Management's Discussion and Analysis
(MD&A)

FINANCIAL HIGHLIGHTS

Management believes the financial position of the Authority remains stable. According to its bond covenants, the Authority is required to generate revenues that are at least equal to 110% of its annual debt service, after deducting operating expenses. This is referred to as cover. For fiscal year 2015 (FY15, July 2014 – June 2015), the Authority generated a 257% cover. Key financial highlights for FY15 include:

- The Authority adopted the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* (GASB 68), and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* (GASB 71). GASB 68 and 71 require financial statement representation of the Authority's proportionate share of net pension liability in the State of New Jersey's Public Employee Retirement System (PERS).
- Service charges rose by 6.7%, increasing nearly $1.2 million compared to those of fiscal year 2014 (FY14). Connection fees decreased by nearly $200,000, a 20% decline from FY14. Other operating revenues increased 14.5%, with year over year revenues improving by over $63,000. Total operating revenues increased by 5.5%, as strong increases in service charges and other operating revenues easily made up for the lowered connection fee revenue.

FINANCIAL HIGHLIGHTS (CONT'D)

- Consumer accounts receivable of $3.761 million reflects an increase of over $135,000 when compared to FY14 consumer accounts receivable of $3.626 million.
- Investment income declined to $37,300, down from $148,900 in FY14.
- Interest on debt dropped about 24%, from $543,200 in FY14 to $411,300 in FY15.
- Total debt service, including principal and interest, dropped significantly as a result of two debt issues retiring. The decrease amounted to nearly $1.2 million, or 30%.
- Total liabilities increased from $26.57 million in FY14 to $33.57 million in FY15. This was largely the result of the implementation of GASB 68 and 71.
- At year-end, total assets and total deferred outflows of resources were $137.48 million, which exceeded total liabilities and total deferred inflows of resources of $37.90 million. The resultant net position at year-end was $99.58 million, up from $98.80 million (after restatement associated with GASB 68 and 71) in FY14.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information, (which includes the management's discussion and analysis (this section), the schedule of the Authority's proportionate share of the net pension liability, and the schedule of Authority's contributions), the basic financial statements, and supplemental information.

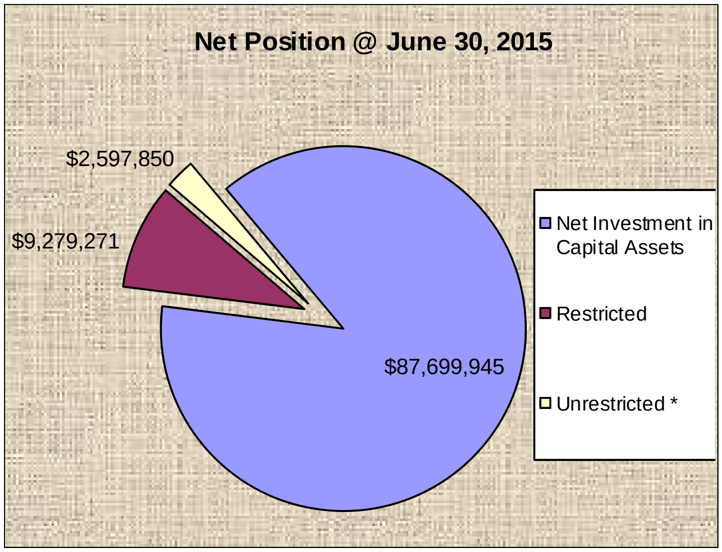
The basic financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The comparative statements of net position include all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources. As the Authority follows the accrual method of accounting, the current year's revenues and expenses are accounted for in the statements of revenues, expenses and changes in net position regardless of when cash is received or paid. Net position - the difference between the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is a measure of the Authority's financial health or position.

The comparative statements of revenues, expenses and changes in net position provide a breakdown of the various areas of revenues and expenses encountered during the current year.

The comparative statements of cash flows provide a breakdown of the various sources of cash flow, categorized into four areas: Cash flows from operating activities, noncapital financing activities, capital and related financing activities and investing activities.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

The Authority's total assets as of June 30, 2015 were $136,684,724. Total assets, total deferred outflows of resources, total liabilities, total deferred inflows of resources and total net position are detailed below.



* Unrestricted Net Position is primarily used to pay for the Authority's capital program not funded by debt issuance. More information concerning the use of these funds can be found later in this MD&A, under the "Operating Income compared to Paid Additions to Assets" graph within the Asset Management, Capital Asset, and Long-Term Debt Activity section.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE (CONT'D)

Mount Laurel MUA
Net Position
As of June 30,

	2015	2014	2013
Current Assets	$ 26,974,714.83	$ 27,112,165.97	$ 26,289,205.65
Capital Assets	109,710,007.93	110,942,833.59	112,930,864.32
Total Assets	**136,684,722.76**	**138,054,999.56**	**139,220,069.97**
Total Deferred Inflows of Resources	**797,113.66**	**60,732.83**	**-**
Current Liabilities	4,595,893.37	4,725,234.98	5,146,491.15
Long-Term Liabilities *	28,971,358.24	21,852,073.57	24,412,752.55
Total Liabilities	**33,567,251.61**	**26,577,308.55**	**29,559,243.70**
Total Deferred Inflows of Resources	**4,337,518.33**	**3,499,503.34**	**2,732,840.39**
Net Position			
Net Investment in Capital Assets	87,699,945.38	85,939,152.89	85,144,381.65
Restricted	9,279,271.07	8,518,592.58	7,407,192.86
Unrestricted *	2,597,850.03	13,581,175.03	14,376,411.37
	$ 99,577,066.48	**$ 108,038,920.50**	**$ 106,927,985.88**
Restatement to Record the Net Pension Liability & Pension Related Deferred Outflows of Resources per GASB 68 *		**$ (9,236,629.00)**	
Total Net Position	**$ 99,577,066.48**	**$ 98,802,291.50**	**$ 106,927,985.88**

* These 2015 amounts (for Long-Term Liabilities and Net Position – Unrestricted) incorporate the impact of long term pension liability associated with the state of New Jersey's Public Employee Retirement System (PERS). Effective with the Authority's FY15, the Governmental Accounting Standards Board (GASB), the accepted standard setting body for governmental accounting and financial reporting principles, implemented GASB 68 & 71. GASB 68 & 71 require the implementation of certain accounting standards relating to the recording of the Authority's long term pension liability under PERS. Conceptually, GASB 68 & 71 requires the Authority to recognize its long term pension liability and the impact it has on Unrestricted Net Position. Total Net Position for FY14 has been restated to reflect the impact this liability had on the Unrestricted Net Position for that year.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE (CONT'D)

