

Annual Financial Report

of the

**Lambertville Municipal
Utilities Authority**

For the Years Ended June 30, 2013 and 2012

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Lambertville Municipal Utilities Authority, as of and for the years ended June 30, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lambertville Municipal Utilities Authority, as of June 30, 2013 and 2012, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis and budgetary comparison information* identified 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 opinions on the financial statements that collectively comprise the Lambertville Municipal Utilities Authority's basic financial statements. The supplemental data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental data schedules 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 financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2014 on our consideration of the Lambertville Municipal Utilities 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 Lambertville Municipal Utilities Authority' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Suplee, Clooney & Company".

January 14, 2014



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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 BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Board of Commissioners
Lambertville Municipal Utilities Authority
Lambertville, 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, the financial statements of the Lambertville Municipal Utilities Authority as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Lambertville Municipal Utilities Authority's financial statements, and have issued our report thereon dated January 14, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lambertville Municipal Utilities Authority's 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 Lambertville Municipal Utilities Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lambertville Municipal Utilities Authority's internal control.

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

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

Compliance and Other Matters

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

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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The signature is written in a cursive, flowing style.

January 14, 2014

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, 2013 and 2012. 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, 2013 and 2012. 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 Position

Unrestricted assets at June 30, 2013 and 2012, consists of Cash and Cash Equivalents, Accounts Receivable and Other Assets totaling \$1.2 million and \$1.3 million, respectively.

Fixed assets decreased \$621 thousand as a result of additions of \$268 thousand and depreciation of \$890 thousand. Cash and Cash Equivalents increased \$117 thousand in total. These changes contributed to a decrease in total assets of \$501 thousand.

Total liabilities payable from unrestricted assets at June 30, 2013 and 2012, consists principally of accounts payable and accrued sick pay.

Bonds Payable decreased \$310 thousand due to principal payments made on outstanding debt.

Discussion of Condensed Statement of Revenue, Expenses, and Changes in Net Position

Operating revenues decreased \$93 thousand or 4.5%. User Charges represents 99% of the operating revenues in 2013 and 2012.

Total operating expenses before depreciation for the year ended June 30, 2013 decreased \$36 thousand or 2.8% from the year ended June 30, 2012.

Total operating revenues were below budget by \$80 thousand. Operating Expenses were \$87 thousand below budget.

For the year ended June 30, 2013, an Operating Loss amounted to \$180 thousand compared to an Operating Loss of \$116 thousand for the year ended June 30, 2012. A \$92 thousand decrease in Operating Revenues offset with reduced Operating Expenses of \$29 thousand contributed to the increased operating loss in 2013.

MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”) **(UNAUDITED)**

Discussion of Cash Flows

Net cash provided by operating activities amounted to \$711 thousand, and \$682 thousand in the years ended June 30, 2013 and 2012, respectively. The \$29 thousand increase in net cash provided by operating activities in the year 2013 was attributable to an increase in operating revenues and a decrease in operating expenses.

For the year ended June 30, 2013 net cash used by investing activities amounted to \$154 thousand largely due to the purchase of fixed assets.

Net cash used in financing activities amounted to \$440 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 Position; a Statement of Revenues, Expenses, and Changes to Net Position; a Statement of Cash Flows; and notes to the financial statements.

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

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

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)

