

Annual Financial Report

of the

**Lambertville Municipal  
Utilities Authority**

For the Years Ended June 30, 2012 and 2011

Prepared By

Lambertville Municipal Utilities Authority

Finance Department



# **LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY**

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## **FINANCIAL SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners  
Lambertville Municipal Utilities Authority  
Lambertville, New Jersey

We have audited the accompanying statements of net assets of the Lambertville Municipal Utilities Authority at June 30, 2012 and 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lambertville Municipal Utilities Authority at June 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 5, 2012 on our consideration of the Lambertville Municipal Utilities Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

## SUPLEE, CLOONEY & COMPANY

The Management Discussion and Analysis and the required supplementary information, as listed in the foregoing table of contents, respectively, are not a required part of the basic financial statements but are supplementary information required by the U.S. Generally Accepted Accounting Principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Supplementary Schedules are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

December 5, 2012

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INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

The Board of Commissioners  
Lambertville Municipal Utilities Authority  
Lambertville, New Jersey

We have audited the financial statements of the Lambertville Municipal Utilities Authority for the year ended June 30, 2012, and have issued our report thereon dated December 5, 2012. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.



## SUPLEE, CLOONEY & COMPANY

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Lambertville Municipal Utilities Authority and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

December 5, 2012

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## **MANAGEMENT DISCUSSION AND ANALYSIS**

## **MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")** **(UNAUDITED)**

In this section of the annual report, management of the Lambertville Municipal Utilities Authority (the "Authority") presents a narrative discussion and analysis of the Authority's financial activities for the years ended June 30, 2012 and 2011. This section of the report should be read in conjunction with the Authority's audited financial statements and supplementary information for the years ended June 30, 2012 and 2011. The Authority's audited financial statements are presented in conformity with generally accepted accounting principles.

### **Audit Assurance**

The unqualified opinion of our independent auditors, Suplee, Clooney & Company, is included in this report.

### **Financial Highlights**

#### **Discussion of Condensed Statement of Net Assets**

Unrestricted assets at June 30, 2012 and 2011, consists of Cash and Cash Equivalents, Accounts Receivable and Other Assets totaling \$1.3 million and \$1.0 million, respectively.

Amounts due from the NJEIT decreased by \$359 thousand. Fixed assets increased \$786 thousand. Cash and Cash Equivalents decreased \$231 thousand in total. These changes contribute to a decrease in total assets of \$583 thousand.

Total liabilities payable from unrestricted assets at June 30, 2012 and 2011, consists principally of accounts payable and accrued sick pay.

Bonds Payable decreased \$340 thousand due to principal payments made on outstanding debt.

#### **Discussion of Condensed Statement of Revenue, Expenses, and Changes in Net Assets**

Operating revenues total \$2.1 million in each year for the year ended June 2012 and 2011. User Charges represents 99% of the operating revenues in 2012 and 98% in 2011.

Total operating expenses before depreciation for the year ended June 30, 2012 decreased \$114 thousand or 8% from the year ended June 30, 2011.

Total operating revenues were below budget by \$25 thousand. Operating Expenses were \$120 thousand below budget.

For the year ended June 30, 2012, an Operating Loss amounted to \$116 thousand compared to Operating Income of \$136 thousand for the year ended June 30, 2011. An increase in Depreciation Expense of \$340 thousand contributed to the operating loss in 2012.

## **MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")** **(UNAUDITED)**

### **Discussion of Cash Flows**

Net cash provided by operating activities amounted to \$682 thousand, and \$641 thousand in the years ended June 30, 2012 and 2011, respectively. The \$42 thousand increase in net cash provided by operating activities in the year 2012 was attributable to a decrease in operating expenses.

For the year ended June 30, 2012 net cash used by investing activities amounted to \$436 thousand largely due to the purchase of fixed assets. Proceeds from the NJ Environmental Infrastructure Trust Loan program amounted to \$359 thousand which was invested in capital assets.

Net cash used in financing activities amounted to \$478 thousand representing principal and interest payments on project financing.

### **Overview of Annual Financial Report**

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

The financial statements report information about the Authority using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a Statement of Net Assets; a Statement of Revenues, Expenses, and Changes to Net Assets; a Statement of Cash Flows; and notes to the financial statements.

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

While the Statement of Net Assets provides information about the nature and amount of resources and obligations at year-end, the Statement of Revenues, Expenses and Changes to Net Assets presents the results of the business activities over the course of the fiscal year and information as to how the net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

### **Financial Analysis**

The following comparative condensed financial statements and other selected information serve as key financial data and indicators for management, monitoring and planning.

**MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")**  
**(UNAUDITED)**

**Bonds Payable**

The Authority issues bonds to finance its major projects and improvements. A summary of the Bonds Payable activity for the year is as follows:

Bonds Payable at 6/30/2011	\$6,064,529
New Bonds issued	
Scheduled Bond Retirements	<u>(339,630)</u>
Bonds Payable at 6/30/2012	<u>\$5,724,899</u>

**AUTHORITY OVERVIEW**

**General**

The Lambertville Municipal Utilities Authority was created for the acquisition of real property, rights of way and easements, and in connection therewith to construct, operate and maintain a sewerage treatment plant and collection system to serve the City of Lambertville. The Authority was organized under the Sewerage Authorities Law of 1946, as amended and supplemented, of the State of New Jersey and pursuant to an ordinance of the City of Lambertville adopted by its governing body on May 10, 1954.

The Authority has entered into contracts with the Bucks County Water and Sewer Authority and the Borough of Stockton to provide service outside the City of Lambertville. These Customer Agreements provide for the treatment and the disposal of sewage originating from the collection system of each party, constructed and owned by them, and provides for the costs of such treatment and disposal as well as operating and billing procedures.

