

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**

**Comprehensive Annual Financial Report**  
**For the Year Ended December 31, 2012**

*William E. Antonides and Company*  
**CERTIFIED PUBLIC ACCOUNTANTS**

**2807 Hurley Pond Road**  
**Wall, NJ 07719**

**506 Hooper Avenue, Suite B**  
**Toms River, NJ 08753**

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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# **Introductory Section**

# BEACHWOOD SEWERAGE AUTHORITY

1133 BEACH AVENUE  
BEACHWOOD, NEW JERSEY 08722  
(732) 240-2608 • FAX: (732) 240-7278

September 18, 2013

To the Commissioners,

The comprehensive annual financial report (CAFR) of the Beachwood Sewerage Authority ("Authority") for the year December 31, 2012, is submitted herewith. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation including disclosures, rests with the management of the Authority. We believe that the data presented is accurate in all the material respects; that the report is presented in a manner designed to fairly set forth the results of operations of the Authority as measured by the financial activity of its funds; that the report fairly presents the financial position of the Authority for the year ended; and that all disclosures necessary to enable the reader to gain a maximum understanding of the Authority's financial activities have been included.

This CAFR is presented in three main sections:

1. **Introductory Section** provides information on the contents of the report, this transmittal letter and the Authority's organizational structure.
2. **Financial Section** includes the auditor's opinion, management discussion and analysis, basic financial statements and other supplemental information.
3. **Statistical Section** contains additional financial and general information generally presented on a multi year basis.

## Profile of the Government

The Beachwood Sewerage Authority (Authority) was created by the Mayor and Council of the Borough of Beachwood pursuant to the provisions of an Act of legislature of the State of New Jersey under P.L. 1946, c. 148, p.639 known as the "Sewerage Authority Law," as amended and supplemented (Ord. #9/6/72). The Mayor and Council entered in to the Service Contract by ordinance and resolution, respectively, on August 1, 1973. The Authority is a collection system with two (2) pump stations in the Borough of Beachwood.

## Organization and Structure

The Authority consists of five (5) regular Commissioners who are appointed by the Mayor and Council of the Borough of Beachwood to staggered terms of five (5) years.

The Chairperson, or in his or her absence, the Vice Chairperson presides over the meetings. The Secretary is responsible for the execution, witnessing and certification of various Authority documents. (See appendix A for current list of Commissioners).

Organization and Structure continued

The Commissioners are also responsible for the annually appointing an Authority attorney, auditor and engineer, along with any other special counsels or consultants as deemed appropriate and necessary. These professionals report to the Commissioners. (See appendix B for the current list of Consultants).

Within the Authority, there are two (2) divisions, the Administrative and the Operational Divisions. The Administrative Division is responsible for the preparation of all the necessary Authority paperwork and documents, along with the day to day finances of the authority and its purchasing. Within the administrative division a Clerk-typist is responsible of attending the Authority's meeting and recording the minutes. Also, there is a bookkeeper responsible for the preparation of the Authority's documents as they pertain to the processing and payment of bills, payroll and the receipt of monies due the Authority and proper disposition. These individuals report directly to the Commissioners.

The Operations Division is responsible for the day to day operation and maintenance of the physical plant. The Operation Division is headed by the Superintendent, who reports directly to the Commissioners.

Local Economy

The Borough of Beachwood is located along the southern banks of the Toms River in Central Ocean County approximately one mile south of Dover Township, the County Seat. It is surrounded by the Borough of South Toms River to the north and west, the Borough of Pine Beach to the southeast: and the Township of Berkley to the south and west. Residents enjoy a blend of waterfront living, open space and growing recreational opportunities.

Table 1: Population

	<u>1980</u> <u>Census</u>	<u>1990</u> <u>Census</u>	<u>2000</u> <u>Census</u>	<u>2010</u> <u>Census</u>
County of Ocean	346,038	433,203	510,916	576,587
Borough of Beachwood	7,687	9,324	10,375	11,045

Table 2: At Place of Employed

	<u>2005</u>	<u>2006</u>	<u>2007</u>
County of Ocean	239,386	245,093	245,899
Borough of Beachwood	6,059	6,259	6,279

Table 3: Median Household Income

	<u>1989</u>	<u>1999</u>
County of Ocean	\$33,110	\$46,443
Borough of Beachwood	\$40,584	\$59,022

## Major Initiatives

### Completed Projects

Over the past several years the Authority has completed the following major projects:

Bulk heading at the Cedar Street Pump Station

### Financial Information

#### Internal Controls

In developing and evaluating the Authority's accounting system, an important consideration is the overall adequacy of internal controls. Internal controls are designed to provide Authority management with reasonable (but not absolute) assurance regarding (a) the safeguarding of assets against loss from unauthorized use or disposition and (b) the overall reliability of the financial records for preparing financial statements and for maintaining accountability and control over Authority's assets.

The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the evaluation of cost and benefits requires estimates and judgment by management.

#### Budgetary Control

Annually, appropriations are established by the Board of Commissioners to record the current year's fiscal requirements of the Authority. Portions of these appropriations are encumbered as purchase orders and/or contracts are awarded. No commitment is authorized, nor any expenditure incurred, until it is determined that adequate appropriation balances exist for that purpose. To facilitate this determination, the Authority accounting records are delineated by function and specific activity.

#### Financial Operating Results

The Management discussion and analysis that follows, summarizes and reviews the changes of the Authority's financial operations.

#### Cash and Investment Administration

The Authority's investment policy is to minimize risks while maintaining a competitive yield on its portfolio. During 2012, the Authority continues to invest in the same type of investments as in prior years. All investments are made in accordance with permitted investment vehicles as determined by the State of New Jersey.

#### Risk Management

The Authority continues to look to the New Jersey Utilities Authority Joint Insurance Fund (NJUAJIF), for its property and casualty insurance coverage. This fund has provided comprehensive and reliable coverage for many years. The relationship has also resulted in thousands of dollars in cost savings on premiums, plus many annual dividends being paid to the Authority.

Recently, the NJUAJIF has enhanced its coverage with the additions of Employment Practices Liability Coverage (EPL) and Public Officials Liability Coverage (POL). There has also been the inclusion of extended New Jersey Environmental Joint Insurance Fund (NJEJIF).

A comprehensive listing of the Insurance Coverage can be found on file in the Authority's offices.

Other Information

Independent Audit

The Authority is required to have an annual audit of the books of account, financial records and transactions conducted by independent certified public accounts selected by the Board of Commissioners. This requirement has been complied with. The independent auditor's report on the 2012 financial statements of the Authority has been included in the financial section of this report.

Acknowledgement

The preparation of this report on a timely basis was made possible with the assistance of the following people:


Beverly D. Clayton, Sr. Clerk  
Milly Tangen, Bookkeeper  
William E. Antonides, CPA, RMA  
Dorothy S. Gallagher, C.P.A., R.M.A.

In addition, the following references were used in compiling the report:

Ocean County Data Book, Eleventh Edition, dated May 2008.

In closing, preparation of the report would not have been possible without the leadership and support of the Board of Commissioners.