Condensed Financial Statements

Condensed Statement of Net Position

	June 30,		Variance	
	2013	2012	\$	%
<u>Assets</u>				
Unrestricted Assets:				
Cash & Cash Equivalents	\$ 410,610	\$ 495,510	\$ (84,900)	-17.1%
Accounts Receivable	555,532	551,608	3,924	0.7%
Other Assets	233,282	233,282	-	0.0%
Total Unrestricted Assets	\$ 1,199,424	\$ 1,280,400	\$ (80,976)	-6.3%
Restricted Assets:				
Cash & Cash Equivalents	\$ 1,208,135	\$ 1,006,488	\$ 201,647	20.0%
Due from NJEIT	330,538	330,538	-	0.0%
Capital Assets, at Cost	22,583,553	22,379,978	203,575	0.9%
Accumulated Depreciation	(12,037,412)	(11,212,414)	(824,998)	7.4%
Total Assets	\$ 13,284,238	\$ 13,784,990	\$ (500,752)	-3.6%
<u>Liabilities</u>				
Liabilities Payable from Unrestricted Assets:				
Accounts Payable & Accrued Expenses	\$ 84,329	\$ 55,214	\$ 29,115	52.7%
Accrued Sick Pay	27,503	25,634	1,869	7.3%
Total Liabilities Payable from Unrestricted Assets	\$ 111,832	\$ 80,848	\$ 30,984	38.3%
Liabilities Payable from Restricted Assets:				
Accounts Payable	\$ 10,000	\$ 35,799	\$ (25,799)	-72.1%
Other	-	490	(490)	-100.0%
Total Liabilities Payable from Restricted Assets	\$ 10,000	\$ 36,289	\$ (26,289)	-72.4%
Bonds Payable	5,414,484	5,724,899	(310,415)	-5.4%
Total Liabilities	\$ 5,536,316	\$ 5,842,036	\$ (305,720)	-39.5%
<u>Net Position</u>				
Invested in Capital Assets	\$ 5,462,195	\$ 5,773,203	\$ (311,008)	-5.4%
Restricted Reserves	1,202,552	1,000,415	202,137	20.2%
Unrestricted	1,083,175	1,169,336	(86,161)	-7.4%
Total Net Position	\$ 7,747,922	\$ 7,942,954	\$ (195,032)	-2.5%
Total Liabilities and Net Position	\$ 13,284,238	\$ 13,784,990	\$ (500,752)	-3.6%

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

Condensed Statement of Revenue, Expenses, and Changes in Net Position

	June 30,		Variance	
	<u>2013</u>	<u>2012</u>	<u>\$</u>	<u>%</u>
Operating Revenues	\$ 1,987,945	\$ 2,080,826	\$ (92,881)	-4.5%
Operating Expenses:				
Costs of Providing Services	707,407	721,295	(13,888)	-1.9%
General and administrative	<u>570,388</u>	<u>592,889</u>	<u>(22,501)</u>	<u>-3.8%</u>
Total operating expenses before depreciation	\$ 1,277,795	\$ 1,314,184	\$ (36,389)	-2.8%
Depreciation	<u>889,719</u>	<u>882,200</u>	<u>7,519</u>	<u>0.9%</u>
Total operating expenses	\$ <u>2,167,514</u>	\$ <u>2,196,384</u>	\$ <u>(28,870)</u>	<u>-1.3%</u>
Operating Income (Loss)	\$ (179,569)	\$ (115,558)	\$ (64,011)	55.4%
Non operating revenues (expenses)	<u>(15,463)</u>	<u>(147,548)</u>	<u>132,085</u>	<u>-89.5%</u>
Net Income (Loss)	\$ (195,032)	\$ (263,106)	\$ 68,074	-25.9%
Net Position, Beginning of Year	\$ <u>7,942,954</u>	\$ <u>8,206,060</u>	\$ <u>(263,106)</u>	<u>-3.2%</u>
Net Position, End of Year	\$ <u><u>7,747,922</u></u>	\$ <u><u>7,942,954</u></u>	\$ <u><u>(195,032)</u></u>	<u><u>-2.5%</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>
2012-2013	352,956,160	163,026,638	16,679,576	173,249,946
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

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 6/30/2012	\$5,724,899
New Bonds issued	----
Scheduled Bond Retirements	<u>(310,415)</u>
 Bonds Payable at 6/30/2013	 <u>\$5,414,484</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, 2013.

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.

