

**MOUNT LAUREL TOWNSHIP  
MUNICIPAL UTILITY AUTHORITY**

**REPORT OF AUDIT**

**WITH  
SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEARS ENDING  
JUNE 30, 2012 and 2011**



**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Table of Contents

<u>Exhibit No.</u>		<u>Page No.</u>
	Roster of Officials	1
	<b><u>PART I – FINANCIAL SECTION</u></b>	
	Independent Auditor's Report	3
	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	5
	Management's Discussion and Analysis	7
	<u>Basic Financial Statements</u>	
A	Comparative Statements of Net Assets	23
B	Comparative Statements of Revenues, Expenses and Changes in Net Assets	25
C	Comparative Statements of Cash Flows	26
	Notes to Financial Statements	28
	<u>Supplementary Schedules</u>	
<u>Schedule No.</u>		
1	Combining Schedule of Revenue, Expenses and Changes in Fund Net Assets	47
2	Schedule of Cash Receipts and Disbursements	48
3	Schedule of Revenues, Expenses and Changes in Net Assets by Department	49
4	Schedule of Water Department Operations -- Revenues, Operating Appropriations, Principal Payments and Non-Operating Appropriations Compared to Budget by Department--Budgetary Basis	50
5	Schedule of Sewer Department Operations - Revenues, Operating Appropriations, Principal Payments and Non-Operating Appropriations Compared to Budget by Department--Budgetary Basis	52
4 & 5	Schedules of Anticipated Revenues, Operating Appropriations, Principal Payments and Non-Operating Appropriations Compared to Budget by Department--Budgetary Basis	54
6	Schedule of Consumer Accounts Receivable	55
7	Schedule of Prepaid Expenses	55
8	Schedule of Environmental Infrastructure Trust Receivable	56
9	Schedule of Accrued Investment Income Receivable	56
10	Analysis of Property, Plant and Equipment - Completed	57
11	Analysis of Construction in Progress	57
12	Schedule of Deferred Revenue (Connection Fees)	58
13	Analysis of Accrued Interest Payable	58
14	Schedule of Revenue Bonds Payable	59
15	Schedule of New Jersey Environmental Infrastructure Trust Loans	59
	<b><u>PART II - SCHEDULE OF FINDINGS AND RECOMENDATIONS</u></b>	
	Schedule of Findings and Recommendations	69
	Summary Schedule of Prior Year Findings and Recommendations	70
	<b><u>APPRECIATION</u></b>	71

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
ROSTER OF OFFICIALS  
As of June 30, 2012**

---

MEMBERS

Irwin Edelson  
James Misselwitz  
Frederick Braun  
Elwood Knight  
Geraldine Nardello

POSITION

Chairman  
Vice-Chairman  
Secretary  
Boardmember  
Boardmember

OTHER OFFICIALS

Pamela J. Carolan  
David R. Wiest  
L. Russell Trice  
Anthony Drollas, Esq.  
Bank of New York

Executive Director  
Finance Director  
Consulting Engineer  
Solicitor  
Trustee

**MOUNT LAUREL TOWNSHIP  
MUNICIPAL UTILITIES AUTHORITY**

**PART I**

**FINANCIAL SECTION**

**FOR THE FISCAL YEARS ENDED  
JUNE 30, 2012 and 2011**

## **INDEPENDENT AUDITORS' REPORT**

The Chairman and Members of  
Mount Laurel Township Municipal Utilities Authority  
Mount Laurel, New Jersey

We have audited the accompanying statements of net assets of the Mount Laurel Township Municipal Utilities Authority, in the County of Burlington, State of New Jersey, a component unit of the Township of Mount Laurel, as of June 30, 2012 and 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the fiscal years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Authority'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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Mount Laurel Township Municipal Utilities Authority, in the County of Burlington, State of New Jersey as of June 30, 2012 and 2011, and the respective changes in financial position thereof for the fiscal 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 report dated October 17, 2012 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mount Laurel Township Municipal Utilities Authority's basic financial statements as a whole. In addition, the supplementary schedules listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
October 17, 2012

**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**

The Chairman and Members of  
Mount Laurel Township Municipal Utilities Authority  
Mount Laurel, New Jersey

We have audited the financial statements of the Mount Laurel Township Municipal Utilities Authority, in the County of Burlington, State of New Jersey, a component unit of the Township of Mount Laurel, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

Management of the Mount Laurel Township Municipal Utilities Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority's 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Mount Laurel Township Municipal Utilities Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

This report is intended solely for the information and use of the management of the Authority, others within the Authority and the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
October 17, 2012



## 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 (FY) 2012 (July 2011 – June 2012), the Authority generated a 164% cover as its annual debt service dropped by over \$1.0 million. Key financial highlights for the Authority's FY2012 include:

- Service charges and connection fees remained at roughly the same level as FY2011. Other operating revenues decreased by nearly \$235,000 when compared to FY2011, largely due to a significant reduction in the prices and value of the Solar Renewable Energy Credits (SRECs) being produced at the Authority's Ramblewood Parkway Solar Facility. Total operating revenues were generally flat when compared with FY2011, dropping by a mere ½ of 1% to \$19.172 million.
- Consumer accounts receivable of \$3.78 million exceeded FY2011 consumer accounts receivable of \$3.67 million.

## **FINANCIAL HIGHLIGHTS (CONT'D)**

- Investment income declined to \$204,000, down from \$224,500 in FY2011.
- Interest on debt dropped significantly, from \$986,100 in FY2011 to \$855,800.
- Total debt service, included principal and interest, increased slightly from \$4.84 million in FY2011 to \$4.99 million in FY2012.
- Total liabilities decreased from \$40.20 million in FY2011 to \$35.76 million in FY2012.
- At year-end, total assets were \$141.05 million, which exceeded liabilities of \$35.76 million. The resultant net assets at year-end were \$105.29 million.

## **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 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 assets include all of the Authority’s assets and liabilities. 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 assets regardless of when cash is received or paid. Net assets - the difference between the Authority’s assets and liabilities - are a measure of the Authority’s financial health or position.

The comparative statements of revenues, expenses and changes in net assets 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 were \$141,048,115.45 on June 30, 2012. Total assets, total liabilities and total net assets are detailed below.

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

Net Assets  
As of June 30,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 25,167,841.44	\$ 26,708,665.15	\$ 27,286,917.41
Capital Assets	115,395,090.30	116,761,281.53	119,519,897.11
Other Assets	485,183.71	551,006.50	616,829.27
<b>Total Assets</b>	<b>141,048,115.45</b>	<b>144,020,953.18</b>	<b>147,423,643.79</b>
Current Liabilities	7,471,671.47	8,431,447.75	8,948,040.83
Long-Term Liabilities	28,290,093.68	31,772,753.54	35,854,675.20
<b>Total Liabilities</b>	<b>35,761,765.15</b>	<b>40,204,201.29</b>	<b>44,802,716.03</b>
Net Assets			
Invested in capital assets, net of related debt	84,900,778.51	82,444,031.23	81,962,801.33
Restricted	7,380,560.76	7,468,436.59	5,455,436.99
Unrestricted	13,005,011.03	13,904,284.07	15,202,689.44
<b>Total Net Assets</b>	<b>\$ 105,286,350.30</b>	<b>\$ 103,816,751.89</b>	<b>\$ 102,620,927.76</b>

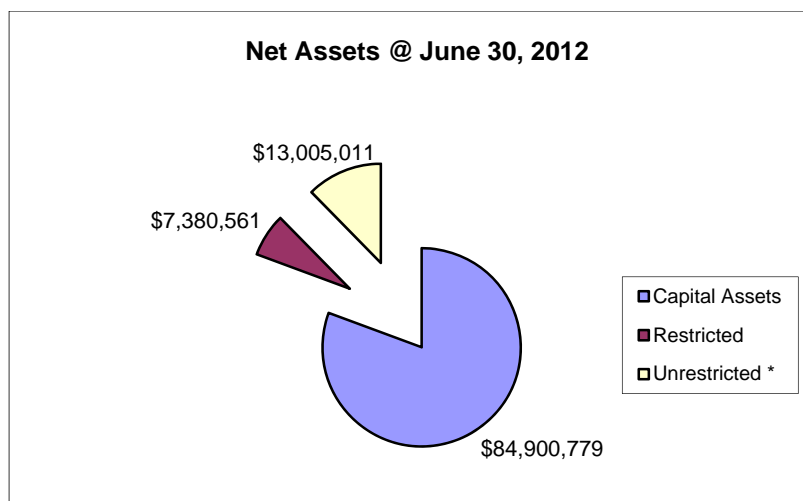
The Authority realized operating income of \$1,690,585.20 for the current year. When combined with a loss from non-operating activities, the Authority's income before capital contributions was \$273,775.56. During fiscal year 2012, the Authority received capital contributions in the amount of \$1,195,822.85. The combined effect resulted in the Authority's net assets increasing by \$1,469,598.41. Major components of this activity follow.