Sincerely,

  
Walter G. Erickson  
Chairman



**Appendix "A"**

Walter Erickson  
600 Longboat Avenue  
Beachwood, NJ 08722  
732-349-2004

Chairman

2/1/2012 to 1/31/2017

Matthew Brown  
525 Leeward Avenue  
Beachwood, NJ 08722  
732-349-5430

Treasurer

2/1/2009 to 1/31/2014

Robert W. Klump  
144 Compass Avenue  
Beachwood, NJ 08722  
732-349-5527

Secretary

2/1/2013 to 1/31/2018

Allison Kobus  
633 Halliard Avenue  
Beachwood, NJ 08722  
732-286-5245

Vice Chairman

2/1/2010 to 1/31/2015

John Ernst  
1316 Neptune Ave  
Beachwood, NJ 08722  
732-349-7987

Commissioner

2/1/2011 to 1/31/2016

**Appendix "B"**

**Engineer:** Frank J. Baer, Jr.  
944 Westminster Drive  
Toms River, NJ 08753  
732-270-0020

**Auditor:** William E. Antonides & Co.  
William E. Antonides  
2807 Hurley Pond Road Suite 200  
PO Box 1137  
Wall, NJ 07719  
732-681-0980

**Attorney:** James Gluck, Esq.  
217 Washington Street  
Toms River, NJ 08753  
732-505-4800

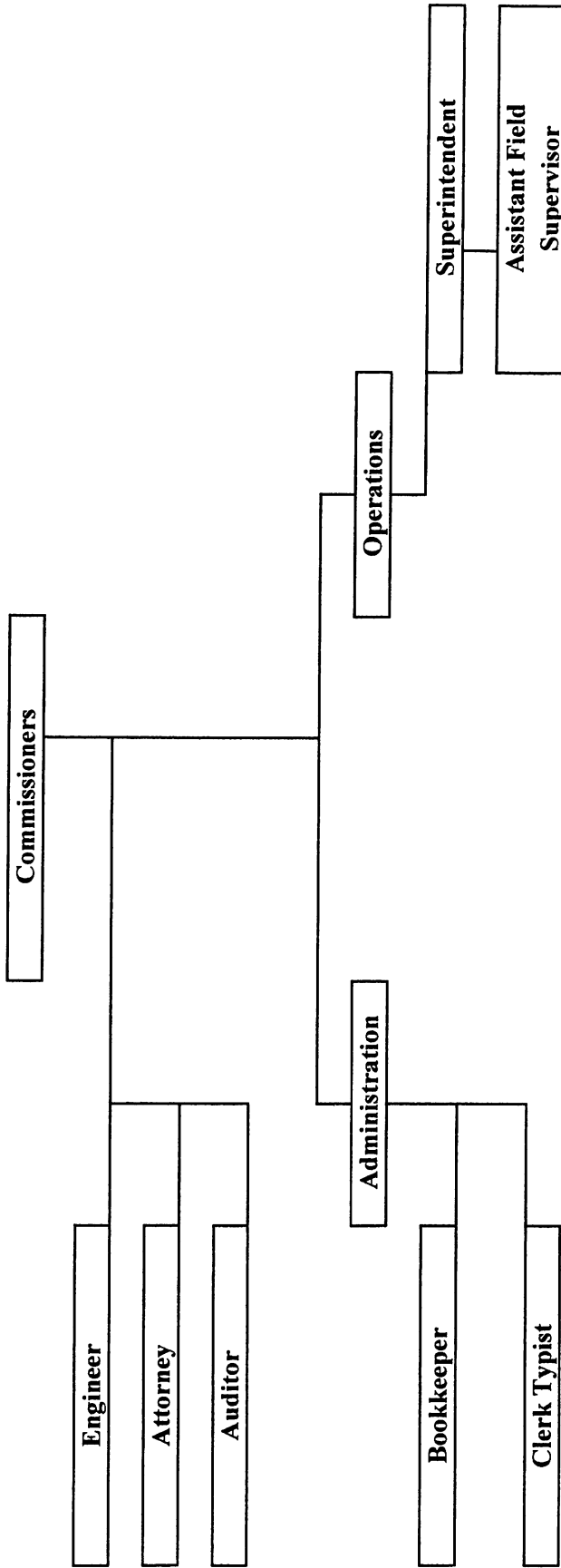
**Bonding Counsel:** Gluck, Walrath & Lanciano, LLP  
428 River View Plaza  
Trenton, NJ 08611  
609-278-1900

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**

2012

**ORGANIZATIONAL CHART**

Appendix C



**Financial Section**

*William E. Antonides and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM E. ANTONIDES, C.P.A., R.M.A., P.S.A.  
WILLIAM E. ANTONIDES, JR., C.P.A., R.M.A., P.S.A.

EDWARD J. SIMONE, C.P.A., R.M.A., P.S.A.

DOROTHY S. GALLAGHER, C.P.A., R.M.A., P.S.A.  
DONALD F. HILL, C.P.A., P.S.A.  
CHI-LING LAI, C.P.A., P.S.A.  
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**INDEPENDENT AUDITOR'S REPORT**

Chairperson and Board of Commissioners  
Beachwood Sewerage Authority  
County of Ocean  
Beachwood, New Jersey

**Report on Financial Statements**

We have audited the accompanying financial statements of the Beachwood Sewerage Authority (the "Authority"), in the County of Ocean, State of New Jersey, as of and for the years ended December 31, 2012 and 2011, and the related notes to 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.

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2012 and 2011, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Auditing 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 Authority's basic financial statements. The introductory section and supplemental information, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental information, referred to in the preceding paragraph, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2013, 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, 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.

**William E. Antonides and Company**

**Independent Auditors**



**William E. Antonides, Jr.  
Certified Public Accountant**

Wall Township, New Jersey  
September 30, 2013

## Management's Discussion and Analysis

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The discussion and analysis is designed to provide an analysis of the Authority's financial condition and operating results and to also inform the reader on Authority financial issues and activities.

The Management's Discussion and Analysis (MD&A) should be read in conjunction with the Transmittal Letter (beginning on page 1) and the Authority's basic financial statements (beginning on page 14).

### USING THIS ANNUAL REPORT

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. As enterprise funds, the Authority's basic financial statements include:

- **Statement of net assets** - reports the Authority's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (Exhibit A)
- **Statement of revenues, expenses and changes in fund net assets** - reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions. (Exhibit B)
- **Statement of cash flows** - reports the Authority's cash flows from operating activities, investing, capital and non-capital activities. (Exhibit C)

### STATEMENT OF NET ASSETS

Years Ended December 31,	2012	2011	2010
Assets:			
Current Assets:			
Unrestricted	\$ 848,699	\$ 1,066,121	\$ 1,029,786
Restricted	65,672	142,390	143,719
Accounts Receivable	335,307	369,995	226,359
Total Current Assets	<u>1,249,678</u>	<u>1,578,506</u>	<u>1,399,864</u>
Non-Current Assets:			
Restricted Assets	<u>537,791</u>	<u>163,915</u>	<u>508,241</u>
Capital Assets - Net of Depreciation	3,691,583	3,912,214	4,138,686
Unamortized	<u>49,144</u>	<u>57,079</u>	<u>65,014</u>
Total Assets	<u>\$ 5,528,196</u>	<u>\$ 5,711,714</u>	<u>\$ 6,111,805</u>
Liabilities:			
Current Liabilities	\$ 355,556	\$ 389,202	\$ 483,714
Non-Current Liabilities	<u>580,000</u>	<u>685,000</u>	<u>935,000</u>
Total Liabilities	<u>\$ 935,556</u>	<u>\$ 1,074,202</u>	<u>\$ 1,418,714</u>



## STATEMENT OF NET ASSETS (CONTINUED)

Years Ended December 31,	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net Assets			
Investment in Capital Assets - Net of Related Debt	\$ 3,006,583	\$ 2,977,214	\$ 2,958,685
Current Debt Service	13,172	17,391	21,219
Future Debt Service	52,500	125,000	122,500
Renewal and Replacement	500,000	202,845	500,000
Unrestricted	<u>1,020,385</u>	<u>1,315,062</u>	<u>1,090,687</u>
Total Net Assets	<u>\$ 4,592,640</u>	<u>\$ 4,637,512</u>	<u>\$ 4,693,091</u>

The net assets of the Authority decreased to \$4,592,640 during 2012, a \$44,872 decrease over 2011.

