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NJEIT

Annual Report
SFY 2012

View of Barnegat Bay Lighthouse in Ocean County, NJ

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NJEIT Quick Facts
Program Year SFY 2012

Total Loans:
The Program has issued more than $5.96 Billion in loans since its inception in 1987.

Total Projects:
More than 1,000 clean water, drinking water, green infrastructure, land acquisition and remediation projects have been funded.

Total Savings:
The Program has saved taxpayers and ratepayers a minimum of $2.1 billion through lower interest costs.

Current Rates:
All-in 20 year loan rates as low as 0.687% (Series 2012 A)

Ancillary Loan Programs
Small Operators: Drinking water loans are available for small system operators such as nursing homes, condominium and homeowner associations.

Open Space: The Financing Program has issued more than $97 million in loans to preserve over 3,000 acres of open space.

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IN MEMORIAM

Bob Briant
1937 - 2013

Mr. Briant served the Trust's Board in a variety of officer positions from November 1996 until his passing, most importantly as Board Chairman from September 2001 through January 2011. During his tenure, the Trust underwent significant changes, including doubling the size of the Trust's lending activities as well as solidifying the Trust's reputation as the premier lender within the State and one of the best run infrastructure financing programs in the country.

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BOARD OF DIRECTORS AND EXECUTIVE STAFF

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Chairman

Herbert Barrack
Vice-Chairman

Roger Ellis
Secretary

Bob Briant
Treasurer
(In Memoriam)

EX-OFFICIO MEMBERS

Bob Martin
Commissioner
New Jersey
Department of Environmental Protection

Andrew Sidamon-Eristoff
State Treasurer
New Jersey
Department of Treasury

Richard E. Constable, III
Commissioner
New Jersey
Department of Community Affairs

EXECUTIVE STAFF

David E. Zimmer
Executive Director

Frank Scangarella
Assistant Executive Director
Chief Operating Officer

John G. Hansbury
Chief Budget Officer

Lauren S. Kaltman
Chief Financial Officer

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MISSION STATEMENT

The New Jersey Environmental Infrastructure Trust is an independent State Financing Authority responsible for providing and administering low interest-rate loans to qualified municipalities, counties, regional authorities, and water purveyors in New Jersey for the purpose of financing water quality infrastructure projects.

Floating Solar Panel System (1st in Nation) over Canoe Brook Reservoir
New Jersey American Water Company; Canoe Brook Water Treatment Plant
SFY2012 NJEIFP Loan: $64,820,092

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MESSAGE FROM THE TRUST

To: The Honorable Chris Christie, Governor of the State of New Jersey
The Honorable Members of the New Jersey State Legislature

For 26 years the New Jersey Environmental Infrastructure Trust (Trust) has been providing low cost, low interest-rate financing to qualified municipalities, counties, utility authorities and private water systems to facilitate the construction of drinking, sanitation and storm water systems. Since its inception, the Trust, in cooperation with its partner, the NJ Department of Environmental Protection (DEP), has overseen the distribution of approximately $6 billion in loans at subsidized interest rates through the NJ Environmental Infrastructure Financing Program (NJEIFP). These loans have provided interest cost savings to the State's tax payers and rate payers estimated at over $2.1 billion. In addition, the building activity undertaken with these funds has provided over 110,000[1] direct construction jobs making the Trust a hallmark of cooperation between public and private entities and in turn, has facilitated the achievement of the State's environmental and economic priorities.

2012 TRADITIONAL PROGRAM

For the State Fiscal Year (SFY) 2012 the Trust successfully issued over $325 million of loans through the NJEIFP to help build, replace and purchase water-quality related infrastructure projects. The NJEIFP provides borrowers with a blended interest rate that is below market through the combination of a AAA market interest rate loan from the Trust and a 0% interest rate loan from the State, acting through the DEP. In some cases, the State provides a further reduction in borrowing costs by forgiving principal repayment on a portion of the State loan. As an enhancement to the SFY2012 program, DEP Commissioner Bob Martin directed the DEP to increase its share of the NJEIFP from the historical level of 50% to 75% of the total funds provided. This increase of 25% more DEP funds at a 0% interest rate translates into an additional estimated cost savings of approximately 12% of the total principal balance of the loan for SFY2012 borrowers. The intent of this initiative was to further incentivize those communities with emergent water infrastructure needs to undertake projects in the present Program year, and not withhold action on account of the challenging economic environment. (For a complete list of SFY2012 Program loans see pages 11 and 12).

2012 REFINANCING

The Trust, as the independent State Authority that is charged with the critical task of funding water infrastructure projects in New Jersey, continually strives to offer qualified borrowers a financing program that is both comprehensive and responsive. With each passing Program year, the Trust actively seeks to become more straightforward, economical and efficient. In addition to the tremendous savings achieved by our participants from the initial below market interest rate provided by the Program, $2.31 billion to date, the Trust offers its borrowers a number of other cost savings and administrative benefits (see page 8). Chief among these benefits is the ability for the Trust to refinance bonds as market conditions allow and pass the resulting savings on to the borrowers in the form of lower annual debt service obligations with minimal effort and expense required of the borrowers. In the summer of 2012, the Trust took advantage of the historically low interest rate environment and refinanced $228.2 million of outstanding, publicly issued Program bonds representing over one sixth of the Trust's entire bond portfolio at that time. This effort resulted in record low loan rates for the 104 participating Program borrowers and a reduction of roughly $25 million in debt service repayments for the remaining term of their Program loans. This refinancing was the 15th time in 25 years that the Trust refunded outstanding bonds resulting in total, additional interest cost savings through refinancing efforts of $100 million for Program borrowers.

2012 BARNEGAT BAY INITIATIVE

In keeping with Governor Christie's 10-point Barnegat Bay Initiative, the Program has committed to dedicating $100 million in funds over a 10 year period for clean water projects within the Barnegat Bay watershed to help promote the health of the Bay. Of this total, approximately $22 million is expected to be made available in the form of non-repayment Principal Forgiveness Loans (PFLs). In SFY2012, the first year of this program, 20 projects were funded totaling $10 million of which $8.8 million were issued as PFLs. Projects that received PFLs were those projects that demonstrated the highest nitrogen removal capacity (nitrates in storm water run-off have been identified as one of the largest contributors to the decline of the Bay), as well as a limited number of sweeper-vac vehicles for shore towns.

2013 TRADITIONAL PROGRAM

For the current year, the DEP has again chosen to offer a financing program consisting of 75% funding from the State at a 0% interest rate. The Program has an initial list of projects numbering 117 and totaling $534 million that was passed by the legislature and signed by Governor Christie in August 2012. Those projects are currently under environmental, engineering, and

[1] Original estimate of 20 jobs per $1M though 2011 and 12 jobs per $1M from 2012 on.

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financial review by the DEP and the Trust. Many of these projects will receive program funds for the commencement of project construction before fiscal year end in June 2013.

SUPERSTORM SANDY

The Trust is in the process of working with the DEP to oversee the receipt and distribution of the anticipated State Revolving Fund (SRF) monies that are being made available to New Jersey through the federal supplemental emergency funding bill. As with every Financing Program Year, the federal SRF grants appropriated to New Jersey in this bill will be levered though the Trust in order to optimize the availability of monies for water-related environmental infrastructure remediation projects for flood control management. Replacing damaged water environmental components and facilitating future resiliency for these systems will play a key role in restoring the State's environmental infrastructure, ensuring continued public safety and, importantly, revitalizing New Jersey's economy.

GOING FORWARD

As the Trust embarks on its 27th year of service, it will continue to concentrate on those objectives that have made it the benchmark of quality service for infrastructure lending in the State:

- Provide efficient financing for water-quality related infrastructure projects in New Jersey;
- Provide financing to eligible borrowers at the lowest possible cost, resulting in significant cost savings to the State's tax payers and rate payers; and
- Facilitate access to capital markets for all qualified participants, particularly those that have lower credit ratings or are unfamiliar with the debt financing process.
- Promote the benefits of water-related infrastructure;

The Trust looks forward to working closely with each of you to further its role of providing infrastructure loans and services that protect New Jersey's precious water resources and the safety of the public at large as well as promote the economic development of the State. Thank you for your continued guidance and support.

Warren H. Victor
Chairman

David E. Zimmer, CFA
Executive Director

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Chris Christie
Governor
State of New Jersey

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GENERAL PROGRAMS

LONG TERM TRADITIONAL LOAN PROGRAM (NJEIFP)

The New Jersey Environmental Infrastructure Trust (NJEIT or Trust) is the Garden State's independent Finance Authority which, in partnership with the Department of Environmental Protection (DEP), provides low interest rate financing for the construction of environmental infrastructure projects that enhance ground and surface water resources, ensure the safety of drinking water supplies, protect the public health and make possible responsible and sustainable economic development.

New Jersey enjoys a national reputation as a leader in innovative and effective environmental protection strategies. The NJEIT, through its associated financing Program, has been a critical facilitator of this success.

For over 26 years NJEIFP loans have funded projects that have protected the environment, saved taxpayers $2.3 billion in interest costs, and created nearly 110,000 construction jobs, adding vital economic activity to the State in the process.

PROJECTS

Allowable NJEIFP project types include but are not limited to:

- Wastewater
- Storm Water
- Drinking Water
- Landfills
- Brownfields
- Open Space Purchase
- Beneficial Reuse

INTERIM FINANCING PROGRAM (IFP)

NJEIT makes short-term funds available to qualified projects in advance of the Program's regular annual loan closing. Project Sponsors are eligible to receive an IFP loan provided they (1) have submitted a Letter of Intent and Loan Application to the Trust, (2) received pre-award approval from the DEP and the Trust, (3) satisfied the Program's credit worthiness standards, and (4) received from the DEP an Authorization to Award their final construction contract.

IFP loans are converted into Long Term Loans upon completion of Escrow Close for the annual bond sale.

SUPPLEMENTAL FINANCING PROGRAM (SL)

Supplemental Loans are issued to current borrowers whose projects are in need of additional loan funds. Supplemental loans may be received by following the application process for the General Program. Applications are placed at the top of the project priority list to ensure funding.

INTERIM SUPPLEMENTAL FINANCING PROGRAM (IFP-SL)

The NJEIT has a separate IFP Supplemental Loan Program for current borrowers who have project overages equal to or less than $300,000. The NJEIT Board may approve the temporary financing without consideration of the project priority list or State Appropriations. These Supplemental IFP loans are then converted into long terms loans after inclusion in the annual appropriations list and at the time of escrow close for the annual bond sale.

PLANNING AND DESIGN LOAN PROGRAM (PDLP)

The Planning and Design Loan Program is designed to provide financing for early stage eligible engineering costs which are incurred in completing Environmental Planning, and Engineering Design (P&D) work.

PDLP Loans may be secured for up to 50% of eligible P&D costs at any time, subject to compliance with Program requirements, for projects for which an NJEIFP Long Term Loan is being sought.

EMERGENCY FINANCING PROGRAM (EFP)

Emergency Financing Program Loans are temporary in nature and are available for the emergency repair of environmental infrastructure components and for which an application for an NJEIFP Loan is not currently under review. One condition of receiving an EFP Loan is the borrower's agreement to work with NJEIT to develop an asset management plan.

By their nature there is no set application schedule for emergency loans.

NANO INFRASTRUCTURE LOAN PROGRAM (NLP)

The Nano Loan Program offers 50% Principal Forgiveness Loans (PFLs) and is proposed to commence in SFY2014. The NLP is available only to Small Drinking Water Systems (SDWS). SDWS are defined as those operations serving populations of less than 10,000. The NLP program is designed to assist these systems with accessing funding for needed infrastructure projects. The proposed program consists of:

- Total Funds of $4 Million available for SFY2014;
- 50% PFL, 25% DEP loan, 25% Trust Loan;
- DEP loan at 0% interest rate; Trust Loan at market rate plus 1%;
- DEP administrative fees and NJEIT public bond underwriting fees are waived.

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Construction of Waste Treatment Clarifier Tanks
Frenchtown Borough Wastewater Treatment Plant
SFY 2012 NJEIFP Loan: $8,724,110

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BENEFITS OF THE FINANCING PROGRAM

The Traditional NJEIFP Loan Program offers environmental infrastructure loans to Applicants in the form of long term loans. The NJEIFP also provides temporary loans as necessary. Traditional Program Loans consist of a market rate Trust loan component and a zero interest rate DEP loan component. The net effect is a loan to the Applicant at a blended rate of between 25%-50% of the market rate. For SFY2012, the Program offered participants Traditional Loans at 25% of market rate (25% funded with Trust AAA-rated public bonds / 75% funded with DEP 0% funds), a substantial cut from the Financing Program's historic 50%/50% split. DEP Commissioner Bob Martin proposed the change to this ratio this year in order to further reduce interest costs in an effort to spur needed environmental projects, construction employment and economic development during these fiscally challenging times. Additionally, the Trust provided certain borrowers who possess the need for immediate financing, temporary funding as applicable through the Interim Financing Program, Supplemental Loan Program, Emergency Loan program or the Planning and Design Loan Program. These loans may have an interest rate as low as 0%.

In addition to the significant interest cost savings described above, Program participants realize significant cost-saving measures through the following program features:

DOLLAR SAVINGS BENEFITS

Earnings Credits - Earnings on investments in all bond funds, including the Project fund, Revenue fund and, when applicable, the Debt Service Reserve funds, are distributed to borrowers as credits toward their debt service payments.

No Bond Insurance Required - The security provided by the Trust's financial structure saves borrowers the expense of purchasing costly bond insurance.

Minimized Financing Costs - Program underwriting costs are allocated to each borrower's pro-rated share of a bond series. This results in the cost of bond issuance being shared among borrowers proportionately based on each borrower's project loan amount, dramatically minimizing each borrower's cost when compared to self-financed bond deals.