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

### Revenues, Expenses and Net Assets As of June 30,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating Revenues			
Service Charges	\$ 18,503,996.59	\$ 18,386,217.74	\$ 16,608,910.73
Connection fees	299,482.60	286,187.56	508,826.25
Other Operating Revenues	<u>368,478.07</u>	<u>603,364.42</u>	<u>279,609.04</u>
	<b>19,171,957.26</b>	<b>19,275,769.72</b>	<b>17,397,346.02</b>
Operating Expenses	12,217,527.64	11,957,631.77	11,969,815.52
Depreciation expense	<u>5,263,844.42</u>	<u>5,465,177.33</u>	<u>5,101,214.79</u>
<b>Operating Income</b>	<b>1,690,585.20</b>	<b>1,852,960.62</b>	<b>326,315.71</b>
Non-operating Revenues (Expenses)			
Investment Income	204,068.87	224,535.64	604,569.52
Interest on debt	(855,766.54)	(986,149.91)	(1,067,044.08)
Amortization of bond issue costs	(65,822.79)	(65,822.77)	(69,245.74)
Loss on disposal of capital assets	(1,135.81)	(4,184.05)	-
Cancellation of prior year receivable	(112,153.37)	-	-
Contribution to Mount Laurel Township	<u>(586,000.00)</u>	<u>(400,000.00)</u>	<u>(400,000.00)</u>
<b>Income (Loss) before contributions</b>	<b>273,775.56</b>	<b>621,339.53</b>	<b>(605,404.59)</b>
Capital contributions	<u>1,195,822.85</u>	<u>574,484.60</u>	<u>3,704,430.41</u>
<b>Increase in Net Assets</b>	<b>1,469,598.41</b>	<b>1,195,824.13</b>	<b>3,099,025.82</b>
Net Assets - July 1 (Previously reported)	-	-	99,217,867.81
Prior period adjustment	<u>-</u>	<u>-</u>	<u>304,034.13</u>
Net Assets - July 1 (Restated)	103,816,751.89	102,620,927.76	99,521,901.94
Change in Net Assets	<u>1,469,598.41</u>	<u>1,195,824.13</u>	<u>3,099,025.82</u>
<b>Net Assets - June 30</b>	<b><u>\$ 105,286,350.30</u></b>	<b><u>\$ 103,816,751.89</u></b>	<b><u>\$ 102,620,927.76</u></b>

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



\* In calendar year 2003, the Authority began planning the annual use of a portion of its unrestricted net assets in the form of a rate stabilization fund. As a result, subsequent rate increases to the Authority's customers have been lower than they otherwise would have been. Unrestricted Net Assets are also used as the funding source for that portion of the Authority's capital program not funded by debt issuance.

Service charges remained relatively flat when compared to the previous year. The lack of significant change was essentially the result of two contradicting factors. First, water demand from the Authority's service area amounted to 1.495 billion gallons, a decrease of 117 million gallons compared to FY2011 system demands. Helping to offset the loss of revenue as a result of the reduction in water delivered to service was a rate increase that went into effect with the February 2012 monthly billings. The overall 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, public and industrial customers. The rate structure is stable and includes rate increases to be implemented with each year's February billings through 2013.

Connection fee revenue amounted to nearly \$299,500, a slight increase from fiscal year 2011 revenues of \$286,200. This component of 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 liabilities 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 liability and recognizes connection fee income. Although a resurgent economy will improve this portion of the Authority's revenue stream, the township of Mount Laurel is approaching build out within the next several years. To that end, the Authority has had a long term fiscal model in place for many years that plans for annually reducing dependency on connection fee revenues. This has served the Authority well.

Interest income declined by approximately \$20,000 compared to fiscal year 2011. Interest rates remained low throughout the year. 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 continued its investment philosophy of buying high quality, low risk instruments such as Ginnie Maes and U.S. Treasury instruments.



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

The Authority's fiscal activity yielded positive results for the year, remaining very similar to FY2011 activity. The three sources of operating revenue generated an aggregate of \$19.17 million, just 0.5% less than the FY2011 aggregate of \$19.27 million. The only one of these three revenue sources to show a reduction when compared to the previous year was "Other Operating Revenues", which includes SREC revenues. Due to an oversaturation of SRECs in the energy market, along with a lack of



legislation to stabilize prices, SREC revenues plummeted throughout FY2012. To illustrate, SRECs were fetching \$655 each when auctioned off by the Authority in the first half of FY2011. By the end of FY2012, SRECs were trading near \$100 each. This drastic fall off in SREC pricing resulted in FY2012 revenues of \$123,600, compared with FY2011 revenues of \$326,000. Regarding expenses, the Authority continued its aggressive pursuit of reducing / containing costs. Total operating expenses, net

of depreciation, remained virtually the same as those recorded in FY2011. Since FY2008 (July 2007 – June 2008), the Authority has reduced operating expenses by \$1.3 million. The more significant changes in revenues and expenses are described in more detail below.

Mount Laurel continues to be a desirable location for residential and commercial development. The make up 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 26 hotels within the township, providing the third highest number of rooms in the state, behind 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 miniscule portion of the Authority's billing base.

As the original budget for fiscal year 2012 was formulated prior to April 2011, certain actual events during the year necessitated amending the budget. The Authority approved this budget amendment in June 2012. Following is a narrative addressing the more significant amendments, and how those amendments compare to actual operating results for the current year.

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

Service charges, including fire services, were originally budgeted at \$17.75 million but were amended to \$17.16 million. The primary reason for this was a 117 million gallon (mg) decrease in the amount of water delivered to service during FY2012, compared to FY2011. Mostly all of this decrease (108 mg) occurred in the July through September quarter. During this period in 2010 (FY2011), 580 mg were delivered to our customers, compared to the same period in 2011 (FY2012), when 472mg were delivered. Actual service charge revenue for the year amounted to \$18.50 million, as hot weather in Spring and early Summer 2012 created more demand for water than expected.

Connection fee revenue was amended from \$162,800 to \$270,900. In October, 2011, Hilton Garden Inn tied into the Authority's sewer system which resulted in the main reason for the increased budget. When the budget was formulated in early 2011, the Authority anticipated this tie in would occur after FY2012. Actual connection fee revenue was \$299,500.

SREC revenue was amended from \$424,400 to \$203,000. By the end of FY2012, an abundance of SRECs in the marketplace had driven prices to below \$100 per SREC. Lack of legislation serving to stabilize the market price had a negative impact as well. In late FY2012, the Authority hedged against further price drops in the near term by committing the balance of our Energy Year 2012 SRECS to a brokered sale. In anticipation of favorable legislation, we reserved ½ of our Energy Year 2013 SRECs for selling in a better price climate, and sold the other ½ in the brokered sale. Actual SREC revenue was \$123,600.

## **OPERATING EXPENSES**

The Authority's operating expenses for fiscal year 2012 (net of depreciation) exceeded those of FY2011 by nearly \$260,000. However, this includes a \$202,500 prior year expense recorded in FY2012. Adjusting for this item results in FY2012 operating expenses (net of depreciation) actually being \$145,000 less than FY2011. For the five years of FY2008 through FY2012, the Authority's numerous cost containment efforts have resulted in an aggregate reduction of \$1.3 million in expenses. Discussion follows on select line items during FY2012.

Salaries and Wages expense increased \$22,000 in FY2012. This equates to a 0.6% increase over the prior year. Union and non-union employees received no wage increases in FY2011 or FY2012. A new Collective Bargaining Agreement (CBA) was finalized during FY2012. This CBA is for a six year term, effective January 1, 2011 through December 31, 2016 and replaces the five year CBA which expired December 31, 2010. The new CBA calls for no retroactive pay and new wage and other compensation issues to commence July 1, 2012 (FY2013). In addition, the Authority continued strict adherence to a policy of no overtime work except in cases of extreme need or emergency. The current year's total expense for all salaries and wages totaled \$3.696 million, compared with last year's \$3.674 million. The budget for this expense was originally set at \$3.658 million but was amended to \$3.698 million, primarily due to a delay in the anticipated retirement of the Authority's Electrical Department Supervisor. When the original budget was formulated, this employee was expected to retire after working four months of the fiscal year. However, the retirement was pushed back for one year, resulting in another eight months of salary expense in FY2012.