## REVIEW OF REVENUES

Years Ended December 31,	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating Revenues:			
Service Fees	\$ 1,645,450	\$ 1,610,796	\$ 1,610,309
Connection Fees and Other Revenues	73,758	74,007	68,468
Total Operating Revenues	<u>1,719,208</u>	<u>1,684,803</u>	<u>1,678,777</u>
Non-Operating Revenues:			
Interest Revenue	<u>297</u>	<u>328</u>	<u>460</u>
Total Non-Operating Revenues	<u>297</u>	<u>328</u>	<u>460</u>
Total Revenues	<u>\$ 1,719,505</u>	<u>\$ 1,685,131</u>	<u>\$ 1,679,237</u>

The Authority serves a relatively stable consumer population. Generally, increases in operating revenues can be attributed to modest increases in the consumer base, an increase in service fees or a combination of both. In 2012, operating revenues increased by \$34,405. Non-Operating Revenues for the most part, are generated by interest earned on the Authority's cash deposits and related investments. There was a decrease in these revenues in 2012 of \$31 that was due primarily to a decrease in interest revenue.

## REVIEW OF EXPENSES

Years Ended December 31,	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating Expenses:			
Personnel Services	\$ 321,242	\$ 305,178	\$ 323,992
Purchase of Services	1,004,274	968,885	1,050,931
Other Operating Expenses	158,463	180,242	154,134
Depreciation	<u>258,123</u>	<u>243,811</u>	<u>275,714</u>
Total Operating Expenses	<u>\$ 1,742,102</u>	<u>\$ 1,698,116</u>	<u>\$ 1,804,771</u>

The Authority's operating expenses increased \$43,986 in 2012 when compared to 2011.

## CAPITAL ASSETS, NET OF DEPRECIATION

In 2012, capital assets had a net decrease (addition, deductions and depreciation) of \$220,631.

Years Ended December 31,	<u>2012</u>	<u>2011</u>	<u>2010</u>
Plant and Property	\$ 596,473	\$ 596,473	\$ 596,473
Vehicles and Equipment	409,087	463,285	454,226
Collection System	8,773,079	8,758,115	8,750,715
Road Overlay	410,115	410,115	410,114
Total Capital Assets	<u>10,188,754</u>	<u>10,227,988</u>	<u>10,211,528</u>
Less: Accumulated Depreciation	<u>6,497,171</u>	<u>6,315,774</u>	<u>6,072,843</u>
Total Net Capital Assets	<u>\$ 3,691,583</u>	<u>\$ 3,912,214</u>	<u>\$ 4,138,685</u>

The Authority makes necessary replacements to its plant and equipment, due to obsolescence or normal retirement, through the budgetary process. That process is also used for additions that might require long term funding. The cost of laterals, which extend the service system, are paid for by the consumer who benefits from the construction. The latter costs are treated as contributed capital because they are borne by the consumer.

## DEBT OUTSTANDING

Principal payments, together with interest, are payable annually until final installment of principal due in December of the year 2018.

## FINANCIAL CONTACT

Questions related to any component of the Authority's Comprehensive Annual Report should be addressed to Walter G. Erickson, Commission Chairman, Beachwood Sewerage Authority, 1133 Beach Avenue, Beachwood, NJ 08722.

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**

**STATEMENTS OF NET ASSETS**

**Exhibit A**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**Sheet 1 of 2**

	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>		
Current Assets:		
Cash and Cash Equivalents		
Unrestricted	\$ 848,699.11	\$ 1,066,121.18
Restricted	65,671.88	142,390.63
Accounts Receivable	335,306.87	369,994.64
Total Current Assets	<u>1,249,677.86</u>	<u>1,578,506.45</u>
Non-Current Assets:		
Restricted Assets		
Cash and Cash Equivalents	<u>537,790.83</u>	<u>163,914.80</u>
Capital Assets:		
Land	198,197.78	198,197.78
Buildings and Improvements	398,275.00	398,275.00
Vehicles and Equipment	409,087.28	463,285.34
Collection System	8,773,078.68	8,758,114.66
Road Overlay	410,114.91	410,114.91
	<u>10,188,753.65</u>	<u>10,227,987.69</u>
Less: Accumulated Depreciation	<u>6,497,170.56</u>	<u>6,315,774.13</u>
	<u>3,691,583.09</u>	<u>3,912,213.56</u>
Unamortized Debt Issuance Costs - 2003 Revenue Bonds	38,325.76	44,457.70
Unamortized Bond Discount - 2003 Revenue Bonds	10,818.43	12,621.51
	<u>49,144.19</u>	<u>57,079.21</u>
Total Non-Current Assets	<u>4,278,518.11</u>	<u>4,133,207.57</u>
Total Assets	<u>\$ 5,528,195.97</u>	<u>\$ 5,711,714.02</u>

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

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**

**STATEMENTS OF NET ASSETS**

Exhibit A

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

Sheet 2 of 2

	<u>2012</u>	<u>2011</u>
<b><u>Liabilities</u></b>		
Current Liabilities:		
Accounts Payable	\$ 38,999.55	\$ 27,821.17
Contracts Payable	2,370.00	15,100.00
Due to Developers	9,960.83	9,960.06
Overpayment of Service Charges	177,000.60	63,716.37
Accrued Liabilities	1,618.71	1,910.56
Compensated Absences	18,411.10	17,795.50
Interest on Long-Term Debt	2,195.31	2,898.44
Current Maturities of Long-Term Debt	105,000.00	250,000.00
Total Current Liabilities	<u>355,556.10</u>	<u>389,202.10</u>
Non-Current Liabilities:		
Long-Term Debt	<u>580,000.00</u>	<u>685,000.00</u>
Total Liabilities	<u>\$ 935,556.10</u>	<u>\$ 1,074,202.10</u>
<b><u>Net Assets</u></b>		
Investment in Capital Assets, Net of Related Debt	\$ 3,006,583.10	\$ 2,977,213.56
Restricted:		
Current Debt Service	13,171.88	17,390.63
Future Debt Service	52,500.00	125,000.00
Renewal and Replacement	500,000.00	202,845.37
Unrestricted	<u>1,020,384.89</u>	<u>1,315,062.36</u>
Total Net Assets	<u>\$ 4,592,639.87</u>	<u>\$ 4,637,511.92</u>

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

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**

**STATEMENTS OF REVENUES, EXPENSES AND**

**CHANGES IN NET ASSETS**

Exhibit B

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Service Fees	\$ 1,645,450.34	\$ 1,610,796.24
Connection Fees	8,600.00	10,500.00
Other	65,157.19	63,506.63
Total Operating Revenue	<u>1,719,207.53</u>	<u>1,684,802.87</u>
Operating Expenses:		
Personnel Services	321,242.45	305,178.04
Purchase of Services	1,004,273.40	968,884.90
Other Operating Expenses	158,463.37	180,242.49
Depreciation	258,122.74	243,810.66
Total Operating Expenses	<u>1,742,101.96</u>	<u>1,698,116.09</u>
Operating Income/(Deficit)	<u>(22,894.43)</u>	<u>(13,313.22)</u>
Non-Operating Revenues/(Expenses)		
Interest Revenue	296.65	328.03
Loss on Disposition of Assets	(4,786.12)	(259.04)
Interest on Long-Term Debt	(34,078.13)	(41,799.50)
Amortization of Debt Issuance Costs - 2003 Revenue Bonds	(6,131.94)	(6,131.94)
Amortization of Bond Discount - 2003 Revenue Bonds	(1,803.08)	(1,803.08)
Total Non-Operating Revenues/(Expenses)	<u>(46,502.62)</u>	<u>(49,665.53)</u>
Income (Loss) Before Contributions	<u>(69,397.05)</u>	<u>(62,978.75)</u>
Capital Contributions	24,525.00	7,400.00
Change in Net Assets	(44,872.05)	(55,578.75)
Net Assets January 1	<u>4,637,511.92</u>	<u>4,693,090.67</u>
Net Assets December 31	<u>\$ 4,592,639.87</u>	<u>\$ 4,637,511.92</u>