No Front-loading Requirement - Local Government Units issuing their own general obligation debt are required to "front load" their repayment schedule. This ensures that debt service payments are larger in the early years of the loan, and grow smaller over time. The Financing Program provides for level debt service throughout the life of the loan smoothing borrowers' cash flows.

Net Funding - Each borrower submits a loan drawdown schedule. Undrawn funds are invested by the Trust and accrue earnings to the borrower. These earnings are then used to reduce a borrower's loan obligation.

Refunding - The Trust continually monitors market conditions to assess when interest rates meet the Trust's savings threshold for refunding prior bonds. All savings realized from prior bond refundings, totaling $100 Million to date, are passed on to borrowers.

Debt Service Reserve Fund - Many borrowers are relieved of their obligation to commit a portion of loan funds to debt service reserve fund due to the Program's Master Program Trust structure.

CASH FLOW BENEFITS

Capitalized Interest – Loans may be structured to include all or part of construction period interest costs allowing borrowers to defer interest cost repayments for up to 36 months.

Deferred Principal Repayment – To better align a project's cash flow dynamics, borrowers are allowed to defer principal repayment for up to 36 months from the time of bond closure.

Generous Allowable Costs – Associated project costs, including planning and design, engineering, local financing and curb-to-curb right-of-way restoration may be financed through the program. An eligible project's reserve capacity costs such as excess project capacity may be financed through a Trust only loan.

Flexible Term - Shorter term financing is available for borrowers who prefer not to have a 20-year obligation or for assets with useful average lives of less than 20 years.

ADMINISTRATIVE BENEFITS

No Arbitrage Worries - The Trust manages federal IRS arbitrage rebate requirements, relieving borrowers of the cost and administration of this obligation.

No Secondary Disclosure Requirements – Due to the size of the Financing Program, no single borrower is a material obligated entity. As a result, Financing Program borrowers are not required to fulfill SEC secondary disclosure or reporting requirements.

Timely Decisions – The DEP prioritizes Financing Program project reviews.

Reporting – Program reports required of each borrower by the SEC, IRS, EPA and others are handled or managed by the Trust, thereby minimizing the need and expense of additional administrative staff by the borrowers.

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PROJECTS ELIGIBLE FOR FINANCING

In 1986, the New Jersey Environmental Infrastructure Financing Program was established to finance clean water projects including wastewater treatment and conveyance systems and combined sewer overflows. In 1997, the Program expanded to include safe drinking water quality enhancement projects.
The following project categories describes the types of projects eligible for NJEIFP loans.

DRINKING WATER

Eligibility applies to projects that address federal safe drinking water health standards. This includes replacement, source development and rehabilitation, treatment to comply with primary/secondary drinking water standards, storage to prevent contamination from entering the water system and transmission lines/distribution systems to prevent contamination or to improve pressure to safe levels.

SECURITY MONITORING

Projects designed to improve security at otherwise funding eligible wastewater and drinking water facilities are also eligible for funding, including but not limited to fencing, lighting, motion detectors, cameras, secure doors, and alternative auxiliary power sources.

CLEAN WATER

Wastewater - Most projects associated with sewage collection, treatment or disposal are eligible for financing, including correction of inflow/infiltration problems, sludge management and combined sewer overflows.

Stormwater - Eligible projects include construction, expansion or replacement of stormwater management systems, construction or expansion of basins, replacement of storm drains and rehabilitation of tide gates and extension of outfall points.

Runoff Control - Projects such as manure/feedlot management, stream and lake bank stabilization, lake dredging and restoration and salt dome construction are eligible project types.

Equipment Purchases - Equipment such as street sweepers, sewer flushing and cleaning equipment, dump trucks, crawler loaders, skimmer boats, aquatic weed harvesters and outfall netting may be financed under the Program.

Landfill Construction and Closure (Publicly Owned) - Sealing an old landfill or constructing a new cell to prevent, reduce or control leachate, its storage and/or treatment are eligible for financing. Other Program eligible activities include capping systems, liners, leachate collection systems, treatment systems, sewer connections, barge shelters, containment booms, litter fences, gas collection and treatment systems, monitoring wells and reclamation or reduction activities.

Brownfield Remediation - The clean-up of abandoned and contaminated industrial sites is eligible for financing if a local or county government assumes the repayment obligation for the loan. The Program will finance the removal of contaminated soil, site-capping and the installation of stormwater controls.

Open Space Acquisition - Preserving open land that maintains or enhances the quality of surface or ground water may be financed under the Program. Eligible areas include stream headwaters and corridors, wetlands, and aquifer recharge areas. Financing for land is compatible with the Green Acres Program, the Garden State Preservation Trust, and Open Space programs financed by local and county Open Space taxes.

Septic Systems - Failing septic systems can contaminate ground water and surface water, creating a public health hazard. While many individual septic systems are privately owned, situations involving numerous system failures may be eligible for funding. In such cases, a governing body or utilities authority may establish a Septic Management District to apply for financing for planning and corrective measure costs. Eligible projects include the purchase and installation of traditional or alternative septic systems (to replace failing systems), rehabilitation of an existing system or construction of community systems.

GREEN PROJECTS

Green projects consist of clean water and drinking water projects that implement green infrastructure and water or energy efficiency improvements (those that reduce greenhouse gas emissions, for example). Green infrastructure includes such practices as replacing existing pavement with porous pavement, utilizing bioretention, constructing green roofs, creating rain gardens, and other practices that mimic natural hydrology and increase effective perviousness.

2012 CASE STUDY: THE BOROUGH OF SEASIDE PARK

BACKGROUND - In SFY2012, funding from the NJEIFP enabled the Borough of Seaside Park to continue construction on two critical water infrastructure projects that are now providing significant benefits to the area residents and the environment. The Borough undertook Phase II of a city-wide drinking water project that replaced 7.4 miles of drinking water lines. Prior to the installation of the new lines, more than 50% of the Borough's potable water was lost due to leaks in the system's water main connection points. The Borough also undertook a clean water project consisting of the installation of 3.2 miles of sewer lines along the Borough's bayside. This sewer project reduced annual infiltration into the sanitary sewer mains by an average of 57 million gallons per year and significantly reduced the Borough's wastewater treatment costs.

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2012 CASE STUDY: THE BOROUGH OF SEASIDE PARK (CONTINUED)

PROGRAM BENEFITS - Seaside Park borrowed a total of $5.9 million from the NJEIFP to complete Phase I and Phase II of the Borough's drinking water project. The Trust estimates that by utilizing the subsidized low interest rate loans offered by the Program, the Borough saved a minimum of $1.7 million versus the Borough financing this water project through independently issued bonds. The net operational result of the drinking water project was a dramatic reduction in the volume and cost of water flowing through the pipes. The amount of the water processed annually dropped from 170 million gallons in 2009 to 129 million gallons in 2012, providing an annual cost savings of 24%. Importantly, the reduced demand on the area's underground aquifer, while difficult to quantify, greatly benefits the State and the affected local populations. Reducing demand on an aquifer reduces the need to constantly drill lower to reach new supplies of fresh water. Since each incremental foot of drilling raises extraction costs exponentially and increases the potential for brackish infiltration into the aquifer, avoidance of such need provides invaluable long-term benefits to the State's drinking water distribution system.

Seaside Park borrowed a total of $6.3 million to complete the Borough's clean water project. The Trust estimates that by utilizing the NJEIFP Program, the Borough saved over $1.8 million versus the Borough financing this sewer project through independently issued bonds. The net operational result of the sewer project was a reduction in annual wastewater discharge from 254.5 million gallons in 2009 to 199.4 million gallons in 2012. This 21.7% reduction of water infiltration is benefiting both the environment and the public health by minimizing the amount of effluent requiring treatment that is then discharged into the ocean and area streams. Importantly for rate payers, this reduction of processed sewage yields annual savings of approximately $214,000. Significantly, the savings in direct Operating & Maintenance (O&M) costs directly and substantially offset the project's annual debt service of approximately $385,000 per year, savings which do not take into account any additional savings reaped from the reduction in energy, additives, greater wear and tear, or emergency repair expenses.

Further, by reducing the volume of both drinking water and waste water requiring treatment, the Borough has increased its available water and sewerage capacity, which in turn, has the potential for further sustainable development.

FEDERAL COORDINATION - In addition to procuring subsidized financing from the NJEIT and DEP through the NJEIFP, the Borough's Mayor, its elected officials and its Administrator sought and successfully procured joint funding for its Phase II drinking water and clean water projects from the US Department of Agricultures' Rural Development Agency Loan Program for small communities in the amount of a $400,000 grant and two low interest loans totaling $3.4 million. These officials' accomplishments highlight the increased collaborative efforts among the DEP, NJEIT and USDA to combine and leverage two valuable Federal and State environmental public service programs for the benefit of New Jersey's small communities.

SUMMARY - Due to the decisions and leadership of the Borough's officials to undertake corrective action for both their drinking and clean water systems and to utilize the Trust's Financing Program in conjunction with the USDA as their means of financing, the residents of the Borough of Seaside Park are engaged in the environmental and financial stewardship that are the core of this Program. The Borough's new water infrastructure will service and protect both its residents and the environment for decades to come. Significantly, the cost of these improvements will not substantially increase residents' rates as the annual debt repayments are directly offset by the reduction in processing and excess usage costs realized through the critical, more efficient infrastructure that was purchased through the Trust's low cost Financing Program.

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SFY2012 PROJECTS

PROJECT TYPE	BORROWER	PROJECT	TOTAL
Drinking Water	Aberdeen Township	Cliffwood Ave/GSP - Directional Drill	$1,242,527
Drinking Water	Aqua New Jersey Incorporate	Water Main Rehab Projects	$2,062,525
Clean Water	Atlantic County Utilities Authority	Vehicle Wash Facility	$2,065,563
Clean Water	Bergen County Utilities Authority	Rehabilitation of Barge Docking Facilities	$1,273,907
Drinking Water	Boonton Town	Green Street 1MG Tank Replacement	$1,482,142
Clean Water	Bordentown Sewer Authority	Energy Audit Improvements	$2,205,680
Clean Water	Burlington Township	Sanitary Sewer Rehabilitation	$732,777
Drinking Water	Byram Homeowners Association	Various Water System Improvements	$563,450
Clean Water	Camden County Municipal Utilities Authority	Atlantic Basin Interceptor Extension	$50,412,500
Clean Water	Camden County Municipal Utilities Authority	Delaware No.1 PCF PTF Repair	$4,497,500
Clean Water	Cape May County Municipal Utilities Authority	Various Water System Improvements	$955,441
Clean Water	Cape May County Municipal Utilities Authority	Rehab Wildwood Lower WTP Roofs	$767,075
Clean Water	Cape May County Municipal Utilities Authority	Rehab Wildwood Lower WTP Roofs	$5,206,467
Drinking Water	Clinton Town	Various Water System Improvements	$1,709,088
Clean Water	Clinton Town	WWTP Filter Replacement	$1,357,766
Drinking Water	Continental Communities LLC	Water Main Extension	$990,098
Drinking Water	Dover Town	Locust Hill Low Service Reservoir Rehab	$213,039
Clean Water	Elizabeth City	Elizabeth Midtown Infrastructure	$6,854,050
Clean Water	Ewing Lawrence Sewer Authority	Scotch Road Extension Relief Sewer	$1,285,602
Clean Water	Frenchtown Borough	Frenchtown Borough WWTP Upgrade	$8,724,110
Clean Water	Galloway Township	Wrangleboro Road Stormwater Drainage	$109,268
Clean Water	Gloucester Township	Cherrywood Drainage System Improvements	$1,560,938
Clean Water	Gloucester Township	Lake Renee Drainage Impr.	$451,176
Clean Water	Hamilton Township Municipal Utilities Authority	Sewer Main and Interconnect	$1,082,330
Drinking Water	Hamilton Township Municipal Utilities Authority	Well #8 Enhancements	$340,135
Drinking Water	Hamilton Township Municipal Utilities Authority	Well #10 Water Main Extension	$769,270
Drinking Water	Hammonton Town	Water Main Extension	$3,051,933
Clean Water	Hanover Sew. Authority	Rehabilitation of Pond Lining	$4,802,729
Clean Water	Harrington Park Borough	Lynn & Higgins Watercourse Cleaning	$345,125
Drinking Water	Hightstown Borough	Advanced Wastewater Treatment Plant	$913,976
Clean Water	Hightstown Borough	Water Treatment Plant Improvements	$1,084,073
Clean Water	Howell Township	Basin Retrofit	$577,334
Clean Water	Jackson Township	Basin Retrofit	$577,334
Clean Water	Jersey City Municipal Utilities Authority	Northeast Interceptor Cleaning	$1,775,120
Clean Water	Kearny Municipal Utilities Authority	Drainage Improvement	$1,854,953
Drinking Water	Kearny Town	Water Improvements	$870,504
Drinking Water	Lakewood Township Municipal Utilities Authority	Water Facilities Improvements	$1,995,430
Drinking Water	Lakewood Township Municipal Utilities Authority	Water Meter Reader Installation Project	$3,205,781
Clean Water	Linden Roselle Sewer Authority	Liquid End Facility Improvements	$9,906,741
Clean Water	Linwood City	Linwood Flood Control & Drainage Improv	$1,515,931
Drinking Water	Long Beach Township	Water Main Replacement	$2,361,649
Clean Water	Long Beach Township	Sewer Main Replacement	$2,682,646
Clean Water	Long Beach Township	Equipment Purchase	$250,000
Clean Water	Maple Shade Township	Improvements to WWTP	$1,269,453