## **OPERATING EXPENSES (CONT'D)**

Fringe Benefits exceeded the prior year by \$25,500; a 1.4% increase. Three major fringe benefit line items, the Public Employee's Retirement System (PERS), Group Medical and Dental Insurance and Worker's

Compensation

Insurance account for the majority of this increase. The

Authority's PERS contribution

(determined by the state of New Jersey) increased over the prior year by \$17,800. Group medical insurance was provided through the New Jersey State Health Benefits Plan (SHBP); dental insurance by Aetna for the first part of the fiscal year and Dearborn National for the rest of the fiscal



year. Combined group insurance costs increased only \$28,200 compared to the prior year, while Worker's Compensation costs dropped by nearly the same amount, at \$27,600. Other minor increases in FICA taxes, disability and Life / Accidental Death and Dismemberment insurances account for the difference.

Electricity costs decreased in the current year, falling nearly \$88,000 from \$1.17 million in FY2011 to \$1.08 million in FY2012. The Authority has installed sophisticated process control computers to regulate energy consumption at its plant facilities, variable frequency drives and more efficient pumps, and exercises dozens of emergency generators on a regular basis. A well run preventive maintenance schedule keeps generators in excellent, efficient condition. Load banking equipment, which identifies problems early, is also used. When scheduled and where possible, replacement vehicles are being purchased with an emphasis on fuel economy.

Meanwhile, the Authority continues to strive for energy efficiency while searching for ways to decrease its energy costs. The Authority has been working with Rowan University's Electrical Engineering Department to specifically study lighting at our larger facilities. This work began at the Elbo Lane water treatment plant. Staff and students performed an energy audit of the site, reviewing plans and the facility and putting monitoring equipment in place to determine if the Authority was utilizing the most cost effective lighting approach to meet our operational needs. Their first phase was to analyze the use of interior lighting at the facility, which utilizes fluorescent tubes. The findings of this portion of the study determined that the Authority uses long life fluorescent tubes and only uses the lighting when occupying the areas, making the change to a lower use fixture or bulb not cost effective. Staff and students are currently considering the outdoor lighting at the facility. The Authority is pleased to be working with the college and recognizes the mutual benefits in providing the students an opportunity to apply classroom learning to a real life project while being the recipient of a detailed energy audit at no



## **OPERATING EXPENSES (CONT'D)**

cost. As the audit moves on to other sites, the Authority looks forward to recommendations from Rowan for additional energy efficiencies or confirmation that we are already efficient energy consumers.

In May 2010, the Authority entered into a two year, third party supply contract for its electricity needs. This contract reduced electric costs by approximately \$140,000 per year. A new third party supply contract began with the June 2012 electric meter readings. Although this did not allow for any significant savings by the end of June and the fiscal year, the Authority expects to save an additional \$120,000 annually, based on 8.5 million kWh of electric usage. Considering the savings created by these two contracts, and all other factors being equal, the Authority expects to be spending \$250,000 less for electricity in FY2013 than it did in FY2010.

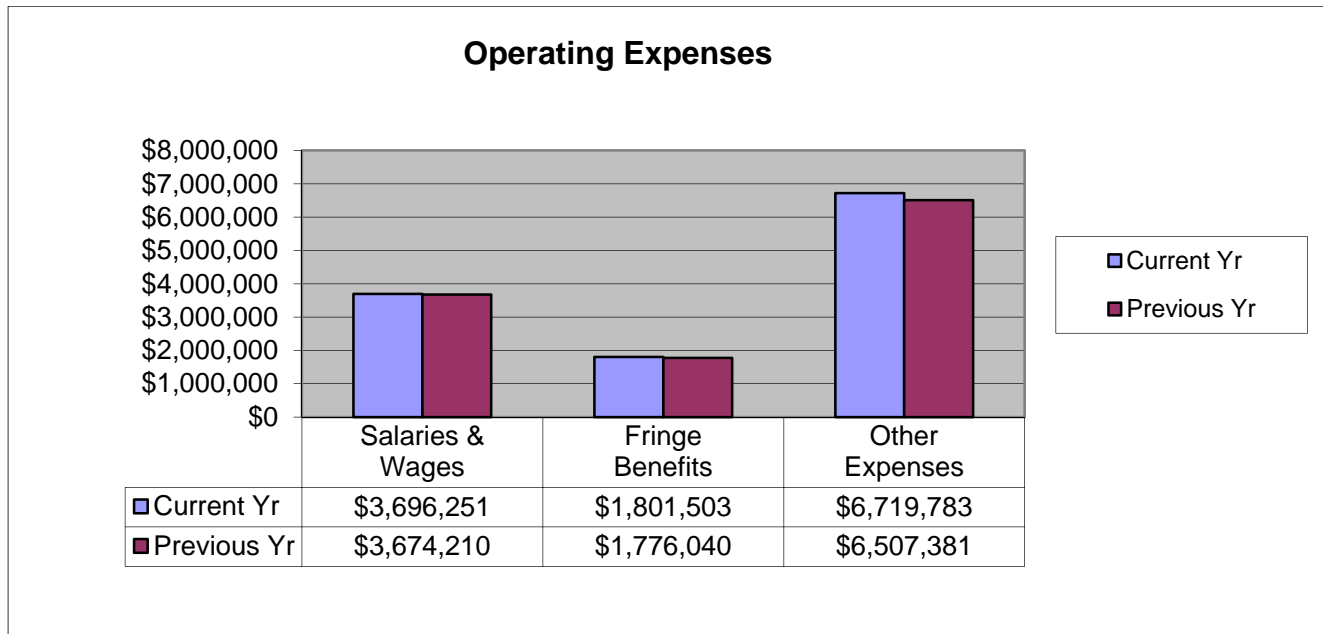
The purchase of water from outside purveyors decreased by \$40,000 in FY2012. The New Jersey Department of Environmental Protection has restricted the Authority to a withdrawal of water from the Potomac-Raritan-Magothy Aquifer equal to the demand of the township in 1980. However, because the Authority serves a township that has experienced explosive growth over the decades, it is forced to purchase more and more of its water from other water purveyors. During the current fiscal year, approximately 55% (about 818 million gallons) of Mount Laurel's water demand was purchased from these purveyors. In FY2011, these purveyors provided 62% (about 995 million gallons) of Mount Laurel's water supply. Besides lower system demand for water in FY2012 (as previously noted, 117 million less gallons were delivered to service), the Authority's capital project at Well #3 added Variable Frequency Drives (VFD) and associated Supervisory Control And Data Acquisition (SCADA) system controls. VFD and SCADA allowed the Authority to run pumps at the well's permitted capacity, thereby allowing the production of more water during peak summer periods and reducing the need to purchase water from other purveyors. Finally, the Authority amended its water supply strategy in Spring, 2012 by including earlier than normal use of stored water. These factors led to a decrease of \$537,000 in this budget line item, to \$2.485 million. Actual expenses were \$2.38 million. The Authority continues to seek alternative, less expensive ways to provide water to its service area.

Chemical expense overall increased significantly when compared to the prior year. Total actual costs were \$590,400 compared to \$486,200; an increase of \$104,200. This was almost entirely due to an increase in the purchase of odor control chemicals, whose year over year increase was \$103,200. The build up of hydrogen sulfide gas in sewer pipes occurs more quickly at warmer temperatures. Because winter 2012 was unusually mild and spring 2012 was much warmer than normal, hydrogen sulfide levels increased dramatically. This resulted in the use of much more odor control chemical than was anticipated. The Authority has been actively seeking ways to reduce its cost for this type of chemical without negatively impacting its infrastructure. While continuing the use of hydrogen peroxide, the Authority's operational staff works to fine tune feed rates of bioxide (a less expensive chemical) and thereby reduce the overall purchase of hydrogen peroxide. We will continue to monitor the use of these chemicals, as caution must be taken to prevent altering the characteristics of sewage to such an extent as to have a negative impact on the treatment process.

Interest expense in FY2012 dropped by \$130,000. 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. Considering this generally, and in conjunction with the expiration of a 20 year 1992 bond issue (subsequently refunded in 2003) explains the reduction in interest expense when compared to FY2011.

The Authority contributed \$586,000 to Mount Laurel Township in FY2012. This amount was determined in accordance with N.J.S.A. 40A:5A-12.1.

## **OPERATING EXPENSES (CONT'D)**



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

The United States Environmental Protection Agency (EPA) has estimated that New Jersey water systems 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 survey of members of the American Society of Civil Engineers (ASCE) estimated that New Jersey wastewater infrastructure needs \$9.15 billion dollars of improvements.