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

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**

**STATEMENTS OF CASH FLOWS**

Exhibit C

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 1,828,418.22	\$ 1,574,868.64
Receipts from Miscellaneous	11,434.05	3,170.56
Receipts/Payments from/to Escrows	.77	
Payments to Suppliers	(1,161,486.13)	(1,284,830.48)
Payments to Employees	(320,918.70)	(305,220.72)
Net Cash Provided by (Used In) Operating Activities	<u>357,448.21</u>	<u>(12,012.00)</u>
Cash Flows from Capital and Related Financing Activities:		
Capital Contributions	24,525.00	
Acquisition of Capital Assets	(17,753.39)	(10,198.18)
Interest Paid on Long-Term Debt	(34,781.26)	(42,437.52)
Repayment of Long-Term Debt	(250,000.00)	(245,000.00)
Net Cash Used in Capital and Related Financing Activities	<u>(278,009.65)</u>	<u>(297,635.70)</u>
Cash Flows from Investing Activities:		
Interest on Investments	296.65	328.03
Net Cash Provided by Investing Activities	<u>296.65</u>	<u>328.03</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	79,735.21	(309,319.67)
Cash and Cash Equivalents January 1	<u>1,372,426.61</u>	<u>1,681,746.28</u>
Cash and Cash Equivalents December 31	<u>\$ 1,452,161.82</u>	<u>\$ 1,372,426.61</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ (22,894.43)	\$ (13,313.22)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used By) Operating Activities:		
Depreciation	258,122.74	243,810.66
Escrow Accounts	.77	
Changes in Current Assets and Current Liabilities		
(Increase)/Decrease in Receivables	34,687.77	(143,636.05)
Increase/(Decrease) in Accounts Payable	(13,346.62)	(79,811.21)
Increase/(Decrease) in Contracts Payable	(12,730.00)	15,100.00
Increase/(Decrease) in Accrued Liabilities	(291.85)	(2,257.44)
Increase/(Decrease) in Deferred Revenue	113,284.23	(34,099.94)
Increase/(Decrease) in Compensated Absences	615.60	2,195.20
Total Adjustments	<u>380,342.64</u>	<u>1,301.22</u>
Net Cash Provided by Operating Activities	<u>\$ 357,448.21</u>	<u>\$ (12,012.00)</u>

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

**BEACHWOOD BOROUGH SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWNSHIP OF BEACHWOOD)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Authority, a public body corporate and politic of the Borough of Beachwood, County of Ocean, State of New Jersey was organized and exists under the Municipal and County Utilities Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1957 of the State of New Jersey and the acts amendatory and supplementary thereto. The Authority was created by ordinance of the Borough of Beachwood on September 6, 1972. The Authority members are appointed by the governing body of the Borough for terms of five years.

GASB Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. In accordance with this statement the Authority is a component unit of the Borough and should be reported in the financial statements of the Borough. However, the Bureau of Authority Regulation, Department of Community Affairs, ("DCA") State of New Jersey requires that the financial statements of the Authority and Borough be reported separately.

**B. Basis of Accounting**

The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Financial Accounting Standards Board (FASB) Statements for private-sector accounting and financial reporting issued prior to December 1, 1989, generally are followed in the basic financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. The Authority also has the option of following subsequent FASB statements subject to this same limitation. The Authority has elected not to follow subsequent FASB statements.

The Authority is a special purpose government engaged only in business-type activities. For these governments, only enterprise fund financial statements are presented.

In June 1999, the GASB adopted its Statement No. 34 "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments." The adoption of Statement No. 34 required the Authority to make several changes to the presentation of its basic financial statements in addition to requiring the presentation of the Authority's Management's Discussion and Analysis (MD&A). MD&A is considered to be required supplemental data and precedes the financial statements.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Revenues and Expenses**

Revenues and expenses are distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are wastewater service charges. Revenues from service charges are recognized as the related services are provided. Revenues from connection fees are recognized when paid. Overpayment of service charges are recorded at year-end.

Operating expenses include the costs associated with the conveyance of water and wastewater, treatment of wastewater, administrative expenses, and depreciation of capital assets.

All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

**D. Inventory**

The costs of inventories of materials and supplies are recorded as expenditures at the time individual items are purchased. The cost of inventories is negligible and not recorded on the balance sheet.

**E. Budgets**

Budgets which are required by state statute are adopted in accordance with regulations promulgated by the Bureau of Authority Regulation (the "Bureau"). An annual appropriated budget is adopted for the operations of the Authority, subject to approval by the Bureau. A capital program adopted by the Authority is management's five year plan for financing the estimated cost of addition or replacement of major fixed assets used in the Authority's operation.

Budgets are adopted on a basis consistent with GAAP with the following exceptions:

- Principal retired is budgeted as an operating expense
- Depreciation is not budgeted
- Capital expenses are treated as non-operating expenses

**F. Property, Plant and Equipment**

The Authority records its property and equipment at cost. Contributed property and equipment are valued at their estimated fair value on the date donated. Maintenance and repairs are charged to current period operating expense, whereas additions and improvements to property and equipment are capitalized. Upon retirement or other disposition, the costs and related accumulated depreciation of property and equipment are removed from their accounts and any gains or losses are included in operations. Interest cost on debt related to construction is capitalized.

Depreciation is determined on a straight line basis for all property and equipment provided annually on the following estimated useful lives:

Buildings, Collection System, Pump Station and Laterals	40 years
Equipment and Vehicles	5-20 years



**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Bond Funds**

The Authority issued \$2,720,000 Revenue Bonds, Series 2003, dated December 1, 2003, to currently refund all of its outstanding 1980 Bonds and 1992 Junior Lien Bonds, and finance certain of the costs incurred in connection with the authorization, issuance, and delivery of the Series 2003 Bonds. In accordance with the priorities of the Bond Resolution, the Authority is required to establish funds for various purposes related to the operation of the Authority and the repayment of the 2003 Bonds. With the exception of the Operating Fund, all of the following funds stipulated in the Bond Resolution are to be held and administered by a Trustee:

Revenue Fund  
Operating Fund  
Bond Service Fund  
Sinking Fund  
Bond Reserve Fund  
Renewal and Replacement Fund  
Subordinated Debt Fund  
General Fund

The Bond Resolution requires that all Authority revenues are to be deposited in the Revenue Fund, and after reserving amounts to pay operating expenses it directs the Trustee to transfer remaining revenues into the other funds semi-annually, beginning May 1 of each year, in the following order:

First: Into the Bond Service Fund in an amount that equals the Bond Service Requirement. On December 1 in each year the requirement must equal all interest accrued to June 1 of the following year and one half of the principal due on the Series 2003 Revenue Bonds in the same year. On June 1 in each year the requirement must equal all interest and principal payable on December 1 in the particular year.

Second: Into the Sinking Fund in an amount that meets the Sinking Fund requirement;

Third: Into the Bond Reserve Fund in an amount that equals the Bond Reserve Requirement.

Fourth: Into the Renewal and Replacement Fund in an amount that equals the Renewal and replacement Requirement

Fifth: Into the Subordinated Debt Fund, in an amount that equals the Subordinated Debt Requirement.

Sixth: Into the General Fund for any balance remaining in the Revenue Fund after giving effect to the foregoing required transfers.

**H. Unamortized Debt Issuance Costs**

Bond discounts and costs associated with the issuance of long term bonded debt are amortized on a straight line basis over the life of the related debt. The discounts and costs are classified as deferred charges.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Compensated Absences**

Employees of the Authority are allowed to accumulate sick leave at the rate of ten days for each year of service, but not in an amount that would exceed thirty days in any three year period. Vacation days must be taken in the year they are earned. It is estimated that the cost of unpaid sick leave at December 31, 2012 was \$18,411, and this amount is accounted for as an expense and liability in the financial statements.