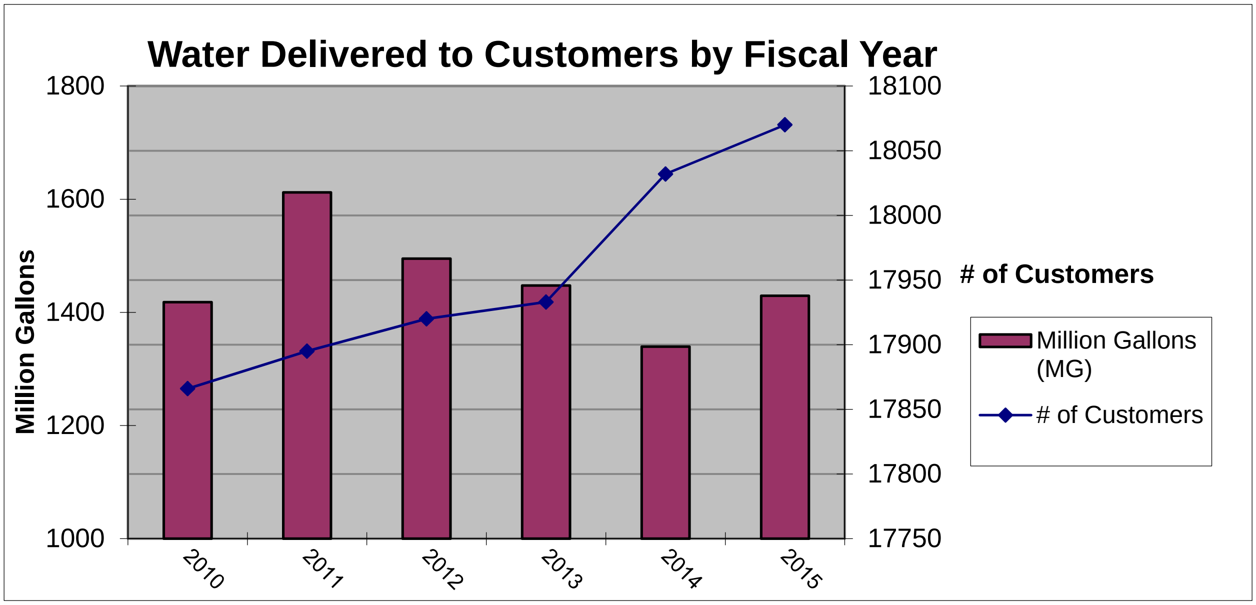
The Authority realized operating income of $1,547,630 for the current year. When offset by a loss from non-operating activities, the Authority's income before capital contributions was $669,998. During FY15, the Authority received capital contributions in the amount of $104,777. These contributions come in the form of infrastructure installed by developers during construction. Once the developer finalizes the project and it is accepted by the Authority, ownership of the new infrastructure is transferred by the developer to the Authority. It then becomes the Authority's asset and responsibility to operate and maintain in perpetuity. The combined effect from these components of fiscal activity resulted in the Authority's net position increasing by $774,775. Major components of this activity follow.

Mount Laurel MUA
Revenues, Expenses and Net Position
for the Fiscal Years Ended June 30,

	2015	2014	2013
Utility Service Charges	$ 18,924,464.65	$ 17,726,907.56	$ 19,603,512.00
Connection Fees	832,265.76	1,031,044.23	288,906.90
Other Operating Revenues	500,651.35	437,225.03	499,736.88
Total operating revenues	**20,257,381.76**	**19,195,176.82**	**20,392,155.78**
Operating Expenses	12,813,251.64	12,363,585.51	12,189,537.37
Depreciation expense	5,896,500.36	5,698,830.01	5,466,195.72
Operating Income	**1,547,629.76**	**1,132,761.30**	**2,736,422.69**
Non-operating Revenues (Expenses)			
Investment Income	37,342.67	148,854.91	172,440.18
Interest on debt	(411,253.73)	(543,236.41)	(728,969.83)
Loss on disposal of capital assets	(4,828.22)	(22,935.25)	(284,082.90)
Contribution to Mount Laurel Township	(498,892.00)	(578,390.00)	(586,000.00)
Income before contributions	**669,998.48**	**137,054.55**	**1,309,810.14**
Capital contributions	104,776.50	973,880.07	817,009.15
Increase in Net Position	**774,774.98**	**1,110,934.62**	**2,126,819.29**
Net Position - July 1	98,802,291.50	106,927,985.88	104,801,166.59
Change in Net Position	774,774.98	1,110,934.62	2,126,819.29
Net Position - June 30, Prior to Restatement	99,577,066.48	108,038,920.50	106,927,985.88
Restatement to Record the Net Pension Liability & Pension Related Deferred Outflows of Resources per GASB 68		$ (9,236,629.00)	
	$ 99,577,066.48	**$ 98,802,291.50**	**$ 106,927,985.88**

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE (CONT'D)

Service charges increased in FY15 when compared to the previous year. The primary reason for this was an increase of nearly 90 million gallons of water delivered to service during FY15. The increased revenue from the higher water demand is significant because higher demand pushes billings into the second and third tier of water rates, which are considerably higher than the Authority's first tier rate. Because sewer revenues are generated based on the amount of water consumed, an increase in water demand also had a positive impact on this component of revenue. Overall, the mix of the Authority's billing base remains well diversified with residential users comprising the vast majority of its customers. There remains a stable and growing segment of the billing base made up of residential, commercial and public customers, along with a very small industrial presence. The rate structure is stable and includes rate increases that were implemented with each year's February billings from 2008 through 2013.



Connection fee revenues saw a substantial decrease when compared to the previous fiscal year. This was more the result of several large projects tying into the Authority's infrastructure in FY14 (increasing that revenue) as opposed to lackluster performance during FY15. Connection fee revenue is an indicator of the overall economy, as property developers typically slow down or accelerate their activities based on how the economy is trending in general. Developers pay connection fees upon submittal of plans to construct and connect residential developments, commercial properties, retail shops, etc. into the Authority's water and / or sewer systems. The Authority treats these payments as deferred inflows of resources until tie in is completed. When this occurs, the Authority releases a notice to Mount Laurel township that a certificate of occupancy can be issued. At this point, the Authority establishes a new billing account, reduces the deferred resource and recognizes connection fee revenue. Although a resurgent economy will improve this component of the Authority's revenue, the township of Mount Laurel is approaching build out within the next several years as less land is available for development. This translates into more and smaller projects as opposed to the large scale development of years gone by. To that end, the Authority has for many years had a long term fiscal planning model in place that systematically reduces its dependency on connection fee revenues when projecting total annual revenue needs. This has served the Authority well.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE (CONT'D)

Interest income declined by $111,500 compared to the prior year. However, much of this is due to issues not related to "normal" interest earnings. To illustrate this point, a comparison of actual interest earned on investments is fairly close - $65,700 in FY15 vs. $68,500 in FY14. The shortfall of $2,800 is one of three reasons for the lower interest income. Two other factors explain the rest of the decline. The first is a $52,300 negative swing in the market value adjustments on the Authority's investments at fiscal year-end, when compared to the FY14 market value adjustments. The second is due to the recognition of a large interest credit in FY14 related to the final payment of a 1996 bond issue. When taking fiscal year end interest income accruals into account for both years, this resulted in a negative impact in FY15 of $56,400. Combining these three factors resulted in the $111,500 reduction in interest income for FY15. As interest rates remained low throughout the year, proceeds from maturing investments were placed in cash and other highly liquid instruments. Tumbling interest rates impacted all funds and investments, generating lower earnings for money market funds and cash balances in the Authority's bank accounts. The Authority increased its cash position as investments matured during the year and will continue to monitor the markets to determine an appropriate time to purchase quality investments with reasonable yields.