Because the Authority has invested more than \$200 million in its infrastructure, and keeping these staggering amounts estimated by the EPA and ASCE in mind, we have begun the process of investigating the development and implementation of an Asset Management Program (AMP). EPA offers this definition: "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 New Jersey Department of Environmental Protection (DEP), Department of Community Affairs, Board of Public Utilities and Environmental Infrastructure Trust have recently worked cooperatively to announce a pilot project for asset management planning that is intended to develop and document several examples of successful efforts by water supply and wastewater utilities. The results will help these entities develop a broader program fostering asset management statewide. This program will address issues of objectives, best practices (including technological, management and budgeting issues) and statutory / regulatory needs. Through a process of outreach to the New Jersey Water Environment Association and the New Jersey Chapter of the American Water Works Association, DEP staff has identified five potential pilot utilities and systems in New Jersey. The Authority is honored to have been selected as one of these five utilities and is anxious to begin work on this very important project.

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

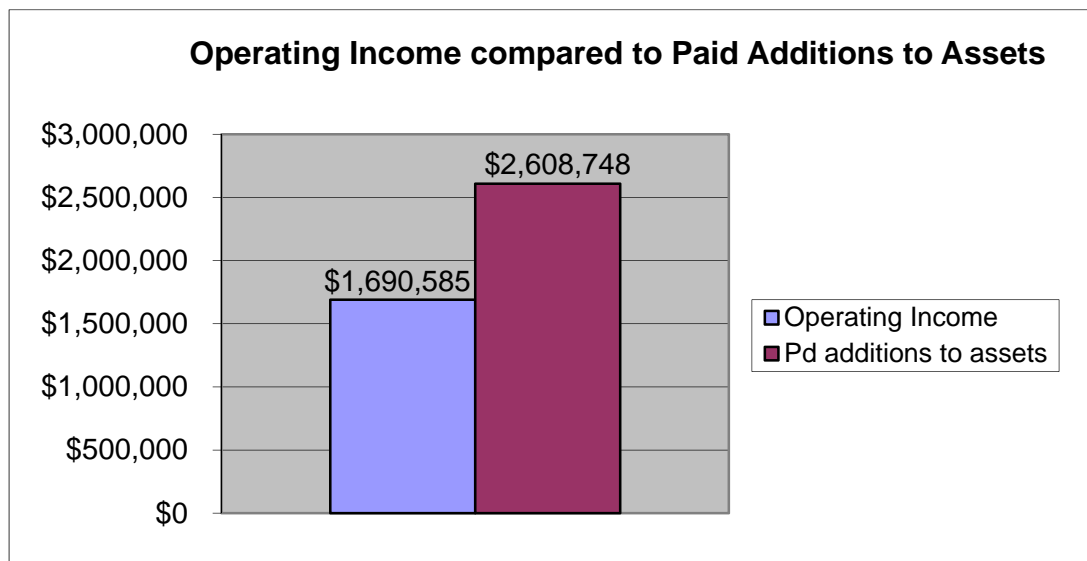
During FY2012, the Authority disbursed \$2.68 million for capital assets. By including retainage and other pre / post year adjustments, the more significant capital additions were as follows:

<b><u>Asset</u></b>	<b><u>Amount disbursed</u></b>
Hydrant Replacement Program	\$ 22,375
Meter Change Out Program	\$ 176,728
Water Storage Tank Rehab – Commerce Parkway	\$ 208,177
Water System Meter Analysis & Correction	\$ 39,083
Water main replacement – Sumac Ct., Ashby Ct., Union Mill Rd/ Malvern Ct.	\$ 7,458
Water main replacement – Buckingham Way	\$ 190,459
Water main replacement – Indigo Drive	\$ 27,465
Water main replacement - Parkers Creek	\$ 25,269
Painting of Internal Components of Clarifiers @ Elbo Lane WTP	\$ 172,516
Meter Replacement for Willingboro Booster Station	\$ 12,403
Building Upgrade Well # 3	\$ 628,221
Elbo Lane WTP – Chlorine Contact Chamber Repair	\$ 15,166



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

<u><b>Asset</b></u>	<u><b>Amount disbursed</b></u>
HVAC Rehab & Replacement at Elbo Lane WTP	\$ 20,404
VFD Replacement on Pump # 4 -Willingboro Booster Station	\$ 6,121
Parker Creek Outfall Line Rehab (Sewer)	\$ 235,483
VFDs for RAS Pumps 1, 2, & 3	\$ 23,295
Orbal Motors Replacement	\$ 11,613
Sludge Thickener Tank Cleaning	\$ 30,624
Rehab # 2 Primary Sludge Pump at HRWPCF	\$ 14,220
Belt Filter Press #3 Rehab at HRWPCF	\$ 80,583
Sludge Blower Replacement at HRWPCF	\$ 15,207
Swivel Joint Replacement at Sludge Bin Area # 2 Chute	\$ 17,400
Televising of Sewer Mains	\$ 97,193
Analyze Pumping Characteristics of Pumping Stations	\$ 10,062
Rehab Pumping Stations Response to Study	\$ 50,380
Cathodic Protection Installation – East Gate II PS	\$ 9,120
Volute Replacement on Pumps at Birchfield & Atrium PS	\$ 21,590
Rehab Control Cabinet at Wildflowers PS	\$ 16,075
Rebuild Motors / Pumps at Pumping Stations	\$ 25,954
Removal of Under Ground Storage Tank at Birchfield PS	\$ 30,888





## **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 \$16.38 million of paid additions to its assets over the five fiscal years 2008 through 2012. During that same five year period, the Authority's aggregate Operating Income has totaled \$3.62 million. \$8.28 million of these paid additions was provided by available cash reserves which were planned and accumulated over many years for the specific purpose of paying for capital projects on a "pay as you go" basis. The Authority has also issued 8.7 million in debt over the past five years, of which \$8.1 million was used for capital asset additions for certain capital projects.

The Authority remains committed to an aggressive capital program and will continue to maintain a proactive maintenance philosophy of its capital facilities. Our five-year capital plan calls for the expenditure of \$18,252,225 with \$3,320,025 budgeted for the upcoming fiscal year. The Authority plans to fund these amounts in the following manner:

	<b>Five year plan</b>	<b>Upcoming year</b>
Projects funded from Unrestricted Net Assets (including reserves for renewal and replacement)	\$ 16,482,225	\$ 3,315,025
Debt Authorization	\$ 1,770,000	\$ 5,000

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 township resolution prior to issuing any new debt.



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

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.

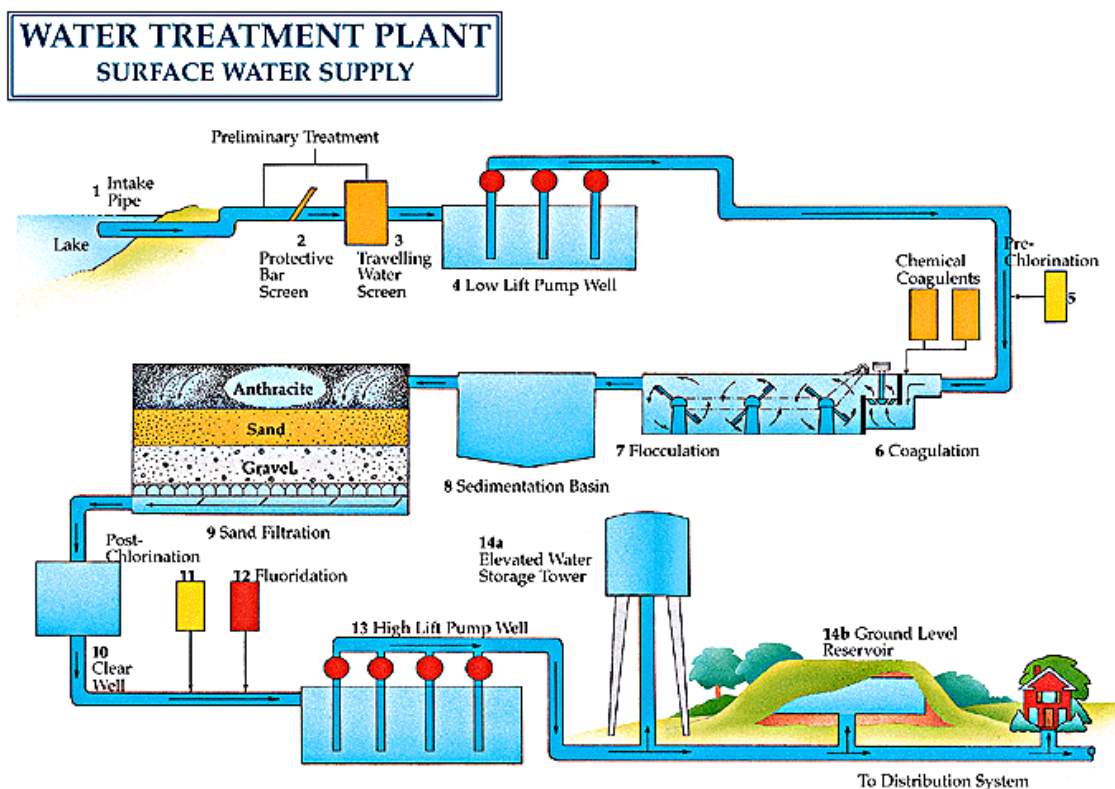
In December 2008, the Authority closed on the supplemental loans referenced immediately above. The two loans included one bearing market rate interest, in the amount of \$33,544. This loan was paid off immediately. The second, in the amount of \$1,677,183 is an interest free loan. Principal payments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

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 excess water gallonage 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. Below is a diagram of a typical surface water treatment system.



