-2014	22,120.35				
				2-1-2015	11,060.17				
				8-1-2015	22,120.35				
				2-1-2016	11,060.17				
				8-1-2016	22,120.35				
				2-1-2017	11,060.17				
				8-1-2017	22,120.35				
				2-1-2018	11,060.17				
				8-1-2018	22,120.35				
				2-1-2019	11,060.17				
				8-1-2019	22,120.35				
				2-1-2020	11,060.17				
				8-1-2020	22,120.35				
				2-1-2021	11,060.17				
				8-1-2021	22,120.35				
				2-1-2022	11,060.17				
				8-1-2022	22,120.35				
				2-1-2023	11,060.17				
				8-1-2023	22,120.35				
				2-1-2024	11,060.17				
				8-1-2024	22,120.35				
				2-1-2025	11,060.17				
				8-1-2025	22,120.35				
				2-1-2026	11,060.17				
				8-1-2026	22,120.35				
				2-1-2027	11,060.17				
				8-1-2027	22,120.35				
				2-1-2028	11,060.17				
				8-1-2028	22,120.35				
				2-1-2029	11,060.17				
				8-1-2029	22,120.64				
					<u>530,888.61</u>	\$ 564,069.13		\$ 33,180.52	\$ 530,888.61

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2013

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2013	Defeased	Paid	Balance Dec. 31, 2013			
	Date	Amount		Date	Amount							
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Drinking Water (Interest Bearing)	3-10-10	\$ 630,000.00	2.00%	8-1-2014	\$ 25,000.00							
			2.00%	8-1-2015	25,000.00							
			2.00%	8-1-2016	25,000.00							
			2.00%	8-1-2017	30,000.00							
			2.00%	8-1-2018	30,000.00							
			2.00%	8-1-2019	30,000.00							
			2.00%	8-1-2020	35,000.00							
			2.00%	8-1-2021	35,000.00							
			2.00%	8-1-2022	35,000.00							
			2.00%	8-1-2023	35,000.00							
			2.00%	8-1-2024	5,000.00							
								310,000.00	\$ 585,000.00	\$ 250,000.00	\$ 25,000.00	\$ 310,000.00
									8,208,318.41	\$ 800,000.00	\$ 415,547.05	\$ 6,992,771.36
			Adjustments:									
			NJEIT Credits (Restated)			(800,000.00)						
						\$ 7,408,318.41						

**WILLINGBORO MUNICIPAL
UTILITIES AUTHORITY**

PART II

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2013

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Findings and Recommendations
 For the Year Ended December 31, 2013

Schedule of Financial Statement Findings

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

Finding No. 2013-1

Criteria or Specific Requirement

Management is required to establish and maintain effective internal controls that will allow management or employees, in the normal course of performing their assigned function, to prevent, or detect and correct misstatements on a timely basis. Also, in accordance with N.J.A.C. 5-30-5.7, all local units are required to have a properly maintained general ledger.

Condition

The Authority did not adhere to its internal control procedures that are designed to reconcile the general ledger with other subsidiary records. These control procedures are documented in the Treasurer's job description.

Context

Numerous journal entries were required to adjust the Authority's general ledger, including \$1,825,702.67 dollars in entries to balance cash. The general ledger was also out of balance by \$1,738,334.50

Effect

Without a properly maintained general ledger system, the immediate and current identification of assets, liabilities, revenues, expenditures and net position cannot be achieved. The number of and material amount of the audit adjustments required to correct the general ledger indicates ineffective controls over the preparation of financial statements and as a result, there's a significant likelihood that the Authority's controls are not effective in detecting material misstatements in the preparation of the financial statements and related disclosures in a timely manner.

Cause

The Authority did not ensure the duties listed in the Treasurer's job description were followed.

Recommendation

That the Authority follow its internal control procedures to ensure that the general ledger is properly maintained and reconciled to all subsidiary records.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Recommendations
For the Year Ended December 31, 2013

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2013-2

Criteria or Specific Requirement

Per N.J.S.A. 10:4-14, "Each public body shall keep reasonably comprehensible minutes of all its meetings showing the time and place, the members present, the subjects considered, the actions taken, the vote of each member, and any other information required to be shown in the minutes by law, which shall be promptly available to the public."

Condition

The Authority's official Board meeting minutes did not comply with N.J.S.A. 10:4-14 requirements.

Context

We found the following issues while reviewing the Authority's 2013 minutes:

- There were several resolutions that were incomplete.
- The March 2013 Bill List and the approval of the bill list were not included in the minutes.
- There were multiple instances where meeting minutes were not posted to the Authority's website.
- None of the Authority's minutes were signed by the Secretary.
- When contracts were awarded, the minutes did not contain the contract award or the contract award amount.

Effect

An accurate, complete permanent record of the Authority meetings was not available.

Cause

The minutes were not maintained properly or in a timely manner.

Recommendation

That the Authority's official Board meeting minutes comply with N.J.S.A. 10:4-14 requirements.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Recommendations
For the Year Ended December 31, 2013

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2013-3

Criteria or Specific Requirement

The provisions of N.J.S.A. 40A:11 (Local Public Contract Law) and N.J.S.A. 19:44A-20.4 (Pay-to-Play Law) must be followed by the Authority.

Condition

Several provisions of N.J.S.A. 40A:11 (Local Public Contract Law) and N.J.S.A. 19:44A-20.4 (Pay-to-Play Law) were not followed.

Context

We found the following issues during our test of bids and contracts:

- The Authority was awarding contracts without resolutions or certificate of available funds.
- The Authority was awarding change orders without resolutions or certificate of available funds.
- The Authority failed to advertise the award of professional service contracts.
- The Authority awarded several contracts related to their New Jersey Environmental Infrastructure Trust Projects without following Pay-to-Play procedures.

Effect

Noncompliance with N.J.S.A. 40A:11 and N.J.S.A. 19:44A-20.4

Cause

The Authority has an interlocal service agreement with the Township of Willingboro for qualified purchasing agent services. However, the Authority is not adequately utilizing the agreement.

Recommendation

That the Authority comply with all the provisions of N.J.S.A. 40A:11 (Local Public Contract Law) and N.J.S.A. 19:44A-20.4 (Pay-to-Play Law).

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Summary Schedule of Prior Year Reportable
Conditions and Other Findings

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

None

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APPRECIATION

We express our appreciation for the courtesies extended and assistance rendered to us during the course of this audit.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