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PROJECT TYPE	BORROWER	PROJECT	TOTAL
Drinking Water	Matawan Borough	Water System Improvements	$5,312,140
Clean Water	Maywood Borough	Infiltration & Inflow Study	$845,977
Drinking Water	Middlesex Water Company Water Co., Inc.	Cleaning/Lining of Mains (Raritan Manor	$3,875,000
Clean Water	Midland Park Borough	Glen & Erie Avenues Sewer Project	$512,891
Clean Water	Milltown Borough	Sanitary Sewerage System Improvements	$1,397,853
Drinking Water	Monroe Township	Wells Treatment Facility	$2,835,280
Clean Water	Montclair Township	Sanitary Sewer System Rehabilitation	$964,932
Drinking Water	Mount Olive Township	Tinc Farm-Lynnwood-Goldmine Interconnect	$382,200
Clean Water	Newark City	Lister Avenue Redevelopment	$17,343,224
Drinking Water	NJ American Water Company, Incorporated	Solar Power at Mansfield WTP	$5,926,014
Drinking Water	NJ American Water Company, Incorporated	Canoe Brook WTP	$64,820,092
Clean Water	NJ Water Supply Authority	Land Acquisitions - Multiple Locations	$1,966,455
Drinking Water	NJ Water Supply Authority	Building Structure over Manasquan IPS	$3,027,250
Clean Water	North Hudson Sewer Authority	Waste Water Treatment Improvements	$2,205,100
Clean Water	Northwest Bergen County Utilities Authority	Sanitary Sewer Rehabilitation	$5,011,633
Drinking Water	Nutley Township	Meter Replacement Project	$1,947,148
Clean Water	Ocean County	Regenerative Air Sweeper	$1,159,023
Clean Water	Ocean County	Retrofit of Basins	$4,706,566
Clean Water	Ocean County Utility Auth.	Various Improvements	$10,364,519
Clean Water	Ocean Township	Tuscarora Asbestos Sewer Pipe Replacement	$816,061
Drinking Water	Ocean Township	Water Treatment Plant	$300,440
Drinking Water	Ocean Township	Water Main Replacement	$981,666
Clean Water	Old Bridge Municipal Utilities Authority	Various Sewer Improvements	$13,909,015
Drinking Water	Pemberton Township	Radium Treatment	$216,990
Drinking Water	Pemberton Township	Various Water System Improvements	$58,811
Clean Water	Pleasantville City	Sanitary Sewer Replacements	$1,121,841
Clean Water	Point Pleasant Beach Borough	Regenerative Air Sweeper	$250,000
Drinking Water	Pompton Lakes Borough Municipal Utilities Authority	Water Main Replacements	$1,527,873
Clean Water	Princeton Borough	Sanitary Sewer Rehabilitation	$1,473,716
Clean Water	Princeton Township	Sanitary Sewer Rehabilitation	$1,607,123
Clean Water	Raritan Township Municipal Utilities Authority	Robin Hill Pump Station Rehabilitation	$1,047,814
Clean Water	Raritan Township Municipal Utilities Authority	SCADA Phase II and MTP Blower	$1,485,840
Clean Water	Rockaway Valley Regional Sewer Authority	RVRSA Preliminary Treatment Facilities	$3,980,969
Clean Water	Roselle Borough	Sanitary Sewer System Improvements	$1,943,011
Drinking Water	Seaside Park Borough	Water Main Distribution Improvements	$1,939,061
Clean Water	Seaside Park Borough	Sanitary Sewer Improvements	$2,280,384
Clean Water	Seaside Park Borough	Regenerative Air Sweeper	$250,000
Clean Water	Stafford Townshipw	Neptune/Forecastle Basin Improvements	$1,316,150
Drinking Water	Stone Harbor Borough	Sanitary Sewer & Water Main Replacements	$1,201,984
Clean Water	Stone Harbor Borough	Phase IV	$3,667,266
Clean Water	Toms River Township	Stormwater Management	$730,146
Clean Water	Weehawken Township	Weehawken Reservoir Project	$8,734,336
Drinking Water	Westville Borough	Storage Tank Modifications	$279,520
Drinking Water	Westville Borough	Water Meter Replacement	$962,065
Clean Water	Willingboro Township	Stormwater Outfall Improvements	$1,187,400
Drinking Water	Winslow Township	Wells Radium Remediation	$2,984,617
TOTAL SFY2012 LOANS			$328,812,532

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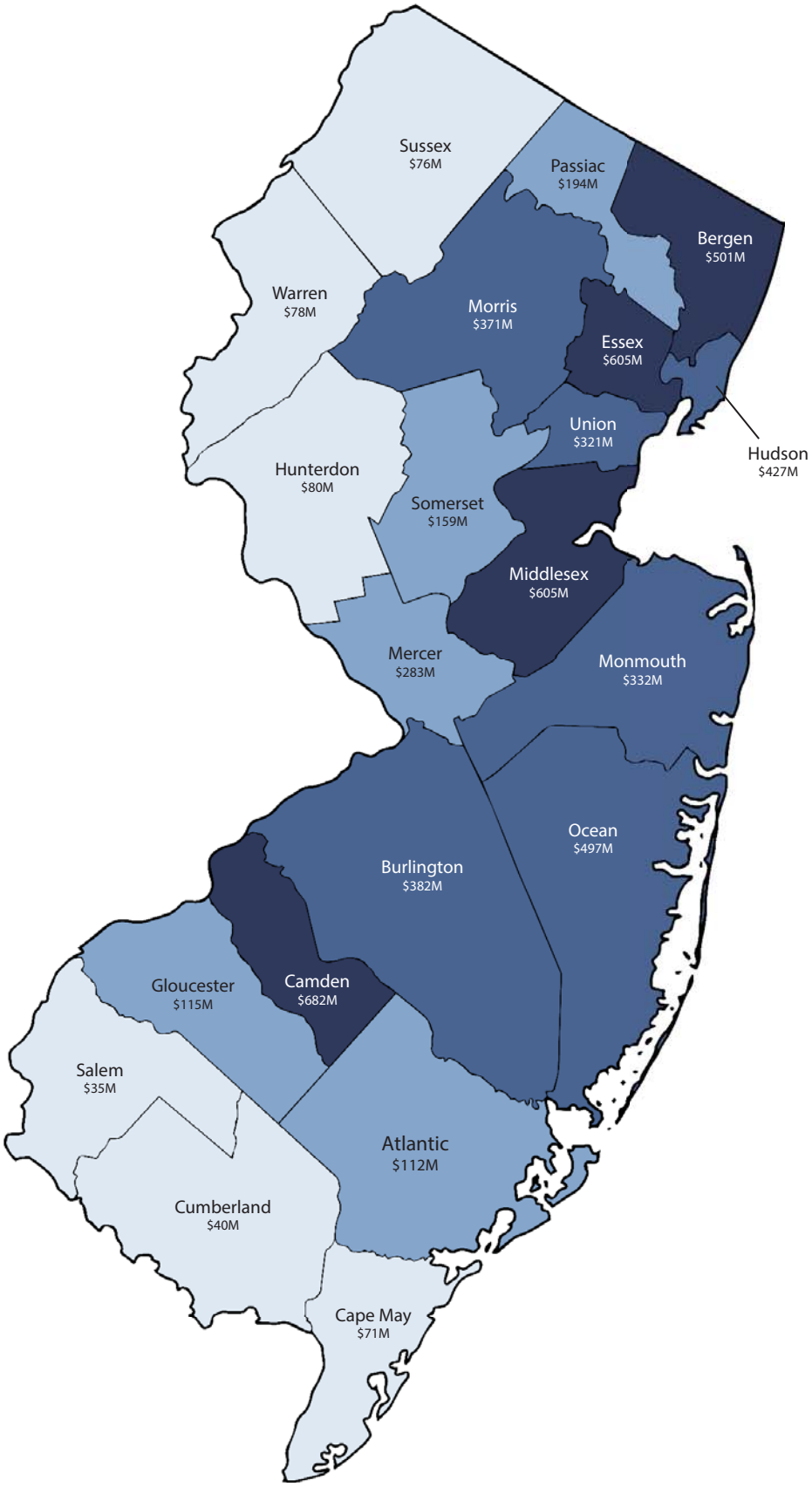
NJEIFP LOAN HISTORY: 1987-2012
BY COUNTY

LEGEND:

- $35M-100M
- $100M-300M
- $300M-500M
- $500M +

County	Total Loans
Camden	$682M
Essex	$605M
Middlesex	$605M
Bergen	$501M
Ocean	$497M
Hudson	$427M
Burlington	$382M
Morris	$371M
Monmouth	$332M
Union	$321M
Mercer	$283M
Passaic	$194M
Somerset	$159M
Gloucester	$115M
Atlantic	$112M
Hunterdon	$80M
Warren	$78M
Sussex	$76M
Cape May	$71M
Cumberland	$40M
Salem	$35M



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NJEIFP LOAN HISTORY: 1987-2012

BORROWER	TOTAL LOAN	SAVINGS[1]
2117 Mt. Ephraim Inc.	$397,969	$132,711
Aberdeen Township	$1,242,527	$282,746
Allamuchy Township	$7,494,437	$2,272,039
Aqua New Jersey, Inc.	$9,423,411	$4,135,144
Asbury Park City	$25,055,578	$8,192,649
Atlantic City MUA	$13,123,435	$7,219,078
Atlantic County UA	$42,739,172	$17,494,815
Atlantic Highlands & RSA	$1,783,942	$545,411
Avalon Borough	$1,118,240	$184,099
Barnegat Township	$2,771,805	$615,432
Barrington Borough	$1,019,712	$281,950
Bayonne LRA	$37,568,066	$14,894,332
Bayonne MUA	$28,844,005	$13,828,239
Bayshore RSA	$56,107,957	$23,038,240
Bayview Water Company	$1,600,000	$477,179
Beach Haven Borough	$8,407,695	$4,369,386
Beachwood Borough	$3,786,344	$1,055,936
Bellmawr Borough	$12,462,648	$3,664,848
Belmar Borough	$982,903	$264,830
Bergen County	$7,383,149	$1,407,835
Bergen County IA	$211,321,814	$-
Bergen County UA	$100,760,167	$41,921,428
Bergen County UA (Edgewater)	$27,576,384	$11,823,225
Bergenfield Borough	$1,130,000	$366,774
Berkeley Heights Township	$15,036,610	$5,543,883
Berkeley Township	$3,140,003	$929,281
Berkeley Township MUA	$4,079,233	$1,030,883
Berkeley Township SA	$21,109,752	$6,061,477
Berlin Borough	$4,823,632	$1,398,703
Bernardsville Borough	$6,824,630	$3,183,490
Bethlehem Township	$987,100	$362,532
Beverly SA	$371,996	$83,962
Boonton Town	$2,724,836	$632,218
Bordentown City	$495,000	$115,889
Bordentown SA	$5,155,639	$2,470,292
Bound Brook Borough	$148,161	$18,294
Brick Township	$2,573,862	$743,255
Brick Township MUA	$31,807,430	$9,251,741
Bridgeton City	$10,158,187	$5,484,621
Bridgewater Township	$1,770,319	$506,350
Brigantine City	$10,878,667	$2,624,983
Brookwood Musconetcong River POA	$1,039,200	$290,506
Buena Borough MUA	$1,683,486	$543,331
Burlington City	$20,080,143	$7,676,294
Burlington County BCF	$89,521,293	$27,704,801
Burlington Township	$10,041,899	$3,218,802
Byram Homeowners Association	$563,450	$114,176
Byram Township	$1,802,284	$626,706
Caldwell Borough	$36,746,860	$14,587,950
Camden City	$102,697,059	$40,498,929
Camden County MUA	$461,806,577	$225,330,541

[1] Program Savings equals [a Borrowers estimated debt service payments, assuming their full loan amount had been borrowed at the NJEIT's AAA market rate] less [the Borrower's actual debt service payments due on their loans]. Reductions in program debt service payments due to refundings have been included in this calculation. These savings estimates do not include cost savings from shared underwriting expense.