Mount Laurel continues to be a desirable location for residential and commercial development. The composition of the ratepayer base is well diversified. The residential and public sectors, the most stable when considering the volatility of a billing base, comprise approximately 95% of the Authority's customers. There are dozens of hotels within the township, providing the third highest number of rooms in New Jersey, behind only Atlantic City and Newark. There is no particular emphasis or imbalance in the type of business enterprises within the commercial sector. Industrial users comprise a minuscule portion of the Authority's billing base.

The Authority's fiscal activity yielded positive results for the year, but fell short of FY14 results by $336,000. The three sources of operating revenue generated an aggregate of $20.257 million, up $1.06 million (approximately 5.5%) from FY14. Increased Service Charge revenues, discussed previously, accounted for a $1.2 million increase, year over year. Connection fees decreased nearly $200,000, more due to connection fees on large accounts being realized in the previous year. Other Operating Revenues increased by over $63,000, or 14.5%. This was largely due to the increased market value of Solar Renewable Energy Credits, as described more fully within. Regarding expenses, the Authority continued its aggressive pursuit of reducing / containing costs. However, a few significant and costly operational events occurred during FY15 that pushed the Authority's operating expense up by approximately $647,000 compared to FY14. The more significant changes in revenues and expenses are described in more detail below.

As the original budget for FY15 was formulated prior to April 2014, certain actual events during the year necessitated amending the budget. The Authority approved this budget amendment in June 2015. Following is a narrative addressing the more significant amendments, and how those amendments compare to actual operating results for the current year.

OPERATING REVENUES & EXPENSES

Service charges, including fire services, were originally budgeted at $18.72 million but were amended to $18.51 million. This reduction was due to an anticipated downturn in water delivered to service during the fourth quarter of FY15. However, the opposite occurred, with year over year water delivered to service increasing by nearly 40 million gallons during this period of time. This resulted in actual service charges of $18.92 million.

Connection fee revenue was amended slightly, from $761,900 to $779,500. FY15 revenue for this line item proceeded near predictions made when the budget was formulated in Spring 2014. After the amended budget was finalized, unanticipated connection fees amounting to $36,000 for Diving Horse properties (a new childcare facility) were received. A few smaller, unanticipated projects accounted for the additional revenues leading to an actual FY15 total of $832,300.

Other Operating Revenues increased by $63,400 from FY14 levels. The single largest factor for this overall increase was steadily increasing market rate prices for the Solar Renewable Energy Credits generated at the Authority's Ramblewood Parkway solar farm. This accounted for approximately $69,000 more revenue being recorded when compared to FY14.

The Authority's operating expenses of $12.81 million for FY15 (not including depreciation) were $449,700 higher than in FY14. This was largely due to a few significant operational events during the year, which are described more fully below.

Salaries and Wages expense increased by $118,100 in FY15. A reorganization of the Operations Department and the departure of two employees in the Wastewater department due to disciplinary actions required existing employees to complete the departed employees' daily work duties, which caused an increase in overtime. In addition, several operational emergencies occurred in the Wastewater division including sewer force main breaks in the Collection System and an increase in operational work duties related to a scheduled unit renewal at the wastewater treatment facility. The current year's expense for all salaries and wages totaled $4.102 million, compared with last year's $3.983 million. The budget for this expense was originally set at $4.045 million but was amended to $4.128 million in response to actual costs such as those described above.

Union Mill Road Force main repair

OPERATING REVENUES & EXPENSES (CONT'D)

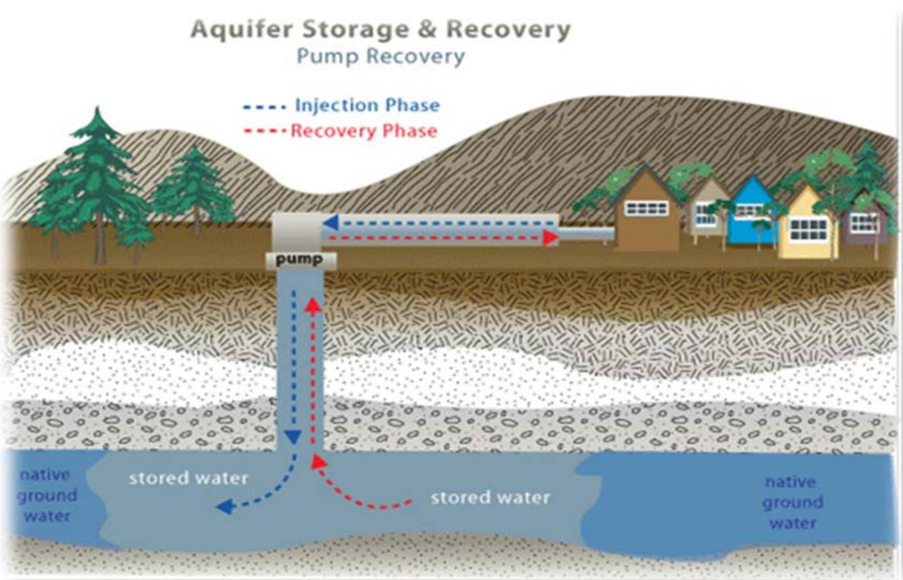
Fringe Benefits exceeded the prior year by $233,800; a 12.3% increase. Although health care costs, the largest component of this category, increased by a minuscule 0.8%, two other significant elements contributed nearly 88% of the increase in Fringe Benefits. First, expense related to the New Jersey Public Employees Retirement System accounted for approximately $127,500 of the total increase. This was largely due to a $41,300 credit adjustment to the Authority's FY2014 contribution due to an updated actuarial report at the state level. Another $20,800 was pension expense assessed against retroactive wages that spanned several years, but were paid in FY15. Also, due to the implementation of GASB 68, the Authority had additional pension expense of $71,200 as a result of the State actuarial estimate of pension costs for the year. The remainder represented a $5,800 <u>decrease</u> in the employer pension contribution amount from FY14 to FY15. The second element was Worker's Compensation Insurance, which increased by $77,300. This was largely due to a significant increase in the Authority's modification factor, which is driven by the previous three years of claims experience. The balance was due to an increase in payroll taxes, minor premium increases on insurance policies, and slight spending increases on employment related testing.