The Authority charges and collects fees for the use of its facilities from the individual users in the City of Lambertville and from Bucks County Water and Sewer Authority, and the Borough of Stockton. Customers of the Authority are billed quarterly for services provided. Revenues for services provided but not yet billed are accrued for in the financial statement presentation.

The powers of the Authority are exercised by a Board of five members and two alternates who are appointed to five-year terms by the Mayor of the City of Lambertville.

The Authority had 8 employees as of June 30, 2012.

The original collection system was constructed in 1955 and is comprised primarily of vitrified clay pipe and cast iron pipe in diameters of 2", 4", 6", 8", 10", 12" and 15". The total length of pipe in Lambertville sewerage system is approximately 13 miles. The rated design capacity of the Authority's wastewater treatment plant is 1.5 MGD with peak flow of 3.0 MGD. The Authority prepares an annual capital budget with a five-year planning cycle.

**Contacting the Authority's Management**

Any questions about the Authority's report or if additional information is needed, please contact the Executive Director of the Lambertville Municipal Utilities Authority, P.O. Box 300, Lambertville, New Jersey 08530.

**MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")**  
**(UNAUDITED)**

**Condensed Financial Statements**

**Condensed Statement of Net Assets**

	June 30,		Variance	
	<u>2012</u>	<u>2011</u>	<u>Dollars</u>	<u>%</u>
<u>Assets</u>				
Unrestricted Assets:				
Cash & Cash Equivalents	\$ 495,510	\$ 351,850	\$ 143,660	40.8%
Accounts Receivable	551,608	448,084	103,524	23.1%
Other Assets	<u>233,282</u>	<u>233,282</u>	<u>-</u>	<u>0.0%</u>
Total Unrestricted Assets	\$ <u>1,280,400</u>	\$ <u>1,033,216</u>	\$ <u>247,184</u>	<u>23.9%</u>
Restricted Assets:				
Cash & Cash Equivalents	\$ 1,006,488	\$ 1,381,260	\$ (374,772)	-27.1%
Due from NJEIT	330,538	689,887	(359,349)	-52.1%
Capital Assets, at Cost	22,379,978	21,593,972	786,006	3.6%
Accumulated Depreciation	<u>(11,212,414)</u>	<u>(10,330,214)</u>	<u>(882,200)</u>	<u>8.5%</u>
Total Assets	\$ <u>13,784,990</u>	\$ <u>14,368,121</u>	\$ <u>(583,131)</u>	<u>-4.1%</u>
<u>Liabilities</u>				
Liabilities Payable from Unrestricted Assets:				
Accounts Payable & Accrued Expenses	\$ 55,214	\$ 54,391	\$ 823	1.5%
Accrued Sick Pay	<u>25,634</u>	<u>26,695</u>	<u>(1,061)</u>	<u>-4.0%</u>
Total Liabilities Payable from Unrestricted Assets	\$ <u>80,848</u>	\$ <u>81,086</u>	\$ <u>(238)</u>	<u>-0.3%</u>
Liabilities Payable from Restricted Assets:				
Accounts Payable	\$ 35,799	\$ 10,000	\$ 25,799	258.0%
Other	<u>490</u>	<u>6,446</u>	<u>(5,956)</u>	<u>-92.4%</u>
Total Liabilities Payable from Restricted Assets	\$ <u>36,289</u>	\$ <u>16,446</u>	\$ <u>19,843</u>	<u>120.7%</u>
Bonds Payable	<u>5,724,899</u>	<u>6,064,529</u>	<u>(339,630)</u>	<u>-5.6%</u>
Total Liabilities	\$ <u>5,842,036</u>	\$ <u>6,162,061</u>	\$ <u>(320,025)</u>	<u>114.8%</u>
<u>Net Assets</u>				
Invested in Capital Assets	\$ 5,773,203	\$ 5,889,116	\$ (115,913)	-2.0%
Restricted Reserves	1,000,415	1,232,330	(231,915)	-18.8%
Unrestricted	<u>1,169,336</u>	<u>1,084,614</u>	<u>84,722</u>	<u>7.8%</u>
Total Net Assets	\$ <u>7,942,954</u>	\$ <u>8,206,060</u>	\$ <u>(263,106)</u>	<u>-3.2%</u>
Total Liabilities and Net Assets	\$ <u>13,784,990</u>	\$ <u>14,368,121</u>	\$ <u>(583,131)</u>	<u>-4.1%</u>

**MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")**  
**(UNAUDITED)**

**Condensed Statement of Revenue, Expenses, and Changes in Net Assets**

	June 30,		Variance	
	<u>2012</u>	<u>2011</u>	<u>Dollars</u>	<u>%</u>
Operating Revenues	\$ 2,080,826	\$ 2,106,508	\$ (25,682)	-1.2%
Operating Expenses:				
Costs of Providing Services	721,295	797,635	(76,340)	-9.6%
General and administrative	<u>592,889</u>	<u>630,940</u>	<u>(38,051)</u>	<u>-6.0%</u>
Total operating expenses before depreciation	\$ 1,314,184	\$ 1,428,575	\$ (114,391)	-8.0%
Depreciation	<u>882,200</u>	<u>542,078</u>	<u>340,122</u>	<u>62.7%</u>
Total operating expenses	\$ <u>2,196,384</u>	\$ <u>1,970,653</u>	\$ <u>225,731</u>	<u>11.5%</u>
Operating Income (Loss)	\$ (115,558)	\$ 135,855	\$ (251,413)	-185.1%
Non operating revenues (expenses)	<u>(147,548)</u>	<u>1,996,171</u>	<u>(2,143,719)</u>	<u>-107.4%</u>
Net Income (Loss)	\$ (263,106)	\$ 2,132,026	\$ (2,395,132)	-112.3%
Net Assets, Beginning of Year	\$ <u>8,206,060</u>	\$ <u>6,074,034</u>	\$ <u>2,132,026</u>	<u>35.1%</u>
Net Assets, End of Year	\$ <u><u>7,942,954</u></u>	\$ <u><u>8,206,060</u></u>	\$ <u><u>(263,106)</u></u>	<u><u>-3.2%</u></u>