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BORROWER	TOTAL LOAN	SAVINGS[1]
Cape May City	$2,082,149	$593,844
Cape May County MUA	$42,727,808	$19,978,104
Cape May Point Borough	$161,766	$18,145
Carneys Point Township	$502,733	$149,279
Carneys Point Township SA	$6,510,000	$3,802,420
Carteret Borough	$4,007,500	$1,141,714
Carteret RA	$38,472,833	$9,701,497
Cedar Glen Homes, Inc.	$846,401	$225,055
Cedar Glen West, Inc.	$432,666	$81,832
Cedar Grove Township	$9,123,321	$4,168,090
Chatham Borough	$9,615,446	$4,674,328
Chatham Township	$1,789,863	$548,628
Cherry Hill Township	$6,142,348	$2,340,793
Chester Borough	$1,394,451	$473,604
Chesterfield Township	$5,622,510	$1,573,195
Cinnaminson SA	$4,960,510	$1,398,270
Clementon Borough	$1,195,000	$482,568
Cliffside Park Borough	$1,105,000	$192,622
Clifton City	$4,581,000	$1,455,129
Clinton Town	$11,547,749	$3,627,213
Clinton Township	$264,000	$87,631
Clinton Township SA	$2,085,074	$584,415
Collingswood Borough	$2,349,513	$728,548
Consumers NJ Water Company	$3,473,961	$1,207,131
Continental Communities L.L.C.	$2,946,788	$708,952
Cranford Township	$7,350,728	$2,138,317
Cumberland County UA	$3,763,785	$995,268
Delanco Township SA	$1,076,866	$305,181
Delran SA	$13,694,636	$4,778,843
Denville Township	$18,205,604	$7,740,241
Deptford Township MUA	$5,726,491	$1,631,308
Dover Town	$820,539	$219,660
Dumont Borough	$7,062,000	$1,870,317
Dunellen Borough	$1,845,475	$527,082
East Brookwood Estates POA	$1,357,000	$374,503
East Newark Borough	$579,562	$213,166
East Orange City	$10,087,375	$4,389,459
East Rutherford Borough	$896,793	$123,271
East Windsor MUA	$52,527,046	$17,681,903
East Windsor Township	$868,171	$335,793
Eatontown SA	$4,400,336	$1,255,500
Edgewater Borough	$3,803,741	$1,274,826
Edgewater MUA	$1,771,496	$599,029
Edgewater Park SA	$3,242,377	$767,039
Edison Township	$3,299,256	$931,723
Egg Harbor Township MUA	$980,000	$103,834
Elizabeth City	$55,528,773	$26,533,832
Elmwood Park Borough	$8,874,766	$2,344,873
Essex County UA	$2,135,414	$666,952
Evesham MUA	$15,127,502	$4,757,613
Evesham Township	$2,643,250	$1,162,800
Ewing Townshipp	$4,236,765	$1,507,523
Ewing-Lawrence SA	$13,208,067	$5,462,212
Flemington Borough	$3,855,496	$1,139,377
Florence Township	$20,837,659	$5,597,815
Florham Park SA	$3,554,134	$947,442

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BORROWER	TOTAL LOAN	SAVINGS[1]
Fort Lee Borough	$6,952,250	$1,967,754
Franklin Borough	$550,000	$181,574
Franklin Township	$3,495,733	$951,682
Franklin Twp SA	$23,818,660	$6,806,281
Free Acres Association, Inc.	$1,097,428	$254,681
Frenchtown Borough	$8,724,110	$3,394,106
Galloway Township	$2,383,191	$595,131
Garfield City	$6,122,693	$1,652,206
Gibbsboro Borough	$2,097,711	$597,438
Glen Ridge Borough	$7,246,895	$2,083,952
Gloucester City	$14,788,317	$4,406,838
Gloucester County IA	$8,230,895	$1,890,693
Gloucester County UA	$38,390,203	$11,401,133
Gloucester Township	$2,012,114	$436,962
Gloucester Township MUA	$12,461,528	$3,492,069
Great Gorge Terrace Condo Association, Inc.	$846,930	$727,439
Hackensack City	$6,865,595	$2,463,252
Hackettstown MUA	$12,154,566	$4,796,442
Haddon Township	$6,387,500	$1,843,377
Hainesport Township	$13,711,900	$3,890,696
Haledon Borough	$1,538,000	$431,780
Hamburg Borough	$1,286,000	$307,168
Hamilton Township	$5,945,429	$2,320,913
Hamilton Township MUA	$2,191,735	$768,929
Hammonton Town	$16,221,933	$6,368,277
Hanover SA	$20,917,458	$8,792,786
Harrington Park Borough	$345,125	$20,438
Harrison Town	$5,622,704	$1,772,786
Harrison Township	$6,810,754	$1,854,117
Harvey Cedars Borough	$1,676,634	$494,971
Hawthorne Borough	$9,272,567	$2,986,757
High Bridge Borough	$926,941	$343,512
Hightstown Borough	$7,870,987	$2,786,004
Hillsborough Township	$5,951,936	$1,739,219
Hillside Township	$1,307,873	$654,320
Holmdel Township	$5,902,119	$2,017,568
Hopatcong Borough	$17,124,545	$5,010,131
Howell Township	$577,334	$847,145
Hudson CIA (Bayonne Crossing)	$18,726,295	$8,154,854
Hudson CIA (Harrison)	$16,816,913	$5,076,479
Irvington Township	$3,885,832	$2,006,423
Island Heights Borough	$5,129,500	$1,239,237
Jackson Township	$577,334	$847,145
Jackson Township MUA	$18,443,109	$4,729,301
Jefferson Township	$1,387,350	$347,403
Jersey City MUA	$68,560,465	$24,925,955
Keansburg Borough	$5,790,422	$3,113,768
Kearny MUA	$11,346,953	$4,043,013
Kearny Town	$14,378,570	$4,805,447
Lake Tamarack Water Co	$41,175	$6,091
Lake Tamarack WC	$96,120	$20,011
Lakewood Township MUA	$28,032,021	$6,847,301
Lambertville MUA	$7,422,000	$5,669,469
Lambertville SA	$3,182,679	$777,871
Lavalette Borough	$1,616,960	$542,314
Lawrence Township	$1,175,095	$336,494

[1] Program Savings equals [a Borrowers estimated debt service payments, assuming their full loan amount had been borrowed at the NJEIT's AAA market rate] less [the Borrower's actual debt service payments due on their loans]. Reductions in program debt service payments due to refundings have been included in this calculation. These savings estimates do not include cost savings from shared underwriting expense.

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BORROWER	TOTAL LOAN	SAVINGS[1]
Lebanon Township	$1,106,401	$424,941
Leonia Borough	$770,607	$202,014
Linden City	$17,530,919	$4,260,667
Linden Roselle SA	$23,804,320	$7,701,100
Linwood City	$1,990,931	$350,586
Little Egg Harbor MUA	$734,362	$169,266
Livingston Township	$17,209,276	$8,665,342
Lodi Borough	$140,650	$20,137
Logan Township MUA	$2,975,000	$991,125
Long Beach Township	$21,555,802	$6,739,179
Long Branch SA	$42,793,640	$19,927,929
Long Hill Township	$13,383,597	$5,534,922
Longport Borough	$3,883,629	$1,340,093
Lopatcong Borough	$200,000	$14,161
Lower Township MUA	$5,134,300	$2,426,470
Lumberton Township	$2,072,303	$599,805
Lyndhurst Township	$13,267,776	$3,151,026
Madison Borough	$12,900,257	$6,886,650
Madison Borough (JM)	$177,216	$39,326
Magnolia Borough	$1,828,287	$462,769
Manasquan Borough	$9,370,217	$3,007,621
Manchester Township	$3,507,498	$1,263,018
Manchester UA	$5,166,375	$4,017,354
Mantua Township MUA	$3,997,023	$1,208,669
Manville Borough	$6,731,831	$2,888,249
Maple Shade Township	$31,184,299	$11,256,609
Maplewood Township	$394,262	$138,026
Margate City	$937,449	$272,768
Matawan Borough	$8,037,140	$2,033,321
Maywood Borough	$845,977	$334,029
Medford Township	$24,214,127	$8,758,612
Mercer County	$991,599	$285,310
Mercer County IA	$2,157,252	$619,373
Merchantville Borough	$2,688,640	$832,476
Merchantville-Pennsauken WC	$7,031,308	$1,919,711
Middle Township	$347,597	$101,259
Middlesex Borough	$1,694,828	$457,313
Middlesex County UA	$329,473,820	$93,215,370
Middlesex Water Company	$46,638,909	$12,800,933
Middletown Township SA	$15,222,686	$4,415,168
Midland Park Borough	$512,891	$183,101
Millburn Township	$2,076,373	$601,238
Milltown Borough	$2,878,553	$970,525
Millville City	$19,675,429	$8,619,413
Mine Hill Township	$1,804,557	$591,471
Monmouth County BOA	$1,818,952	$519,301
Monmouth County IA	$1,350,828	$149,707
Monroe Township	$2,835,280	$1,066,275
Montclair State University	$2,628,290	$670,214
Montclair Township	$8,358,318	$2,517,190
Montgomery Township	$41,646,147	$17,854,361
Montville Township	$4,201,069	$1,281,972
Montville Twp MUA	$6,647,108	$2,869,552
Moonachie Borough	$407,701	$58,686
Morris Township	$35,062,126	$16,240,408
Morristown Town	$56,186,196	$27,343,693

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BORROWER	TOTAL LOAN	SAVINGS[1]
Mount Arlington Borough	$9,938,480	$2,982,384
Mount Holly MUA	$26,287,025	$6,735,287
Mount Holly Water Company	$13,189,909	$3,691,044
Mount Olive Township	$29,640,514	$8,957,042
Mt Laurel Twp MUA	$54,094,525	$17,996,386
Musconetcong SA	$26,649,160	$7,812,359
Neptune Township	$1,281,375	$372,999
New Brunswick City	$37,676,776	$13,750,572
New Jersey City University	$2,969,880	$1,185,086
New Jersey Water Supply Authority	$20,888,455	$6,952,126
New Milford Borough	$1,191,250	$327,985
New Providence Borough	$6,280,000	$2,601,600
Newark City	$182,743,020	$89,395,122
Newton Town	$12,722,306	$6,068,575
NJ American Water Company	$123,566,920	$37,042,168
NJ Sports & Exposition Authority	$744,201	$156,211
North Arlington Borough	$507,322	$181,978
North Bergen MUA	$51,931,981	$22,635,942
North Brunswick Township	$19,791,186	$4,989,217
North Hudson SA	$155,258,380	$60,884,036
North Jersey District WSC	$20,708,745	$6,660,062
North Plainfield Borough	$2,154,442	$726,506
North Wildwood City	$5,755,952	$1,740,168
Northeast Monmouth County RSA	$49,357,977	$16,033,977
Northwest Bergen County UA	$32,028,841	$10,278,897
Norwood Borough	$1,036,850	$249,569
Nutley Township	$5,537,148	$1,558,080
Oaklyn Borough	$1,298,868	$406,139
Ocean County	$5,865,589	$7,137,694
Ocean County UA	$229,628,780	$72,422,675
Ocean Gate Borough	$854,092	$426,802
Ocean Township	$4,076,863	$1,222,818
Ocean Township SA	$23,654,504	$7,195,775
Oceanport Borough	$23,149,779	$7,311,685
Old Bridge MUA	$47,721,413	$13,995,967
Old Bridge Township	$9,148,278	$3,054,061
Old Tappan Borough	$12,773,936	$4,337,051
Oradell Borough	$693,875	$166,468
Orange Township City	$11,595,473	$3,141,527
Paramus Borough	$1,661,330	$623,550
Parsippany - Troy Hills Township	$25,862,149	$12,370,568
Passaic Valley SC	$200,778,187	$76,149,778
Passaic Valley WC	$84,100,953	$25,706,759
Paterson City	$25,375,227	$10,969,911
Pemberton Township	$989,801	$268,890
Pennsauken SA	$929,000	$257,067
Pennsgrove Water SC	$2,219,940	$631,970
Pennsville Township	$6,456,745	$1,892,047
Pequannock River Basin RSA	$12,913,542	$6,778,187
Pequannock, Lincoln Park & Fairfield SA	$18,280,613	$8,649,962
Pequannock, Lincoln Pk, Fairfield	$6,579,900	$2,691,589
Perth Amboy City	$6,716,630	$2,033,872
Phillipsburg	$29,802,375	$16,110,858
Pine Hill Boro MUA	$3,099,172	$955,442
Plainfield Area RSA	$8,009,080	$2,797,087
Pleasantville City	$1,121,841	$438,794

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BORROWER	TOTAL LOAN	SAVINGS[1]
Point Pleasant Beach Borough	$2,522,812	$995,585
Pompton Lakes Borough MUA	$15,546,328	$7,773,744
Princeton	$31,212,157	$11,540,187
Rahway City	$2,355,475	$637,140
Rahway Valley SA	$189,532,656	$54,417,181
Ramsey Borough	$1,999,175	$482,538
Randolph Township	$13,533,063	$5,910,164
Raritan Township MUA	$14,894,053	$6,765,512
Readington Township	$2,415,097	$743,810
Red Bank Borough	$2,720,227	$2,180,608
Ridgefield Borough	$990,000	$338,201
Ridgefield Park Village	$2,133,780	$760,004
Ridgewood Village	$18,932,172	$5,762,203
River Edge Borough	$566,627	$204,876
Riverside SA	$6,692,743	$2,046,257
Riverside Water Reclamation Authority	$1,589,040	$439,381
Robbinsville Township	$1,360,000	$393,354
Rockaway Valley RSA	$20,257,784	$5,738,578
Roosevelt Borough	$540,000	$157,921
Roselle Borough	$1,943,011	$751,180
Rosemont WC	$120,782	$31,238
Roxbury Township	$34,388,746	$17,371,648
Runnemede Borough	$2,047,000	$590,077
Runnemede Borough SA	$1,572,106	$503,443
Saddle Brook Township	$2,023,154	$499,004
Saddle River Borough	$2,094,855	$571,221
Salem City	$12,963,001	$9,361,334
Sayreville Borough	$34,555,000	$10,347,576
Sea Girt Borough	$4,495,140	$1,205,065
Seaside Park Borough	$12,426,409	$3,976,006
Secaucus MUA	$2,729,623	$2,146,034
Secaucus Town	$3,325,000	$1,242,025
Ship Bottom Borough	$3,834,455	$1,226,044
Shorelands Water Company	$5,630,000	$1,432,576
Somerdale Borough	$830,528	$252,872
Somers Point City	$2,875,000	$676,561
Somerset Raritan Valley SA	$58,136,795	$18,683,824
South Hackensack Township	$1,441,280	$486,104
South Jersey Water Supply Company	$371,098	$91,050
South Monmouth Regional SA	$5,996,270	$1,570,937
South Orange Township	$408,405	$321,651
South River Borough	$6,112,500	$2,076,833
Southeast Monmouth MUA	$7,938,389	$2,268,968
Stafford MUA	$4,368,651	$1,482,365
Stafford Township	$36,776,552	$11,607,793
Stillwater Township WD #1	$240,833	$47,960
Stockton Borough	$1,566,599	$490,443
Stone Harbor Borough	$11,967,049	$3,571,137
Stony Brook RSA	$21,742,873	$9,634,600
Sussex Borough	$1,707,400	$398,970
Sussex County MUA	$11,497,587	$2,217,231
Swedesboro Borough	$95,589	$13,070
Tewksbury Township	$413,961	$134,285
Toms River MUA	$10,105,000	$2,868,572
Toms River Township	$1,484,912	$1,281,156
Trenton City	$131,315,560	$49,159,897