Electricity costs increased in the current year by $40,800 (3.6%). The renewal of the Authority's third party energy supply contract resulted in a nearly 20% increase in electric supply costs beginning in the second quarter of FY14. This resulted in a nearly $32,400 increase when comparing the FY15 to FY14 third party supply costs from July – September. In the sewer department, operational issues required 24 / 7 operation of both pumps at the Hunters Pump Station for several months. Replacement of the sewer force main servicing that station has been completed and has eliminated the need to constantly run those pumps, which will have a beneficial impact on this expense moving forward.

Control of this operating expense continues to be a priority of the Authority and is being achieved in a number of ways. The MUA's participation in an energy curtailment program has allowed it to generate income by agreeing to shed electric usage if called upon by the power grid. Sophisticated process control computers have been installed to regulate energy consumption at its plant facilities, variable frequency drives and more efficient pumps are being used, and dozens of emergency generators are exercised on a regular basis. A well run preventive maintenance schedule keeps generators in excellent, efficient condition. Load banking equipment is also used, which identifies problems early.

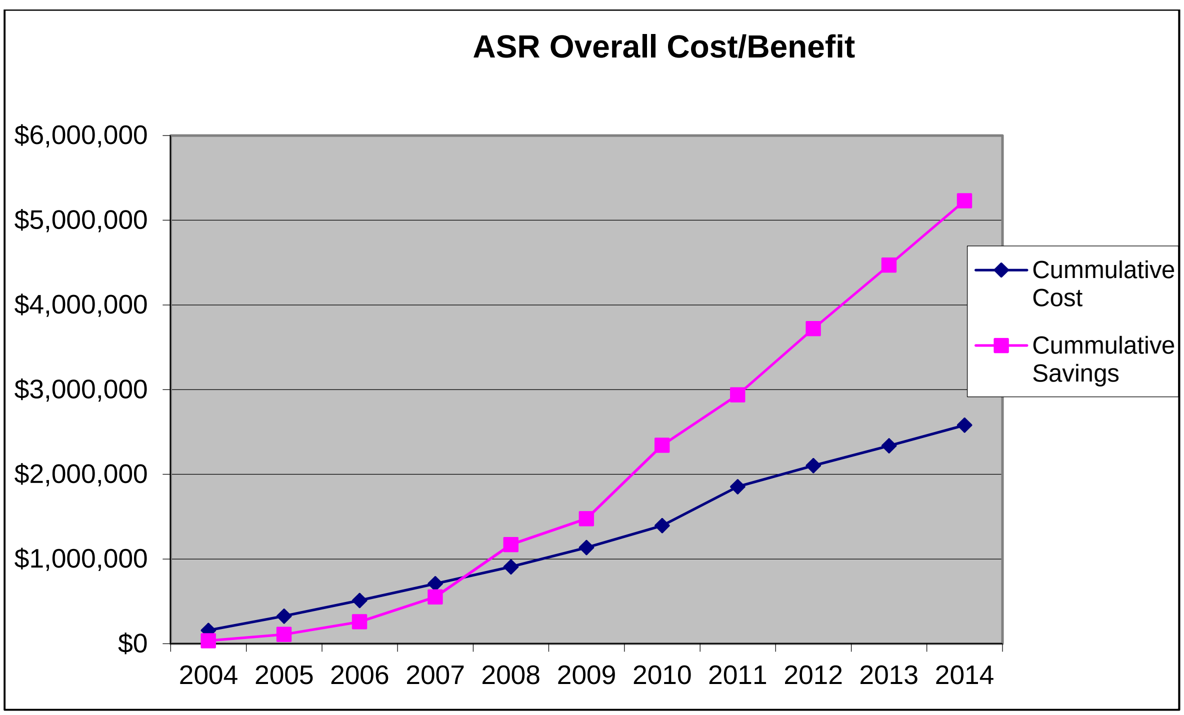
The purchase of water from outside purveyors declined by nearly $125,000 in FY15. The Authority's system demand for water remained low and generally similar to the prior two fiscal years. Although the Authority's water supply contract with New Jersey American Water Company requires purchasing all water volume designated by the Authority, our purchase agreement with Willingboro Municipal Utilities Authority has flexibility to reduce the overall purchase when demand is low. In FY15, the Authority reduced this purchase down to the contracted minimum while utilizing its own supply sources to meet system demands. This line item was originally budgeted at $2.90 million, and later amended to $2.17 million as system demands came more into focus. Actual expenses totaled $2.07 million.

OPERATING REVENUES & EXPENSES (CONT'D)



In 2004, the Authority converted its #7 production well into an Aquifer Storage and Recovery (ASR) well to more effectively manage its purchase of water contracts with outside purveyors. This ASR well allows us to pump water into the aquifer and store it there during periods of low system demand and then pump out and recover that water during periods of high system demand with the restriction that all water stored must be recovered within a one year period. This serves the Authority well, as we are able to purchase water during off peak periods when rates are lowest, store it and then recover and use it during peak periods. This allows the Authority to avoid paying peak rates during these peak times of usage. Recently our restriction to use the water within a one year period changed and we now have the ability to bank water in the ASR. This improved the ASR as a useful tool regarding the administration of the Authority's contracts to purchase water from outside purveyors.

Through the use of water banking with our ASR well, the Authority reduced guaranteed water purchase amounts as we were be able to utilize ASR banked water to meet demand needs. Although the use of the ASR has related operational costs, they are nominal compared to the cost saved by not purchasing water from outside purveyors. Below is a simple graph depicting the costs and savings associated with our ASR through calendar year 2014:



OPERATING REVENUES & EXPENSES (CONT'D)

The New Jersey Department of Environmental Protection has restricted the Authority to a withdrawal of water from the Potomac-Raritan-Magothy Aquifer equal to the demand of the Township in 1980. However, because the Authority serves a township that has experienced explosive growth subsequent to 1980, it is forced to purchase more and more of its water from other water purveyors. During the current fiscal year, approximately 50% (about 712 million gallons) of Mount Laurel's water demand was purchased from these purveyors. In FY14, these purveyors provided 57% (about 770 million gallons) of Mount Laurel's water supply. The Authority continues to seek alternative, less expensive ways to provide water to its service area.

Chemical expense overall increased significantly when compared to FY14. Total actual costs were $543,000 compared to $412,000; an increase of $131,000. Expenses for chemicals used in the water utility increased as the Authority delivered over 147 million gallons of water to service from its own wells than it had in the previous year. Of course, this was water that had to be treated chemically before delivery, so chemical expenses rose accordingly. Also, the Authority had to use more chemical to treat water that was recovered and delivered to service from its Aquifer Storage and Recovery (ASR) well. This water was already treated when it was placed into the ASR. However, water testing when the water was being withdrawn for delivery to service indicated a slight movement toward "native water", necessitating the use of additional chemicals to bring it to potable water standards. In the sewer utility, higher temperatures during FY15 resulted in a significant increase in the use of odor control chemicals. This is normal, as corrosive gasses generated by sewage increase during periods of rising and higher temperatures.

