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TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Years Ended December 31, 2013 and 2012

TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

AUDIT REPORT  
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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of the Township of Middletown Sewerage Authority, hereafter referred to as the "Authority", we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

### A. Financial Highlights

1. The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$53,136,957 (net position) compared to \$54,138,012 for the prior fiscal year.

The Authority's unrestricted/restricted cash and cash equivalents and investment balance at December 31, 2013 was \$5,369,445 representing an increase of \$443,515 from the prior fiscal year. The cash and cash equivalents have been programmed by the Authority for future capital improvements and working capital.

2. The Authority had total operating revenues of \$9,130,324 and total operating expenses of \$10,040,557 (which includes a charge to operations of \$689,934 for unfunded post retirement medical benefits) for the year ended December 31, 2013.
3. The Authority's cash capital outlays for the fiscal year were \$677,062.
4. On July 10, 2008, the Authority Commissioners approved a resolution to authorize the Authority to sell Sewer Revenue Bonds as part of the State of New Jersey Environmental Infrastructure Trust. In connection with the offering, \$7,595,000 of 2008A Sewer Revenue Bonds were sold with an average fixed coupon of approximately 5.25%. Additionally, the Authority has issued the 2008B Sewer Revenue Bonds in the amount of \$7,627,686 which is an interest free loan. The Bonds mature 20 years from date of issue. The proceeds of the loans were used solely for the Authority's Waste Water Treatment Plant Upgrade Project which became operational at the end of 2010. The 2008A and 2008B Sewer Revenue Bonds are secured by the assets of the Authority including its restricted and unrestricted cash balances.

### B. Using the Annual Report

1. Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements and notes to the financial statements included in this report were prepared in accordance with Generally Accepted Accounting Principles applicable to governmental entities in the United States of America.

2. Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of comparative statements of net position, comparative statements of revenues, expenses and change in net position, and comparative statements of cash flows.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### B. Using the Annual Report (Continued)

#### 2. Financial Statements (Continued)

The statements of net position present information on all the Authority's assets and liabilities, with the difference between the two reported as net position.

The comparative statements of revenues, expenses and change in net position present information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of unrelated cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

The financial statements report on the Authority's activities. The activities are primarily supported by user charges. The Authority's function is to provide a service to the community. The Authority's financial statements can be found in Exhibits A, B, and C of this report.

#### 3. Notes to Financial Statements

The Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found after the financial statements in Exhibit D.

### C. The Authority as a Whole

The Authority's net position decreased during the current fiscal year as detailed below. The Authority's revenues are principally from user charges. The Authority's revenues were sufficient to cover all of the cash operating expenses.

The largest portion of the Authority's equity reflects its investment in capital assets (e.g., land, buildings, equipment, and the collection system). The Authority uses these capital assets to provide services to the community. The unrestricted net position of the Authority are available for future use to provide services.

MANAGEMENT'S DISCUSSION AND ANALYSIS

C. The Authority as a Whole (Continued)

COMPUTATIONS OF NET POSITION

	December 31,	
	<u>2013</u>	<u>2012</u> (Restated)
Cash and other assets	\$ 2,759,112	\$ 1,778,914
Restricted assets - cash	4,238,297	4,700,638
Capital assets - net	<u>62,169,399</u>	<u>63,621,904</u>
Total Assets	<u>69,166,808</u>	<u>70,101,456</u>
Long-term liabilities	14,318,229	14,331,280
Current Liabilities	<u>1,711,622</u>	<u>1,632,164</u>
Total Liabilities	<u>16,029,851</u>	<u>15,963,444</u>
Net Position	<u>\$53,136,957</u>	<u>\$54,138,012</u>
Net Position - unrestricted	\$48,974,938	\$49,565,730
Net Position - restricted	<u>4,162,019</u>	<u>4,572,282</u>
Net Position	<u>\$53,136,957</u>	<u>\$54,138,012</u>