BASIC FINANCIAL STATEMENTS

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF NET POSITION
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>A S S E T S</u>		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 410,610	\$ 495,510
Accounts Receivable	555,532	551,608
Other Assets	<u>233,282</u>	<u>233,282</u>
<u>Total Unrestricted Assets</u>	<u>\$ 1,199,424</u>	<u>\$ 1,280,400</u>
Restricted Assets:		
Cash and Cash Equivalents:		
Debt Service Account	\$ 297,412	\$ 288,371
Debt Service Reserve Account	450,608	377,025
Renewal & Replacement Account	100,000	100,000
Improvement Reserve Account	354,532	235,019
Trust Loan Project Account	5,583	5,583
Customer Deposits	-	490
Due from New Jersey Environmental Infrastructure Trust	<u>330,538</u>	<u>330,538</u>
<u>Total Restricted Assets</u>	<u>\$ 1,538,673</u>	<u>\$ 1,337,026</u>
Property, Plant and Equipment, at Cost	\$ 22,583,553	\$ 22,379,978
Less: Accumulated Depreciation	<u>12,037,412</u>	<u>11,212,414</u>
<u>Net Property, Plant and Equipment</u>	<u>\$ 10,546,141</u>	<u>\$ 11,167,564</u>
<u>TOTAL ASSETS</u>	<u>\$ 13,284,238</u>	<u>\$ 13,784,990</u>

See accompanying notes to financial statements.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF NET POSITION
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable and Accrued Expenses	\$ 72,557	\$ 45,450
Accrued Sick Pay	27,503	25,634
Payroll Liabilities	<u>11,772</u>	<u>9,764</u>
Total Current Liabilities Payable From Unrestricted Assets	\$ <u>111,832</u>	\$ <u>80,848</u>
Current Liabilities Payable From Restricted Assets:		
Accounts Payable	\$ 10,000	\$ 35,799
Customer Deposits and Escrow Accounts	-	490
Current Portion of Bonds Payable	<u>338,999</u>	<u>320,328</u>
Total Current Liabilities Payable From Restricted Assets	\$ <u>348,999</u>	\$ <u>356,617</u>
Long-Term Portion of Bonds Payable	\$ <u>5,075,485</u>	\$ <u>5,404,571</u>
<u>Total Liabilities</u>	\$ <u>5,536,316</u>	\$ <u>5,842,036</u>
Net Position:		
Net Investment in Capital Assets	\$ 5,462,195	\$ 5,773,203
Restricted Reserves for:		
Current Debt Service	297,412	288,371
Debt Service Reserve	450,608	377,025
Renewal and Replacement	100,000	100,000
Improvement Reserve	354,532	235,019
Unrestricted	<u>1,083,175</u>	<u>1,169,336</u>
<u>TOTAL NET POSITION</u>	\$ <u><u>7,747,922</u></u>	\$ <u><u>7,942,954</u></u>

See accompanying notes to financial statements.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Operating Revenues:		
User Charges	\$ 1,961,614	\$ 2,067,677
Connection Fees	14,310	100
Interest on User's Accounts Receivable	<u>12,021</u>	<u>13,049</u>
Total Operating Revenues	\$ <u>1,987,945</u>	\$ <u>2,080,826</u>
Operating Expenses:		
Costs of Providing Services	\$ 707,407	\$ 721,295
General and Administrative	570,388	592,889
Depreciation	<u>889,719</u>	<u>882,200</u>
Total Operating Expenses	\$ <u>2,167,514</u>	\$ <u>2,196,384</u>
Operating Income (Loss)	\$ (179,569)	\$ (115,558)
Nonoperating Revenues (Expenses):		
Interest Income - Unrestricted	\$ 145	\$ 108
Interest Income - Restricted	660	186
Interest Expense	(129,313)	(137,931)
Other Income	185,045	5,992
Other Expense	<u>(72,000)</u>	<u>(15,903)</u>
Net Income (Loss)	\$ (195,032)	\$ (263,106)
Net Position, Beginning of Year	\$ <u>7,942,954</u>	\$ <u>8,206,060</u>
Net Position, End of Year	\$ <u><u>7,747,922</u></u>	\$ <u><u>7,942,954</u></u>