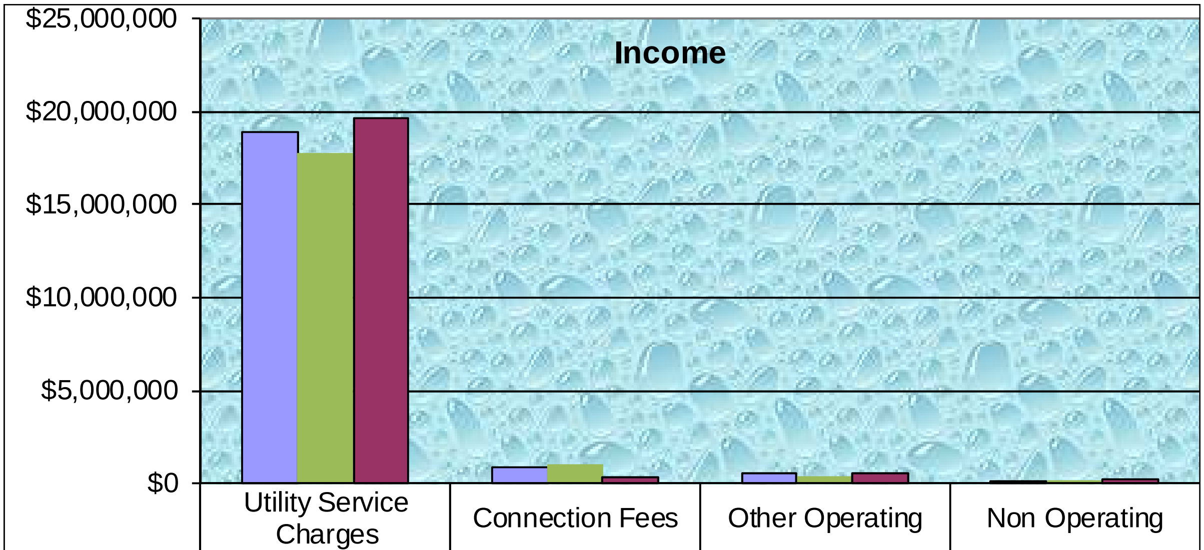
Interest expense in FY15 dropped by $132,000. As outstanding principal balances get paid down and bond issues approach expiration, a greater portion of debt service payments are toward principal balances. Inversely, interest expense becomes less. The Authority did not take on any new debt in FY15 and anticipates none in FY16.

The Authority contributed $498,892 to Mount Laurel Township, the sixth straight year a contribution has been made. This amount was determined in accordance with N.J.S.A. 40A:5A-12.1. With this contribution, the Authority has now given a total of $3,049,282 to the Township.

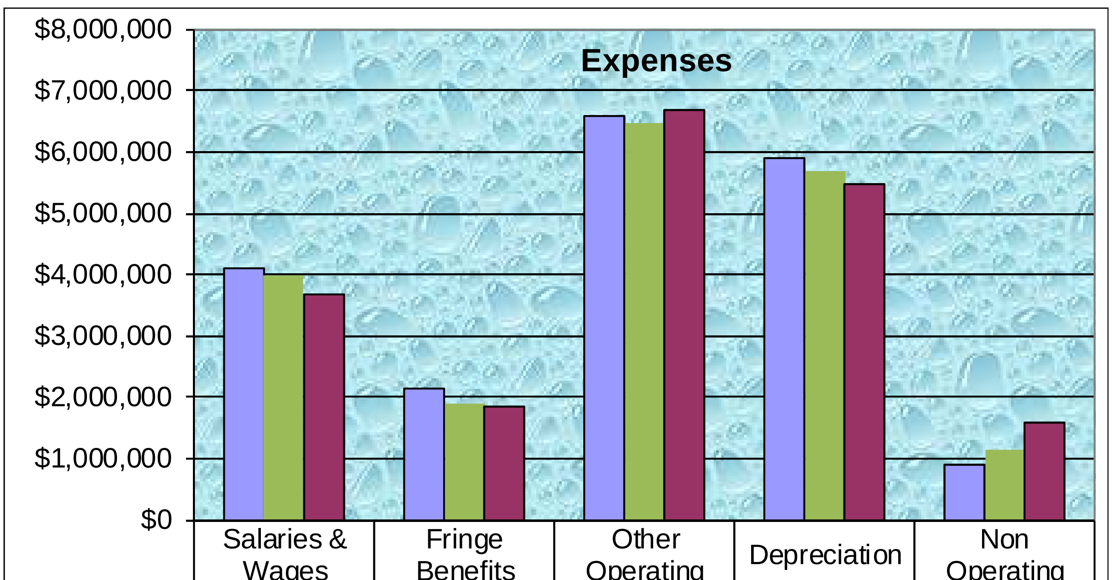
Liberty Road water main replacement

OPERATING REVENUES & EXPENSES (CONT'D)

Graphical representations showing revenues and expenses for the three fiscal years of 2013, 2014 and 2015 follow.