COMPUTATIONS OF CHANGE IN NET POSITION

	December 31,	
	<u>2013</u>	<u>2012</u> (Restated)
<b>REVENUES</b>		
User charges	\$ 8,884,605	\$ 9,029,842
Settlement with Atlantic Highlands/Highlands Sewerage Authority	--	641,230
Connection fees	176,800	255,753
Other revenues	<u>68,919</u>	<u>45,412</u>
Total Operating Revenues	<u>9,130,324</u>	<u>9,972,237</u>
<b>EXPENSES</b>		
Operating expenses	7,839,540	7,805,400
Depreciation expense	<u>2,201,017</u>	<u>2,276,253</u>
Total Operating Expenses	<u>10,040,557</u>	<u>10,081,653</u>
Operating income (loss)	(910,233)	(109,416)
Non-operating revenues (expenses), net	<u>(90,822)</u>	<u>(240,116)</u>
Change in net position	(1,001,055)	(349,532)
Net Position beginning of year	<u>54,138,012</u>	<u>54,487,544</u>
Net Position end of year	<u>\$53,136,957</u>	<u>\$54,138,012</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### D. Budgetary Highlights

For the year ended December 31, 2013 budgets were prepared by the Authority and were approved by the Division of Community Affairs of the State of New Jersey. The budgets were primarily used as a management tool. The budgets were prepared in accordance with the accounting procedures prescribed by the Division of Local Government Services of the State of New Jersey.

As indicated by the excess of expenses over revenues, when adjusted by depreciation and the provision for post retirement medical expenses, the Authority's net position as adjusted would have increased during the fiscal year. This increase is indicative of the Authority operating within its budgetary limitations in total, for all its programs.

### E. Capital Assets and Debt Administration

#### 1. Capital Assets

As of December 31, 2013, the Authority's investment in capital assets was \$62,169,399 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, collection systems, and vehicles.

Capital expenditures paid during the year ended December 31, 2013 aggregated \$677,062 compared to \$879,729 in 2012, excluding developers' contributions of \$49,727 and \$72,527 for the years ended December 31, 2013 and 2012, respectively.

Additional information on the Authority's capital assets can be found in the notes to the financial statements, which is included in this report.

### F. Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ended December 31, 2013:

1. The state of the economy.
2. The ability to control expenditures.

### G. Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Raymond Nierstedt, Executive Director, Township of Middletown Sewerage Authority, Center Avenue, Belford, NJ 07718.



**COWAN, GUNTESKI & Co., P.A.**

Certified Public Accountants and Consultants

## **Independent Auditor's Report**

To the Board of Commissioners  
Township of Middletown Sewerage Authority  
Belford, New Jersey

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

We have audited the accompanying financial statements of the Township of Middletown Sewerage Authority (the "Authority"), which comprise the statements of net position as of December 31, 2013 and 2012 and the related statements of revenues, expenses and change in net position, and cash flows for the two years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

### ***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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of December 31, 2013 and 2012, and the respective changes in net position and cash flows thereof for the two years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is not a required part of the financial statements but are presented as additional analytical data, as required by the Local Finance Board, State of New Jersey. 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. The information has been subjected to the auditing procedures applied in the audits 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 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2014, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Cowan Guteski & Co., P.A.*

Cowan, Guteski & Co., P.A.  
Tinton Falls, New Jersey  
June 13, 2014





TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY  
STATEMENTS OF NET POSITION

	December 31,	
	2013	2012
		(Restated)
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Unrestricted assets</b>		
Cash and cash equivalents	\$1,131,148	\$ 225,292
Accounts receivable-sewer rents	1,124,102	1,255,246
Prepaid expenses	191,742	-
Supplies inventory	312,120	298,376
<b>Total Current Unrestricted Assets</b>	2,759,112	1,778,914
<b>Restricted Assets</b>		
Cash held by Authority	4,238,297	4,700,638
<b>Total Current Assets</b>	6,997,409	6,479,552
<b>Property, Plant and Equipment</b>		
Net of accumulated depreciation of \$45,867,338 and \$44,150,410 at December 31, 2013 and 2012, respectively	62,169,399	63,621,904
<b>Total Assets</b>	<b>\$69,166,808</b>	<b>\$70,101,456</b>

The accompanying notes are an integral part of these financial statements.

## TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

## STATEMENTS OF NET POSITION

	December 31,	
	<u>2013</u>	<u>2012</u> (Restated)
LIABILITIES AND NET POSITION		
Current Liabilities		
Payable from unrestricted assets		
Accounts payable - operations	\$ 464,795	\$ 324,728
Prepaid sewer rents	47,260	34,699
Accrued expenses	<u>291,546</u>	<u>322,161</u>
Total Liabilities Payable from Unrestricted Assets	<u>803,601</u>	<u>681,588</u>
Payable from Restricted Assets		
Reserve deposits	76,278	128,356
Revenue bonds payable - current portion	691,566	676,105
Accrued interest payable	<u>140,177</u>	<u>146,115</u>
Total Liabilities Payable from Restricted Assets	<u>908,021</u>	<u>950,576</u>
Total Current Liabilities	<u>1,711,622</u>	<u>1,632,164</u>
Long-Term Liabilities		
Long-term portion of bonds payable	11,711,132	12,402,698
Unfunded post retirement medical benefits	2,435,814	1,745,880
Premium on issuance of bonds net of amortization of \$57,094 and \$45,676 at December 31, 2013 and 2012, respectively	<u>171,283</u>	<u>182,702</u>
Total Long-Term Liabilities	<u>14,318,229</u>	<u>14,331,280</u>
Total Liabilities	<u>16,029,851</u>	<u>15,963,444</u>
Net Position		
Net Position - unrestricted	48,974,938	49,565,730
Net Position - restricted	<u>4,162,019</u>	<u>4,572,282</u>
Total Net Position	<u>53,136,957</u>	<u>54,138,012</u>
Total Liabilities and Net Position	<u>\$69,166,808</u>	<u>\$70,101,456</u>

The accompanying notes are an integral part of these financial statements.

## TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGE IN NET POSITION

	<u>Years Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
		(Restated)
Operating Revenues		
User charges	\$ 8,884,605	\$ 9,029,842
Settlement with Atlantic Highlands/Highlands Sewerage Authority	-	641,230
Connection fees	176,800	255,753
Other revenues	<u>68,919</u>	<u>45,412</u>
Total Operating Revenues	<u>9,130,324</u>	<u>9,972,237</u>
Operating Expenses		
Cost of providing services, administrative and general expenses	7,839,540	7,805,400
Depreciation	<u>2,201,017</u>	<u>2,276,253</u>
Total Operating Expenses	<u>10,040,557</u>	<u>10,081,653</u>
Operating Loss	<u>(910,233)</u>	<u>(109,416)</u>
Non-Operating Revenues (Expenses)		
Interest income	29,229	34,488
Interest expense	(344,738)	(358,550)
FEMA reimbursement	69,068	-
Gain on disposal of assets	94,473	-
Amortization of premium on issuance of bonds	<u>11,419</u>	<u>11,419</u>
Net Non-Operating Revenues (Expenses)	<u>(140,549)</u>	<u>(312,643)</u>
Developer Contributions	<u>49,727</u>	<u>72,527</u>
Change in Net Position	(1,001,055)	(349,532)
Net Position, Beginning of Year	<u>54,138,012</u>	<u>54,487,544</u>
Net Position, End of Year	<u>\$53,136,957</u>	<u>\$54,138,012</u>

The accompanying notes are an integral part of these financial statements.

## TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

## STATEMENTS OF CASH FLOWS

	<u>Years Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
		(Restated)
Cash flows provided by operating activities:		
Receipts from user charges	\$ 9,369,637	\$10,062,200
Receipts from interest income	29,427	34,488
Payments to suppliers and employees	(7,900,635)	(7,797,805)
Receipts from Federal Emergency Management	<u>69,068</u>	<u>—</u>
Net cash provided by operating activities	<u>1,567,497</u>	<u>2,298,883</u>
Cash flows from investing activities:		
Capital expenditures paid	(677,062)	(879,729)
Proceeds from disposal of equipment	<u>229,185</u>	<u>—</u>
Net cash used in investing activities	<u>(447,877)</u>	<u>(879,729)</u>
Cash flows from financing activities:		
Bond principal paid	<u>(676,105)</u>	<u>(660,182)</u>
Net Cash used in financing activities	<u>(676,105)</u>	<u>(660,182)</u>
Net increase in cash	443,515	758,972
Cash and cash equivalents at beginning of year	<u>4,925,930</u>	<u>4,166,958</u>
Cash and cash equivalents at end of year	<u>\$ 5,369,445</u>	<u>\$ 4,925,930</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Change in net position	\$ (1,001,055)	\$ (349,532)
Adjustments to reconcile net position to net cash provided by operating activities:		
Developers' contribution	(49,727)	(72,527)
Depreciation	2,201,017	2,276,253
Amortization of:		
Premium on issuance of bonds	(11,419)	(11,419)
Gain on disposal of property, plant and equipment	(94,473)	2,990
Decrease (increase) in accounts receivable	131,144	(132,553)
Increase in prepaid expenses	(191,742)	—
(Increase) decrease in supplies inventory	(13,744)	19,778
Decrease in accounts payable	(16,368)	(53,885)
Increase in unfunded post retirement medical benefits	689,934	535,537
Decrease in accrued bond interest	(5,938)	(5,625)
(Decrease) increase in reserve deposits	(52,078)	54,475
Increase in prepaid sewer rents	12,561	1,243
(Decrease) increase in accrued expenses	<u>(30,615)</u>	<u>34,148</u>
Net cash provided by operating activities	<u>\$ 1,567,497</u>	<u>\$ 2,298,883</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY  
STATEMENTS OF CASH FLOWS (CONTINUED)