**J. Estimates**

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

**NOTE 2. SERVICE CONTRACT WITH BOROUGH OF BEACHWOOD**

The Authority has a contract with the Borough that stipulates the Borough will pay an annual charge for any year the Authority's expenditures exceed its service charges, other proceeds specified in the contract, and reserves on hand. There was no charge to the Borough under these terms for the years 2010 and 2011.

**NOTE 3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost. U.S Treasury and agency obligations and certificates of deposit with maturities of 90 days or less when purchased are stated at cost.

**A. Deposits**

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

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

**NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)**

**B. Investments**

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Authority may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Authority:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Borough, or bonds or other obligations of the school district of which the Borough is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Local government investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Authority shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Authority and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or their withdrawal provisions, the Authority had no investments in qualified securities at December 31, 2012.

**NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)**

**C. Cash Management Plan**

In accordance with N.J.S. 40A:5-14, every authority shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the members and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan. The Authority adopted its Cash Management Plan on February 7, 2012.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

**D. Restricted Cash**

The restricted cash at December 31 of \$603,463 consists of escrow deposits for review and inspection of developers' projects and amounts restricted in accordance with the bond resolution.

**E. Custodial Credit Risks**

**Interest Rate Risk**

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

**Credit Risk**

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

**Concentration of Credit Risk**

The Authority places no limit on the amount that may be invested in any one issuer. 100% of the Authority's investments are in obligations of the United States or its agencies or instrumentalities.

At year-end the carrying amount of the Authority's deposits was \$1,452,162 and the bank balance amount was \$1,393,684. Of this amount \$268,701 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$1,115,022. An amount of \$9,961 was on deposit in the name of various developers for escrow and is either insured by federal depository insurance or uninsured depending on the deposits of the individual developer in the escrow depository.

**NOTE 4. RULES AND REGULATIONS**

Rate schedules for user fees, connection fees, lateral installations and other matters under the jurisdiction of the Authority are established in accordance with the Rules and Regulations of the Authority as adopted and amended.

**NOTE 5. DEBT**

**A. Long-Term Revenue Bonds**

The Authority authorized financing of \$2,720,000 Sewer Revenue Bonds, Series 2003 (the "Bonds"), pursuant to a resolution adopted by the Authority on November 18, 2003.

The Bonds were issued to provide funds to currently refund all of the Authority's outstanding 1980 Sewer Revenue Bonds (Series A) and its outstanding Revenue Bonds (Junior Lien Series 1992) (collectively the "Refunded Bonds") to establish a reserve for debt service of the Authority, and to finance the costs and expenses connected with the issuance of the Bonds.

On the date of issuance of the Bonds the Authority called the outstanding 1980 Bonds for optional redemption on February 1, 2004, at 100% of their principal amount and interest accrued to the redemption date, and called the outstanding 1992 Junior Lien Bonds at 101% of their principal amount together with accrued interest to February 1, 2004. In addition the Authority entered into an Escrow Deposit Agreement with Commerce Bank, National Association, to act as agent for the Authority for the deposit of the proceeds of the Bonds and other Authority funds, for the payment of the principal and interest on the Refunded Bonds which payment was made February 1, 2004.

The Bonds are dated December 1, 2003, and mature in installments payable annually on their anniversary date commencing in 2004. Interest, computed at variable rates from 2.50% to 4.125%, is payable on the outstanding bonds on June 1, and December 1, until the final principal maturity of the bonds due December 1, 2018.

As of December 31, 2012 the Authority's bonded debt amounted to \$685,000.

**Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding for the Next Five Years and Thereafter**

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 105,000	\$ 26,345	\$ 131,345
2014	110,000	22,669	132,669
2015	110,000	18,681	128,681
2016	115,000	14,556	129,556
2017	120,000	9,956	129,956
2018	<u>125,000</u>	<u>5,156</u>	<u>130,156</u>
	\$ <u>685,000</u>	\$ <u>97,363</u>	\$ <u>782,363</u>

**NOTE 5. DEBT**

**A. Long-Term Revenue Bonds (Continued)**

**Changes in Outstanding Debt**

During 2012, the following changes occurred in the outstanding debt of the Authority:

Balance Outstanding at December 31, 2011	\$ 935,000
Bonds Paid	<u>250,000</u>
Balance Outstanding at December 31, 2012	\$ <u>685,000</u>

**NOTE 6. PENSION PLANS**

Substantially all of the Authority's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits ("the Division"): the Public Employees' Retirement System ("the PERS") or the Defined Contribution Retirement Program ("the DCRP"). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

**Public Employees' Retirement System (PERS)**

The PERS was established in 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Authority is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions are detailed below.

**Defined Contribution Retirement Program (DCRP)**

The DCRP was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP Board oversees the DCRP, which is administered by Prudential Financial on behalf of the Division. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

**NOTE 6. PENSION PLANS (CONTINUED)**

**Defined Contribution Retirement Program (DCRP) (Continued)**

The contribution requirements of plan members are determined by State statute. Plan members are required to contribute 5.5% of their annual covered salary and the Township is required to contribute 3% of the annual salary. The employee contributions along with the Authority's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

There were no Authority employees enrolled in the DCRP for the years ended December 31, 2012, 2011 and 2010.

**Other Information**

The Authority's contributions, equal to the required contribution for each fiscal year, were as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
	<u>PERS</u>	<u>PERS</u>	<u>PERS</u>
Normal Contribution	\$ 7,933	\$ 8,551	\$ 7,188
Accrued Liability	15,866	13,626	9,235
Total Regular Pension Contribution	<u>23,799</u>	<u>22,177</u>	<u>16,423</u>
Non-Contributory Group Life Insurance	<u>1,516</u>	<u>1,684</u>	<u>2,277</u>
Total Due	<u>\$ 25,315</u>	<u>\$ 23,861</u>	<u>\$ 18,700</u>

The Division does not invest in securities issued by the Authority.

**NOTE 7. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions, injuries to employees; and natural disaster. The Authority is a member of the New Jersey Utilities Joint Insurance Fund. The Joint Insurance Fund is both an insured and self-administered group of authorities established for the purpose of insuring for risks connected with property damage, general liability, motor vehicles and equipment liability, and workmen's compensation.

**NOTE 8. SERVICE AGREEMENT WITH OCEAN COUNTY UTILITIES AUTHORITY**

The Authority entered an agreement with the Ocean County Utilities Authority (the "O.C.U.A.") for treatment and disposal of sewerage from the Authority's collection system. The agreement requires the O.C.U.A. to establish a charge for service on the basis of estimated flows. The annual charge for treatment was \$3,882 per million gallons for the years 2012 and 2011.

**NOTE 9. AMOUNTS REQUIRED BY BOND RESOLUTIONS**

The General Bond Resolution (the "Resolution") for the 2003 Series Revenue Bonds requires the Authority to maintain funds in separate accounts for unpaid interest and principal on the bonds and for the renewal and replacement of facilities in accordance with an engineering estimate certified as to the amount. The Resolution specifies that computations for the principal and interest in the bond accounts are to be made on each May 1, and November 1, by the Trustee (TD Bank of New Jersey). The Bond Service Requirement on any particular date of computation, when the date is after December 1 and prior to June 1, accordingly, is the interest due on June 1 and one half the principal amount of bonds due on December 1. For the Bond Reserve Requirement, the Trustee has the option to deposit the lesser of an amount equal to 125% of the average annual bond service or an amount equal to the maximum bond service, or no more than 10% of the aggregate amount of bonds outstanding. Funds were either transferred or withdrawn from the accounts on May 1, 2012, the semi-annual computation date, to comply with the Resolution. The following schedule reflects balances in the accounts prior to the May 1, computation date.