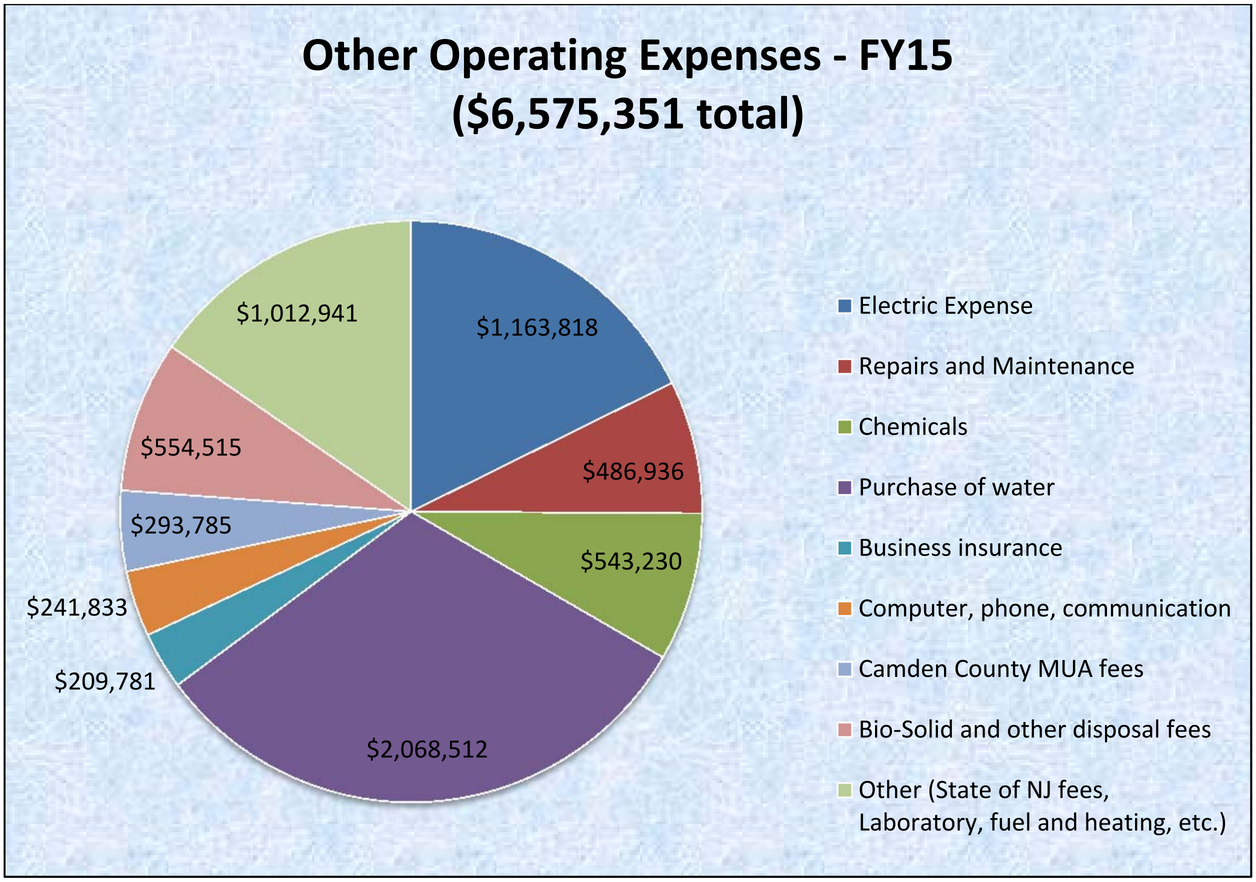


	Utility Service Charges	Connection Fees	Other Operating	Non Operating
2015	$18,924,465	$832,266	$500,651	$37,343
2014	$17,726,908	$1,031,044	$437,225	$148,855
2013	$19,603,512	$288,907	$499,737	$172,440



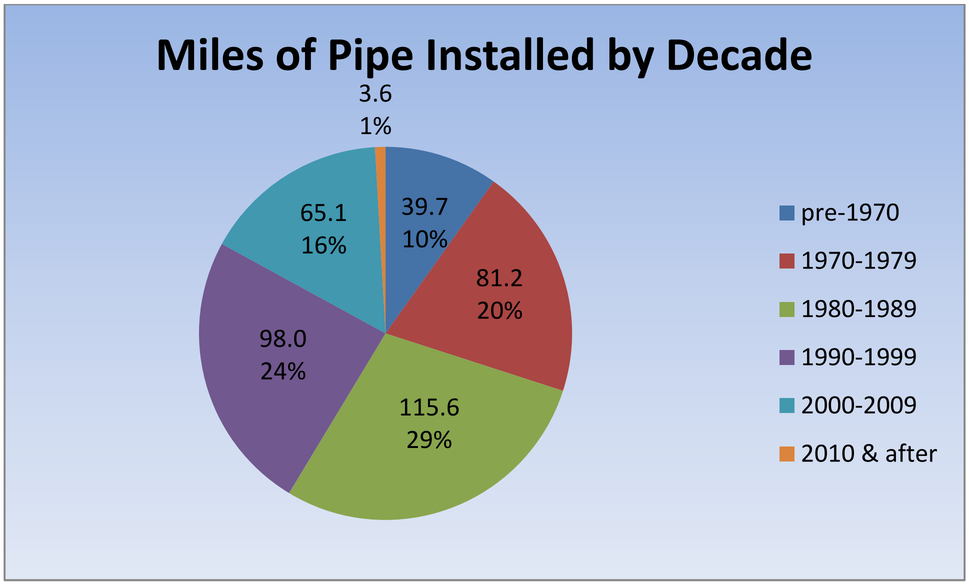
	Salaries & Wages	Fringe Benefits	Other Operating	Depreciation	Non Operating
2015	$4,101,800	$2,136,100	$6,575,351	$5,896,500	$914,974
2014	$3,983,732	$1,902,223	$6,477,630	$5,698,830	$1,144,562
2013	$3,677,134	$1,839,716	$6,672,687	$5,466,196	$1,599,053

OPERATING REVENUES & EXPENSES (CONT'D)



ASSET MANAGEMENT, CAPITAL ASSET, AND LONG-TERM DEBT ACTIVITY

The United States Environmental Protection Agency (USEPA) has estimated that water systems in New Jersey require an investment of nearly $8 billion dollars within the next 15 years in order to continue providing safe water to the public. In addition, a 2008 USEPA survey *(Clean Watersheds Needs Survey)* estimated that New Jersey wastewater infrastructure needed $32.5 billion dollars of improvements. These are significant dollars by any measure, and point out the fact that water and wastewater infrastructure is extremely expensive to build and maintain. Particularly worth noting is the fact that many of the capital assets owned by an Authority are quite often underground or otherwise out of view from the vast majority of the public. Underground piping, pumping stations, valves, water and sewer mains, interconnections, control panels, computers, and many other appurtenances and components continue to do their jobs around the clock, without being seen. Above ground, many capital assets are placed in unobtrusive settings, such as fenced areas concealed with natural plantings, remote locations, business or industrial parks, etc.



Hartford Road Water Pollution Control Facility – Ultra Violet Disinfection

Because the Authority has invested nearly $214 million in its infrastructure, and keeping these staggering amounts estimated by the USEPA in mind, the Authority has begun an Asset Management Program (AMP). USEPA offers this definition regarding asset management: "Asset Management is maintaining a desired level of service for what you want your assets to provide at the lowest life cycle cost." Some key features of an AMP include identifying the assets critical to providing a desired level of service, estimating their life cycle and costs to maintain, replace or rehabilitate them, assessing the likelihood and consequence of their failure and considering redundant systems that are (or must be put) in place in the event an asset does fail.

The Authority first concentrated on creating an asset database for all underground assets. Using both our Geographic Information System (GIS) and our Computerized Maintenance Management System (CMMS) we began to apply individual identification numbers to each underground asset, identify approximate installation dates and note material of construction, type and size. Where appropriate we added elevation, depth of installation and slope. As the database became more detailed we added other assets and began to store Operation and Maintenance (O&M) information in the same database. In the last 4 years we have been concentrating on assigning life expectancy, current condition, consequence of failure, probability of failure and criticality of the asset to our database. This is now being used for our repair/replacement and maintenance scheduling and has also been incorporated into our budgeting process to anticipate the timing and scope of future capital projects.