Supplemental Cash Flow Information

Interest expense paid on the revenue bonds aggregated \$350,675 and \$364,175 at December 31, 2013 and 2012 respectively. In 2013 and 2012, developers contributed \$49,727 and \$72,527, respectively to infrastructure capital.

Non-Cash Investing Transactions

	<u>Year Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
Acquisition of property, plant and equipment in accounts payable	\$ 156,434 =====	\$ 46,981 =====

The accompanying notes are an integral part of these financial statements.

## TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

## NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Middletown Sewerage Authority, hereafter referred to as the "Authority", is a public body, politic, and corporate created on February 13, 1966 by the Township of Middletown, hereafter referred to as the "Township." It is authorized and empowered to acquire, construct, maintain, operate, and improve works for the collection, treatment, purification, and disposal of sewage or other waste.

The ordinance creating the Authority provides that the governing body of the Authority shall consist of five members and two alternates appointed by the Township governing body.

The Township and the Authority have entered into a Service Agreement dated August, 1, 1969 which was modified on May 10, 1993. Pursuant to Article 3, Section 302 of the Service Agreement the Authority agrees to impose charges, connection fees, or rentals, as defined in the "Service Agreement", in compliance with all applicable rules and regulations of the Township, State, and County, and will collect from the users all sums due it, such that the receipts of the Authority in each fiscal year shall be sufficient (1) to pay or provide for the expenses of operations, maintenance, and debt service, (2) to maintain such reserves or sinking funds as may be required by any contract of the Authority, and (3) to comply in all respects with the terms and provisions of any Bond Resolution and the Municipal and County Utility Authorities Law.

Pursuant to Section 302 of the Service Agreement, the Township agrees to pay all amounts of interest and principal on the bonds should the funds available to the Authority be insufficient to cover such obligation, subject to certain notice and consent provisions. The Authority is obligated to repay the Township out of surplus funds within one year from the time received pursuant to the Service Agreement.

The Township has also adopted an ordinance compelling connection to the Authority's system. Upon failure to comply with such ordinance, the Township may proceed to make such connection, or cause same to be made, and charge and assess the cost thereof against such property pursuant to the revised Statute of New Jersey.

As a public body, under existing statute, the Authority is exempt from both Federal and State income taxes.

The following is a summary of the Authority's significant accounting policies applied in the preparation of the financial statements.

TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Financial Statements

The financial statements of the Authority have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles, and the requirement of the Division of Local Government Services of the State of New Jersey.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial net position and related disclosures. The statement of net assets was renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Whereas the provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011, the Authority has implemented this Statement for the year ended December 31, 2013.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Revenue Recognition/Accounts Receivable-Sewer Rents

Accounts receivable consists of amounts due the Authority for user charges. Accounts are billed quarterly on a cycle basis. Revenue is recognized on a quarterly basis based upon bills mailed out to each lot and block in the Township at the specified rate approved by the Board of Commissioners. Additionally, revenue is recognized from connection fees when new facilities connect to the system. This is a one time fee recalculated annually based upon NJ statutes.

Restricted Accounts

In accordance with the July 10, 2008 Trust Resolution, the Authority has established the following restricted funds consisting of cash and investments:

<u>Fund</u>	<u>Description</u>	<u>Purpose</u>
Revenue Fund	All Revenue received by the Authority	Authorized operating expenses and required transfers to the various accounts described below.

TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Accounts (Continued)

In accordance with the July 10, 2008 Trust Resolution, the Authority has established the following restricted funds consisting of cash and investments:

<u>Fund</u>	<u>Description</u>	<u>Purpose</u>
Operating Fund	Amounts needed to pay for the operation, the maintenance or the repair of the System and for reasonable and necessary operating expenses.	Cost of reasonable and necessary operating expenses.
Bond Service Reserve	No requirement.	Transfers to meet levels required in the debt service or any sinking fund. Any excess may be transferred into the Revenue Fund.
General Fund	Balance after all other requirements are met.	Make-up deficiencies in other funds, capital additions, redemption bonds.
Construction	Proceeds of debt issued.	Construction costs.

