

**CUMBERLAND COUNTY UTILITIES AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2013 AND 2012**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Required by the General Bond Resolution (Continued)

<u>Account</u>	<u>Amount</u>	<u>Use for Which Restricted if any</u>
Renewal and Replacement	An amount deemed reasonably necessary for costs and expenses, with respect to the system, of reconstruction or of required replacements, renewals, major repairs or maintenance items of a non-recurring nature.	Transfers to the Bond Service Fund if necessary to meet the minimum requirements, or payment, if any, of the necessary costs and expenses of reconstruction, replacements, renewals, major repairs or maintenance items of a non-recurring nature.
Construction	Proceeds from the sale of bonds, government grants with respect to the initial project and any amount for the project directed into the fund by the Authority.	Costs of construction of the project or costs of replacements, renewals, major repairs or non-recurring maintenance.
General	Funds remaining in the Construction Fund after a project has been completed and all construction costs have been paid and the balance of revenues remaining after making the necessary transfers to the foregoing accounts.	May be applied to any purpose.

In addition to the accounts required by the General Bond Resolution, the Authority has also established the following restricted accounts:

Plant Reconstruction or Replacement account reserved for the future reconstruction or replacement of the Sewerage Treatment Facility or components thereof.

Sensor Escrow account consisting of funds collected from septage haulers as a deposit on a gate opening sensor mechanism issued to the haulers.

User Revenue Reserve account to be used to minimize the impact of flow fluctuations from the Authority's Users, particularly from any unanticipated loss or reduction in flow and related revenue.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Bond/Loan Premiums, Discounts

Bond and loan premiums and discounts, are deferred and amortized over the life of the bonds using the interest method. Bonds and loans payable are reported net of the applicable bond premium or discount.

I. Deferred Amount on Refunding

The deferred amount on refunding is recorded as a deferred outflow of resources. It is amortized over the shorter of the remaining life of the old debt or new debt based upon the interest method as a component of interest expense.

J. Inventory

Inventory consists principally of chemicals and supplies used in the treatment process and are stated at cost determined on a first-in, first-out basis.

K. Cash, Cash Equivalents and Investments

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. Investments are stated at fair value.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to adopt a cash management plan and to deposit and/or invest its funds pursuant to that plan. The governing body of the Authority has adopted a cash management plan ("the plan") and, as required, approves the plan annually. The plan includes the designation of the public depositories to be utilized by the Authority to deposit public funds.

Eligible depositories are defined in section 1 of P.L. 1970, c.236 (C. 17.9-41) and are limited to banks or trust companies having their place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governments and their component units.

N.J.S.A. 17:9-41 et. seq., which establishes the requirements for the security of deposits of governmental units, requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least five percent (5%) of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

The cash management plan adopted by the Cumberland County Utilities Authority requires it to deposit funds in public depositories protected from loss under the provisions of GUDPA.

CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the amounts reported in the financial statements. The actual results may differ from these estimates.

M. Postemployment Benefits Other than Pensions

In 2009 the Authority implemented Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*. Since the Authority participates in a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits, the Authority's portion of this liability and cost is calculated and recorded at the State of New Jersey level and included in the State's Comprehensive Annual Financial Report. The Authority records its other postemployment benefits cost (expense) based on billings from the State of New Jersey PERS. Required financial statement disclosures are included in Note 18.

N. Subsequent Events

Management has evaluated subsequent events through April 11, 2014, the date the financial statements were available for issue.

O. New Accounting Standards Adopted

During the year ended December 31, 2013, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

GASBS No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board (FASB) Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. New Accounting Standards Adopted (Continued)

Hereinafter, these pronouncements collectively are referred to as the —FASB and AICPA pronouncements.

This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

GASBS No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

GASBS No. 65, *Items Previously Reported as Assets and Liabilities*

This Statement establishes accounting and financial reporting standards that reclassify, 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. Concepts Statement No. 4, *Elements of Financial Statements*, introduced, and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts, Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. New Accounting Standards Adopted (Continued)

This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. 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.

NOTE 3 CASH AND CASH EQUIVALENTS

At December 31, 2013, the carrying amount and bank balance of the Authority's time and demand deposits were \$1,420,954 and \$1,494,327, respectively. All of the time and demand deposits were covered by either federal deposit insurance or by the Governmental Unit Deposit Protection Act (GUDPA).