	<u>2012</u>	<u>2011</u>
<b><u>Bond Service Requirement</u></b>		
Amount Required	\$ 142,391	\$ 143,719
Investments or Deposits to Satisfy Requirement	<u>142,391</u>	<u>143,719</u>
Deficiency	\$ <u>-0-</u>	\$ <u>-0-</u>
<b><u>Bond Reserve Requirement</u></b>		
Amount Required	\$ 93,500	\$ 118,000
Investments or Deposits to Satisfy Requirements	<u>93,500</u>	<u>118,000</u>
Excess	\$ <u>-0-</u>	\$ <u>-0-</u>
<b><u>Renewal and Replacement Requirement</u></b>		
Amount Required	\$ 500,000	\$ 500,000
Investments or Deposits to Satisfy Requirements	<u>500,000</u>	<u>500,000</u>
Deficiency	\$ <u>-0-</u>	\$ <u>-0-</u>



**NOTE 10. CAPITAL ASSETS**

The following is a schedule of the Authority's Capital Assets, and transactions in the accounts for the year 2012:

	<u>Balance Dec. 31, 2011</u>	<u>Increased by Current Year Additions</u>	<u>Decreased by Current Year Disposals</u>	<u>Balance Dec. 31, 2012</u>
Non-depreciable Assets:				
Land	\$ 198,198	\$	\$	\$ 198,198
Depreciable Assets:				
Buildings and Improvements	398,275			398,275
Vehicles and Equipment	463,285	17,753	71,951	409,087
Collection System	6,448,807		9,561	6,439,246
Laterals	2,309,308	24,525		2,333,833
Road Overlay	410,115			410,115
Total Historical Cost	<u>10,227,988</u>	<u>42,278</u>	<u>81,512</u>	<u>10,188,754</u>
Less Accumulated Depreciation:				
Buildings	154,503	9,720		164,223
Vehicles and Equipment	204,386	17,962	71,951	150,397
Collection System	4,392,525	161,823	4,775	4,549,573
Laterals	1,380,227	58,365		1,438,592
Road Overlay	184,133	10,253		194,386
Total Accumulated Depreciation	<u>6,315,774</u>	<u>258,123</u>	<u>76,726</u>	<u>6,497,171</u>
Total Capital Assets Net	<u>\$ 3,912,214</u>	<u>\$ (215,845)</u>	<u>\$ 4,786</u>	<u>\$ 3,691,583</u>

The basic financial statements utilize a net asset presentation. New assets are categorized as Invested in Capital Assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets (net of related debt) is intended to reflect the portion of net assets that are associated with non-liquid, capital assets, less outstanding capital asset related debt. Restricted assets are liquid assets generated from revenues that have third-party (statutory or bond covenant) limitation on their use. Unrestricted assets represent unrestricted liquid assets.

**NOTE 11. PERFORMANCE BOND**

The cost of the construction of laterals, which provide connection to the Authority's collection system, are based on the components of labor and material in a linear foot of construction. The commissioners of the Authority, in exercising their responsibility to determine whether expenditures in any category will exceed the statutory limitation for bid, annually estimate the number of laterals that will be constructed in a given year. The estimate of the number of units, and the unit price of construction, form the basis for the competitive bid process required by New Jersey law. The letting of a contract to a successful bidder on these terms is not a guarantee that the value of the actual work will necessarily approach the value of the contract award. Under certain circumstances, it is possible that this value may exceed the award, but the purpose of the commissioner's estimates is to minimize such a result.

**NOTE 11. PERFORMANCE BOND (CONTINUED)**

Consistent with New Jersey contract law, the commissioners have required that the successful bidder, in the instance of the foregoing lateral construction, provide a performance bond equal to 100% of the amount bid. For the years 2012 and 2011, the successful bidder entered into a Surety and Security Agreement (the "Agreement") with the Authority pledging deposited funds equal to the contract award which would inure to the benefit of the Authority in the event of default. The Agreement was held to conform to contract law by the Authority's attorney.

**NOTE 12. CONTINGENT LIABILITIES**

**Pending Litigation**

It is the opinion of the Authority officials that there is no litigation threatened or pending that would materially affect the financial position of the Authority or adversely affect the Authority to levy, collect and enforce the collection of user charges or other revenue for the payment of its bonds or other obligations.

*William E. Antonides and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

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

Chairperson and Board of Commissioners  
Beachwood Sewerage Authority  
County of Ocean  
Beachwood, 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 statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Beachwood Sewerage Authority (the "Authority"), as of and for the years ended December 31, 2012 and 2011, as listed in the table of contents, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 30, 2013.

**Internal Control Over Financial Reporting**

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

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

**William E. Antonides and Company**

**Independent Auditors**

Wall Township, New Jersey  
September 30, 2013

## **Supplemental Information**

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**

**SCHEDULE OF REVENUES AND APPROPRIATIONS**

Schedule 1

**COMPARED TO BUDGET - YEAR ENDED DECEMBER 31, 2012**

Sheet 1 of 4

**WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011**

**(NON-GAAP BUDGETARY BASIS)**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011 Actual</u>
<b><u>Anticipated Revenues</u></b>				
Operating Revenues:				
Charges for Service Fees	\$ 1,500,000.00	\$ 1,645,450.34	\$ 145,450.34	\$ 1,610,796.24
Connection Fees		8,600.00	8,600.00	10,500.00
Other	45,000.00	78,248.14	33,248.14	68,386.07
Total Operating Revenues	<u>1,545,000.00</u>	<u>1,732,298.48</u>	<u>187,298.48</u>	<u>1,689,682.31</u>
<b><u>Budget Appropriations</u></b>				
Operating Appropriations:				
Administration:				
Salaries and Wages	106,530.00	107,252.23	(722.23)	102,058.46
Fringe Benefits	35,300.00	28,747.73	6,552.27	27,751.05
Other Expenses	95,163.74	92,501.55	2,662.19	89,987.46
Total Administration	<u>236,993.74</u>	<u>228,501.51</u>	<u>8,492.23</u>	<u>219,796.97</u>
Cost of Providing Services:				
Salaries and Wages	144,100.00	147,999.83	(3,899.83)	138,431.58
Fringe Benefits	40,315.00	37,242.66	3,072.34	36,936.95
Other Expenses	1,175,100.00	1,070,235.22	104,864.78	1,059,139.93
Total Cost of Providing Services	<u>1,359,515.00</u>	<u>1,255,477.71</u>	<u>104,037.29</u>	<u>1,234,508.46</u>
Total Operating Appropriations	<u>1,596,508.74</u>	<u>1,483,979.22</u>	<u>112,529.52</u>	<u>1,454,305.43</u>
Excess (Deficit) of Operating Revenues over Appropriations	<u>(51,508.74)</u>	<u>248,319.26</u>	<u>299,828.00</u>	<u>235,376.88</u>
Non-Operating Revenues:				
Interest on Investments		296.65	296.65	328.03
Other Non-Operating Revenues		11,434.05	11,434.05	2,520.56
Total Non-Operating Revenues		<u>11,730.70</u>	<u>11,730.70</u>	<u>2,848.59</u>
Non-Operating Appropriations:				
Interest on Long-Term Debt	34,781.26	34,078.13	703.13	41,799.50
Capital Outlay		42,278.39	(42,278.39)	17,598.18
Long-Term Principal Payments	250,000.00	250,000.00		245,000.00
Total Non-Operating Appropriations	<u>284,781.26</u>	<u>326,356.52</u>	<u>(41,575.26)</u>	<u>304,397.68</u>
Total Operating and Non-Operating Appropriations	1,881,290.00	1,810,335.74	70,954.26	1,758,703.11
Unreserved Retained Earnings to Balance Budget	<u>336,290.00</u>	<u>336,290.00</u>		<u>300,000.00</u>
Total Appropriations - Unreserved Retained Earnings	<u>\$ 1,545,000.00</u>	<u>1,474,045.74</u>	<u>70,954.26</u>	<u>1,458,703.11</u>
Excess/(Deficit) of Revenues over Appropriations		<u>\$ 269,983.44</u>	<u>\$ 269,983.44</u>	<u>\$ 233,827.79</u>