Impact of Recently Issued Accounting Principles

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 reclassified, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The provisions of this Statement are effective for financial statements for the periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this Statement.



TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfunds Receivable and Payable

During the course of its operations, the Authority has numerous transactions between funds to finance operations, provide services, construct assets, and service debts. To the extent that certain transactions between the accounts had not been paid or received as of the net position dates, balances of interfund amounts receivable and payable have been recorded.

Grants

Contributions, received from various governmental sources as grants, are recorded in the period received. Developer construction contributions towards system infrastructure are recorded in the period in which applicable construction costs are incurred. Donated assets are recorded at fair market value at the date of gift. Grants not externally restricted and utilized to finance operations are identified as non-operating revenues.

Supplies Inventory

The Authority's inventory consists of plant supplies and replacement parts, fuel, and chemicals for the treatment of sewerage. The inventory is stated at cost, determined on a first in, first out basis.

Cash Equivalents

The Authority considers all highly liquid investments with a maturity date of three months or less, at the time of purchase, to be cash equivalents.

Premium on Sale of Bonds

The Authority amortizes the premium it received on the sale of bonds over the life of the bonds which is 20 years.

Property, Plant and Equipment

Property, plant and equipment are stated at cost which includes direct construction costs, other expenditures related to construction, and certain professional and administrative costs.

System construction costs are charged to construction in progress until such time as given segments of the system are completed and put into operation. Depreciation is determined on a straight-line basis for all plant and equipment.

TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment (Continued)

Depreciation is provided over the following estimated lives:

Building and plants	40 years
Machinery and equipment	15-40 years
Collection system	40 years
Vehicles and office equipment	3-10 years

Depreciation expense amounted to \$2,201,017 and \$2,276,253 for the years ended December 31, 2013 and 2012, respectively.

Fair Value Measurements and Disclosures

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. *Fair Value Measurements and Disclosures* also establish a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash value methodologies or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The fair value of the Authority's cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, prepaid sewer rents, and bonds payable approximate the carrying amounts of such instruments.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents are stated at cost which approximates fair value. The Authority's investments are limited to obligations of or guaranteed by the State Government or State of New Jersey, bonds, notes, or other indebtedness of an agency or instrumentality of the State Government, bank certificates of deposit or time savings account and deposits in interest-bearing accounts of any bank. At December 31, 2013 and 2012 all cash and cash equivalents are held in checking and money market accounts with banks that are part of the Government Unit Deposit Protection Act (GUDPA) which covers the entire amount of the deposits.

TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment of the Authority consisted of the following as of December 31:

	<u>2013</u>	<u>2012</u>
Land	\$ 2,641,837	\$ 2,641,837
Buildings and plant	1,293,560	1,283,822
Machinery and equipment	40,037,847	40,438,792
Collection system	63,777,505	63,192,222
Work in progress	<u>285,988</u>	<u>215,641</u>
	108,036,737	107,772,314
Accumulated depreciation	<u>45,867,338</u>	<u>44,150,410</u>
Net property, plant and equipment	<u>\$62,169,399</u>	<u>\$63,621,904</u>

NOTE 4 - BONDS PAYABLE

Bonds payable of the Authority consisted of the following as of December 31:

	<u>2013</u>	<u>2012</u>
2008A Sewer Revenue Bonds	\$ 6,535,000	\$ 6,820,000
2008B Sewer Revenue Bonds	<u>5,867,698</u>	<u>6,258,803</u>
	12,402,698	13,078,803
Less current portion	<u>691,566</u>	<u>676,105</u>
Long-term portion	<u>\$11,711,132</u>	<u>\$12,402,698</u>

On July 10, 2008, the Authority Commissioners approved a resolution to authorize the Authority to sell Sewer Revenue Bonds as part of the State of New Jersey Environmental Infrastructure Trust. In connection with the offering, \$7,595,000 of 2008A Sewer Revenue Bonds were sold with an average fixed coupon of approximately 5.25%. Additionally, the Authority has issued the 2008B Sewer Revenue Bonds in the amount of \$7,627,686 which is an interest free loan. The bonds mature 20 years from date of issue. The proceeds of the loans were designated solely for the Authority's Waste Water Treatment Plant Upgrade Project.

The 2008A and 2008B Sewer Revenue Bonds are secured by the assets of the Authority including its restricted and unrestricted cash balances.

TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

NOTE 4 - BONDS PAYABLE (CONTINUED)

Bond principal amortization and annual interest rates relating to the 2008A and 2008B Sewer Revenue Bonds are as follows:

Year	2008A Sewer Revenue Bonds			Total Debt Service	2008B
	Principal	Interest Rate	Interest		Sewer Revenue Bonds Principal
2014	\$ 300,000	5.000%	\$ 336,425	\$ 636,425	\$ 391,566
2015	315,000	5.000%	321,425	636,425	391,566
2016	330,000	5.000%	305,675	635,675	391,105
2017	345,000	5.000%	289,175	634,175	390,182
2018	365,000	5.000%	271,925	636,925	391,874
2019	380,000	5.250%	253,675	633,675	389,875
2020	400,000	5.500%	233,725	633,725	389,905
2021	425,000	5.500%	211,725	636,725	391,751
2022	450,000	5.500%	188,350	638,350	392,751
2023	470,000	5.500%	163,600	633,600	389,828
2024	500,000	5.000%	137,750	637,750	392,382
2025	525,000	5.000%	112,750	637,750	392,382
2026	550,000	5.000%	86,500	636,500	391,613
2027	575,000	5.000%	59,000	634,000	390,074
2028	605,000	5.000%	30,250	635,250	390,844
	<u>\$6,535,000</u>		<u>\$3,001,950</u>	<u>\$9,536,950</u>	<u>\$5,867,698</u>

NOTE 5 - PENSION PLANS

Plan Description

The Authority contributes to a cost-sharing multiple employer defined benefit pension plan, Public Employees' Retirement System (PERS), administered by the State of New Jersey, Division of Pensions and Benefits. It provides retirement, disability, medical and death benefits to plan members and beneficiaries.

The Public Employees' Retirement System (PERS) was established in January 1955 under the provisions of *N.J.S.A.43:15A* and significantly amended on May 21, 2010. The plan was set up to provide retirement, death, disability, and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

NOTE 5 - PENSION PLANS (CONTINUED)

Plan Description (Continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for PERS. As of July 1, 2012 the aggregate funded ratio and unfunded accrued liability for local PERS obligations was 77.0% and \$5,682 billion, respectively. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

Vesting and Benefit Provisions

The vesting and benefit provisions of PERS are set by *N.J.S.A.43:15A* and *43.3B*. Employees are eligible for benefits based upon their date of hire, number of weekly hours worked, and annual salary. Vesting for pension benefits occurs after 10 years of service. Members are eligible for retirement at age 60 for Tier 1 and Tier 2 employees, at age 62 for Tier 3 and Tier 4 employees, and at age 65 for Tier 5 employees with an annual benefit generally determined to be 1/55<sup>th</sup> of the final average salary for Tier 1, 2 and 3 employees and 1/60<sup>th</sup> of the final average salary for Tier 4 and Tier 5 employees multiplied by the number of years of service. Early retirement is available to those under normal retirement age with 25 or more years of credited service, but at a reduced rate.

Significant Legislation

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio".

Contribution Requirements

The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.5%, effective October 1, 2011, of employees' annual compensation as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments and noncontributory death benefits.

TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

NOTE 5 - PENSION PLANS (CONTINUED)

Contribution Requirements (Continued)

Funding of the Plan is done on a fiscal year ended June 30<sup>th</sup>, and resulted in a required funding of \$217,622 and \$209,702 for the years ended December 31, 2013 and 2012, respectively.

NOTE 6 - POST EMPLOYMENT RETIREMENT MEDICAL BENEFITS

Plan Description

The Authority is a single-employer defined benefit healthcare plan and is administered by the Authority. The Authority provides medical insurance benefits to eligible retirees and their spouses. Employees retiring after reaching age 62 and completing at least 15 years of service with the Authority or upon reaching age 55 and having worked for 25 years in the New Jersey pension system, who participate in the Authority's health care plan at the time of retirement, receive a one-time opportunity to elect continued coverage of benefits subsequent to retirement under the health care plan then in effect for active employees, at no cost to the employee.

Funding Policy

The Authority is responsible for the entire cost required to fund the post retirement medical benefits. The annual required contribution is based upon projected pay-as-you-go financing requirements. For the year ended December 31, 2013 and 2012, the Authority contributed \$164,353 and \$130,006, respectively, towards the annual required contribution.