**Flow Data (Gallons)**

<u>Year</u>	<u>Total Flow</u>	<u>Bucks County Authority Flow</u>	<u>Borough of Stockton Flow</u>	<u>Lambertville Flow</u>
2011-2012	390,068,300	168,588,590	23,472,445	198,007,265
2010-2011	327,854,832	163,921,978	19,958,360	143,974,494
2009-2010	332,478,000	146,929,573	28,856,247	156,692,180
2008-2009	326,897,000	159,688,230	18,813,610	148,395,160
2007-2008	317,009,000	167,545,000	19,082,780	130,381,220
2006-2007	347,453,000	181,460,000	24,298,630	141,694,370
2005-2006	343,263,400	177,647,067	21,110,966	144,505,367
2004-2005	320,494,959	169,898,427	55,247,549	95,348,983
2003-2004	300,782,800	168,297,911	30,682,870	101,802,019



## **BASIC FINANCIAL STATEMENTS**

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF NET ASSETS  
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 495,510	\$ 351,850
Accounts Receivable	551,608	448,084
Other Assets	<u>233,282</u>	<u>233,282</u>
<u>Total Unrestricted Assets</u>	<u>\$ 1,280,400</u>	<u>\$ 1,033,216</u>
Restricted Assets:		
Cash and Cash Equivalents:		
Debt Service Account	\$ 288,371	\$ 345,041
Debt Service Reserve Account	377,025	323,914
Renewal & Replacement Account	100,000	100,000
Improvement Reserve Account	235,019	463,375
Trust Loan Project Account	5,583	142,484
Customer Deposits	490	6,446
Due from New Jersey Environmental Infrastructure Trust	<u>330,538</u>	<u>689,887</u>
<u>Total Restricted Assets</u>	<u>\$ 1,337,026</u>	<u>\$ 2,071,147</u>
Property, Plant and Equipment, at Cost	\$ 22,379,978	\$ 21,593,972
Less: Accumulated Depreciation	<u>11,212,414</u>	<u>10,330,214</u>
<u>Net Property, Plant and Equipment</u>	<u>\$ 11,167,564</u>	<u>\$ 11,263,758</u>
<u>TOTAL ASSETS</u>	<u>\$ 13,784,990</u>	<u>\$ 14,368,121</u>

See accompanying notes to financial statements.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF NET ASSETS  
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable and Accrued Expenses	\$ 45,450	\$ 51,544
Accrued Sick Pay	25,634	26,695
Payroll Liabilities	<u>9,764</u>	<u>2,847</u>
Total Current Liabilities Payable From Unrestricted Assets	\$ <u>80,848</u>	\$ <u>81,086</u>
Current Liabilities Payable From Restricted Assets:		
Accounts Payable	\$ 35,799	\$ 10,000
Customer Deposits and Escrow Accounts	490	6,446
Current Portion of Bonds Payable	<u>320,328</u>	<u>314,664</u>
Total Current Liabilities Payable From Restricted Assets	\$ <u>356,617</u>	\$ <u>331,110</u>
Long-Term Portion of Bonds Payable	\$ <u>5,404,571</u>	\$ <u>5,749,865</u>
<u>Total Liabilities</u>	\$ <u>5,842,036</u>	\$ <u>6,162,061</u>
Net Assets:		
Invested in Capital Assets, net of Related Liabilities	\$ 5,773,203	\$ 5,889,116
Restricted Reserves for:		
Current Debt Service	288,371	345,041
Debt Service Reserve	377,025	323,914
Renewal and Replacement	100,000	100,000
Improvement Reserve	235,019	463,375
Unrestricted	<u>1,169,336</u>	<u>1,084,614</u>
<u>Net Assets</u>	\$ <u>7,942,954</u>	\$ <u>8,206,060</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ <u><u>13,784,990</u></u>	\$ <u><u>14,368,121</u></u>

See accompanying notes to financial statements.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
User Charges	\$ 2,067,677	\$ 2,080,343
Connection Fees	100	13,563
Interest on User's Accounts Receivable	<u>13,049</u>	<u>12,602</u>
Total Operating Revenues	\$ <u>2,080,826</u>	\$ <u>2,106,508</u>
Operating Expenses:		
Costs of Providing Services	\$ 721,295	\$ 797,635
General and Administrative	592,889	630,940
Depreciation	<u>882,200</u>	<u>542,078</u>
Total Operating Expenses	\$ <u>2,196,384</u>	\$ <u>1,970,653</u>
Operating Income (Loss)	\$ (115,558)	\$ 135,855
Nonoperating Revenues (Expenses):		
Interest Income - Unrestricted	\$ 108	\$ 87
Interest Income - Restricted	186	861
ARRA Forgiveness	-	2,225,663
Interest Expense	(137,931)	(132,074)
Other Income	5,992	1,180
Other Expense	<u>(15,903)</u>	<u>(99,546)</u>
Net Income (Loss)	\$ (263,106)	\$ 2,132,026
Net Assets, Beginning of Year	\$ <u>8,206,060</u>	\$ <u>6,074,034</u>
Net Assets, End of Year	\$ <u><u>7,942,954</u></u>	\$ <u><u>8,206,060</u></u>

See accompanying notes to financial statements.

## LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Receipts for User Charges	\$ 1,964,153	\$ 2,045,080
Receipts for Connection Fees	100	13,563
Receipts for Interest on User Charges	13,049	12,602
Receipts (Payments) for Customer Deposits	(5,956)	(4,367)
Payments to Suppliers	(825,470)	(978,413)
Payments to Employees	(463,153)	(447,947)
Net Cash Provided by Operating Activities	\$ <u>682,723</u>	\$ <u>640,518</u>
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	\$ (786,006)	\$ (5,457,258)
Proceeds from the NJ Environmental Infrastructure Trust Loan Program	359,349	5,416,008
Reimbursements received for capitalized costs	-	39,782
Interest Received	294	948
Other Expenses	(15,903)	(99,546)
Other Income	5,992	1,180
Net Cash Provided (Used in) by Investing Activities	\$ <u>(436,274)</u>	\$ <u>(98,886)</u>
Cash Flows from Financing Activities:		
Payments on Long-Term Debt	\$ (339,630)	\$ (250,817)
Interest Paid on Bonds	(137,931)	(132,074)
Net Cash Provided by (Used in) Financing Activities	\$ <u>(477,561)</u>	\$ <u>(382,891)</u>
Increase/(Decrease) in Cash and Cash Equivalents	\$ (231,112)	\$ 158,741
Cash and Cash Equivalents, Beginning of Year	<u>1,733,110</u>	<u>1,574,369</u>
Cash and Cash Equivalents, End of Year	\$ <u><u>1,501,998</u></u>	\$ <u><u>1,733,110</u></u>
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ (115,558)	\$ 135,855
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	882,200	542,078
(Increase)/(Decrease) in Accounts Receivable	(103,524)	(35,263)
Increase/(Decrease) in Accounts Payable	19,705	4,774
Increase/(Decrease) in Accrued Sick Pay	(1,061)	-
Increase/(Decrease) in Payroll Liabilities	6,917	(2,561)
Increase/(Decrease) in Customer Deposits	(5,956)	(4,367)
Net Cash Provided by Operating Activities	\$ <u><u>682,723</u></u>	\$ <u><u>640,516</u></u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid for Interest	\$ <u><u>137,931</u></u>	\$ <u><u>132,074</u></u>

See accompanying notes to financial statements.

## LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

#### (1) ORGANIZATION

The Lambertville Municipal Utilities Authority (the "Authority") was created for the acquisition of real property, rights of way and easements, and in connection therewith to construct, operate and maintain a sewerage treatment plant and collection system to serve the City of Lambertville. The Authority was organized under the Sewerage Authorities Law of 1946, as amended and supplemented, of the State of New Jersey and pursuant to an ordinance of the City of Lambertville adopted by its governing body on May 10, 1954. In April 2009, the Authority changed its name from the Lambertville Sewerage Authority to the Lambertville Municipal Utilities Authority.

The Authority has entered into contracts with the Bucks County Water and Sewer Authority and the Borough of Stockton (the "Customer Agreements") to provide service outside the City of Lambertville. The Customer Agreements provide for the treatment and the disposal of sewage originating from the collection system of each party, constructed and owned by them, and provides for the costs of such treatment and disposal as well as operating and billing procedures.

The Authority charges and collects fees for the use of its facilities from the individual users in the City of Lambertville and from Bucks County Water and Sewer Authority, and in the Borough of Stockton. Customers of the Authority are billed quarterly for services provided. Revenues for services provided but not yet billed are accrued for in the financial statement presentation.

The powers of the Authority are exercised by a Board of five members, who are appointed to five year terms by the Mayor of the City of Lambertville.

#### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the GASB's accounting policies are described below.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The financial statements of the Authority have been prepared on the accrual basis and in accordance with generally accepted accounting principles applicable to enterprise funds of state and local governments. Accordingly, revenues are recorded in the accounting period in which they are earned and expenses are recorded as incurred.

The Authority's reports are based on all applicable Government Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and interpretations, Accounting Principles, Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Basis of Presentation - Fund Accounting

The operations of the Authority are reported as an Enterprise Fund.

An Enterprise Fund is used to account for operations: (i) that are financed primarily through user charges, or (ii) where the governing body has decided that determination of net income is appropriate.

Reporting Entity

The Authority's financial statements include the operations of the sewer system and wastewater treatment plant for which the Board of Commissioners of the Authority exercises financial accountability. Board members are appointed to five-year terms by the municipality. The Authority is a component unit of the City of Lambertville. There are no additional entities required to be included in the reporting entity and the Authority is not included in any other reporting entity.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation - Fund Accounting (Continued)

In accordance with the Authority's 1982 and 1988 Bond Resolutions as amended in 1996, the Authority has established the following funds to account for the deposit of all revenues received by the Authority:

<u>FUND</u>	<u>AMOUNT</u>	<u>USE FOR WHICH RESTRICTED</u>
Revenue/ Operating	All Revenues received by the Authority.	Authorized operating expenses and transfers to the various accounts described below.
Debt Service (Current)	Amount needed to pay matured principal and interest plus principal and interest on or before the following January 1 or July 1.	Debt obligations including Principal and Interest.
Debt Service Reserve (Future Debt Service)	Amount equal to 10% of the Bond proceeds to increase the balance in the Debt Service Reserve (as defined in the bond resolution).	Maintain minimum required levels.
Renewal & Replacement	Amount needed to increase the balance to equal the \$100,000 renewal and replacement requirement.	Capital asset costs associated with the System.
General	To the extent that any funds are available.	Unrestricted Use.

All Funds are held by the Trustee with disbursements authorized upon requisition of the Authority.

In addition to the foregoing, the Authority established the following Restricted Accounts:

1. Customer Deposits for monies required from customers to assure payment or performance.
2. Investments designated for future plant improvement and replacement.
3. Investments designated for special sewer and plant projects.



LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash & Cash Equivalents

For the purposes of the statement of cash flow, the Authority considers cash in banks, deposits and short-term investments with original maturities of three months or less as cash and cash equivalents.

Property, Plant and Equipment

Property, plant and equipment is stated at cost which includes direct construction costs and other expenditures related to construction.

Depreciation is determined on a straight-line basis, for all plant and equipment. Depreciation is provided for over the following estimated useful lives:

Buildings and Improvements	20 - 75 years
Pumping Station	20 years
Sewer Mains	75 years
Machinery and Equipment	10 - 20 years
Vehicles	5 - 10 years
Other Projects	10 years

Accounts Receivable

The Authority considers all accounts receivables to be fully collectible; no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Net Assets

Net assets represent the difference between assets and liabilities and are classified into three categories:

- Invested in Capital Assets, Net of Related Debt – This reflects the net assets of the Authority that are invested in capital assets, net of related debt. This indicates that these net assets are not accessible for other purposes.
- Restricted Net Assets – This represents the net assets that are not accessible for general use because their use is subject to restrictions enforceable by third parties.
- Unrestricted Net Assets – This represents those net assets that are available for general use.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory of spare parts and supplies is recorded as an expense when purchased and accordingly, is not included in the statements of net assets.

Property, Plant and Equipment (Continued)

Details of property, plant and equipment as of June 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Land	\$ 18,044	\$ 18,044
Building & Improvements	12,860,536	5,746,920
Pumping Station	2,249,605	2,224,006
Sewer Mains	1,101,913	1,065,310
Machinery & Equipment	5,836,256	5,816,496
Vehicles	210,652	210,652
Office Equipment	100,802	100,802
Construction in Progress	<u>2,170</u>	<u>6,411,742</u>
	\$22,379,978	\$21,593,972
Accumulated Depreciation	<u>11,212,414</u>	<u>10,330,214</u>
	<u>\$11,167,564</u>	<u>\$ 11,263,758</u>

## LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

#### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Compensated Absences

Authority employees earn certain sick leave time that can accumulate. In the event of retirement or termination, employees are eligible for the reimbursement of accumulated sick leave on a percentage basis not to exceed \$5,000. Accumulated unpaid sick leave is accrued when incurred. Accumulated unpaid sick leave at June 30, 2012 and 2011 is \$25,634 and \$26,695, respectively.

##### Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Income Taxes

No provision for income taxes has been made as the Authority is exempt from Federal and State income taxes.

##### Risk Management

In September 1991, the Authority joined the New Jersey Utility Authorities Joint Insurance Fund (JIF). The Authority pays an annual premium to JIF for its worker's compensation, employer liability, public employees dishonesty liability, public officials liability, general liability, property damage, and motor vehicle insurance coverage. The Trust Agreement of the JIF provides that JIF will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits for each type of insurance coverage.

#### (3) BUDGETARY PROCEDURES

The Authority follows these procedures in establishing the Operating Fund budget:

The annual budget for each fiscal year of the Authority is introduced by resolution passed by not less than a majority of the governing body. Copies are submitted to the Director of the Division of Local Government Services Director prior to the beginning of the Authority's fiscal year for approval prior to its adoption.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(3) BUDGETARY PROCEDURES (CONTINUED)

The budget must comply with the terms and provisions of any security agreements, and is to be in such form and detail as to items of revenue, expenses and other contents as required by law or by rules and regulations of the Local Finance Board.

No authority budget can be finally adopted until the Director has approved the budget.

Public hearings are conducted to obtain citizen comments on the proposed budget.

Operating expense appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

The level at which expenditures cannot exceed the budget is at the total budget level.

The budget may be increased after adoption when an item of revenue has been made available after the adoption date.

(4) CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are summarized as follows:

	<u>Unrestricted</u>	<u>Restricted</u>
June 30, 2012:		
Cash and Cash Equivalents	<u>\$495,510</u>	<u>\$1,006,488</u>
June 30, 2011:		
Cash and Cash Equivalents	<u>\$351,850</u>	<u>\$1,381,260</u>

The cash on deposit of the Authority is partially insured by the Federal Deposit Insurance Corporation in the amount of \$250,000 in each bank depository. Balances above the federal depository insurance amount are insured by the State of New Jersey Governmental Unit Deposit Protection Act (GUDPA). Of the cash balances, on June 30, 2012 and 2011, \$229,901 and \$463,033, respectively, were deposited with the State of New Jersey Cash Management Plan and \$1,243,934 and \$724,447 were deposited in the Goldman Sachs Treasury Money Market Funds which are not covered by the FDIC nor protected by GUDPA. The Authority does not have a policy for either credit risk or custodial credit risk. However, it is the Authority's policy only to invest with banks that are approved by the board. The Authority does not have a policy to limit interest rate risk.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(5) INVESTMENTS

The Authority's investment policy principally permits the investing of funds in the following types of investments:

Bonds, debentures, notes or other evidences of indebtedness issued by any agency or instrumentality of the United States or by any corporation chartered by the United States to the extent that such obligations are guaranteed by the United States or by another such agency and Defeasance Securities.

Negotiable or nonnegotiable certificates of deposit issued by any bank, trust company, or national banking associations which certificates of deposits shall be continuously secured by obligations described in the first paragraph above.

Deposits in the NJ Cash Management Fund and other deposits defined in the Authority's Bond Resolution.