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 first of these payments was made in June, 2012.

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](http://www.mltmua.com).

## **BASIC FINANCIAL STATEMENTS**



## MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Assets  
As of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 7,281,850.79	\$ 7,009,748.42
Investments	7,249,583.75	6,737,574.17
Consumer Accounts Receivable, Net of Allowance for Doubtful Accounts of \$3,786.67 in 2012 and \$3,677.89 in 2011	3,782,886.78	3,674,215.60
Accrued Investment Income Receivable	14,821.93	11,251.08
Intergovernmental Accounts Receivable, Net of Allowance for Doubtful Accounts of \$84,563.59 in 2012 and \$68,793.87 in 2011	287,891.92	131,482.35
Inventory	430,882.52	390,916.26
Other Accounts Receivable	207,350.34	226,919.66
Prepaid Expenses	66,399.88	81,801.92
Total Unrestricted Assets	<u>19,321,667.91</u>	<u>18,263,909.46</u>
Restricted Assets:		
Cash	1,793.89	14,192.41
Investments	5,348,424.85	7,512,212.60
Accrued Investment Income Receivable	26,911.67	29,565.65
NJ EIT Loan Receivable	411,254.00	805,278.00
Notes Receivable, Less Allowance for Doubtful Accounts of \$40,190.91 in 2012 and \$22,575.14 in 2011	57,789.12	83,507.03
Total Restricted Assets	<u>5,846,173.53</u>	<u>8,444,755.69</u>
Total Current Assets	<u>25,167,841.44</u>	<u>26,708,665.15</u>
Noncurrent Assets:		
Property, Plant and Equipment:		
Completed (Net of Accumulated Depreciation)	109,027,498.26	111,162,536.56
Construction in Progress	6,367,592.04	5,598,744.97
Total Property, Plant and Equipment	<u>115,395,090.30</u>	<u>116,761,281.53</u>
Other Assets:		
Unamortized Bond Issuance Costs	<u>485,183.71</u>	<u>551,006.50</u>
Total Noncurrent Assets	<u>115,880,274.01</u>	<u>117,312,288.03</u>
Total Assets	<u>141,048,115.45</u>	<u>144,020,953.18</u>

(Continued)

## MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Assets  
As of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>LIABILITIES</b>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 937,312.05	\$ 906,355.79
Prepaid Rents	82,288.66	86,442.22
Deferred Revenue	2,148,853.02	2,302,516.40
Developer's Deposits	389,243.40	379,539.17
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	3,557,697.13	3,674,853.58
	<hr/>	<hr/>
Current Liabilities Payable from Restricted Assets:		
Accounts Payable	354,464.09	248,745.64
Retainage	19,017.67	30,517.72
Revenue Bonds Payable--Current Portion	275,000.00	1,240,000.00
NJ EIT Loans--Current Portion	2,937,827.04	2,857,943.76
Accrued Interest Payable	327,665.54	379,387.05
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	3,913,974.34	4,756,594.17
	<hr/>	<hr/>
Long-term Liabilities:		
Compensated Absences	485,652.98	476,425.86
Revenue Bonds Payable	523,365.53	786,680.88
NJ EIT Loans Payable	27,281,075.17	30,509,646.80
	<hr/>	<hr/>
Total Long-Term Liabilities	28,290,093.68	31,772,753.54
	<hr/>	<hr/>
Total Liabilities	35,761,765.15	40,204,201.29
	<hr/>	<hr/>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	84,900,778.51	82,444,031.23
Restricted:		
Bond Resolution Covenants	7,337,396.34	7,418,732.44
State Unemployment Compensation	43,164.42	49,704.15
Unrestricted	13,005,011.03	13,904,284.07
	<hr/>	<hr/>
Total Net Assets	\$ 105,286,350.30	\$ 103,816,751.89
	<hr/>	<hr/>

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

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Comparative Statements of Revenues, Expenses and Changes in Net Assets  
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Utility Service Charges	\$ 18,503,996.59	\$ 18,386,217.74
Connection Fees	299,482.60	286,187.56
Other Operating Revenues	368,478.07	603,364.42
	<u>19,171,957.26</u>	<u>19,275,769.72</u>
Operating Expenses:		
Administration:		
Salaries and Wages	1,033,764.19	1,015,232.05
Fringe Benefits	411,340.77	688,492.28
Other Expenses	674,437.05	670,262.86
Cost of Providing Services:		
Salaries and Wages	2,662,487.20	2,658,977.75
Fringe Benefits	1,390,162.16	1,087,548.06
Other Expenses	5,842,796.54	5,837,118.77
Additional Prior Year Expense	202,539.73	
Depreciation	5,263,844.42	5,465,177.33
	<u>17,481,372.06</u>	<u>17,422,809.10</u>
Operating Income	1,690,585.20	1,852,960.62
Non-operating Revenue (Expenses):		
Investment Income	204,068.87	224,535.64
Interest on Debt	(855,766.54)	(986,149.91)
Amortization of Bond Issue Costs	(65,822.79)	(65,822.77)
Loss on Disposal of Capital Assets	(1,135.81)	(4,184.05)
Cancellation of Prior Year Receivable	(112,153.37)	
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(586,000.00)	(400,000.00)
	<u>273,775.56</u>	<u>621,339.53</u>
Income Before Contributions	273,775.56	621,339.53
Capital Contributions	1,195,822.85	574,484.60
	<u>1,469,598.41</u>	<u>1,195,824.13</u>
Increase in Net Assets	1,469,598.41	1,195,824.13
Net Assets July 1	103,816,751.89	102,620,927.76
Net Assets June 30	<u>\$ 105,286,350.30</u>	<u>\$ 103,816,751.89</u>

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

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Comparative Statements of Cash Flows  
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 18,538,499.89	\$ 18,311,979.35
Payments to Suppliers	(6,679,887.01)	(6,460,571.73)
Payments to Employees	(5,488,527.20)	(5,464,154.97)
Other Operating Receipts	210,557.36	487,242.77
Net Cash Provided by Operating Activities	6,580,643.04	6,874,495.42
Cash Flows from Noncapital Financing Activities:		
Notes Receivable on Line Extensions	8,102.14	4,833.84
Net Cash Provided by Noncapital Financing Activities	8,102.14	4,833.84
Cash Flows from Capital and Related Financing Activities:		
Received from NJ EIT		3,699,239.00
Retainage	(30,517.72)	(69,076.57)
Principal Paid on Bonds	(1,240,000.00)	(1,185,000.00)
Principal Paid on Loans	(2,857,943.76)	(2,676,030.57)
Acquisitions of Property, Plant and Equipment	(2,578,230.03)	(2,857,675.24)
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(586,000.00)	(400,000.00)
Interest on Debt	(891,279.99)	(983,316.86)
Net Cash Used in Capital and Related Financing Activities	(8,183,971.50)	(4,471,860.24)
Cash Flows from Investing Activities:		
Change in Investments	1,651,778.17	(5,075,053.49)
Investment Income	203,152.00	219,362.14
Net Cash Provided by (Used in) Investing Activities	1,854,930.17	(4,855,691.35)
Net Increase (Decrease) in Cash	259,703.85	(2,448,222.33)
Cash and Cash Equivalents, July 1	7,023,940.83	9,472,163.16
Cash and Cash Equivalents, June 30	\$ 7,283,644.68	\$ 7,023,940.83

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
 Comparative Statements of Cash Flows  
 For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 1,690,585.20	\$ 1,852,960.62
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	5,263,844.42	5,465,177.33
Changes in Assets and Liabilities:		
(Increase) Decrease in Consumer Accounts Receivable	(108,671.18)	(310,566.55)
(Increase) Decrease in Intergovernmental Accounts Receivable	(57,653.57)	(9,896.07)
(Increase) Decrease in Inventory	(39,966.26)	(86,882.13)
(Increase) Decrease in Other Accounts Receivable	(74,968.28)	(63,373.84)
(Increase) Decrease in Prepaid Expenses	15,402.04	(23,097.33)
Increase (Decrease) in Unrestricted Accounts Payable	30,956.26	156,789.36
Increase (Decrease) in Prepaid Rents	(4,153.56)	(1,145.94)
Increase (Decrease) in Deferred Revenue	(153,663.38)	(48,713.46)
Increase (Decrease) in Developers' Deposits	9,704.23	(42,851.74)
Increase (Decrease) in Compensated Absences	9,227.12	(13,904.83)
Total Adjustments	<u>4,890,057.84</u>	<u>5,021,534.80</u>
Net Cash Provided by Operating Activities:	<u>\$ 6,580,643.04</u>	<u>\$ 6,874,495.42</u>

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

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Notes to Financial Statements  
For The Fiscal Year Ended June 30, 2012 and 2011

---

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Reporting Entity**

The Mount Laurel Township Municipal Utilities Authority (the "Authority") is a public body corporate and politic of the State of New Jersey and was created by an ordinance adopted December 6, 1965 by the Township Committee of the Township of Mount Laurel in the County of Burlington, New Jersey (the "Township") under the Municipal Utilities Authority Law, R.S. 4:14B-1 et seq., of the State of New Jersey. The comparative financial statements include the operations for which the Authority exercises oversight responsibility.