See accompanying notes to financial statements.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITYSTATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Receipts for User Charges	\$ 1,957,690	\$ 1,964,153
Receipts for Connection Fees	14,310	100
Receipts for Interest on User Charges	12,021	13,049
Receipts (Payments) for Customer Deposits	(490)	(5,956)
Payments to Suppliers	(842,090)	(825,470)
Payments to Employees	<u>(430,520)</u>	<u>(463,153)</u>
Net Cash Provided by Operating Activities	\$ <u>710,921</u>	\$ <u>682,723</u>
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	\$ (268,296)	\$ (786,006)
Proceeds from the NJ Environmental Infrastructure Trust Loan Program	-	359,349
Interest Received	805	294
Other Expenses	(72,000)	(15,903)
Other Income	<u>185,045</u>	<u>5,992</u>
Net Cash Provided (Used in) by Investing Activities	\$ <u>(154,446)</u>	\$ <u>(436,274)</u>
Cash Flows from Financing Activities:		
Payments on Long-Term Debt	\$ (310,415)	\$ (339,630)
Interest Paid on Bonds	<u>(129,313)</u>	<u>(137,931)</u>
Net Cash Provided by (Used in) Financing Activities	\$ <u>(439,728)</u>	\$ <u>(477,561)</u>
Increase/(Decrease) in Cash and Cash Equivalents	\$ 116,747	\$ (231,112)
Cash and Cash Equivalents, Beginning of Year	<u>1,501,998</u>	<u>1,733,110</u>
Cash and Cash Equivalents, End of Year	\$ <u><u>1,618,745</u></u>	\$ <u><u>1,501,998</u></u>
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ (179,569)	\$ (115,558)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	889,719	882,200
(Increase)/Decrease in Accounts Receivable	(3,924)	(103,524)
Increase/(Decrease) in Accounts Payable	1,308	19,705
Increase/(Decrease) in Accrued Sick Pay	1,869	(1,061)
Increase/(Decrease) in Payroll Liabilities	2,008	6,917
Increase/(Decrease) in Customer Deposits	<u>(490)</u>	<u>(5,956)</u>
Net Cash Provided by Operating Activities	\$ <u><u>710,921</u></u>	\$ <u><u>682,723</u></u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid for Interest	\$ <u><u>129,313</u></u>	\$ <u><u>137,931</u></u>

See accompanying notes to financial statements.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(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, 2013 AND 2012

(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. 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.

The accounting and financial reporting applied by the Authority is determined by its measurement focus. The financial statements are reported using the economic measurement focus and the accrual basis of accounting. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included in the Statements of Net Position. Net Position (totals assets and deferred outflows net of total liabilities and deferred inflows) are segregated into invested in capital assets, restricted and unrestricted components.

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, 2013 AND 2012

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation - Fund Accounting

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, 2013 AND 2012

(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

Details of property, plant and equipment as of June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Land	\$ 18,044	\$ 18,044
Building & Improvements	12,954,044	12,860,536
Pumping Station	2,249,605	2,249,605
Sewer Mains	1,245,149	1,101,913
Machinery & Equipment	5,842,635	5,836,256
Vehicles	171,104	210,652
Office Equipment	100,802	100,802
Construction in Progress	<u>2,170</u>	<u>2,170</u>
	\$22,583,553	\$22,379,978
Accumulated Depreciation	<u>12,037,412</u>	<u>11,212,414</u>
	<u>\$10,546,141</u>	<u>\$ 11,167,564</u>

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Position

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

- 1) Invested in Capital Assets - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted - when constraints placed on net position are either a) externally imposed by creditors (such as the bond resolution), grantors, or laws or regulations of other governments or b) imposed by law.
- 3) Unrestricted - any other net position that does not meet the definition of "restricted" or "invested in capital assets."

Inventory

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

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, 2013 and 2012 is \$27,503 and \$25,634, respectively.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(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.

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.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(4) CASH AND CASH EQUIVALENTS

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

	<u>Unrestricted</u>	<u>Restricted</u>
June 30, 2013:		
Cash and Cash Equivalents	<u>\$410,610</u>	<u>\$1,208,135</u>
June 30, 2012:		
Cash and Cash Equivalents	<u>\$495,510</u>	<u>\$1,006,488</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, 2013 and 2012, \$354,902 and \$229,901, respectively, were deposited with the State of New Jersey Cash Management Plan and \$1,241,999 and \$1,243,934 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.