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**

**SCHEDULE OF REVENUES AND APPROPRIATIONS**

Schedule 1

**COMPARED TO BUDGET - YEAR ENDED DECEMBER 31, 2012**

Sheet 2 of 4

**WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011**

**(NON-GAAP BUDGETARY BASIS)**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011 Actual</u>
<b><u>Administration</u></b>				
Salaries and Wages:				
Board Members	\$ 9,300.00	\$ 9,300.00	\$	\$ 9,300.00
Clerical	87,230.00	87,952.27	(722.27)	83,398.46
Legal	10,000.00	9,999.96	.04	9,360.00
Total Salaries and Wages	<u>106,530.00</u>	<u>107,252.23</u>	<u>(722.23)</u>	<u>102,058.46</u>
Fringe Benefits:				
Public Employees' Retirement System	10,000.00	10,000.00		10,000.00
Social Security	9,000.00	8,273.82	726.18	7,808.61
Unemployment Compensation Insurance	800.00	639.20	160.80	621.38
Worker's Compensation Insurance	2,000.00	1,382.24	617.76	1,591.10
Hospitalization Insurance	12,000.00	7,990.47	4,009.53	7,377.16
Accumulated Sick Leave	1,500.00	462.00	1,038.00	352.80
Total Fringe Benefits	<u>35,300.00</u>	<u>28,747.73</u>	<u>6,552.27</u>	<u>27,751.05</u>
Other Expenses:				
Advertising	2,000.00	1,203.00	797.00	1,678.00
Audit and Accounting	22,000.00	21,350.00	650.00	21,065.00
Electric	5,000.00	4,693.03	306.97	4,674.29
Engineering	20,000.00	30,620.00	(10,620.00)	29,400.00
Equipment Maintenance	2,500.00		2,500.00	230.60
Computer Maintenance	6,000.00	4,256.15	1,743.85	4,891.79
Heat	4,000.00	2,119.79	1,880.21	2,453.48
Insurance	5,000.00	5,059.28	(59.28)	2,717.58
Computers				184.82
Miscellaneous	5,500.00	4,731.29	768.71	6,306.93
Miscellaneous Other	5,163.74	2,176.91	2,986.83	
Office Supplies	5,000.00	3,069.35	1,930.65	4,593.20
Postage	5,000.00	4,941.47	58.53	4,181.56
Telephone	3,000.00	3,381.28	(381.28)	3,210.21
Trustees Administrative Fee	5,000.00	4,900.00	100.00	4,400.00
Total Other Expenses	<u>95,163.74</u>	<u>92,501.55</u>	<u>2,662.19</u>	<u>89,987.46</u>
Total Administration	<u>\$ 236,993.74</u>	<u>\$ 228,501.51</u>	<u>\$ 8,492.23</u>	<u>\$ 219,796.97</u>

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**

**SCHEDULE OF REVENUES AND APPROPRIATIONS**

Schedule 1

**COMPARED TO BUDGET - YEAR ENDED DECEMBER 31, 2012**

Sheet 3 of 4

**WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011**

**(NON-GAAP BUDGETARY BASIS)**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011 Actual</u>
<b><u>Cost of Providing Service</u></b>				
Salaries and Wages	\$ 144,100.00	\$ 147,999.83	\$ (3,899.83)	\$ 138,431.58
Fringe Benefits:				
Public Employees' Retirement System	15,315.00	15,315.00		13,861.00
Social Security	10,000.00	11,248.39	(1,248.39)	10,588.87
Unemployment Compensation Insurance	1,000.00	535.20	464.80	552.28
Worker's Compensation Insurance	3,500.00	2,000.00	1,500.00	3,182.20
Hospitalization Insurance	9,000.00	7,990.47	1,009.53	6,910.20
Accumulated Sick Leave	1,500.00	153.60	1,346.40	1,842.40
Total Fringe Benefits	<u>40,315.00</u>	<u>37,242.66</u>	<u>3,072.34</u>	<u>36,936.95</u>
Other Expenses:				
Contracted Services	58,000.00	43,818.56	14,181.44	68,414.80
Electric	5,600.00	5,337.89	262.11	5,203.55
Fuel for Vehicles	3,500.00	3,745.71	(245.71)	4,086.21
Heat	3,000.00	1,743.97	1,256.03	2,305.55
Riser Rings				1,472.25
Sewerage Treatment Charges	1,090,000.00	1,004,273.40	85,726.60	968,884.90
Supplies	8,000.00	7,571.86	428.14	5,068.86
Telephone	2,000.00	1,623.18	376.82	1,774.98
Vehicle Maintenance	5,000.00	2,120.65	2,879.35	1,928.83
Total Other Expenses	<u>1,175,100.00</u>	<u>1,070,235.22</u>	<u>104,864.78</u>	<u>1,059,139.93</u>
Total Cost of Providing Service	<u>\$ 1,359,515.00</u>	<u>\$ 1,255,477.71</u>	<u>\$ 104,037.29</u>	<u>\$ 1,234,508.46</u>



**BEACHWOOD SEWERAGE AUTHORITY**

**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**

**SCHEDULE OF REVENUES AND APPROPRIATIONS**

Schedule 1

**COMPARED TO BUDGET - YEAR ENDED DECEMBER 31, 2012**

Sheet 4 of 4

**WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011**

**(NON-GAAP BUDGETARY BASIS)**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011 Actual</u>
Capital Outlay:				
Riser/Castings	\$	\$ 2,559.00	\$ (2,559.00)	\$
Vac Hose		2,219.95	(2,219.95)	
Back-Up System		3,745.00	(3,745.00)	
Computers		1,229.44	(1,229.44)	
Software		8,000.00	(8,000.00)	
Pumps				9,448.20
Computer				399.99
Scanner				349.99
Laterals		24,525.00	(24,525.00)	7,400.00
Total Capital Outlay	\$	\$ <u>42,278.39</u>	\$ <u>(42,278.39)</u>	\$ <u>17,598.18</u>
<b><u>Increase/(Decrease) to Reconcile Budgetary Basis to GAAP Basis</u></b>				
Excess/(Deficit) from Above - Budgetary Basis		\$ 269,983.44		\$ 233,827.79
Long-Term Debt Principal Payments		250,000.00		245,000.00
Capital Outlay		42,278.39		17,598.18
Depreciation Expense		(258,122.74)		(243,810.66)
Amortization of Debt Issuance Costs - 2003 Revenue Bonds		(6,131.94)		(6,131.94)
Amortization of Bond Discount - 2003 Revenue Bonds		(1,803.08)		(1,803.08)
Loss on Disposal of Assets		(4,786.12)		(259.04)
Retained Earnings Appropriated		<u>(336,290.00)</u>		<u>(300,000.00)</u>
Change in Net Assets	\$	\$ <u>(44,872.05)</u>		\$ <u>(55,578.75)</u>

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**  
**ANALYSIS OF ACCOUNTS RECEIVABLE - SERVICE FEES**

**YEAR ENDED DECEMBER 31, 2012**

**Schedule 2**

	<b>Balance Dec. 31, 2011</b>	<b>Increased by 2012 Service Fees</b>	<b>Decreased by Collected in 2012</b>	<b>Balance Dec. 31, 2012</b>
Residential	\$ 228,695.28	\$ 1,582,491.34	\$ 1,704,425.79	\$ 106,760.83
Commercial	4,511.00	58,964.75	57,675.04	5,800.71
Board of Education		3,994.25	3,994.25	
Municipal	(1) _____	_____	_____	_____
	(2) \$ 233,206.28	\$ 1,645,450.34	\$ 1,766,095.08	\$ 112,561.54

**Analysis of Balance**

Accounts Receivable - Service Fees	\$ 289,562.14
Overpayment of User Fees	<u>(177,000.60)</u>
	<u>\$ 112,561.54</u>