ASSET MANAGEMENT, CAPITAL ASSET, AND LONG-TERM DEBT ACTIVITY (CONT'D)

During FY15, the Authority disbursed $4.56 million for capital assets. By including retainage and other pre / post year adjustments, the more significant capital additions were as follows:

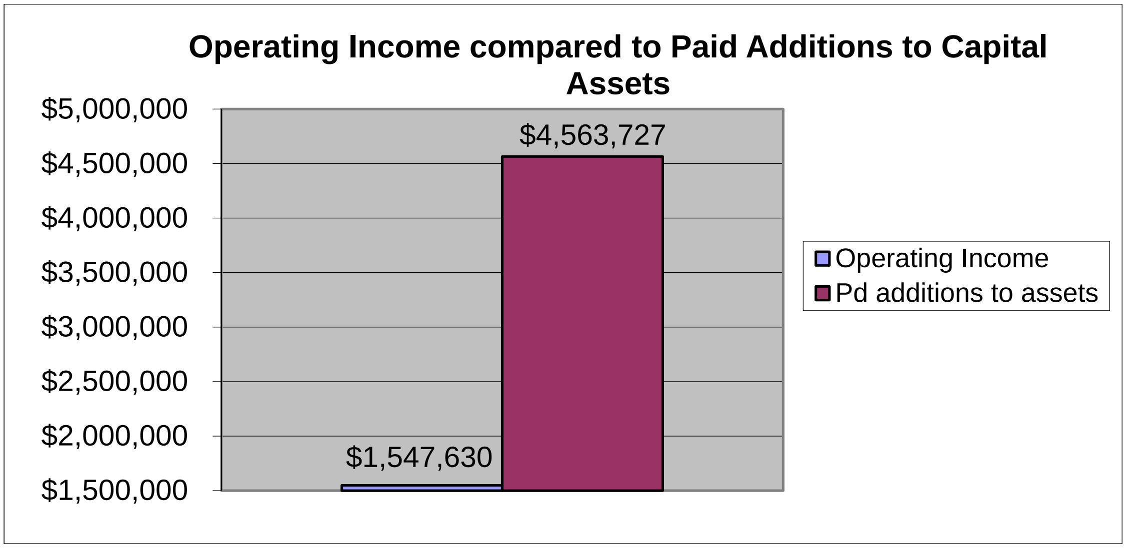
Asset	Amount Disbursed in FY15
Hunters Forcemain Replacement & Country La. Water Main Installation	$ 590,279
**Rehabilitation & Re-Construction of 81 Elbo Lane	$ 359,511
*Orchard Sanitary Pumping Station Equipment and Controls Replacement	$ 297,402
**Clarifiers Repair/Rehab at Elbo Lane Water Treatment Plant	$ 289,474
**Meter Change Out Program	$ 200,079
TV, Cleaning and Assessment of Sanitary Sewer Mains at	$ 171,183
• Larchmont Blvd, Ark Rd, Union Mill Rd, Marne Hwy. & Hainesport Rd	
• Cleaned 132,450 Linear Feet & Videoed 137,026 Linear Feet	
*UV Unit Replacement at Hartford Road Facility	$ 160,604
*Replacement of ATS Control Panel at 85 Elbo Lane Well # 4	$ 127,676
Replace/Line Sewer Mains In Township	$ 126,065
• Ramblewood Section, Hooten Road, Gaither Drive& Rancocas Woods	
• 1,427 Liner Feet Replaced/Lined	
Vehicle Replacements:	
• U-66 ($81,052), U-64 ($17,460), & U-53($22,790)	$ 121,302
*Sanitary Sewer Manholes Rehabilitation	$ 106,300
• Church Rd, Gaither Dr., Pleasant Valley Rd, & Hooten Rd.	
Watermain Replacements:	
**Amsterdam Road	$ 374,260
*Liberty Road	$ 198,302
*Camber Lane (Final Paving)	$ 11,000
*Hooten Road	$ 1,198
*West Berwin Way (Release Retainage)	$ 886
Sanitary Sewer Forcemain Repairs:	
Union Mill Road & Mount Laurel Road	$ 225,687
South Church Street & Elbo Lane	$ 35,322
**Walt Whitman Avenue – Library Force Main	$ 19,905
85 Elbo Lane Under Parking Lot	$ 2,750
Bridlewood Force Main	$ 27,440
Well # 6 Repairs/Rehab/Replacement & Additions	$ 97,799
Rebuild Motors, & Pumps & Impeller Replacement at Sewer Pumping Stations	$ 91,844
**#1 Secondary Clarifier Replacement at Hartford Road Facility	$ 83,244
Rehab of Valves on 20" Primary Forcemain Header	$ 65,112
*Sludge Press Building # 1 Major Rehab	$ 62,282
Trailer Mounted Emergency 4" Bypass Pump	$ 58,892
**SCADA Upgrade Water & Sewer Systems	$ 50,393
Computer Servers Enclosures Replacement	$ 41,593

ASSET MANAGEMENT, CAPITAL ASSET, AND LONG-TERM DEBT ACTIVITY (CONT'D)

Asset		Amount Disbursed in FY15
Sludge Thickener Tank Cleaning at Hartford Road Facility	$	34,608
Repairs of Sewer Collection System- Easement Clearing	$	31,940
Rehabilitation of Administration Building & Office Furniture Replacement	$	26,612
Rebuild Sludge Comminutor Motor at Hartford Road Facility	$	23,830
Fostertown Water Tank Connection to Hovtech Pump Station Generator	$	23,730
Upgrade Yard Lights at Hartford Road Facility	$	21,075
Replacement of Flooring of Administration Building at Hartford Road Facility	$	20,317
**HVAC Rehabilitation at Elbo Lane Water Treatment Plant	$	17,033
Upgrade Billing Equipment	$	15,633
Fence Replacement Mason Creek, Hooten, & Stonegate Sewer Pump Stations	$	14,330
Fork Lift Replacement	$	12,979
Knuckle Assembly Replacement on Primary Clarifier at Hartford Road Facility	$	11,672
Replacement of Safety Disconnect Aerator on Orbal Unit at Hartford Rd	$	10,960
ICP Unit Upgrade at Hartford Road Lab	$	10,765
**Peracetic Acid Evaluation at Hartford Road Facility	$	10,305
Meter Replaced at Well # 7 ASR	$	10,036
50 HP Orbal Motor # 3 Rehabilitation	$	10,027
Sludge Press Building Replacement of Piping	$	9,841
Distillation Unit for TNK/Ammonia Analysis at Hartford Road Lab	$	9,783
*Holiday Village East Pumping Station Equipment and Controls Replacement	$	9,613
Replacement of WAS Pump # 1 at Hartford Road Facility	$	9,587
Replacement of Fiberglass Lid at East Park Pumping Station	$	8,060
Dewatered Sludge Piping Swivel Joint Replacement at Hartford Road Facility	$	6,743
Fox Croft Pumping Station Site Improvements & HVAC Replacement	$	6,374
File Cabinet & Conference Room Furniture	$	5,786
Repair of Control Panel for Generator at Hartford Road Facility	$	5,716
Replacement of Primary Sludge 4" Flow Meter at Hartford Road Facility	$	5,625
Fire Hydrant Replacements	$	5,395
Replacement of Man Ladder Atrium Pumping Station	$	5,009
Replacement of Conduit at Ethel Lawrence Pumping Station	$	4,985
**Level Control & Equipment Upgrade Timbercrest Pumping Station	$	4,816
**Level Control & Equipment Upgrade Birchfield Pumping Station	$	4,816
Replacement of (2) Check Valves at Atrium Pumping Station	$	3,599
Pressure Washer for Clearing of Dewatered Sludge Piping at Hartford Rd Facility	$	3,334
Replacement of A/C Condenser Unit at Birchfield Pumping Station	$	3,303
Replacement of Transnet Radio at Fostertown Water Tank for SCADA	$	3,282
Installation of Control Valve in Blow-Off at Well # 7 ASR	$	3,180
Vehicle Tool-Box Replacement U-55	$	2,059