The Authority provides water distribution and sewerage collection services to substantially all the area constituting the Township. The Authority commenced operations in 1970 and since then has acquired existing water distribution and sewage collection system owned by private concerns and has undertaken various construction projects to upgrade and expand the system.

The Authority consists of five members, who are appointed by resolution of the Township Committee for five-year terms. The daily operations of the Authority are managed by the Executive Director.

**Component Unit**

The Authority is a component unit of the Township as described in Governmental Accounting Standards Board Statement No. 14 because of a service agreement (See Note 2 Stewardship, Compliance and Accountability--Debt Service Agreement) between the Authority and the Township. These financial statements would be either blended or discreetly presented as part of the Township's financial statements if the Township reported using generally accepted accounting principles applicable to governmental entities.

GASB Statement No. 14 also provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. As of June 30, 2012, it has been determined by the Authority that no component units exist

**Basis of Presentation**

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The transactions of the Authority are divided into two separate activities (water and sewer) within the enterprise fund type. Each activity is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenditures.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

**Revenues -- Exchange and Non-Exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Water and sewer service charges are recognized as revenue when services are provided. Connection fees are collected in advance and, accordingly, the Authority defers these revenues until the municipality issues a release for certificate of occupancy and determines that water distribution and sewage collection services are being provided to the properties.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

**Expenses / Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**Governmental Accounting Standards Board - Statement No. 20**

The Authority is required to follow all statements of the GASB. GASB Statement No. 20 was issued to give guidance in determining generally accepted accounting principles, generally accepted in the United States of America for governmental proprietary funds. It provides that all proprietary fund activities follow all Financial Accounting Standards Board ("FASB") Statements issued prior to November 30, 1989, unless they conflict with GASB standards. It also provides that the governmental unit must elect whether to follow FASB Statements issued after that date.

The Authority has elected not to follow any FASB pronouncements issued after November 30, 1989.

**Budgets and Budgetary Accounting**

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt no later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year. The Budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense, amortization of bond issue costs, bond discounts and deferred loss on defeasance are not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Statement of Revenues, Expenses and Changes in Net Assets. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority adopted an amending budget resolution during the year.

The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governments are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey governments.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. The Act was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include State or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**Inventory**

Inventory consists principally of chemicals for the treatment of water, sewage and sludge and materials used for the repair and replacement of underground infrastructure. The Authority has determined that the inventories are material and are recorded in the financial statements at cost basis.

**Property, Plant and Equipment**

Property, Plant and Equipment primarily consists of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased prior to June 30, 1993 are stated at estimated cost. Assets purchased since are stated at actual cost. Assets contributed by developer's are valued at estimated fair market value as of the date of contribution.

Costs incurred for construction projects are recorded as construction in progress. In the year that the project is completed, these costs are transferred to Property, Plant and Equipment.

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$500.00 or more
- 2) Useful life of more than one year
- 3) Asset is not affected by consumption

Interest costs incurred during construction are not capitalized into the cost of the asset.



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Depreciation**

Depreciation is provided using the straight-line method over the following estimated useful life of the assets:

	<u>Years</u>
Buildings	40
Major Moveable Equipment	5 - 15
Vehicles	7
Infrastructure	40

Depreciation is taken starting the month after the asset is placed in service.

**Bond Issuance Costs, Bond Discount, Bond Premium and Deferred Loss on Refunding**

Bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Bond discounts, premiums and loss on defeasance are deferred and amortized over the life of the bonds using the effective interest method. Bond discounts, premiums and loss on defeasance are presented as a reduction of the face amount of the revenue bonds and loans payable whereas issuance costs are recorded as other assets.

**Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

**Net Assets**

Net assets comprise the various earnings from operating income, non-operating revenues, expenses, and capital contributions. Net assets are classified in the following three components:

**Invested in Capital Assets, net of Related Debt** - This component of net assets consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

**Restricted** - This component of net assets consists of external constraints imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restricts the use of net assets.

**Unrestricted** - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." This component includes net assets that may be allocated for specific purposes by the Authority.

**Income Taxes**

The Authority operates as defined by the Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Operating and Non-Operating Revenues and Expenses**

Operating revenues include all revenues derived from facility charges (i.e., water and sewerage usage revenues) and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities.

Operating expenses include expenses associated with the operation, maintenance and repair of the water and sewer operations and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt, contribution to Township and major non-recurring repairs.

**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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY****Compliance with finance related legal and contractual provisions**

The Authority has no material violations of finance related legal and contractual provisions.

**Utility System Revenue Bonds**

The Authority is subject to the provisions and the terms of the Utility System Revenue Bond Resolution, dated July 21, 1992, as amended. As required by the Resolution, certain cash accounts and investments of the Authority are maintained by an independent trustee, accounted for in various accounts and segregated for specific use and for the security of the bondholders. The purpose of the trust accounts are summarized as follows:

**Revenue Account** - All operating revenues received by the Authority are deposited in the revenue account and subsequently transferred into other accounts to satisfy the bond covenants or to pay operating expenses, except for any grants-in-aid of construction that are deposited in the construction account.

**Debt Service Account** - Periodic transfers from the revenue account are deposited to pay current principal maturities and interest on Series A and B, Series 2003, and the New Jersey Wastewater Treatment Trust and Environmental Infrastructure Trust loans. The balance on June 30, 2012 meets the requirements of the Bond Resolution as amended by the Authority.

**Debt Service Reserve Account** - The cash balance required to be maintained in this account equals the largest remaining annual debt service requirement on the NJ Environmental Infrastructure Trust Loans, Series 2000 and 2008. Additionally, the Authority purchased surety coverage for the 2003 Series A and Series B Bonds and NJ Wastewater Treatment Trust Loans, Series 1994, 1996, 1998, 2005 and 2007 in the amount of the largest remaining annual debt service requirement of each series. The 2009A, 2009B and 2010 NJEIT loans were issued as subordinate debt and do not require a reserve balance. The total required balance for the debt service reserve as of June 30, 2012 is \$3,819,259.85. After applying the Authority's surety bonds, the minimum required cash balance is \$211,011.34. This account, if necessary, will make up any deficiencies in the debt service account. The balance on June 30, 2012 meets the requirements of the Bond Resolution as amended by the Authority.

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)****Utility System Revenue Bonds (Cont'd)**

**Renewal and Replacement Account** – The Trustee must maintain a minimum balance in this account of \$3,860,000.00 or such other sum as the consulting engineer shall certify to be sufficient to provide for major repairs, renewals or replacements. As of the date of this report, the cash balance in the Renewal and Replacement Account is \$3,313,888.43, which does not meet the engineer's certified balance as of June 30, 2012.

**General Account** - In the event all other accounts have been maintained to their maximum extent, then transfers are made to the general account. The Trustee, at the request of the Authority, may use the general account to pay the cost of capital additions, to purchase or redeem bonds of any series, to pay the cost of extraordinary repairs, renewals and replacements of the utility system, to repay subordinated loans, to make payment to the Township of amounts due under the service contract (see below), or for any other lawful purpose, as described in the Utility System Revenue Bond Resolution.

**Line Extension Account** - Within the General Account, the Authority maintains the line extension account. Moneys in the line extension account are to be used solely to promote the health and safety of the Township by paying, or advancing payment of extending water and sewer lines to existing users in certain developed areas of the Township all in accordance with policies and procedures developed, or to be developed, by the Authority. In addition, amounts on deposit may be transferred to the general account to be used in accordance with the provisions therein. Any moneys received from the users in repayment of the costs of these line extensions are to be deposited in this account.