(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.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(6) PROPERTY PLANT AND EQUIPMENT

Property, Plant and Equipment is summarized as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2013</u>
Land	\$ 18,044			\$ 18,044
Buildings & Improvements	12,860,536	93,507		12,954,043
Pumping Station	2,249,605			2,249,605
Sewer Mains	990,464	141,616		1,132,080
Machinery & Equipment	5,937,058	6,379		5,943,437
Vehicles	210,652	25,173	64,721	171,104
Odor Control Project	26,468	1,621		28,089
Wastewater Mgt Project	84,981			84,981
Construction in Progress	<u>2,170</u>			<u>2,170</u>
Total Fixed Assets	\$22,379,978	\$268,295	\$ 64,721	\$22,583,553
Accumulated Depreciation	<u>11,212,414</u>	<u>889,719</u>	<u>64,721</u>	<u>12,037,412</u>
	<u>\$11,167,564</u>	<u>\$(621,424)</u>	<u>\$ ----</u>	<u>\$10,546,141</u>

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(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 position.

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, 2013 and 2012 amounted to \$5,414,484 and \$5,724,899 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 \$625,000 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 \$489,534. 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 \$470,000 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 \$364,243. This debt matures in 2023.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(7) LONG-TERM DEBT (CONTINUED)

New Jersey Environmental Infrastructure Trust (NJEIT) (Continued)

- D. In March 2012, the Authority issued New Jersey Environmental Infrastructure Trust (NJEIT) Series 2012A obligations. Principal and interest payments due on these obligations commenced August 1, 2012. The annual interest rate on the principal amount of \$1,565,216 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 \$1,569,491. This debt matures in 2029.
- 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 \$154,000 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>2013</u>	<u>2012</u>
NJ Environmental Infrastructure Trust - Series 2002A	\$1,114,534	\$1,198,656
NJ Environmental Infrastructure Trust - Series 2003A	834,243	896,027
NJ Environmental Infrastructure Trust - Series 2010A	3,134,707	3,285,215
NJ Environmental Infrastructure Trust - Series 2010B	<u>331,000</u>	<u>345,000</u>
	\$5,414,484	\$5,724,899
Less Current Maturities	<u>338,999</u>	<u>320,328</u>
Total Long-Term Debt	<u>\$5,075,485</u>	<u>\$5,404,571</u>

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(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>
2014	\$ 338,999
2015	341,275
2016	346,783
2017	367,358
Thereafter	<u>4,020,069</u>
	<u>\$ 5,414,484</u>

(8) AMOUNTS REQUIRED BY BOND RESOLUTION

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

	<u>2013</u>	<u>2012</u>
Debt Service	\$297,412	\$288,371
Cash and Cash Equivalents on Hand	<u>297,412</u>	<u>288,371</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	 \$450,608	 \$377,025
Cash and Cash Equivalents on Hand	<u>450,608</u>	<u>377,025</u>
Excess	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(9) NET POSITION

The components of net position are as follows:

	<u>2013</u>	<u>2012</u>
Net Position:		
Capital Assets, net of related liabilities	\$5,462,195	\$5,773,203
Restricted:		
Current Debt Service	297,412	288,371
Debt Service Reserve	450,608	377,025
Renewal and Replacement	100,000	100,000
Improvement Reserve	<u>354,532</u>	<u>235,019</u>
Total Restricted	\$1,202,552	\$1,000,415
Unrestricted	<u>1,083,175</u>	<u>1,169,336</u>
	<u>\$7,747,922</u>	<u>\$7,942,954</u>

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(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 (6.64% in 2013 and 6.5% in 2012) 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, 2013 and 2012, this contribution was \$46,618 and \$41,699, 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 January 14, 2014, 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, 2013, 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.