Annual Post Employment Medical Benefit Cost

The Authority's annual Other Post Employment Benefit (OPEB) for medical cost is calculated based on the Annual Required Contribution of the employer (ARC), an amount actuarially determined in accordance within the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the Authority's annual OPEB cost for the years ended December 31, 2013 and 2012 and the amount actually contributed to the plan:

	<u>Year</u>	
	<u>2013</u>	<u>2012</u>
Annual Required Contribution (ARC)	\$ 984,394	\$ 766,331
Interest on net OPEB Obligation	34,919	24,207
Adjustment to ARC	<u>(58,196)</u>	<u>(29,441)</u>
Annual OPEB contribution	\$ 961,117	\$ 761,097
Age adjusted contribution adjustment	<u>(271,183)</u>	<u>(225,560)</u>
Adjusted net OPEB obligation	<u>\$ 689,934</u>	<u>\$ 535,537</u>

TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

NOTE 6 - POST EMPLOYMENT RETIREMENT MEDICAL BENEFITS (CONTINUED)

Annual Post Employment Medical Benefit Cost (Continued)

The Authority's OPEB cost, the percentage of annual OPEB cost contributed to the plan and the OPEB obligation for 2013 and 2012 is as follows:

	Year	
	2013	2012
Annual OPEB cost	\$961,117	\$761,097
Percentage of annual OPEB cost contributed	28.20%	29.60%
Net OPEB obligation	\$689,934	\$535,537

At December 31, 2013, the date of the most recent actuarial valuation, the plan had an unfunded liability of \$13,283,530 which is being accrued over 30 years. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actuarial results are compared with post expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

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

In the December 31, 2013, actuarial valuation, the Entry Age Actuarial Cost Method and the Level Percentage of Payroll Amortization Method were used in accordance with GASB 45. The actuarial assumption included a 2% investment rate of return which is a blended rate of the expected long-term investment returns and an annual healthcare cost trend rate of 8%. The unfunded actuarial accrued liability of \$13,283,530 is being amortized over 30 years.

TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

NOTE 7 - CONTRACTS

On January 4, 2013, the Authority signed its renegotiated union contract with the Communications Workers of America Local 1038 for the period January 1, 2013 to December 31, 2015. The renegotiated union contract among other matters covers union benefits including pension and medical for all covered employees and provides for incremental salary increases for each employee level over the next three years.

NOTE 8 - RESTATEMENT

The financial statements for the year ended December 31, 2012 have been restated to give effect to GASB 65 - Items Previously Reported as Assets and Liabilities. Under this pronouncement, it is recommended that bond issuance costs be expensed retroactively.

	<u>As previously Reported</u>	<u>As Adjusted</u>
Bond Issuance Costs at December 31, 2012	\$ 74,080	\$ -
Net Position	\$ 54,212,092	\$ 54,138,012

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events were assessed through June 13, 2014, the date the financial statements were released.



## SUPPLEMENTARY INFORMATION

TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY  
 STATEMENT OF CHANGES IN UNRESTRICTED CASH AND CASH EQUIVALENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Operating Account	Connection Fee Account	Total
Cash and cash equivalents January 1, 2013	\$ 166,405	\$ 58,887	\$ 225,292
Cash Receipts			
Connection fees	--	176,800	176,800
Interest on investments	1,438	231	1,669
Interfund transfers	<u>7,984,943</u>	<u>(150,000)</u>	<u>7,834,943</u>
Total cash and cash equivalents available	8,152,786	85,918	8,238,704
Cash Disbursements			
Operations	<u>7,107,556</u>	<u>--</u>	<u>7,107,556</u>
Total cash disbursements	<u>7,107,556</u>	<u>--</u>	<u>7,107,556</u>
Cash and cash equivalents December 31, 2013	<u>\$ 1,045,230</u>	<u>\$ 85,918</u>	<u>\$ 1,131,148</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