**Debt Service Coverage**

The computation of sufficiency of revenues for the fiscal years ended June 30, 2012 and 2011 as defined by the Utility System Revenue Bond Resolution is as follows:

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Utility Service Charges	\$ 18,503,996.59	\$ 18,386,217.74
Connection Fees	299,482.60	286,187.56
Investment and Miscellaneous Income	<u>368,478.07</u>	<u>827,900.06</u>
Total Revenues	<u>19,171,957.26</u>	<u>19,500,305.36</u>
Operating Expenses:		
Cost of Providing Services	9,895,445.90	9,583,644.58
Administrative	2,119,542.01	2,373,987.19
Other Operating Expenses	<u>788,539.73</u>	<u>400,000.00</u>
Total Operating Expenses	<u>12,803,527.64</u>	<u>12,357,631.77</u>
Excess of Revenues	6,368,429.62	7,142,673.59
110% of Current Fiscal Year's Annual Debt Service Requirement	<u>4,258,988.31</u>	<u>5,365,413.24</u>
Sufficiency of Revenues	<u>\$ 2,109,441.31</u>	<u>\$ 1,777,260.35</u>

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)****Subordinated Bond Resolution**

The Authority is further subject to the provisions and restrictions of the Subordinated Bond Resolution adopted July 16, 2009. Section 402 of the Subordinated Bond Resolution creates a direct and special obligation on the Authority where the full faith and credit of the Authority is pledged to the payment of principal and interest on the Subordinated Bonds authorized under the Subordinated Bond Resolution. However, the obligation of the Authority to apply revenues or other funds to the payment of principal and interest on the Subordinated Bonds is subject to prior obligation of the Authority to apply such revenues or other funds to the payment of operating expenses. The pledge of revenues and other such funds is subordinate to the provisions of the Senior Bond Resolution and the lien and pledge created by the Senior Bond Resolution. The 2009A, 2009B and 2010 NJEIT loans are subject to the subordinated bond resolution.

**Debt Service Agreements**

In conjunction with the aforementioned Utility System Revenue Bond Resolution, the Authority has entered into a service agreement with the Township. The Township has agreed to advance to the Authority sufficient monies to eliminate any deficiency in the Authority's revenues required for its operation and administrative expenses, including certain debt service requirements, and to meet certain of its coverage requirements. Any monies advanced in accordance with this agreement would be refunded at such time as the Authority deems appropriate.

**Note 3: DETAIL NOTES – ASSETS****Cash and Cash Equivalents**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below.

As of June 30, 2012 and 2011, the Authority's bank balances of \$6,200,208.82 and \$5,841,370.48, respectively, were exposed to custodial credit risk as follows:

	June 30,	
	<u>2012</u>	<u>2011</u>
Insured	\$ 260,202.80	\$ 462,994.38
Uninsured and uncollateralized	159,617.65	16,177.86
Uninsured and collateralized with securities held by pledging financial institutions	5,780,388.37	5,362,198.24
	<u>\$ 6,200,208.82</u>	<u>\$ 5,841,370.48</u>

**New Jersey Cash Management Fund** - During the year, the Authority participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2012 and 2011 the Authority's deposits with the New Jersey Cash Management Fund are \$1,141,126.61 and \$1,140,612.55, respectively.

**Note 3: DETAIL NOTES – ASSETS (CONT'D)****Investments**

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's \$12,598,008.60 investments in money market funds, Government National Mortgage Association Bonds and Notes (GNMA), Federal National Mortgage Association Bonds and Notes (FNMA), US Treasury Bills and municipal bonds, all are held by a counterparty, not in the name of the Authority.

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

**Credit Risk** – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits the investments that the Authority may purchase such as Treasury and Agency securities in order to limit the exposure of governmental units to credit risk. The Authority has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk** – The Authority does not place a limit on the amount that may be invested in any one issuer. All of the Authority's investments are either in money market funds, FNMA's, GNMA's, U.S. Treasury securities or municipal bonds.

**Note 3: DETAIL NOTES – ASSETS (CONT'D)****Investments (Cont'd)**

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

<u>Investment</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value</u>
Avondale AZ	7/1/2012	AA3	\$ 100,013.00
Irvington Twp NJ	7/15/2012	AA3	114,858.55
US Treasury Bill	8/9/2012	Aaa	3,599,820.00
Avondale AZ	7/1/2013	AA3	204,446.00
Trenton NJ Refunding Bond	12/1/2013	A1	129,371.25
Illinois State Pension Bond	6/1/2015	A2	519,935.00
Perth Amboy NJ Refunding Bond	9/1/2015	A1	41,024.00
FNMA	12/1/2018	Aaa	19,954.12
Virginia Port Authority	7/1/2019	AA1	20,207.80
NJ Higher Education Assistance Authority Student Loan Revenue Bond	12/1/2022	AA3	125,146.45
FNMA	4/1/2023	Aaa	141,924.56
FNMA	4/1/2023	Aaa	138,788.23
GNMA	8/15/2025	Aaa	807.92
NJ Higher Education Assistance Authority Student Loan Revenue Bond	12/1/2025	AA3	150,358.95
St. Louis MO Airport Refunding	7/1/2026	AA3	137,111.00
GNMA	4/15/2027	Aaa	2,257.92
GNMA	7/20/2033	Aaa	35,114.09
GNMA	9/20/2033	Aaa	26,608.22
GNMA	12/20/2033	Aaa	25,195.44
GNMA	1/20/2034	Aaa	15,021.31
GNMA	5/15/2034	Aaa	44,780.27
GNMA	5/15/2034	Aaa	18,974.35
GNMA	5/20/2034	Aaa	54,992.43
GNMA	5/20/2034	Aaa	12,816.89
GNMA	3/20/2035	Aaa	328,805.55
US Government Money Market Fund	Demand	Aaa	6,589,675.30
			<u>\$ 12,598,008.60</u>

**Note 3: DETAIL NOTES – ASSETS (CONT'D)****Investments (Cont'd)**

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

<u>Investment</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value</u>
US Treasury Bill	8/11/2011	AAA	\$ 3,499,930.00
Avondale AZ	7/1/2012	AA3	102,129.00
Irvington Twp NJ	7/15/2012	AA3	111,241.80
Avondale AZ	7/1/2013	AA3	208,634.00
Trenton NJ Refunding Bond	12/1/2013	A1	131,772.50
Illinois State Pension Bond	6/1/2015	A1	513,540.00
Perth Amboy NJ Refunding Bond	9/1/2015	A1	40,195.60
FNMA	12/1/2018	AA	26,858.47
NJ Higher Education Assistance Authority Student Loan Revenue Bond	12/1/2022	AA3	113,783.30
Port Authority of NY & NJ Revenue Bond	12/15/2022	AA2	30,531.90
FNMA	4/1/2023	AA	228,659.93
FNMA	4/1/2023	AA	223,606.87
GNMA	8/15/2025	AA	857.16
GNMA	8/15/2025	AA	10,480.42
NJ Higher Education Assistance Authority Student Loan Revenue Bond	12/1/2025		136,058.40
GNMA	2/20/2026	AA	982.87
GNMA	5/20/2026	AA	986.53
GNMA	7/20/2026	AA	708.41
GNMA	4/15/2027	AA	2,343.52
GNMA	8/20/2028	AA	730.21
GNMA	9/15/2028	AA	2,635.91
GNMA	11/15/2028	AA	5,134.24
GNMA	11/20/2028	AA	1,553.72
GNMA	12/20/2031	AA	3,167.12
GNMA	3/20/2032	AA	1,221.24
GNMA	5/20/2032	AA	11,019.67
GNMA	7/15/2032	AA	13,310.73
GNMA	10/20/2032	AA	4,254.53
GNMA	4/15/2033	AA	51,756.56
GNMA	7/20/2033	AA	42,772.49
GNMA	9/20/2033	AA	31,871.74
GNMA	12/20/2033	AA	30,501.78
GNMA	1/20/2034	AA	18,553.71
GNMA	5/15/2034	AA	79,793.65
GNMA	5/20/2034	AA	83,849.84
GNMA	3/20/2035	AA	410,625.63
Governmental Money Market Funds	On Demand	AAA	8,073,733.32
			<u>\$ 14,249,786.77</u>



**Note 3: DETAIL NOTES - ASSETS (CONT'D)****Notes Receivable**

The Authority records the loans made to homeowners from the Line Extension account as Notes Receivable. The loans are extended for periods ranging from 5 to 30 years and bear interest rates from 5% to 7%. The principal balance due to the Authority as of June 30, 2012 was \$97,980.03 and \$106,082.17 for June 30, 2011. Several accounts have declared bankruptcy subsequent to securing the loans. The balance is shown net of an allowance for doubtful notes receivable in the amount of \$40,190.91 for June 30, 2012 and \$22,575.14 for June 30, 2011.