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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, 2013 AND 2012

	2013 BUDGET	2013 ACTUAL	2012 ACTUAL
Revenues:			
User Charges and Fees - Lambertville	\$ 1,309,750	\$ 1,236,096	\$ 1,164,933
Service Agreements	780,150	725,518	902,744
Delinquent Penalties	10,000	12,021	13,049
Interest Income	1,000	805	108
Miscellaneous Income	-	39,645	3,070
Connection Fees	7,000	14,310	100
Unrestricted Net Position Utilized	72,000		
Total Revenues	\$ 2,179,900	\$ 2,028,395	\$ 2,084,004
Expenses:			
Costs of Providing Services:			
Labor	\$ 250,900	\$ 242,171	\$ 244,582
Chemicals:			
Chlorine	26,000	19,173	20,246
Dechlor	12,000	11,417	14,168
Polymer	25,000	19,196	21,809
Digester and Other	43,600	34,367	39,912
Lab	2,000	1,598	2,068
Electricity	140,600	128,371	166,986
Heating Oil	12,000	24,388	17,955
Water	4,000	2,288	3,124
Maintenance:			
Trucks	21,000	9,486	17,945
Plant	30,000	15,636	13,087
Pumping Station	8,000	16,015	5,077
Sewer System	7,000	1,275	3,193
Equipment Replacement and Repair	30,000	39,949	27,313
Service Contracts	12,000	11,249	13,815
Outside Lab Work	25,000	16,544	11,693
Protective Clothing and Uniforms	10,000	9,427	8,617
Plant Office Expenses	5,000	810	700
Plant Telephone	4,600	6,080	6,191
Land Rental	48		48
Sludge Removal	75,000	97,967	82,766
Total Costs of Providing Services	\$ 743,748	\$ 707,407	\$ 721,295
General and Administrative Expenses:			
Salaries and Wages	\$ 190,754	\$ 190,218	\$ 217,510
Payroll Taxes	37,500	35,726	38,373
Employee Benefits	161,000	149,029	130,702
Authority Member Fees	6,400	6,175	6,325
General Insurance	50,000	49,006	48,085
Professional Services	51,000	43,799	47,257
Engineering Services	21,000	4,836	14,513
Auditing and Accounting	25,000	21,194	22,710
Office Supplies and Expenses	3,500	4,022	2,682
Postage	4,500	4,703	4,310
Telephone	5,000	5,332	5,115
Contributions to Civic Organizations	2,000	1,325	1,437
Dues, Subscriptions and Training	10,000	6,090	5,424
Permits	34,000	25,477	25,361
Computer Expenses	15,500	16,791	15,481
Other	4,000	6,665	7,604
Total General and Administrative Expenses	\$ 621,154	\$ 570,388	\$ 592,889
	1,364,902	1,277,795	87,107
Other Costs Funded by Revenues:			
Interest Expense	\$ 135,056	\$ 129,313	\$ 137,931
Principal	320,328	310,415	317,663
Municipal Appropriation	72,000	72,000	72,000
Total Other Costs	\$ 527,384	\$ 511,728	\$ 527,594
TOTAL COSTS FUNDED BY OPERATING REVENUES	\$ 1,892,286	\$ 1,789,523	\$ 1,841,778
EXCESS (DEFICIENCY) OF REVENUES OVER COSTS	\$ 287,614	\$ 238,872	\$ 242,226

SCHEDULE 2LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - JUNE 30, 2013

NJ ENVIRONMENTAL INFRASTRUCTURE TRUST
 SERIES 2002A
MATURITY DATE, JULY 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>
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>1,126,585</u></u>		\$ <u><u>625,000</u></u>	\$ <u><u>501,585</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, 2013

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>
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>\$ 834,243</u>	<u>\$ 470,000</u>	<u>\$ 364,243</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, 2013

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>
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>3,128,476</u></u>		\$	<u><u>1,620,000</u></u>	\$	<u><u>1,508,476</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, 2013

NJ ENVIRONMENTAL INFRASTRUCTURE TRUST
SERIES 2010B
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>
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>322,000</u>		\$	<u>160,000</u>	\$	<u>162,000</u>

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

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

ROSTER OF OFFICIALS

JUNE 30, 2013

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

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

JUNE 30, 2013

GENERAL COMMENTS AND RECOMMENDATIONS

NONE