STATEMENT OF CHANGES IN RESTRICTED CASH AND CASH EQUIVALENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Capital Fund	Developers' Escrow	General Fund	Revenue Account	Total
Cash and Cash Equivalents at January 1, 2013	\$ 854	\$ 128,356	\$ 3,418,988	\$ 1,152,440	\$ 4,700,638
Cash Receipts					
User charges and other	-	-	-	9,185,440	9,185,440
Insurance proceeds for vehicles	-	-	-	247,152	247,152
FEMA reimbursements	-	-	-	69,068	69,068
Developers' escrow received	-	7,397	-	-	7,397
Interest on investments	67	197	24,752	2,741	27,757
Interfund transfers	2,104,540	-	(1,409,995)	(8,529,488)	(7,834,943)
Total Cash and Cash Equivalents Available	2,105,461	135,950	2,033,745	2,127,353	6,402,509
Cash Disbursements					
Developer's escrow returned	-	59,672	-	-	59,672
Operations	377,976	-	-	-	377,976
Capital expenditures	677,062	-	-	-	677,062
Bond principal payment	676,105	-	-	-	676,105
Interest paid on bonds	350,675	-	-	-	350,675
Administrative fee on bonds	22,722	-	-	-	22,722
Total Cash Disbursements	2,104,540	59,672	-	-	2,164,212
Cash and Cash Equivalents at December 31, 2013	\$ 921	\$ 76,278	\$ 2,033,745	\$ 2,127,353	\$ 4,238,297

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

STATEMENT OF REVENUES AND COSTS FUNDED BY  
OPERATING REVENUES COMPARED TO BUDGET (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Amended Budget Revenues/ Costs	Actual Revenues/ Costs
Treatment Plant		
Electric	550,000	485,543
Gas	50,000	40,771
Water	15,000	17,735
Fuel vehicles	50,000	41,253
Chemicals	218,000	179,740
Sludge disposal/testing	512,000	529,884
Plant equipment maintenance	14,000	11,866
Vehicle maintenance	40,000	28,346
Uniforms	13,000	13,742
Insurance	<u>128,000</u>	<u>121,336</u>
Total Treatment Plant	<u>1,590,000</u>	<u>1,470,216</u>
Collection System		
Maintenance supplies	2,000	112
Equipment maintenance	2,000	982
Chemicals	<u>8,000</u>	<u>--</u>
Total Collection System	<u>12,000</u>	<u>1,094</u>
Monmouth County Outfall	760,000	724,877
Plant Maintenance	270,000	591,962
Post retirement medical expense	--	689,934
Bond Administration Fee	--	22,722
Township of Middletown Appropriation	<u>372,120</u>	<u>372,120</u>
Total Operating Expenses	<u>7,138,413</u>	<u>7,839,540</u>
Net Operating Revenue	2,024,749	1,290,784
Add: Interest on Investments	<u>17,838</u>	<u>29,229</u>
Net Operating Revenue Before Debt		
Service Payments	<u>2,042,587</u>	<u>1,320,013</u>
Less: Debt Service Payments		
Interest expense	373,455	344,738
Principal Payments	<u>676,105</u>	<u>676,105</u>
Total Debt service	<u>1,049,560</u>	<u>1,020,843</u>
Excess Revenues Over Costs		
Funded by Operating Revenues	<u>\$ 993,027</u>	<u>\$ 299,170</u>

The accompanying notes are an integral part of these financial statements.



COWAN, GUNTESKI & Co., P.A.

Certified Public Accountants and Consultants

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

Independent Auditor's Report

Board of Commissioners  
Township of Middletown Sewerage Authority  
Belford, NJ

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 governmental activities of the Township of Middletown Sewerage Authority as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township of Middletown Sewerage Authority's basic financial statements, and have issued our report thereon dated June 13, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township of Middletown Sewerage Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Middletown Sewerage Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Middletown Sewerage 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 Township of Middletown Sewerage Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

*Cowan, Guntjeski & Co. P.A.*

Cowan, Guntjeski & Co., P.A.  
Tinton Falls, New Jersey  
June 13, 2014



TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2013

SECTION II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

None

TOWNSHIP OF MIDDLETOWN SEWERAGE AUTHORITY

DECEMBER 31, 2013

ROSTER OF OFFICIALS

<u>Authority Members</u>	<u>Position</u>	<u>Term Expires</u>	<u>Amount of Surety Bond</u>
Chantal N. Bouw	Chairperson	February 1, 2018	\$50,000
Emil F. Wrede	Vice Chairperson	February 1, 2018	50,000
Joan Smith	Treasurer/Secretary	February 1, 2015	50,000
Charles W. Rogers III		February 1, 2017	50,000
Andrew Zapcic		February 1, 2019	50,000
 <u>Alternate Members</u>			
Thomas Stokes		February 1, 2018	50,000
Michael Ostrander		February 1, 2016	50,000
 <u>All Other</u>			
Office Staff			50,000
Plant Employees			50,000
 <u>Surety Company</u>			
New Jersey Utility Authorities Joint Insurance Fund			
Trenton, New Jersey			