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). The Authority's public funds in excess of the FDIC insured amounts are protected by GUDPA. As of December 31, 2013, \$250,000 of the Authority's bank balance of \$1,494,327 was insured and \$1,244,327 was uninsured and collateralized.

In addition to the bank deposits described above, the Authority also had \$2,967,340 invested in a government money market fund which is not covered by federal deposit insurance or by GUDPA, but which invests exclusively in general obligations issued by the U.S. Government and backed by its full faith and credit and which carries a credit rating of AAA.

At December 31, 2013 the Authority had \$15 invested in the New Jersey Cash Management Fund ("the Fund") which is not covered by either federal deposit insurance or by GUDPA. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above.

NOTE 4 INVESTMENTS

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's \$3,831,017 investments in U.S. Treasury obligations and agencies and other governmental agencies are held in the name of the counterparty, as trustee for the Authority, not in the name of the Authority.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012**

NOTE 4 INVESTMENTS (CONTINUED)

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

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits the investments that the Authority may purchase in order to limit the exposure of governmental units to credit risk. The Authority’s Cash Management Plan also limits its investment choices to those permitted by N.J.S.A. 40A:5-15.1.

Concentration of Credit Risk – The Authority does not place a limit on the amount that may be invested in any one issuer. Fifteen percent (15%) of the Authority’s investments are in U.S. Treasury Notes, fifty percent (50%) of the investments held are in NJ county government bonds and the remaining thirty-five percent (35%) of the investments are held in bonds of various NJ State Agencies.

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

Quality/Rating	Investment Maturities (in Years)			
	Less than 1	1-5	6-10	Greater than 10
Treasury/Agency	\$	\$	\$	\$
AAA	2,303,570	871,137	570,261	149,049
AA				
A				
Total Investments	\$ 3,831,017			

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

Investment	Investment Maturities (in Years)			
	Less than 1	1-5	6-10	Greater than 10
Total Investments	\$ 1,330,184	\$ 1,324,300	\$ 980,012	\$ 166,058

NOTE 5 DUE FROM NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

As described in Note 9, during 2013, the Authority received loans from the State of New Jersey under the New Jersey Environmental Infrastructure Trust Program (“Trust”). The Trust acts in a trustee capacity for the borrowed funds committed to the Authority. As of December 31, 2013, the remaining available balance of the undrawn proceeds is \$472,846.

CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012

NOTE 5 DUE FROM NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
(CONTINUED)

Also described in Note 9, during 2010, the Authority received loans from the State of New Jersey under the New Jersey Environmental Infrastructure Trust Program ("Trust"). As of December 31, 2013 the Trust and Fund Loans have been fully funded. The undrawn portion of the Trust Loan in the amount of \$181,054, plus interest is being held by the Fiscal Agent and will be applied as credits against the loan's repayments until the amount is exhausted.

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance			Balance
	January 1, 2013	Additions	Reductions	December 31, 2013
Non-Depreciable Capital Assets:				
Land	\$ 1,135,342	\$	\$	\$ 1,135,342
Construction In Progress	36,499	1,775,749		1,812,248
Total Non-Depreciable Capital Assets	1,171,841	1,775,749	-	2,947,590
Depreciable Capital Assets:				
Land Improvements	517,677			517,677
Treatment Plant	23,404,605	24,951		23,429,556
P/S And Interceptors	7,710,670			7,710,670
Machinery And Equipment	3,587,468	17,507	24,236	3,580,739
Vehicles	871,166			871,166
Office Equipment	166,847	7,938		174,785
Total Depreciable Capital Assets	36,258,433	50,396	24,236	36,284,593
Less Accumulated Depreciation:				
Land Improvements	415,134	26,397		441,531
Treatment Plant	14,424,385	580,943		15,005,328
Pumping Stations and Interceptors	4,392,166	210,522		4,602,688
Machinery and Equipment	2,330,839	157,259	24,236	2,463,862
Vehicles	563,689	31,060		594,749
Office Equipment	154,227	6,361		160,588
Total Accumulated Depreciation	22,280,440	1,012,542	24,236	23,268,746
Net Depreciable Capital Assets	13,977,993	(962,146)	-	13,015,847
Total Capital Assets, Net	\$ 15,149,834	\$ 813,603	\$ -	\$ 15,963,437

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012**

NOTE 7 PENSIONS

Substantially all of the Authority's employees participate in the Public Employees' Retirement System (the System) which is administered and/or regulated by the New Jersey Division of Pensions and Benefits. The System's Board of Trustees is primarily responsible for the administration of the System.