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BORROWER	TOTAL LOAN	SAVINGS[1]
Tuckerton Borough	$1,811,164	$526,751
Union Beach Borough	$600,000	$203,177
Union Township	$1,628,130	$566,427
Valley View Health Care RC	$24,252	$5,124
Verona Township	$22,863,811	$10,721,413
Vineland City	$4,858,750	$3,830,753
Vorhees Township	$6,349,596	$2,372,137
Waldwick Borough	$2,941,564	$775,207
Wall Township	$6,966,095	$2,049,669
Wanaque Valley RSA	$3,432,500	$2,704,060
Warren County Pequest River MUA	$6,354,515	$1,793,744
Warren Twp SA	$6,524,752	$3,103,762
Washington Borough	$17,233,521	$5,489,050
Washington Twp MUA	$15,789,784	$4,967,699
Watchung Borough	$2,243,883	$728,564
Waterford Township MUA	$5,454,244	$1,500,043
Wayne Township	$14,759,658	$6,127,786
Weehawken Township	$8,734,336	$1,970,689
West Deptford Township	$16,999,696	$4,527,436
West Milford Township MUA	$11,327,665	$6,046,224
West Orange Township	$5,222,006	$2,146,961
West Paterson Borough (Woodland Park Borough)	$5,183,430	$1,815,265
West Windsor Township	$3,269,984	$944,049
Western Monmouth UA	$9,149,978	$3,053,126
Westville Borough	$2,340,745	$618,041
Westwood Borough	$6,030,781	$1,477,000
Wharton Borough	$465,596	$133,835
Wildwood City	$1,246,500	$369,602
Wildwood Crest Borough	$4,611,677	$1,316,100
Willingboro MUA	$13,961,946	$8,710,841
Willingboro Township	$1,187,400	$467,151
Winslow Township	$12,819,449	$4,271,173
Wonder Lakes Properties, Inc.	$141,202	$16,997
Woodbridge Township	$884,595	$206,658
Woodbury City	$5,879,898	$1,640,020
Woodbury Heights Boro	$941,910	$323,244
Woodstown SA	$6,379,625	$2,300,323
TOTAL ESTIMATED PROGRAM SAVINGS	$5,965,328,670	$2,125,739,305

[1] Program Savings equals [a Borrowers estimated debt service payments, assuming their full loan amount had been borrowed at the NJEIT's AAA market rate] less [the Borrower's actual debt service payments due on their loans]. Reductions in program debt service payments due to refundings have been included in this calculation. These savings estimates do not include cost savings from shared underwriting expense.

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APPENDIX

INDEPENDENT AUDITOR'S REPORT

Trickling Filters
Hanover Sewerage Authority
SFY 2012 NJEIFP Loan: $4,802,729

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NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

(A Component Unit of the State of New Jersey)

Comprehensive Annual Financial Report

June 30, 2012

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NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
(A Component Unit of the State of New Jersey)

Comprehensive Annual Financial Report

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MERCADIEN, P.C.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To The Board of Directors
New Jersey Environmental Infrastructure Trust
(A Component Unit of the State of New Jersey)

We have audited the accompanying basic financial statements of the business-type activities of the New Jersey Environmental Infrastructure Trust, a component unit of the State of New Jersey (the "Trust"), as of and for the year ended June 30, 2012 and 2011, which collectively comprise the Trust's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the Trust as of June 30, 2012 and 2011, and the respective changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 23, 2012 and October 12, 2011, on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of the State of New Jersey, the Board of Directors, the audit committee, management and others within the Trust and is not intended to be, and should not be, used by anyone other than these specified parties.

Mercadien, P.C.
Certified Public Accountants

October 23, 2012

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MERCADIEN, P.C.
Certified Public Accountants

INDEPENDENT AUDITORS' 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*

To the Board of Directors of
New Jersey Environmental Infrastructure Trust

We have audited the basic financial statements of New Jersey Environmental Infrastructure Trust, a component unit of the State of New Jersey (the "Trust"), as of and for the year ended June 30, 2012, and have issued our report thereon dated October 23, 2012. 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.

Internal Control Over Financial Reporting

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

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

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

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INDEPENDENT AUDITORS' 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* (CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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.*

This report is intended solely for the information and use of the State of New Jersey, the Board of Directors, the audit committee, management and others within the Trust and is not intended to be, and should not be, used by anyone other than these specified parties.

Mercadien, P.C.
Certified Public Accountants

October 23, 2012

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NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

This section of the annual financial report of New Jersey Environmental Infrastructure Trust (the "Trust") presents management's discussion and analysis of the Trust's financial performance during the fiscal year ended June 30, 2012. Please read this section in conjunction with the Trust's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- The Trust's net assets increased by $6,398,464, or 2%
- Cash and investments decreased by $35,874,368, or 6%
- Loans receivable increased by $50,041,833, or 4%
- Bonds payable increased by $9,472,085, or 1%

During fiscal year 2012, the Trust issued three series of new bonds and multiple direct loans, creating 82 new loans resulting in a loans receivable increase of 4%. Cash and investments were largely used for project cost reimbursements for approximately 63 borrowers, resulting in cash and investments decreasing by 6%. The Trust also issued three issues of refunding bonds which, along with the three new series of bonds resulted in a bonds payable increase of 1%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This comprehensive annual financial report consists of two parts, the Management's Discussion and Analysis (this section) and the basic financial statements, including notes. The Trust is an independent State financing entity. The accounting policies of the Trust conform to accounting principles generally accepted in the United States of America as applicable to enterprise funds.

The Trust's financial statements report information about the Trust using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about the Trust's activities. The balance sheet includes all of the Trust's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to bondholders (liabilities). All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses and changes in net assets. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Trust's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and non-capital financing activities and provides answers to such questions as where cash came from, what cash was used for, and what the change in the cash balance was during the reporting period.

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FINANCIAL ANALYSIS OF THE TRUST

Since the purpose of the Trust is to improve the environment by making loans to local government entities and water purveyors throughout the State, the Trust must sell bonds in order to provide the necessary funding for these projects. Therefore, when reviewing the Trust's balance sheet, its performance should be measured by its liabilities, not its assets. The bonds payable reflects the amount of public bonds outstanding. The current assets consist of committed funds that have not been requested by the borrowers. The loans receivable is the amount of loans net of funds not yet requisitioned. As a result, analyzing the assets would not be the appropriate measurement of the Trust's success. In addition, the Trust does not hold any capital assets. All capital assets are held by the borrowers.

Net Assets-The following table summarizes the balance sheet changes between June 30, 2012 and 2011:

	2012	2011	Percent Increase (Decrease)
Current assets	$ 623,702,675	$ 645,315,168	(3%)
Non-current assets	1,317,307,721	1,282,103,259	3%
Total assets	1,941,010,396	1,927,418,427	1%
Bonds payable	1,613,392,621	1,603,920,536	1%
Other liabilities	21,595,615	23,874,195	(10%)
Total liabilities	1,634,988,236	1,627,794,731	0%
Restricted	268,403,561	265,306,058	1%
Unrestricted	37,618,599	34,317,638	10%
Total net assets	$ 306,022,160	$ 299,623,696	2%

The table above illustrates that the Trust's net assets have increased from $299,623,696 to $306,022,160. The total amount deposited to the Project Fund from bond proceeds was $100,772,900. The remaining amount is unrestricted funds. At June 30, 2012, bonds payable amounted to $1,613,392,621. During the year, the Trust issued bonds in the amount of $117,495,000 and retired $120,150,657.

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FINANCIAL ANALYSIS OF THE TRUST (CONTINUED)

The following table summarizes the changes in net assets between fiscal years 2012 and 2011:

	2012	2011	Percent Increase (Decrease)
Operating revenues	$ 66,639,467	$ 69,640,722	(4%)
Total revenues	66,639,467	69,640,722	(4%)
Interest expense	56,781,723	55,069,479	3%
Administrative expenses	3,459,280	2,554,420	35%
Total expenses	60,241,003	57,623,899	5%
Change in net assets	$ 6,398,464	$ 12,016,823	(47%)

While the balance sheets show the change in financial position, the statements of revenues, expenses and changes in net assets illustrate the investment income and interest repayments from the borrowers, as well as administrative fees received by the Trust as compared to the interest expense payments made on the outstanding bonds, a portion of the change in net assets represents investment income earned on the Project Fund investments and the Debt Service Fund, as well as administrative expenses paid by the Trust. The income earned in each of these funds is credited to the borrowers through reduced interest payments; the Trust does not benefit from this income. The remainder of the change in net assets is attributable to the net of Trust administrative fees and expenses, and investment income earned on the Trust's assets.

OTHER FINANCIAL INFORMATION

On May 3, 2012, the Trust sold, by competitive bid, Series 2012A, B and C bonds to capitalize the 2012 NJ Environmental Infrastructure Financing Program. Under the Trust Direct Loan Program, 19 loans were issued this fiscal year.

The Trust's Bond Series 2012A was sold to Barclays Capital Inc., which was the low bidder with a true interest cost of 2.73%. The bond series is tax exempt and uninsured and was rated AAA, Aaa, and AAA by Fitch Investors Services, Inc., Moody's Investors Service and Standard & Poor's Corp., respectively. As a result of the issue, 57 projects received funding.

The Trust's Bond Series 2012B was sold to Wells Fargo Bank, NA, which was the low bidder with a true interest cost of 3.22%. The bond series is Alternative Minimum Taxable ("AMT") and uninsured and was rated AAA, Aaa, and AAA by Fitch Investors Services, Inc., Moody's Investors Service and Standard & Poor's Corp., respectively. As a result of the issue, 5 projects received funding.

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OTHER FINANCIAL INFORMATION (CONTINUED)

The Trust Bond Series 2012C was sold to Janney Montgomery Scott LLC, which was low bidder with a true interest cost of 3.54%. The bond series is federally taxable and uninsured and was rated AAA, Aaa, AAA by Fitch Investors Services, Inc., Moody's Investors Service and Standard and Poor's Corp., respectively. As a result of this issue, one project received funding.

Loans to borrowers in the 2012 program combine proceeds of the bond sale, lent at market rate, with interest-free loans from the State of New Jersey, Department of Environmental Protection Clean Water State Revolving Fund and Drinking Water State Revolving Fund. Thus, most public borrowers will pay a composite interest rate on their loans of under 2%.

On August 14, 2012, the Trust issued and sold three (3) new Series of Refunding Bonds to take advantage of the current low interest rate environment for Trust Program borrowers. The proceeds of these three Series of Refunding Bonds, Series 2012A-R Bonds, Series 2012B-R Bonds and Series 2012C-R Bonds refunded $228.2 million of outstanding Trust Bonds which resulted in the Trust passing on a reduction of interest payments owed by participating borrowers that totaled more than $25 million dollars.

The Series 2012A-R Refunding Bonds were sold on a tax-exempt basis in the aggregate principal amount of $200.9 million and refunded all of the outstanding Series 1998F and Series 1998G Bonds, and a portion of Series 2004A, Series 2005A and Series 2006A Bonds. The winning bid for the Series 2012A-R Refunding Bonds was submitted by Bank of America Merrill Lynch with a True Interest Cost ("TIC") of 1.806%.

The Series 2012B-R Refunding Bonds were sold on a taxable basis in the aggregate principal amount of $1.26 million and refunded all the outstanding Series 1995B Bonds and a portion of Series 2001C Bonds. The Series 2012C-R Refunding Bonds were sold on a taxable basis in the aggregate principal amount of $9.0 million and refunded all of the outstanding Series 2003A Bonds. Given the small size of the Series 2012B-R Refunding Bonds, competitive bidding for this Series was combined with the sale of the Series 2012C-R Refunding Bond Series on an "all-or-none" basis. Janney Montgomery Scott submitted the winning bids with a TIC of 1.931% for the Series 2012B-R Refunding Bonds and a TIC of 2.375% for the Series 2012C-R Refunding Bonds.

CONTACTING THE TRUST'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, borrowers, investors and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the State appropriations and bond proceeds it receives. If you have any questions about this report or need additional financial information, contact the Trust's Executive Director at 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey 08648.