** Multi-Year Project Completed this Fiscal Year*
*** Project Continuing into Subsequent Year(s)*

ASSET MANAGEMENT, CAPITAL ASSET, AND LONG-TERM DEBT ACTIVITY (CONT'D)



The above chart demonstrates the Authority's ongoing and unwavering commitment to keeping its systems and infrastructures current and well maintained. To provide a more expanded time frame, the Authority has made $26.49 million of paid additions to its assets over the eight fiscal years of 2008 through 2015. $18.39 million of these paid additions were provided by available cash reserves which were planned for and accumulated over many years for the specific purpose of paying for capital projects on a "pay as you go" basis. The source of these funds is the "Unrestricted" portion of the Authority's Net Position (see earlier chart). During the same eight year period of FY2008 through FY2014, the Authority's aggregate Operating Income has totaled $9.10 million. This is a clear demonstration of the Authority's commitment to reinvest its operational results back into infrastructure and capital improvements. In addition, the Authority has issued $8.7 million in debt over the past eight years, of which $8.1 million was used for capital asset additions for certain capital projects. The Authority continually plans capital projects in both short and long range terms, including the assessment of whether to commit "Unrestricted" funds or to issue debt to finance those projects.

Country Lane / Hunters Lane Forcemain and Water Main

ASSET MANAGEMENT, CAPITAL ASSET, AND LONG-TERM DEBT ACTIVITY (CONT'D)

Our five-year capital plan calls for the expenditure of $25,867,646 with $6,274,826 budgeted for the upcoming fiscal year. The Authority plans to fund these amounts in the following manner:

	Five year plan	Upcoming year
Projects funded from Unrestricted Net Position (including reserves for renewal and replacement)	$ 25,372,646	$ 6,179,826
Debt Authorization	$ 495,000	$ 95,000

The Authority has not experienced any change in its excellent credit rating, nor does it anticipate any. Although the Authority does not operate under any debt limitations, it is required to receive approval by Mount Laurel Township resolution prior to issuing any new debt.

In May 2003, the Authority refunded debt. In doing this, the Authority replaced the outstanding principal balances of its 1992 and 1994 bond issues with the 2003 bond issue. All bonds under the new issue will mature no later than the bonds on the refunded issues. By taking advantage of a very favorable interest rate market, the Authority was able to reduce its debt service by approximately $1,070,000 over the life of the new bonds, while only increasing its outstanding bond debt by $40,000.

In November 2005, the Authority finalized long term financing in the amount of $23,772,200 on two major capital projects. The financing was arranged through the New Jersey Environmental Infrastructure Trust (NJEIT) loan program. This program has an advantageous structure which allows participants to borrow one portion of the funds at current market interest rates, and the other portion at a zero percent interest rate. The Authority's financing resulted in $12,295,000 borrowed at rates between 4% and 5%, and $11,477,200 borrowed interest free. The two capital projects associated with this borrowing were the Aquifer Storage and Recovery (ASR) project and the new Elbo Lane Water Treatment Plant.

In November 2007, the Authority completed a supplemental financing to the above November 2005 loan. This was primarily due to contractor bids being received for the new Elbo Lane Treatment Plant that were higher than anticipated after the 2005 loan amount was determined. This financing was in the amount of $3,500,000. The financing was again arranged through the New Jersey Environmental Infrastructure Trust loan program. This program has an advantageous structure which allows participants to borrow one portion of the funds at current market interest rates, and the other portion at a zero percent interest rate. The Authority's financing resulted in $2,635,000 borrowed at rates between 3.4% and 5%, and $865,000 borrowed interest free. Additional supplemental loans were authorized that, when combined with the 2007 supplemental loan, created loans of roughly equal size, one bearing market interest rates and the other being interest free.

In December 2008, the Authority closed on the supplemental loans referenced immediately above. The two loans included one bearing market rate interest, in the amount of $33,544. This loan was paid off immediately. The second, in the amount of $1,677,183, is an interest free loan. Principal payments will cease in 2028.

ASSET MANAGEMENT, CAPITAL ASSET, AND LONG-TERM DEBT ACTIVITY (CONT'D)

In December 2009, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust totaling $2,244,600 for the completion of a solar energy array that generates power for a sewer pumping station and a groundwater well. $1,109,600 of this loan is at a zero percent interest rate. The remaining $1,135,000 was borrowed at interest rates ranging from 2% to 5%. This project also included a Federal American Recovery and Reinvestment Act (ARRA) grant of $2,219,200. The ARRA grant does not require repayment and was forgiven at closing. Principal payments will cease in 2029.

In March 2010, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust totaling $1,282,000 for pipe lining and manhole rehabilitation. $962,000 of this loan is at a zero percent interest rate. The remaining $320,000 was borrowed at interest rates ranging from 3% to 5%. Principal payments will cease in 2029.

LOOKING FORWARD

The Authority has been actively pursuing alternative sources of water to meet user demand. Currently, the Authority must purchase from outside water purveyors the difference between its system demand and its permitted withdrawal from the Potomac-Raritan-Magothy aquifer. The Authority believes the development of less expensive alternatives is possible. Several have been identified. If the Authority receives approval from the appropriate regulatory agencies and develops these alternatives, particularly the building of a surface water treatment plant, the operating expense for the purchase of water from outside purveyors can be significantly reduced. Capital expenditures for a new plant would be significant.

The Authority was previously named as a defendant in a landfill lawsuit (known as BEMS). A settlement agreement has been reached which requires the Authority to make five annual installment payments of $9,147.20. The fourth of these payments was made in June, 2015.

This financial report is designed to provide Mount Laurel's citizens and our customers, clients, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the public funds it receives. If you have any questions about this report or need additional financial information, contact the Finance Director, Mount Laurel Township Municipal Utilities Authority, 1201 South Church Street, Mount Laurel, NJ 08054 or visit our website at www.mltmua.com.