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.

The State of New Jersey Public Employees' Retirement System is a cost-sharing multiple-employer contributory defined benefit plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The System's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the System 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 pension fund or local jurisdiction's pension fund. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The System provides specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was 6.5% of annual compensation. The member contribution amount increased from 6.64% to 6.78% effective July 1, 2013 and is scheduled to increase by 0.14% per year until the contribution rate reaches 7.50% in July 2018. Employer's contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The State of New Jersey's contribution also includes funding for the cost of medical premiums after retirement for qualified retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits are funded on a pay-as-you-go basis.

For 2013 the Authority had \$194,663 in annual pension cost and required contributions.

Three Year Trend Information for PERS

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/13	\$ 194,663	100%	\$ -
12/31/11	188,227	100%	-
12/31/12	182,340	100%	-

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012**

NOTE 8 AMOUNTS REQUIRED BY BOND RESOLUTION

The following cash and investment accounts are required by the General Bond Resolution:

	Bond Service <u>Fund</u>	Bond Reserve <u>Fund</u>
Cash and Investments	\$ 1,083,528	\$ 1,361,163
Required Amount	<u>1,083,528</u>	<u>1,215,281</u>
	<u>\$ -</u>	<u>\$ 145,882</u>

NOTE 9 LONG-TERM LIABILITIES

A. Bonds Payable

In April 2006, the Authority issued its Sewer Revenue Refunding Bonds (Series 2006A), in the principal amount of \$6,055,000. The proceeds derived from the issuance and sale of the Bonds were used to advance refund the \$5,020,000 aggregate principal amount of Sewer Revenue Refunding Bonds, Series 1997, originally issued in the aggregate principal amount of \$7,915,000, dated September 1, 1997 and maturing on March 1 in each of the years 2011 through 2017, inclusive, advance refund \$810,000 aggregate principal amount of Sewer Revenue Bonds, Series 2001A, originally issued in the aggregate principal amount of \$1,200,000, dated November 15, 2001 and maturing on December 1 in each of the years 2012 through 2021, inclusive and pay the costs and expenses associated with the issuance of the Bonds.

The Series 2006A Bonds maturing on or before March 1, 2016 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after March 1, 2017 shall be redeemable at the option of the Authority in whole or in part at any time on any date on or after March 1, 2016, at par, plus in each case accrued interest to the date fixed for redemption. The Series 2006A Bonds maturing on March 1, 2021 are subject to mandatory sinking fund redemption on March 1 in each year at the redemption price equal to the principal portion thereof being redeemed.

The outstanding balance of the Series 2006A Bonds consist of serial bonds that mature in various amounts ranging from \$620,000 to \$710,000 with an interest rate of 4.00% from 2014 to 2017 and term bonds due from 2018-2021 in the principal amounts ranging from \$70,000 to \$85,000 with an interest rate of 4.00%.

In April 2006, the Authority issued its Sewer Revenue Bonds (Series 2006B), in the principal amount of \$2,430,000 to provide funds for certain capital improvements, to fund the amount required to be deposited in the bond reserve fund and to pay the costs and expenses associated with the issuance of the bonds.

The Series 2006B Bonds maturing prior to March 1, 2017 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after March 1, 2017 shall be redeemable at the option of the Authority in whole or in part at any time on any date on or after March 1, 2016, at par, plus in each case accrued interest to the date fixed for redemption. The Series 2006B Bonds maturing on March 1, 2014, 2016, 2018 and 2021 are subject to mandatory sinking fund redemption on March 1 in each year at the redemption price equal to the principal portion thereof being redeemed plus the interest portion thereon accrued to the date of redemption

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012**

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

The outstanding balance of the Series 2006B Bonds consist of term bonds maturing in various amounts ranging from \$160,000 to \$210,000 with interest rates ranging from 4.00% to 4.20% from 2014 to 2021.

B. Loans Payable

The Authority received loans from the State of New Jersey under the 2001 New Jersey Environmental Infrastructure Trust Program ("Trust"). The Trust has issued bonds for loans to various entities. The loans have interest rates ranging from 4.75% to 5.50% and mature in various increments through 2021. In 2007 the Trust issued its Series 2007A Wastewater Treatment Refunding Bonds partially refunding the Series 2001 Bonds, which will result in savings credits to be applied to the Authority's interest payments in 2014 through 2021. The outstanding balance of \$510,000 is included in loans payable as of December 31, 2013.