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NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

(A Component Unit of the State of New Jersey)

BALANCE SHEETS

	June 30, 2012	June 30, 2011
ASSETS		
Current Assets		
Cash and cash equivalents	$ 31,896,678	$ 30,070,142
Other assets	2,527,666	2,355,666
Restricted assets		
Cash and cash equivalents	235,856,569	295,248,161
Investments	232,322,593	198,438,515
Interest receivable	24,232,973	25,043,175
Loans receivable	96,866,196	94,159,509
Total Current Assets	623,702,675	645,315,168
Non-current Assets		
Fixed assets	87,741	37,623
Restricted assets		
Investments	79,057,046	91,250,436
Loans receivable	1,228,740,528	1,181,405,382
Deferred issuance costs	9,422,406	9,409,818
Total Non-current Assets	1,317,307,721	1,282,103,259
Total Assets	$ 1,941,010,396	$ 1,927,418,427
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 914,908	$ 773,408
Accrued interest payable	20,680,707	23,100,787
Current portion of bonds payable	95,776,484	93,974,223
Total Current Liabilities	117,372,099	117,848,418
Non-current Liabilities		
Bonds payable	1,517,616,137	1,509,946,313
Total Non-current Liabilities	1,517,616,137	1,509,946,313
Total Liabilities	1,634,988,236	1,627,794,731
Net Assets		
Restricted for debt service	256,595,153	253,511,544
Restricted for Interim Financing Trust Loan Program	11,808,408	11,794,514
Unrestricted	37,618,599	34,317,638
Total Net Assets	306,022,160	299,623,696
Total Liabilities and Net Assets	$ 1,941,010,396	$ 1,927,418,427

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NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
(A Component Unit of the State of New Jersey)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	Year ended June 30,	
	2012	2011
Operating revenues		
Investment income	$ 1,409,155	$ 2,476,570
Interest income from loans	59,256,082	61,370,613
Administrative fees	5,974,230	5,793,539
Total operating revenues	66,639,467	69,640,722
Operating expenses		
Interest expense	56,781,723	55,069,479
Administrative expenses	3,459,280	2,554,420
Total operating expenses	60,241,003	57,623,899
Operating income	6,398,464	12,016,823
Net assets, beginning of year	299,623,696	287,606,873
Net assets, end of year	$ 306,022,160	$ 299,623,696

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NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

(A Component Unit of the State of New Jersey)

STATEMENTS OF CASH FLOWS

	Year ended June 30, 2012	Year ended June 30, 2011
Cash Flow from Operating Activities		
Cash received for administrative fees	$ 5,857,163	$ 5,720,132
Cash payments for goods and services	(1,853,294)	(1,316,118)
Cash payments for salaries	(1,445,859)	(1,334,908)
Disbursement of loan funds to borrowers	(134,345,629)	(161,124,999)
Principal received from loans to borrowers	82,610,822	81,727,725
Interest received from loans to borrowers	61,192,397	58,843,658
Interest paid on bond maturities	(65,442,448)	(60,312,503)
Interest on investments	2,398,943	4,102,128
Net cash used in operating activities	(51,027,905)	(73,694,885)
Cash Flows from Non-Capital Financing Activities		
Proceeds from sale of bonds	105,208,035	134,144,829
Principal paid on bond maturities	(88,965,657)	(75,345,000)
Issuance and servicing costs paid	(542,237)	(436,131)
Net cash provided by non-capital financing activities	15,700,141	58,363,698
Cash Flows from Capital and Related Financing Activities		
Acquisition of fixed assets	(71,631)	(17,250)
Net cash used in capital and related financing activities	(71,631)	(17,250)
Cash Flows from Investing Activities		
Purchase of investments	(224,055,510)	(122,082,433)
Proceeds from sale and maturity of investments	201,889,849	161,738,869
Net cash (used in) provided by investing activities	(22,165,661)	39,656,436
Net (decrease) increase in cash and cash equivalents	(57,565,056)	24,307,999
Cash and cash equivalents, beginning of year	325,318,303	301,010,304
Cash and cash equivalents, end of year	$ 267,753,247	$ 325,318,303
Displayed as		
Cash and cash equivalents - unrestricted	$ 31,896,678	$ 30,070,142
Cash and cash equivalents - restricted	235,856,569	295,248,161
	$ 267,753,247	$ 325,318,303
Reconciliation of Operating Income to Net Cash Used In Operating Activities		
Operating income	$ 6,398,464	$ 12,016,823
Adjustments to reconcile operating income to net cash used in operating activities		
Depreciation	21,513	15,957
Net unrealized gain on investments	474,973	1,127,704
Amortization of bond discounts and premiums	(4,031,237)	(2,971,175)
Amortization of deferral on bond refunding	(2,739,057)	(2,658,961)
Amortization of deferred issuance costs	529,650	404,143
Change in assets and liabilities		
Increase in other assets	(172,000)	(45,311)
(Increase) decrease in interest receivable	810,203	(2,889,387)
Increase in loans receivable	(50,041,833)	(78,569,366)
(Decrease) increase in accounts payable	141,499	(108,281)
Decrease in accrued interest payable	(2,420,080)	(17,031)
Net cash used in operating activities	$ (51,027,905)	$ (73,694,885)

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A. ORGANIZATION AND FUNCTION OF THE TRUST

The New Jersey Wastewater Treatment Trust was created by the Legislature of the State of New Jersey (the "State") in November 1985 as an independent State financing authority. On June 23, 1997, the State Legislature passed amendments to rename the entity the New Jersey Environmental Infrastructure Trust (the "Trust"). The Trust leverages federal and state dollars to finance environmental infrastructure projects. It issues revenue bonds in order to make loans to local governments and private water companies for the construction and rehabilitation of eligible projects. The Trust is a component unit of the State of New Jersey, and accordingly, the financial statements of the Trust are included in the financial statements of the State of New Jersey.

In addition to a loan from the Trust, the borrowers receive an interest-free loan administered by the New Jersey Department of Environmental Protection (the "Department"). The sources for the loans are State general obligation bond issuances that were approved to capitalize the various loan funds and the Federal Capitalization Grant under the Clean Water Act and the Drinking Water Act (the "Funds"). The accompanying financial statements do not include any assets, liabilities or fund balances of the Funds. However, the financial statements of the Funds are included as additional information in the accompanying comprehensive annual financial report of the Trust. Under the terms of the Trust agreement, the assets of the Trust cannot be used to satisfy the obligations of the Funds.

Either the Trust or the Fund may finance up to 75% of the allowable project costs. The Trust lends its share of allowable costs to borrowers for various terms up to a maximum of 20 years at a rate equal to or less than the interest rate on its revenue bonds. Such loan repayments will be used to pay debt service on the Trust's revenue bonds. The Trust maintains an internally designated State Revolving Fund, which consists of Clean Water and Drinking Water projects, to separately account for the portion of these Trust loan financings that have been matched by federal sources from the Fund.

The Trust is administered by an executive director and staff, under the guidance of the board of directors, that appoint trustees (currently both U.S. Bank and Bank of New York Mellon) and loan servicers (currently U.S. Bank, Bank of New York Mellon and TD Bank). The initial proceeds from a bond issuance are invested and held by the trustee. The Trust authorizes the trustee to disburse funds to the borrowers based on a review and approval process to verify that the disbursed funds are within the drawdown limits outlined in the loan agreements. The loan servicer receives all repayments of principal and interest from the borrowers and forwards such funds to the trustee and the Master Program Trustee (U.S. Bank) or the department, as appropriate. The trustee invests the monies received in the applicable fund (see Note C). For the 2004 and later loans, the Trust's accounting staff is acting as loan servicer.

As a public body under existing statute, the Trust is exempt from both federal and state taxes.

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B. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Trust conform to accounting principles generally accepted in the United States of America. The following is a summary of significant accounting policies:

Basis of Accounting

The accrual basis of accounting is followed by the Trust.

In its accounting and financial reporting, the Trust follows the pronouncements of the Governmental Accounting Standards Board ("GASB") and other entities that promulgate accounting principles. Per GASB Statement 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, priority is established as to which source of accounting principles to utilize in determining proper accounting treatment. The hierarchy is as follows: GASB Statements and Interpretations; GASB Technical Bulletins; American Institute of Certified Public Accountants ("AICPA") Industry Audit and Accounting Guides and AICPA Statements of Position, if applicable, and cleared by GASB; AICPA Practice Bulletins, if applicable, and cleared by GASB; Implementation Guides published by the GASB; AICPA pronouncements that are not specially applicable to state and governmental entities; Financial Accounting Standards Board ("FASB") Statements and Interpretations; and Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee of Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Trust has elected to follow GASB pronouncements issued after November 30, 1989.

As required by Executive Order No. 122 (McGreevey), the Trust's financial statements are audited in accordance with Generally Accepted Government Auditing Standards ("GAGAS"), issued by the Comptroller General of the United States of America, on behalf of the United States Government Accountability Office ("GAO").

Cash and Cash Equivalents and Investments

Investments are purchased with the intent to hold to maturity. Investments, which consist primarily of U.S. Government obligations, are stated at fair value and mature in periods ranging from one to five years. Cash equivalents include funds invested in the New Jersey Cash Management Fund, First American Government Obligation and the Goldman Sachs Treasury Obligation Money Market Fund.

Deferred Issuance Costs

Bond issuance costs, primarily underwriting discounts, are amortized over the life of the related bond issuance using the effective interest method.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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C. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk

The Trust does not have a policy for custodial credit risk. However, the NJCMF is a pooled investment. GASB Statement 40 states that pooled investments are excluded from custodial credit risk disclosure.

Cash and cash equivalents and investments are substantially restricted under the terms of the Trust's bond resolutions for the payment of bond principal and interest expense and the extension of project loans. The bond resolutions limit investments to obligations of the U.S. government or its agencies, investments in certain certificates of deposit of commercial banks that are members of the Federal Reserve System, investments in cash management pools that restrict investments to U.S. government securities, money market funds that invest in high-grade AAA-rated securities, and direct and general obligations of any state that meets the minimum requirements of the resolution. The Trust has a separate investment policy for its assets.

The amounts of cash and cash equivalents in the accounts, are as follows:

	June 30,	
	2012	2011
Operating Checking (TD Bank)	$ 6,709	$ 87,570
Cash Management Fund	11,084	351,109
Investments (TD Bank) (categorized as CE)	31,680,609	19,210,866
GS SQ Treasury Obligation (TD Bank MM)	1,161,469	-
First American Treasury (US Bank MM)	207,358,372	257,610,262
GS SQ Treasury Obligation (BONY MM)	27,535,004	48,058,496
TOTAL	$ 267,753,247	$ 325,318,303

Pursuant to the bond resolutions, the Trust is required to maintain certain invested reserves with the trustees to fund potential deficiencies in principal and interest required to be paid in succeeding fiscal years. The funds known as the debt service reserve requirement, aggregated $100,249,529 and $113,474,250 at June 30, 2012 and 2011, respectively, and are included in net assets.

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C. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

As of June 30, 2012 and 2011, the Trust had the following investments and maturities:

June 30, 2012

Investment Type	Fair Value	Investment Maturity (In Years) Less than 1	1-5	6-10	More than 10
US Treasury Bills	$ 36,013,467	$ 36,013,467	$ -	$ -	$ -
US Treasury Notes	96,736,509	92,056,678	4,679,831	-	-
US Treasury SLUGs	51,264,236	45,885,312	5,378,924	-	-
US Gov't Other	126,767,309	57,769,018	68,998,291	-	-
Uninvested Cash	598,118	598,118	-	-	-
	$311,379,639	$232,322,593	$ 79,057,046	$ -	$ -

June 30, 2011

Investment Type	Fair Value	Investment Maturity (In Years) Less than 1	1-5	6-10	More than 10
US Treasury Bills	$ 1,996,933	$ 1,996,933	$ -	$ -	$ -
US Treasury Notes	121,713,323	43,373,835	78,339,488	-	-
US Treasury SLUGs	70,898,886	67,518,967	3,379,919	-	-
US Gov't Other	94,460,065	84,929,035	9,531,030	-	-
Uninvested Cash	619,744	619,744	-	-	-
	$289,688,951	$198,438,514	$ 91,250,437	$ -	$ -

Credit Risk

All assets related to bond proceeds are invested by the Trust following the investment policies and restrictions as disclosed above under the custodial credit risk section. Most significantly, these investments must be obligations of the U.S. government. All other assets are invested pursuant to the Trust's separate investment policy. This policy limits the type and ratings of securities allowable as well as providing diversification requirements.

Interest Rate Risk

The Trust seeks to minimize interest rate risk, the risk that the market value of securities in the portfolio will fall due to changes in interest rates, by structuring the Investment portfolio so that securities mature to meet a projected liability schedule, thereby avoiding the need to sell securities prior to maturity.

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D. BONDS PAYABLE

Changes in bonds payable for the year ended June 30, 2012, were as follows:

	Balance at June 30, 2011	Issued	Retired	Balance at June 30, 2012	Amount Due Within One Year
1995 Series					
Series B Bonds, insured, maturing serially through 2015, at interest rate of 7.0%	$ 875,000	$ -	$ 150,000	$ 725,000	$ 165,000
1997 Refunding Series					
Series D Bonds, insured, maturing serially through 2012, at interest rate of 7.00%	1,320,000	-	1,320,000	-	-
1998 Refunding Series					
Series C Bonds, uninsured, maturing serially through 2012, at interest rates from 5.00% to 5.25%	4,420,000	-	4,420,000	-	-
Series D Bonds, uninsured, maturing serially through 2012, at interest rate of 5.0%	775,000	-	775,000	-	-
Series E Bonds, uninsured, maturing serially through 2012, at interest rate of 5.0%	1,780,000	-	1,780,000	-	-
Series F Bonds, insured, maturing serially through 2014, at interest rate of 5.0%	3,840,000	-	1,220,000	2,620,000	1,275,000
Series G Bonds, insured, maturing serially through 2014, at interest rate of 5.0%	6,030,000	-	1,915,000	4,115,000	1,995,000
1998 Series					
Series B Bonds, uninsured AMT, maturing serially through 2012, at interest rates from 4.5% to 4.625%	4,405,000	-	4,405,000	-	-
2000 Series					
Series A Bonds, uninsured, maturing serially through 2012, at interest rate of 5.00%	285,000	-	140,000	145,000	145,000
2001 Series					
Series A Bonds, uninsured, maturing serially through 2013, at interest rate of 5.50%	21,335,000	-	6,740,000	14,595,000	7,105,000
Series B Bonds, uninsured AMT, maturing serially through 2021, at interest rate of 5.00%	18,730,000	-	15,685,000	3,045,000	1,485,000
Series C Bonds, uninsured Federally Taxable, maturing serially through 2021, at interest rates from 5.5% to 6.6%	930,000	-	60,000	870,000	65,000
2002 Series					
Series A Bonds, uninsured, maturing serially through 2014, at interest rates from 5.00% to 5.25%	10,655,000	-	4,150,000	6,505,000	4,360,000
Series B Bonds, uninsured, maturing serially through 2012, at interest rates from 4.00% to 5.00%	14,090,000	-	14,090,000	-	-
2003 Refunding Series					
Series A Bonds, insured, maturing serially through 2013, at interest rate of 5.00%	9,010,000	-	4,690,000	4,320,000	4,320,000
2003 Series					
Series A Bonds, uninsured, maturing serially through 2024, at interest rates from 3.00% to 5.00%	16,060,000	-	3,290,000	12,770,000	3,450,000
2004 Refunding Series					
Series A Bonds, uninsured, maturing serially through 2015, at interest rates from 5.00% to 5.25%	9,985,000	-	1,815,000	8,170,000	1,895,000
2004 Series					
Series A Bonds, uninsured, maturing serially through 2024, at interest rates from 4.00% to 5.00%	51,050,000	-	5,210,000	45,840,000	5,455,000
Series B Bonds, uninsured AMT, maturing serially through 2024, at interest rates from 3.125% to 5.50%	13,905,000	-	1,710,000	12,195,000	830,000