(6) PROPERTY PLANT AND EQUIPMENT

Property, Plant and Equipment is summarized as follows:

	Balance June 30, 2011	Increase	Decrease	Balance June 30, 2012
Land	\$ 18,044			\$ 18,044
Buildings & Improvements	5,746,920	7,113,616		12,860,536
Pumping Station	2,224,006	25,599		2,249,605
Sewer Mains	953,861	36,603		990,464
Machinery & Equipment	5,917,298	19,760		5,937,058
Vehicles	210,652			210,652
Odor Control Project	26,468			26,468
Wastewater Mgt Project	84,981			84,981
Construction in Progress	<u>6,411,742</u>	<u>2,170</u>	<u>6,411,742</u>	<u>2,170</u>
Total Fixed Assets	<u>\$21,593,972</u>	<u>\$7,197,748</u>	<u>\$ 6,411,742</u>	<u>\$22,379,978</u>

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(7) LONG-TERM DEBT

- A. On June 19, 1996, the Authority issued \$2,335,000 in Sewer Revenue Refunding Bonds (Series 1996) with interest rates ranging from 3.8% to 5.15% to advance refund \$2,310,000 of outstanding bonds with interest rates ranging from 6.7% to 7.75%. This debt matured on July 1, 2007.

The Authority used a portion of the proceeds of the 1996 Bonds to purchase United States Government obligations which were deposited into an escrow account which, together with the interest earnings thereon, was sufficient to pay the principal and interest on the 1988 Refunded Bonds through and including July 1, 1998, and on July 1, 1998, the call date, to pay the redemption price of all 1988 Refunded Bonds then outstanding. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the accompanying statements of net assets.

In an agreement dated June 19, 1996, Lehman Brothers, Inc. paid the Authority \$110,000 for the right to receive all of the earnings from investments made from the required escrow balance of \$232,515 deposited and required as part of the bond series 1996 covenant. These funds are held in the Debt Service Reserve fund with The Bank of New York.

New Jersey Environmental Infrastructure Trust (NJEIT)

Total obligations payable to the NJEIT at June 30, 2012 and 2011 amounted to \$5,724,899 and \$6,064,529 respectively. A summary of the NJEIT obligations follow:

- B. In November 2002, the Authority issued New Jersey Environmental Infrastructure Trust (NJEIT) Series 2002A obligations. Principal and interest payments due on these obligations commenced in the year 2004. The annual interest rate on the principal amount of \$670,000 of such obligations ranges between 4.75% and 5.25% over the term of the obligations. No interest is due on the remaining principal amount of \$528,656. This debt matures in 2022.
- C. In October 2003, the Authority issued New Jersey Environmental Infrastructure Trust (NJEIT) Series 2003A obligations. Principal and interest payments due on these obligations commenced in the year 2005. The annual interest rate on the principal amount of \$500,000 of such obligations will range between 3% and 6% over the term of the obligations. No interest is due on the remaining principal amount of \$396,028. This debt matures in 2023.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(7) LONG-TERM DEBT (CONTINUED)

New Jersey Environmental Infrastructure Trust (NJEIT) (Continued)

- D. In March 2011, the Authority issued New Jersey Environmental Infrastructure Trust (NJEIT) Series 2011A obligations. Principal and interest payments due on these obligations commenced August 1, 2012. The annual interest rate on the principal amount of \$1,655,724 of such obligations will range between 3% and 5% over the term of the obligations. No interest is due on the remaining principal amount of \$1,629,491. This debt matures in 2029.

The Series 2011A obligation was issued for a total of \$7,120,000. Under a separate agreement, the Authority is to receive a total of \$3,560,000 as an ARRA Principal Reduction. During the year ended June 30, 2011, the Authority received \$2,225,663 of this principal reduction and is reflected under Nonoperating Revenues.

- E. In September 2010, the Authority issued New Jersey Environmental Infrastructure Trust (NJEIT) Series 2010B obligations. Principal and interest payments due on these obligations commenced September 1, 2011. The annual interest rate on the principal amount of \$168,000 of such obligations is 5% over the term of the obligations. No interest is due on the remaining principal amount of \$177,000. This debt matures in 2030.

A summary of long-term debt follows:

	<u>2012</u>	<u>2011</u>
NJ Environmental Infrastructure Trust - Series 2002A	\$1,198,656	\$1,316,083
NJ Environmental Infrastructure Trust - Series 2003A	896,028	958,722
NJ Environmental Infrastructure Trust - Series 2010A	3,285,215	3,435,724
NJ Environmental Infrastructure Trust - Series 2010B	<u>345,000</u>	<u>354,000</u>
	\$5,724,899	\$6,064,529
Less Current Maturities	<u>320,328</u>	<u>314,664</u>
Total Long-Term Debt	<u>\$5,404,571</u>	<u>\$5,749,865</u>

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(7) LONG-TERM DEBT (CONTINUED)

New Jersey Environmental Infrastructure Trust (NJEIT) (Continued)

The following schedule sets forth the principal payment requirements for future years:

<u>Year</u>	<u>Amount</u>
2013	\$ 320,328
2014	338,999
2015	341,275
2016	346,783
2017	367,358
Thereafter	<u>4,010,156</u>
	<u>\$ 5,724,899</u>

(8) AMOUNTS REQUIRED BY BOND RESOLUTION

The following cash and investment accounts are required by the bond resolution:

	<u>2012</u>	<u>2011</u>
Debt Service	\$288,371	\$345,041
Cash and Cash Equivalents on Hand	<u>288,371</u>	<u>345,041</u>
Excess	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
Renewal and Replacement	\$100,000	\$100,000
Cash and Cash Equivalents on Hand	<u>100,000</u>	<u>100,000</u>
Excess	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
Debt Service Reserve	\$377,025	\$323,914
Cash and Cash Equivalents on Hand	<u>377,025</u>	<u>323,914</u>
Excess	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>



LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(9) NET ASSETS

Net Assets consist of Investments in Capital Assets and Restricted and Unrestricted balances (required by the bond resolution). Balances at June 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Net Assets:		
Capital Assets, net of related liabilities	\$5,773,203	\$5,889,116
Restricted:		
Current Debt Service	288,371	345,041
Debt Service Reserve	377,025	323,914
Renewal and Replacement	100,000	100,000
Improvement Reserve	<u>235,019</u>	<u>463,375</u>
Total Restricted	\$1,000,415	\$1,232,330
Unrestricted	<u>1,169,336</u>	<u>1,084,614</u>
	<u>\$7,942,954</u>	<u>\$8,206,060</u>

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

(10) PENSION PLAN

Authority employees participate in the Public Employees Retirement System (PERS), of New Jersey, a multi-employer cost sharing plan. The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the plan. The plan does not maintain separate records for each member in the state and, therefore, the actuarial data for the Authority is not available.