Under the 2001 New Jersey Environmental Infrastructure Fund Program ("Fund"), the State extended \$1,000,000 of non interest-bearing loan funds to the Authority. The outstanding balance of \$408,062 is included in loans payable as of December 31, 2013.

The Authority issued 2010 Series A and B bonds, dated December 2, 2010 to the New Jersey Environmental Infrastructure Trust to securitize its participation in the state sponsored financing program to finance the replacement of the lower portion of the Upper Deerfield sewer force main.

The Trust Loan (Series A) was issued in the amount of \$875,000 at an interest rate of 5% with repayment commencing August 1, 2012 through August 1, 2030. As described in Note 5, the undrawn portion of the Trust Loan in the amount of \$181,054 is being held by the Fiscal Agent and will be applied as credits against the loan's repayments until the amount is exhausted. The outstanding loan balance of \$815,000 is included in loans payable as of December 31, 2013.

The Fund Loan (Series B) was originally issued in the amount of \$938,785 at zero interest. As described in Note 5, the undrawn portion (unexpended project funds) relating to the Fund Loan in the amount of \$232,143 was deobligated and applied to the loan balance, making the revised loan amount \$706,642. The principal payments commenced on August 1, 2011 with the final payment due on August 1, 2026. The outstanding loan balance of \$579,349 is included in loans payable as of December 31, 2013.

The Authority issued 2013 Series A and B bonds, dated May 22, 2013 to the New Jersey Environmental Infrastructure Trust to securitize its participation in the state sponsored financing program to finance upgrades projects for the Treatment Plant.

The Trust Loan (Series A) was issued in the amount of \$485,000 at interest rates of 3% to 5% with repayment commencing August 1, 2014 through August 1, 2033. The outstanding loan balance of \$485,000 is included in loans payable as of December 31, 2013.

The Fund Loan (Series B) was issued in the amount of \$1,511,250 at zero interest. The principal payments commenced on August 1, 2013 with the final payment on August 1, 2032. The outstanding loan balance of \$1,460,021 is included in loans payable as of December 31, 2013.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013 AND 2012**

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

C. Compensated Absences

Current policy allows employees shall be paid for sick leave allowance accumulated to a maximum of two hundred twenty four (224) hours upon termination in good standing.

The following is a summary of changes in long-term liabilities for the year ended December 31, 2013:

Type of Debt	Balance December 31, 2012	Additions	Reductions	Balance December 31, 2013	Amounts Due Within One Year
Revenue Bonds Payable:					
Series 2006A	\$ 3,570,000		\$ 590,000	\$ 2,980,000	\$ 620,000
Series 2006B	1,630,000		155,000	1,475,000	160,000
	<u>5,200,000</u>	-	<u>745,000</u>	<u>4,455,000</u>	<u>780,000</u>
Add:					
Unamortized Premium	8,043		2,615	5,428	
Less:					
Unamortized Original Issue Discount	(3,674)		(756)	(2,918)	
Total Revenue Bonds Payable	<u>5,204,369</u>	<u>-</u>	<u>746,859</u>	<u>4,457,510</u>	<u>780,000</u>
Loans Payable:					
Series 2001B Trust	560,000		50,000	510,000	55,000
Series 2001B Fund	458,649		50,587	408,062	52,049
Series 2010 Trust	845,000		30,000	815,000	30,000
Series 2010 Fund	627,084		47,735	579,349	47,735
Series 2013 Trust		1,511,250	51,229	1,460,021	76,843
Series 2013 Fund		485,000		485,000	20,000
	<u>2,490,733</u>	<u>1,996,250</u>	<u>229,551</u>	<u>4,257,432</u>	<u>281,627</u>
Add:					
Unamortized Premium	97,659	45,568	10,457	132,770	
Total Loans Payable	<u>2,588,392</u>	<u>2,041,818</u>	<u>240,008</u>	<u>4,390,202</u>	<u>281,627</u>
Accr. Compensated Absences	55,691	9,849		65,540	
Total Long Term Liabilities	<u>\$ 7,848,452</u>	<u>\$ 2,051,667</u>	<u>\$ 986,867</u>	<u>\$ 8,913,252</u>	<u>\$ 1,061,627</u>