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D. BONDS PAYABLE (CONTINUED)

	Balance at June 30, 2011	Issued	Retired	Balance at June 30, 2012	Amount Due Within One Year
2005 Series					
Series A Bonds, uninsured, maturing serially through 2025, at interest rates from 4.00% to 5.00%	103,525,000	-	5,170,000	98,355,000	5,415,000
Series B Bonds, uninsured AMT, maturing serially through 2025, at interest rates from 4.00% to 4.70%	2,685,000	-	130,000	2,555,000	135,000
2005 BCIA/ENCAP Golf Holdings					
Variable rate bond series maturing through 2025, with weekly interest rate calculations	88,413,346	-	-	88,413,346	6,315,239
2006 Refunding Series					
Series A Bonds, uninsured, maturing serially through 2020, at interest rate of 5.00%	39,210,000	-	-	39,210,000	-
Series B Bonds, uninsured, maturing serially through 2019, at interest rates from 4.00% to 5.00%	30,010,000	-	2,750,657	27,259,343	2,881,245
Series C Bonds, uninsured, maturing serially through 2017, at interest rates from 4.00% to 5.00%	14,075,000	-	1,765,000	12,310,000	1,840,000
Series D Bonds, uninsured, maturing serially through 2016, at interest rates from 4.00% to 5.00%	15,665,000	-	2,365,000	13,300,000	2,455,000
2006 Series					
Series A Bonds, uninsured, maturing serially through 2026, at interest rates from 4.00% to 5.00%	128,845,000	-	6,120,000	122,725,000	6,425,000
Series B Bonds, uninsured, maturing serially through 2026, at interest rates from 4.00% to 5.00%	19,670,000	-	880,000	18,790,000	915,000
2007 Refunding Series					
Series A Bonds, uninsured, maturing serially through 2021, at interest rates of 5.00% to 5.25%	51,940,000	-	-	51,940,000	-
Series B Bonds, uninsured, maturing serially through 2022, at interest rates from 4.00% to 5.25%	35,640,000	-	-	35,640,000	-
Series C Bonds, uninsured, maturing serially through 2022, at interest rate of 5.00%	38,830,000	-	-	38,830,000	-
Series D Bonds, uninsured AMT, maturing serially through 2016, at interest rate of 5.00%	2,035,000	-	305,000	1,730,000	325,000
2007 Series					
Series A Bonds, uninsured, maturing serially through 2027, at interest rates from 3.40% to 5.00%	198,190,000	-	9,740,000	188,450,000	10,210,000
2008 Refunding Series					
Series A Bonds, uninsured, maturing serially through 2018, at interest rates of 3.25% to 4.50%	20,780,000	-	2,280,000	18,500,000	2,395,000
2008 Series					
Series A Bonds, uninsured, maturing serially through 2028, at interest rates from 5.00% to 5.50%	126,010,000	-	4,550,000	121,460,000	5,115,000
2009 Series					
Series A Bonds, uninsured, maturing serially through 2029, at interest rates from 2.00% to 5.00%	61,945,000	-	2,165,000	59,780,000	2,245,000
Series C Bonds, uninsured, maturing serially through 2029, at interest rates from 2.375% to 5.50%	5,695,000	-	-	5,695,000	220,000

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D. BONDS PAYABLE (CONTINUED)

	Balance at June 30, 2011	Issued	Retired	Balance at June 30, 2012	Amount Due Within One Year
2010A Series					
Series A Bonds, uninsured, maturing serially through 2029, at interest rates from 3.00% to 5.00%	127,595,000	-	3,025,000	124,570,000	6,495,000
2010 Refunding Series					
Series A Bonds, uninsured, maturing serially through 2024, at interest rates from 3.00% to 5.00%	68,570,000	-	4,865,000	63,705,000	4,965,000
Series B Bonds, uninsured, maturing serially through 2020, at interest rates from 2.00% to 4.00%	5,275,000	-	475,000	4,800,000	485,000
2010B&C Series					
Series B Bonds, uninsured, maturing serially through 2030, at interest rate of 5.00%	117,265,000	-	-	117,265,000	2,890,000
Series C Bonds, uninsured, maturing serially through 2030, at interest rates from 3.00% to 4.375%	8,050,000	-	-	8,050,000	305,000
2011 Refunding Series					
Series A Bonds, uninsured, maturing serially through 2018, at interest rates of 3.00%	-	3,095,000	-	3,095,000	400,000
Series B Bonds, uninsured, maturing serially through 2021, at interest rates from 4.00% to 5.00%	-	11,060,000	-	11,060,000	-
Series B Bonds, uninsured, maturing serially through 2020, at interest rates from 2.00% to 4.00%	-	10,310,000	-	10,310,000	800,000
2012 Series					
Series A Bonds, uninsured, maturing serially through 2031, at interest rates from 2.00% to 5.00%	-	67,765,000	-	67,765,000	-
Series B Bonds, uninsured, maturing serially through 2031, at interest rates from 2.00% to 5.00%	-	20,490,000	-	20,490,000	-
Series C Bonds, uninsured, maturing serially through 2031, at interest rates from 2.00% to 4.00%	-	4,775,000	-	4,775,000	-
Total	1,499,398,346	$ 117,495,000	$ 120,150,657	1,496,742,689	95,776,484
Less/(Plus)					
Unamortized net premiums	76,587,839			86,493,528	
Unamortized deferral on refunding	27,934,351			30,156,404	
Bonds payable - net	$1,603,920,536			$1,613,392,621	$ 95,776,484

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D. BONDS PAYABLE (CONTINUED)

	Balance at June 30, 2010	Issued	Retired	Balance at June 30, 2011	Amount Due Within One Year
1995 Series					
Series A Bonds, insured, maturing serially through 2010, at interest rate of 5.20%	$ 560,000	$ -	$ 560,000	$ -	$ -
Series B Bonds, insured, maturing serially through 2015 at interest rate of 7.00%	1,015,000	-	140,000	875,000	150,000
1997 Refunding Series					
Series D Bonds, insured, maturing serially through 2011, at interest rate of 7.00%	2,560,000	-	1,240,000	1,320,000	1,320,000
1998 Refunding Series					
Series C Bonds, uninsured, maturing serially through 2011, at interest rates from 5.00% to 5.25%	8,610,000	-	4,190,000	4,420,000	4,420,000
Series D Bonds, uninsured, maturing serially through 2012, at interest rate of 5.0%	1,505,000	-	730,000	775,000	775,000
Series E Bonds, uninsured, maturing serially through 2012, at interest rate of 5.0%	3,470,000	-	1,690,000	1,780,000	1,780,000
Series F Bonds, insured, maturing serially through 2014, at interest rate of 5.0%	4,995,000	-	1,155,000	3,840,000	1,220,000
Series G Bonds, insured, maturing serially through 2014, at an interest rate of 5.0%	7,850,000	-	1,820,000	6,030,000	1,915,000
1998 Series					
Series A Bonds, uninsured, maturing serially through 2010 at an interest rate of 4.5%	3,865,000	-	3,865,000	-	-
Series B Bonds, uninsured AMT, maturing serially through 2018, at interest rates from 4.25% to 4.625%	4,855,000	-	450,000	4,405,000	470,000
1999 Series					
Series B Bonds, uninsured AMT, maturing serially through 2010, at interest rate of 5.25%	1,560,000	-	1,560,000	-	-
2000 Series					
Series A Bonds, uninsured, maturing serially through 2012, at interest rate of 5.00%	13,920,000	-	13,635,000	285,000	140,000
Series B Bonds, uninsured, maturing serially through 2010, at interest rate of 5.00%	4,765,000	-	4,765,000	-	-
2001 Series					
Series A Bonds, uninsured, maturing serially through 2013, at interest rate of 5.5%	37,310,000	-	15,975,000	21,335,000	6,740,000
Series B Bonds (AMT), uninsured, maturing serially through 2021, at interest rate of 5.00%	20,075,000	-	1,345,000	18,730,000	1,415,000
Series C Bonds (Federally Taxable), uninsured, maturing serially through 2021, at interest rates from 5.5% to 6.6%	990,000	-	60,000	930,000	60,000

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D. BONDS PAYABLE (CONTINUED)

	Balance at June 30, 2010	Issued	Retired	Balance at June 30, 2011	Amount Due Within One Year
2002 Series					
Series A Bonds, uninsured, maturing serially through 2014, at interest rates from 5.00% to 5.25%	22,325,000	-	11,670,000	10,655,000	4,150,000
Series B Bonds, uninsured, maturing serially through 2022, at interest rates from 4.00% to 5.00%	15,160,000	-	1,070,000	14,090,000	1,110,000
2003 Refunding Series					
Series A Bonds, insured, maturing serially through 2013, at interest rate of 5.00%	13,475,000	-	4,465,000	9,010,000	4,690,000
2003 Series					
Series A Bonds, uninsured AMT, maturing serially through 2024, at interest rates from 3.00% to 5.00%	52,575,000	-	36,515,000	16,060,000	3,290,000
2004 Refunding Series					
Series A Bonds, uninsured, maturing serially through 2015, at interest rates from 5.00% to 5.25%	11,710,000	-	1,725,000	9,985,000	1,815,000
2004 Series					
Series A Bonds, uninsured, maturing serially through 2024, at interest rates from 4.00% to 5.00%	58,525,000	-	7,475,000	51,050,000	5,210,000
Series B Bonds (AMT), uninsured, maturing serially through 2024, at interest rates from 3.125% to 5.50%	14,685,000	-	780,000	13,905,000	805,000
2005 Series					
Series A Bonds, uninsured, maturing serially through 2025, at interest rates from 4.00% to 5.00%	108,435,000	-	4,910,000	103,525,000	5,170,000
Series B Bonds (AMT), uninsured, maturing serially through 2025, at interest rates from 4.00% to 4.70%	2,810,000	-	125,000	2,685,000	130,000
2005 BCIA/ENCAP Golf Holdings					
Variable rate bond series maturing through 2025, with weekly interest rate calculations	88,413,346	-	-	88,413,346	5,894,223
2006 Refunding Series					
Series A Bonds, uninsured, maturing serially through 2020, at interest rate of 5.00%	39,210,000	-	-	39,210,000	-
Series B Bonds, uninsured, maturing serially through 2019, at interest rates from 4.00% to 5.00%	32,670,000	-	2,660,000	30,010,000	2,770,000
Series C Bonds, uninsured, maturing serially through 2017, at interest rates from 4.0% to 5.0%	15,775,000	-	1,700,000	14,075,000	1,765,000
Series D Bonds, uninsured, maturing serially through 2016, at interest rates from 4.0% to 5.0%	17,935,000	-	2,270,000	15,665,000	2,365,000
2006 Series					
Series A Bonds, uninsured, maturing serially through 2026, at interest rates from 4.00% to 5.00%	143,860,000	-	15,015,000	128,845,000	6,120,000
Series B Bonds, uninsured, maturing serially through 2026, at interest rates from 4.00% to 5.00%	20,515,000	-	845,000	19,670,000	880,000

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D. BONDS PAYABLE (CONTINUED)

	Balance at June 30, 2010	Issued	Retired	Balance at June 30, 2011	Amount Due Within One Year
2007 Refunding Series					
Series A Bonds, uninsured, maturing serially through 2021, at interest rates of 5.00% to 5.25%	51,940,000	-	-	51,940,000	-
Series B Bonds, uninsured, maturing serially through 2022, at interest rates from 4.00% to 5.25%	35,640,000	-	-	35,640,000	-
Series C Bonds, uninsured, maturing serially through 2022, at interest rate of 5.0%	38,830,000	-	-	38,830,000	-
Series D Bonds (AMT), uninsured, maturing serially through 2016, at interest rate of 5.0%	2,325,000	-	290,000	2,035,000	305,000
2007 Series					
Series A Bonds, uninsured, maturing serially through 2027, at interest rates from 3.40% to 5.00%	206,980,000	-	8,790,000	198,190,000	9,740,000
2008 Refunding Series					
Series A Bonds, uninsured, maturing serially through 2018, at interest rates of 3.25% to 4.50%	22,965,000	-	2,185,000	20,780,000	2,280,000
2008 Series					
Series A Bonds, uninsured, maturing serially through 2028, at interest rates from 5% to 5.50%	128,450,000	-	2,440,000	126,010,000	4,550,000
2009 Series					
Series A Bonds, uninsured, maturing serially through 2029, at interest rates from 2% to 5%	61,945,000	-	-	61,945,000	2,165,000
Series C Bonds, uninsured, maturing serially through 2029, at interest rates from 2.375% to 5.5%	5,695,000	-	-	5,695,000	-
2010 Series					
Series A Bonds, uninsured, maturing serially through 2029, at interest rates from 3% to 5%	127,595,000	-	-	127,595,000	3,025,000
2010 Refunding Series					
Series A Bonds, uninsured, maturing serially through 2024, at interest rates of 3.00% to 5.00%	-	68,570,000	-	68,570,000	4,865,000
Series B Bonds, uninsured, maturing serially through 2020, at interest rates of 2.00% to 4.00%	-	5,275,000	-	5,275,000	475,000
2010B&C Series					
Series B Bonds, uninsured, maturing serially through 2030, at interest rates at 5%.	-	117,265,000	-	117,265,000	-
Series C Bonds, uninsured, maturing serially through 2030, at interest rates of 3.00 to 4.375%.	-	8,050,000	-	8,050,000	-
Total	1,458,348,346	$ 199,160,000	$ 158,110,000	1,499,398,346	93,974,223
Plus					
Unamortized net premiums	63,095,064			76,587,839	
Unamortized deferral on refunding	29,307,433			27,934,351	
Bonds payable - net	$1,550,750,843			$1,603,920,536	$ 93,974,223

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D. BONDS PAYABLE (CONTINUED)

Annual debt service requirements to maturity for bonds outstanding are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2013	$ 95,776,484	$ 63,386,957	$ 159,163,441
2014	95,382,208	63,034,459	158,416,667
2015	94,107,498	57,651,345	151,758,843
2016	98,832,229	52,847,137	151,679,366
2017	100,022,685	48,278,637	148,301,322
2018 through 2022	492,585,629	172,014,936	664,600,565
2023 through 2027	381,340,956	69,938,914	451,279,870
2028 through 2032	138,695,000	10,787,917	149,482,917
	1,496,742,689	$ 537,940,302	$ 2,034,682,991

Unamortized net premiums	86,493,528
Unamortized deferral on refunding	30,156,404
Bonds payable - net	$1,613,392,621

The Trust has no taxing power, and the State of New Jersey is not liable for the bonds of the Trust. The revenue bonds are not secured by the Trust, only by revenues and repayment of loans and investments. Certain bonds are insured by the Municipal Bond Investors Insurance Corporation, the Financial Guaranty Insurance Company or the AMBAC Indemnity Corporation.