Participating employees are required by State statute to contribute a certain percentage (6.5% in 2012 and 5.5% in 2011) of their salary to the plan. In addition, the PERS generally bills the Authority annually for its required contribution. For the years ending June 30, 2012 and 2011, this contribution was \$41,699 and \$42,510, respectively.

(11) LEASES

The Authority leases the land on which the treatment plant is located from the State of New Jersey. The original lease dated July 1, 1954 was amended August 26, 1980 for a term of 60 years. No rent is paid on this lease.

A separate agreement with the NJ Water Supply Authority allows Lambertville Municipal Utilities Authority to use a right-of-way for a sewer line. Rent of \$48 is paid annually under this agreement.

(12) SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after the financial statement date through December 5, 2012, which is the date the financial statements were available to be issued. Based on this evaluation, the Authority has determined that no subsequent events have occurred which require disclosure in the financial statements.

(13) COMMITMENTS AND CONTINGENCIES

In the ordinary conduct of its business, the Authority may be a party to litigation. At June 30, 2012, in the opinion of management based upon consultation with legal counsel, there were no matters pending or threatened which would have a material adverse effect on the financial position of the Authority.

## **SUPPLEMENTARY INFORMATION**

## LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF OPERATING REVENUES  
AND COSTS FUNDED BY OPERATING  
REVENUES COMPARED TO BUDGET  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012 BUDGET	2012 ACTUAL	2011 ACTUAL
Revenues:			
User Charges and Fees - Lambertville	\$ 1,189,900	\$ 1,164,933	\$ 1,160,544
Service Agreements	900,000	902,744	919,799
Delinquent Penalties	10,000	13,049	12,602
Interest Income	2,000	108	69
Miscellaneous Income	-	3,070	1,180
Connection Fees	7,000	100	13,563
Unrestricted Net Assets Utilized	72,000		
Total Revenues	\$ 2,180,900	\$ 2,084,004	\$ 2,107,757
Expenses:			
Costs of Providing Services:			
Labor	\$ 250,900	\$ 244,582	\$ 232,385
Chemicals:			
Chlorine	26,000	20,246	20,767
Dechlor	12,000	14,168	13,920
Polymer	20,000	21,809	26,131
Digester and Other	73,600	39,912	43,487
Lab	2,000	2,068	643
Electricity	155,000	166,986	137,840
Heating Oil	6,000	17,955	6,310
Water	4,000	3,124	4,215
Maintenance:			
Trucks	21,000	17,945	23,855
Plant	40,000	13,087	21,304
Pumping Station	8,000	5,077	6,821
Sewer System	7,000	3,193	4,423
Equipment Replacement and Repair	40,000	27,313	142,380
Service Contracts	12,000	13,815	13,332
Outside Lab Work	25,000	11,693	13,079
Protective Clothing and Uniforms	10,000	8,617	8,151
Plant Office Expenses	5,000	700	361
Plant Telephone	4,600	6,191	6,820
Land Rental	48	48	48
Sludge Removal	60,000	82,766	71,363
Total Costs of Providing Services	\$ 782,148	\$ 721,295	\$ 797,635
General and Administrative Expenses:			
Salaries and Wages	\$ 213,900	\$ 217,510	\$ 215,562
Payroll Taxes	37,500	38,373	36,825
Employee Benefits	159,000	130,702	149,483
Authority Member Fees	6,400	6,325	5,800
General Insurance	55,000	48,085	51,853
Professional Services	50,000	47,257	45,180
Engineering Services	21,000	14,513	20,544
Auditing and Accounting	30,000	22,710	28,660
Office Supplies and Expenses	3,500	2,682	4,507
Postage	4,500	4,310	4,210
Telephone	5,000	5,115	5,178
Contributions to Civic Organizations	4,000	1,437	2,787
Dues, Subscriptions and Training	10,000	5,424	6,302
Permits	34,000	25,361	33,203
Computer Expenses	14,000	15,481	15,684
Other	4,000	7,604	5,162
Total General and Administrative Expenses	\$ 651,800	\$ 592,889	\$ 630,940
Other Costs Funded by Revenues:			
Interest Expense	\$ 141,671	\$ 137,931	\$ 132,074
Principal	317,663	317,663	250,817
Municipal Appropriation	72,000	72,000	72,000
Total Other Costs	\$ 531,334	\$ 527,594	\$ 454,891
TOTAL COSTS FUNDED BY OPERATING REVENUES	\$ 1,965,282	\$ 1,841,778	\$ 1,883,466
EXCESS (DEFICIENCY) OF REVENUES OVER COSTS	\$ 215,618	\$ 242,226	\$ 224,291