- (1) The Borough of Beachwood, the Beachwood Public Library, the Beachwood Water Company and the Beachwood First Aid and Fire Companies are exempt from user charges.
- (2) The user charges do not include interest on delinquent payments. In 2012 interest on delinquent payments amounted to \$53,723.14

**Statistical Section**

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**  
**OPERATING REVENUES BY SOURCE**

**FOR THE YEARS ENDED DECEMBER 31, 2012 THROUGH 2003**

(UNAUDITED)

	December 31									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating Revenues:										
Service Fees	\$ 1,645,450.34	\$ 1,610,796.24	\$ 1,610,308.55	\$ 1,656,434.86	\$ 1,647,488.72	\$ 1,630,562.92	\$ 1,599,523.08	\$ 1,535,704.83	\$ 1,493,084.54	\$ 1,456,850.04
Connection Fees and Other Operating Revenues	73,757.19	74,006.63	68,468.21	27,318.59	12,430.00	17,310.00	24,140.00	85,392.82	101,486.21	83,081.79
Total Operating Revenues	\$ 1,719,207.53	\$ 1,684,802.87	\$ 1,678,776.76	\$ 1,683,753.45	\$ 1,659,918.72	\$ 1,647,872.92	\$ 1,623,663.08	\$ 1,621,097.65	\$ 1,594,570.75	\$ 1,539,931.83

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**

**OPERATING EXPENSES BY SOURCE**

Schedule 4

**FOR THE YEARS ENDED DECEMBER 31, 2012 THROUGH 2003**

(UNAUDITED)

	December 31										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	
Operating Expenses:											
Personnel Services	\$ 321,242.45	\$ 305,178.04	\$ 323,992.35	\$ 283,796.83	\$ 271,077.59	\$ 270,582.03	\$ 245,673.39	\$ 237,549.12	\$ 234,215.34	\$ 259,403.46	
Purchase of Services	1,004,273.40	968,884.90	1,050,931.20	962,856.00	926,421.60	951,246.09	937,418.20	885,954.55	891,322.00	897,446.15	
Other Operating Expenses	158,463.37	180,242.49	154,133.78	132,919.34	133,597.21	138,176.39	122,949.98	127,726.79	126,782.80	141,550.98	
Depreciation	258,122.74	243,810.66	275,713.82	250,127.46	247,446.29	249,824.69	258,494.93	256,895.45	238,346.92	242,248.30	
<b>Total Operating Expenses</b>	<b>\$ 1,742,101.96</b>	<b>\$ 1,698,116.09</b>	<b>\$ 1,804,771.15</b>	<b>\$ 1,629,699.63</b>	<b>\$ 1,578,542.69</b>	<b>\$ 1,609,829.20</b>	<b>\$ 1,564,536.50</b>	<b>\$ 1,508,125.91</b>	<b>\$ 1,490,667.06</b>	<b>\$ 1,540,648.89</b>	

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**

Schedule 5

**SERVICE FEES (RATES)**

**FOR THE YEARS ENDED DECEMBER 31, 2012 THROUGH 2003**

(UNAUDITED)

	December 31									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Sewer</b>										
Minimum per Year (All Customers)	\$ 416.00	\$ 408.00	\$ 408.00	\$ 408.00	\$ 408.00	\$ 404.00	\$ 400.00	\$ 396.00	\$ 388.00	\$ 380.00
Per 1,000 Gallons in Excess of 75,000 per Year per Unit (Commercial Customers Only)	3.25	3.00	3.00	3.00	2.82	2.56	2.56	2.56	2.56	2.56

**CONNECTION FEES (RATES)**

**FOR THE YEARS ENDED DECEMBER 31, 2012 THROUGH 2003**

Schedule 6

(UNAUDITED)

	December 31									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Sewer Connection Fee	\$ 2,150.00	\$ 2,000.00	\$ 2,050.00	\$ 2,000.00	\$ 1,950.00	\$ 1,900.00	\$ 1,850.00	\$ 1,800.00	\$ 1,750.00	\$ 1,700.00

BEACHWOOD SEWERAGE AUTHORITY  
 (A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)

NUMBER OF SEWER CUSTOMERS

FOR THE YEARS ENDED DECEMBER 31, 2012 THROUGH 2003

Schedule 7

(UNAUDITED)

	December 31									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Customers	3,825	3,821	3,813	3,814	3,795	3,787	3,769	3,751	3,722	3,722

GENERAL TAX RATE (PER \$100 OF ASSESSED VALUATION)

FOR THE YEARS ENDED DECEMBER 31, 2012 THROUGH 2003

Schedule 8

(UNAUDITED)

	December 31									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Borough of Beachwood	\$ 1.724	\$ 1.690	\$ 1.635	\$ 1.545	\$ 1.476	\$ 1.385	\$ 3.275	\$ 3.107	\$ 2.957	\$ 2.849

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**

**TEN LARGEST SEWER CUSTOMERS**

Schedule 9

**FOR THE YEAR ENDED DECEMBER 31, 2012**

**(UNAUDITED)**

<b><u>Name</u></b>	<b><u>Description</u></b>	<b><u>Billing</u></b>
Alberto Family LP	Apartments	\$ 1,664.00
Beachwood Elementary School	Elementary School	1,862.25
Clancy, Frank	Store, Apartments	1,248.00
Carpetland	Carpet Store	1,664.00
High Velocity	Restaurant	5,310.50
Sand Castle Diner	Diner	2,496.00
Sobieski, James	Stores	1,248.00
Superclean Laundromat	Laundromat	7,413.25
Toms River Intermediate South	Intermediate School	2,132.00
Town & Country Bakery	Bakery	3,298.75



**BEACHWOOD SEWERAGE AUTHORITY**

**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**

**RATIO OF ANNUAL DEBT SERVICE TO**

**TOTAL OPERATING EXPENSES**

**FOR THE YEARS ENDED DECEMBER 31, 2012 THROUGH 2003**

**(UNAUDITED)**

Schedule 10

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Operating Expenses</u>	<u>Ratio of Debt Service to Total Operating Expense</u>
2012	\$ 250,000.00	\$ 34,781.26	\$ 284,781.26	\$ 1,742,101.96	0.163
2011	245,000.00	42,437.52	287,437.52	1,698,116.09	0.169
2010	240,000.00	49,337.52	289,337.52	1,804,771.15	0.160
2009	230,000.00	55,375.00	285,375.00	1,629,699.63	0.175
2008	225,000.00	60,718.78	285,718.78	1,578,542.69	0.181
2007	220,000.00	65,393.76	285,393.76	1,609,829.20	0.177
2006	215,000.00	70,768.76	285,768.76	1,564,536.50	0.183
2005	210,000.00	76,018.76	286,018.76	1,508,125.91	0.190
2004	200,000.00	81,018.76	281,018.76	1,490,667.06	0.189
2003	157,193.62	156,022.26	313,215.88	1,540,648.89	0.203
	\$ 2,192,193.62	\$ 691,872.38	\$ 2,884,066.00	\$ 16,167,039.08	

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**

**POPULATION 2010, 2000 AND 1990 CENSUS**

**Schedule 11**

	<b>December 31</b>		
	<b><u>2010</u></b>	<b><u>2000</u></b>	<b><u>1990</u></b>
Borough of Beachwood	11,045	10,375	9,324

**BEACHWOOD SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF BEACHWOOD)**

**MUNICIPAL LABOR FORCE ESTIMATES 2010, 2009 AND 2008**

Schedule 12

**(UNAUDITED)**

	<b>Potential Labor Force</b>		<b>Number of Residents</b>		<b>Unemployment</b>		<b>Unemployment Rate</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Borough of Beachwood	<u>6,820</u>	<u>6,821</u>	<u>6,118</u>	<u>6,166</u>	<u>703</u>	<u>654</u>	<u>10.3%</u>	<u>9.6%</u>
		<u>6,761</u>		<u>6,353</u>		<u>407</u>		<u>6.0%</u>
							<u>10.3%</u>	<u>6.0%</u>