E. ADVANCE REFUNDING

When conditions have warranted, the Trust has sold various issuances of bonds to provide for the refunding of previously issued obligations.

The proceeds received from the sales of the bond issuances were used to refund the outstanding bond issuances or to deposit, in an irrevocable escrow fund held by an escrow agent, an amount that, when combined with interest earnings thereon, will be at least equal to the sum of the outstanding principal amount of the bonds, the interest to accrue thereon and including the first optional redemption date thereof, and the premium required to redeem the bonds outstanding on such date. Accordingly, the escrow fund assets and the liability for defeased bonds are not included in the Trust's financial statements.

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E. ADVANCE REFUNDING (CONTINUED)

These transactions defeased the outstanding bond issuances with a resultant reduction in annual debt service during the term of the issuances. The savings, together with any accounting gain or loss to be reported in the year of the refunding, accrue to the respective borrowers.

Refunded bonds outstanding at June 30, 2012, are comprised of the following:

Issue	Principal Amount Outstanding June 30, 2012
2010A Refunding	
2003 Series A	$ 33,320,000
2004 Series A	2,530,000
2006 Series A	10,765,000
	$ 46,615,000
2007 Refunding	
2004 Series A	$ 42,565,000
Individual Borrower Defeasances	
1996 Series A	$ 275,000
1999 Series A	275,000
2000 Series A	370,000
2001 Series A	147,530
2003 Series A	795,000
2004 Series A	910,000
2004 Series B	1,902,807
2005 Series A	1,165,000
2006 Series A	550,000
2006 Series B	20,000
2007 Series A	2,035,000
	$ 8,445,337

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F. LOANS RECEIVABLE

The Trust provides loans to local governmental units and water purveyors to finance allowable costs of clean water and safe drinking water projects. The various Trust loans are grouped into a pool or pools and funded with the proceeds of Trust bonds or other obligations. Loan repayments are required at such times and in such amounts as will pay the debt service on the bonds as it becomes due. These loans, which are backed by the full faith and credit of each borrower, are repayable over 20 years and bear interest at rates from 2.0% to 7.0% per annum.

Each local government or private water company that borrows from the Trust posts a surety bond or letter of credit equal to the loan amount in favor of the Trust that is held by the Trust's trustee. These bonds are not callable or interest-bearing unless the borrower defaults upon its loan. The Trust has not guaranteed the debt of any borrower.

The Trust's loans receivable balance of $1,325,606,724 and $1,275,564,891 as of June 30, 2012 and 2011, consisted of outstanding loans issued of $1,555,371,601 and $1,547,575,110, net of undisbursed loan funds of $229,764,877 and $272,010,219, respectively.

Annual maturities for loans receivable are as follows:

Fiscal year ending June 30,	Principal
2013	$ 96,866,196
2014	99,389,570
2015	100,000,763
2016	104,822,118
2017	106,114,755
2018 through 2022	523,224,397
2023 through 2027	385,897,092
2028 through 2032	139,056,710
	$1,555,371,601

G. MASTER PROGRAM TRUSTEE

The New Jersey Wastewater Treatment Financing Program instituted the Master Program Trustee. Repayments from all loans made to borrowers by the Department of Environmental Protection since 1989 are now paid to US Bank (the "Master Program Trustee"). These funds provide additional security for the 1995 Trust Bonds and for any new Trust Bonds issued thereafter. These funds are held by the Master Program Trustee for up to a period of one year, after which time the funds are transferred to the State. The balance in the Master Program Trustee Account as of June 30, 2012 and 2011, was $34,816,496 and $32,030,155, respectively. This balance is not an asset of the Trust; however, it is available to pay obligations of the Trust in case of default by program borrowers. Therefore, this amount is not reflected in the Trust's financial statements.

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H. NET ASSETS

The Trust's net assets are categorized as follows:

- Restricted for debt service
- Restricted for Interim Financing Trust Loan Program
- Unrestricted

Assets restricted for debt service include net assets that have been restricted in accordance with the terms of an award or agreement or by State law. Assets restricted for interim financing are restricted for short-term financing of allowable costs of environmental infrastructure projects. Unrestricted assets include all other net assets.

I. OTHER MATTER

An Event of Default ("EOD") currently exists under the terms of the Trust's Series 2005 Indenture (the "Indenture") pursuant to which the Trust issued its Environmental Infrastructure Revenue Bonds (Bergen County Improvement Authority-EnCap Golf Holdings, LLC Project), Series 2005, specially with regards to the Bergen County Improvement Authority ("BCIA") – EnCap Golf Holdings, LLC ("EnCap") project (hereinafter referred to as the "NJEIT-BCIA Bonds"). Such EOD created a corresponding EOD under the Loan Agreement among BCI, the Trust and EnCap ("NJEIT-BCIA Loan Agreement") pursuant to which the Trust loaned the proceeds of the NJEIT-BCIA Bonds to BCIA and thereupon BCIA loaned such proceeds to EnCap for EnCap's Meadowlands remediation project.

As a precondition of BCIA's loan application to the Trust for funding for the Encap project and to protect bondholders from any repayment default risk by EnCap, the Trust required that EnCap procure a bank Letter of Credit ("LOC Provider") in order to fully secure the debt service repayments of principal and interest owed on the NJEIT-BCIA Bonds.

Subsequent to the issuance of the NJEIT-BCIA Bonds, EnCap failed to satisfy various reimbursement obligations to the LOC Provider, which in turn triggered the above referenced EODs under the terms of the Indenture and the corresponding NJEIT-BCIA Loan Agreement. In response to the occurrence of the EOD under the Indenture, the LOC Provider exercised remedies to which it was entitled. On September 28, 2007, the LOC Provider directed a mandatory tender of the NJEIT-BCIA Bonds, which mandatory tender was funded by a draw on the LOC. As a result of the tender, all holders of the publicly issued NJEIT-BCIA Bonds (then outstanding in the principal amount of $88,413,346) were paid in full; the LOC is no longer outstanding; and the LOC Provider became the 100% holder of the NJEIT-BCIA Bonds, which are without recourse to the Trust.

In the aftermath of the above referenced EOD's, Encap filed bankruptcy pursuant to Chapter 11 under the United States Bankruptcy Code on March 8, 2008. On February 3, 2009, an order dismissing the bankruptcy case was entered by the Bankruptcy Court and a Final Decree indicating that the case had been fully administered was entered on March 30, 2010.

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I. OTHER MATTER (CONTINUED)

On August 13, 2010, in accordance with the Agreement of Removal, Appointment and Acceptance, by and among The Bank of New York-Mellon (the "Prior Trustee"), the LOC Provider and American Home Assurance Company ("American Home"), the American Home replaced the Prior Trustee as trustee with respect to the NJEIT-BCIA Bonds pursuant to the Indenture. In addition, in accordance, with the Assigned Assets Sale and Assignment Agreement, by and among the LOC Provider and American Home, American Home acquired all of the NJEIT-BCIA Bonds from the LOC Provider. As of the date of this report, American Home continues to hold the NJEIT-BCIA Bonds.

The collateral securing that secures the NJEIT-BCIA Bonds held by American Home does not secure any of the annual financing programs of the Trust. Therefore, the events described above with respect to the NJEIT-BCIA Bonds and EnCap have no impact on any of the annual financing programs of the Trust including the principal and interest payments of any of the Trust's outstanding publicly issued bonds relating to such annual financing programs.

J. ROUNDING

Some schedules in the financial statements may have slight differences due to rounding.

K. SUBSEQUENT EVENTS

Management has evaluated subsequent events that occurred after the balance sheet date but before October 23, 2012, the date the financial statements were available to be issued. The following items were determined by management to require disclosure:

On August 15, 2012, the Trust sold NJEIT Refunding Bonds, $200,900,000 of Series 2012A-R, which refunded all of the 1998F and 1998G bonds, and part of the 2004A, 2005A and 2006A bonds, $1,255,000 of Series 2012B-R, which refunded all of the 1995B and part of 2001C bonds, and $9,010,000 of Series 2012 C-R, which refunded all of the 2003A bonds. Closing took place on August 23, 2012.

The refunding issues were sold by competitive bid. The lowest bidder for the 2012A-R series was Bank of America Merrill Lynch, with a true interest cost of 1.81%. The lowest bidder for the 2012B-R and 2012C-R series combined was Janney Montgomery Scott LLC, with a true interest cost of 2.33%.

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ADDITIONAL INFORMATION

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NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
(A Component Unit of the State of New Jersey)

BALANCE SHEET – STATE REVOLVING FUND – CLEAN WATER

June 30, 2012

ASSETS

Current assets	
Cash and cash equivalents	
Restricted assets	
Cash and cash equivalents	$ 154,282,148
Investments	157,368,560
Interest receivable	17,585,122
Loans receivable	74,278,137
Total current assets	403,513,967
Non-current assets	
Restricted assets	
Investments	51,123,132
Loans receivable	904,678,679
Deferred issuance costs	7,084,942
Total non-current assets	962,886,753
Total assets	$1,366,400,720

LIABILITIES AND NET ASSETS

Current liabilities	
Accrued interest payable	$ 14,797,861
Current portion of bonds payable	74,247,480
Total current liabilities	89,045,341
Non-current liabilities	
Bonds payable	1,100,012,092
Total non-current liabilities	1,100,012,092
Total liabilities	1,189,057,433
Net assets	
Restricted for debt service	165,534,879
Restricted for Interim Financing Trust Loan Program	11,808,408
Total net assets	177,343,287
Total liabilities and net assets	$1,366,400,720

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NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
(A Component Unit of the State of New Jersey)

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS - STATE REVOLVING FUND - CLEAN WATER

Year Ended June 30, 2012

Operating revenues	
Investment income	$ 485,612
Interest income from loans	42,493,162
Total operating revenues	42,978,774
Operating expenses	
Interest expense	41,172,012
Total operating expenses	41,172,012
Operating income	1,806,762
Net assets, beginning of year	175,536,525
Net assets, end of year	$ 177,343,287

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NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
(A Component Unit of the State of New Jersey)

BALANCE SHEET – STATE REVOLVING FUND – DRINKING WATER

June 30, 2012

ASSETS

Current assets		
Cash and cash equivalents		
Restricted assets		
Cash and cash equivalents	$	60,070,424
Investments		49,791,046
Interest receivable		4,502,566
Loans receivable		14,945,316
Total current assets		129,309,352
Noncurrent assets		
Restricted assets		
Investments		17,767,241
Loans receivable		210,073,286
Deferred issuance costs		1,700,414
Total non-current assets		229,540,941
Total assets	$	358,850,293

LIABILITIES AND NET ASSETS

Current liabilities		
Accrued interest payable	$	3,810,447
Current portion of bonds payable		14,396,147
Total current liabilities		18,206,594
Noncurrent liabilities		
Bonds payable		280,885,601
Total non-current liabilities		280,885,601
Total liabilities		299,092,195
Net assets		
Restricted for debt service		59,758,098
Total net assets		59,758,098
Total liabilities and net assets	$	358,850,293

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NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
(A Component Unit of the State of New Jersey)

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS - STATE REVOLVING FUND - DRINKING WATER

Year Ended June 30, 2012

Operating revenues	
Investment income	$ 26,302
Interest income from loans	10,884,831
Total operating revenues	10,911,133
Operating expenses	
Interest expense	10,012,771
Total operating expenses	10,012,771
Operating income	898,362
Net assets, beginning of year	58,859,736
Net assets, end of year	$ 59,758,098

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Lake Hopatcong Spillway
Morris County, NJ

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2013 TRUST MEETING DATES

JANUARY 10, 2013

FEBRUARY 14, 2013

MARCH 14, 2013

APRIL 11, 2013

MAY 9, 2013

JUNE 13, 2013

JULY 11, 2013

AUGUST 8, 2013

SEPTEMBER 12, 2013

OCTOBER 10, 2013

NOVEMBER 14, 2013

DECEMBER 12, 2013

All meetings are open to the public and scheduled to occur at 10:00 am at the Trust's offices in Lawrenceville, NJ. Dates are subject to change.

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Delaware Water Gap viewed from Warren County, NJ

New Jersey Environmental Infrastructure Trust

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