SCHEDULE 2

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - JUNE 30, 2012

NJ ENVIRONMENTAL INFRASTRUCTURE TRUST  
SERIES 2002A  
MATURITY DATE, JULY 1

<u>YEAR OF MATURITY</u>	<u>TOTAL</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL</u>	<u>NO INTEREST PRINCIPAL</u>
2012	\$ 94,036	5.00%	\$ 45,000	\$ 49,036
2013	100,659	5.25%	50,000	50,659
2014	98,997	5.25%	50,000	48,997
2015	105,461	5.00%	55,000	50,461
2016	111,807	5.00%	60,000	51,807
2017	109,907	5.00%	60,000	49,907
2018	116,095	5.00%	65,000	51,095
2019	114,036	5.00%	65,000	49,036
2020	120,066	5.00%	70,000	50,066
2021	125,936	5.00%	75,000	50,936
2022	<u>123,621</u>	4.75%	<u>75,000</u>	<u>48,621</u>
	\$ <u><u>1,220,622</u></u>		\$ <u><u>670,000</u></u>	\$ <u><u>550,622</u></u>

Payments on NJ Environmental Infrastructure Trust 2002A - January 1 and July 1

SCHEDULE 3

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - JUNE 30, 2012

NJ ENVIRONMENTAL INFRASTRUCTURE TRUST  
SERIES 2003A  
MATURITY DATE, JULY 1

<u>YEAR OF</u> <u>MATURITY</u>	<u>TOTAL</u>	<u>PRINCIPAL</u>	<u>NO INTEREST</u> <u>PRINCIPAL</u>
2012	\$ 61,784	\$ 30,000	\$ 31,784
2013	68,832	35,000	33,832
2014	67,770	35,000	32,770
2015	66,814	35,000	31,814
2016	73,939	40,000	33,939
2017	72,943	40,000	32,943
2018	71,918	40,000	31,918
2019	78,754	45,000	33,754
2020	77,388	45,000	32,388
2021	84,057	50,000	34,057
2022	82,653	50,000	32,653
2023	89,175	55,000	34,175
	<u>\$ 896,027</u>	<u>\$ 500,000</u>	<u>\$ 396,027</u>

Payments on NJ Environmental Infrastructure Trust 2003A - February 1 and August 1

SCHEDULE 4

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - JUNE 30, 2012

NJ ENVIRONMENTAL INFRASTRUCTURE TRUST  
SERIES 2010A  
MATURITY DATE, AUGUST 1

<u>YEAR OF</u> <u>MATURITY</u>		<u>TOTAL</u>	<u>INTEREST</u> <u>RATE</u>		<u>PRINCIPAL</u>		<u>NO INTEREST</u> <u>PRINCIPAL</u>
2012	\$	150,508	5.00%	\$	60,000	\$	90,508
2013		155,508	5.00%		65,000		90,508
2014		160,508	5.00%		70,000		90,508
2015		160,508	5.00%		70,000		90,508
2016		165,508	5.00%		75,000		90,508
2017		170,508	5.00%		80,000		90,508
2018		175,508	5.00%		85,000		90,508
2019		175,508	4.00%		85,000		90,508
2020		180,508	5.00%		90,000		90,508
2021		185,508	3.00%		95,000		90,508
2022		190,508	4.00%		100,000		90,508
2023		190,508	4.00%		100,000		90,508
2024		195,508	4.00%		105,000		90,508
2025		200,508	4.00%		110,000		90,508
2026		205,508	3.50%		115,000		90,508
2027		210,508	4.00%		120,000		90,508
2028		215,508	4.00%		125,000		90,508
2029		<u>190,348</u>	4.00%		<u>130,000</u>		<u>60,348</u>
	\$	<u><u>3,278,984</u></u>		\$	<u><u>1,680,000</u></u>	\$	<u><u>1,598,984</u></u>

Payments on NJ Environmental Infrastructure Trust 2010A - February 1 and August 1

SCHEDULE 5

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - JUNE 30, 2012

NJ ENVIRONMENTAL INFRASTRUCTURE TRUST  
SERIES 2010B  
MATURITY DATE, SEPTEMBER 1

<u>YEAR OF</u> <u>MATURITY</u>		<u>TOTAL</u>	<u>INTEREST</u> <u>RATE</u>		<u>PRINCIPAL</u>		<u>NO INTEREST</u> <u>PRINCIPAL</u>
2012	\$	14,000	5.00%	\$	5,000	\$	9,000
2013		14,000	5.00%		5,000		9,000
2014		14,000	5.00%		5,000		9,000
2015		14,000	5.00%		5,000		9,000
2016		14,000	5.00%		5,000		9,000
2017		14,000	5.00%		5,000		9,000
2018		14,000	5.00%		5,000		9,000
2019		19,000	5.00%		10,000		9,000
2020		19,000	5.00%		10,000		9,000
2021		19,000	5.00%		10,000		9,000
2022		19,000	5.00%		10,000		9,000
2023		19,000	5.00%		10,000		9,000
2024		19,000	5.00%		10,000		9,000
2025		19,000	5.00%		10,000		9,000
2026		19,000	5.00%		10,000		9,000
2027		19,000	5.00%		10,000		9,000
2028		19,000	5.00%		10,000		9,000
2029		24,000	5.00%		15,000		9,000
2030		<u>24,000</u>	5.00%		<u>15,000</u>		<u>9,000</u>
	\$	<u>336,000</u>		\$	<u>165,000</u>	\$	<u>171,000</u>

Payments on NJ Environmental Infrastructure Trust 2010B - March 1 and September 1



LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

ROSTER OF OFFICIALS

JUNE 30, 2012

<u>Name</u>	<u>Title</u>
Eric Richard	Chairman
Janine MacGregor	Vice Chairman
Frank Kramer	Secretary
Robert Hayes, Jr.	Treasurer
Vincent Uhl	Member
Paul Rotondi	Alternate One
Preston M. Klingseis	Alternate Two
Thomas F. Horn, P.E.	Executive Director

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

JUNE 30, 2012

GENERAL COMMENTS AND RECOMMENDATIONS

NONE