**Service Fees**

The following is a five-year comparison of water and sewer user charges billed to and collections from customers during the fiscal years shown:

<u>Fiscal Year Ended June 30</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2012	\$676,424.49	\$18,503,996.59	\$18,395,216.63	95.91%
2011	564,965.71	18,186,798.74	18,075,339.96	96.39%
2010	664,849.53	16,056,598.73	16,156,482.55	96.62%
2009	490,561.79	16,559,304.06	16,684,694.30	97.86%
2008	436,727.48	16,312,471.05	16,251,116.76	97.03%

**Capital Contributions**

The Authority receives capital contributions from developers that consists of sewer and water infrastructure installed at the developer's expense and turned over to the Authority upon completion of construction. During fiscal year ending June 30, 2012 the Authority received \$896,566.00 for the Water Department and \$299,256.85 for the Sewer Department. During fiscal year ending June 30, 2011 the Authority received \$379,152.20 for the Water Department and \$195,332.40 for the Sewer Department.

**Note 3: DETAIL NOTES - ASSETS (CONT'D)****Property, Plant and Equipment**

During the fiscal year ended June 30, 2012, the following changes in Property, Plant and Equipment occurred:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Land	\$ 91,805.43			\$ 91,805.43
Building	12,424,592.72	\$ 45,125.32		12,469,718.04
Utility Plant & Other Infrastructure	176,893,838.34	2,611,309.11		179,505,147.45
Furniture	222,712.28	2,312.34		225,024.62
Computer & Office Equipment	498,336.03	127,052.13	\$ 29,679.34	595,708.82
Telecommunication Equipment	163,459.52	16,127.00	24,913.25	154,673.27
Machinery & Equipment	1,985,934.59	301,988.03	6,051.23	2,281,871.39
Vehicles	1,412,609.32	26,028.00	15,336.00	1,423,301.32
Construction In Progress	5,598,744.97	768,847.07		6,367,592.04
	199,292,033.20	3,898,789.00	75,979.82	203,114,842.38
Less: Accumulated Depreciation	82,530,751.67	5,263,844.42	74,844.01	87,719,752.08
	<u>\$116,761,281.53</u>	<u>\$ (1,365,055.42)</u>	<u>\$ 1,135.81</u>	<u>\$115,395,090.30</u>

During the fiscal year ended June 30, 2011, the following changes in Property, Plant and Equipment occurred:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Land	\$ 91,805.43			\$ 91,805.43
Building	12,373,634.92	\$ 50,957.80		12,424,592.72
Utility Plant & Other Infrastructure	175,361,640.35	1,532,197.99		176,893,838.34
Furniture	224,054.49		\$ 1,342.21	222,712.28
Computer & Office Equipment	503,143.11	31,633.54	36,440.62	498,336.03
Telecommunication Equipment	109,233.52	54,226.00		163,459.52
Machinery & Equipment	1,850,265.87	140,344.77	4,676.05	1,985,934.59
Vehicles	1,407,579.23	5,030.09		1,412,609.32
Construction In Progress	4,702,389.36	896,355.61		5,598,744.97
	196,623,746.28	2,710,745.80	42,458.88	199,292,033.20
Less: Accumulated Depreciation	77,103,849.17	5,465,177.33	38,274.83	82,530,751.67
	<u>\$119,519,897.11</u>	<u>\$ (2,754,431.53)</u>	<u>\$ 4,184.05</u>	<u>\$116,761,281.53</u>

**Note 4: DETAIL NOTES - LIABILITIES****Compensated Absences**

Authority employees may accumulate unused sick days with no restrictions. Employees are compensated for accumulated sick leave upon retirement or resignation at the lesser of accumulated days up to 30 days or 30% of accumulated time. A maximum of ten vacation days not used during the year may be carried forward for one year. Upon separation from the Authority, the employee will be paid for all accrued vacation time at their current hourly rate. The accrued liability for accumulated sick leave and vacation time at June 30, 2012 is estimated at \$485,652.98 and at June 30, 2011 is estimated at \$476,425.86.

**Retirement System**

The Authority contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. In addition, one Authority employee participates in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This too is administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295

**Public Employees' Retirement System** - The PERS was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate will be increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Authority is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions for each year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Paid by Authority</u>
2012	\$148,488	\$249,321	\$397,809	\$397,809
2011	163,030	217,028	380,058	380,058
2010	147,395	143,816	291,211	291,211

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Retirement System (Cont'd)**

Early Retirement Incentive Program – Legislation enacted in 1991 and 1993 made early retirement available through Early Retirement Incentive Programs. These programs, which were subject to the approval of the Authority's governing body within a limited period of time, were available to employees who met certain minimum requirements. Program costs are billed annually by the Division of Pensions. As of June 30, 2012, the accrued liability to the PERS for the program was estimated to be \$27,082 payable over the next 22 years. The June 30, 2012 annual installment was \$1,232.00.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Authority's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The Authority's employee who participates in this program is not eligible for contributions from the Authority.

**Other Post-Employment Benefits**

**Plan Description** - The Authority contributes to the New Jersey State Health Benefits Program ("the SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295.

**Funding Policy** - P.L. 1987, c.384 of P.L. 1990, c.6 required the Public Employees' Retirement System (PERS), to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for postemployment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State's contribution rate is based on the *annual required contribution (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Other Post-Employment Benefits (Cont'd)**

**Funding Policy (Cont'd)** - The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

**Revenue Bonds Payable**

All outstanding bonds issued by the Authority are secured under a Utility System Revenue Bond Resolution dated July 21, 1992 (Note 3), under which substantially all rents, revenues, receipts, fees and other charges or income received or accrued by the Authority are pledged. Subsequent supplemental bond resolutions were adopted authorizing the issuance of the Utility System Revenue Refunding Bonds, Series 1992A and the Utility System Revenue Bonds, Series 1994A and Utility System Revenue Bonds, 2003 Series A and B.

Series 2003A Bonds were issued in the amount of \$2,580,000 for the purposes of currently refunding \$2,495,000 of the 1994A Bonds maturing July 1, 2004 through July 1, 2014 and carry interest rates ranging between 2% and 3%. Series 2003B Bonds, issued in the amount of \$7,135,000, are federally taxable bonds that were issued in order to currently refund \$7,180,000 of the 1992A Bonds maturing Jan 1 and July 1 in the years 2004 through 2008. Series 2003 Bonds carry interest rates ranging from 1.5% to 4.4% and mature in 2012.

A summary of maturities on the 2003 Revenue Bonds Payable at June 30, 2012 is as follows:

<u>Bond Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 275,000.00	\$ 21,356.26	\$ 296,356.26
2014	265,000.00	12,915.63	277,915.63
2015	270,000.00	4,387.50	274,387.50
	810,000.00	\$ 38,659.39	\$ 848,659.39
Less: Current Maturities	(275,000.00)		
Discount on Bonds	(77.95)		
Deferred Loss on Refunding	(11,556.52)		
Long-Term Portion	\$ 523,365.53		

**New Jersey Environmental Infrastructure Trust and Wastewater Treatment Trust Loans**

On March 3, 2010, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (NJEIT) totaling \$1,282,000 for the replacement of pipe linings and manhole rehabilitations. The first part of the loan award for \$962,000.00 is interest free. The \$320,000 portion carries interest rates ranging from 3.00% to 5.00%. Principal payments are payable semiannually with the final payment due in 2029.

On December 12, 2009, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (NJEIT) totaling \$2,244,600.00 for the completion of a solar power array that generates power for a sewer pumping station and a groundwater well. This project also included a Federal ARRA grant of \$2,219,200. The ARRA funds do not require repayment and were recorded as a capital contribution in the financial statements. The first part of the loan award for \$1,109,600 is interest free. The \$1,135,000 portion carries interest rates ranging from 2.00% to 5.00%. Principal payments are payable semiannually with the final payment due in 2029.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****New Jersey Environmental Infrastructure Trust and Wastewater Treatment Trust Loans (Cont'd)**

On December 4, 2008, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (NJEIT) totaling \$1,710,727.00 for the completion of the new groundwater treatment plant and the purchase & upgrade of new administration facilities. The first part of the loan award for \$1,677,183.00 is interest free. The \$33,544.00 portion carries an interest rate of 1.13% and was paid off in full in the year of issuance. Principal payments are payable semiannually with the final payment due in 2028.

On November 11, 2007, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (NJEIT) totaling \$3,500,000.00 for the completion of the new groundwater treatment plant. The first part of the loan award for \$865,000.00 is interest free. The \$2,635,000.00 portion carries interest rates that range from 3.4% to 5%. Principal and interest are payable semiannually with the final payment due in 2027.

On November 10, 2005, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (NJEIT) totaling \$23,772,246.00 for the construction of a new groundwater treatment plant. These proceeds were also used to refund the interim financing obtained through the NJEIT in fiscal year 2005 as a precursor to the Trust's permanent financing program. The first part of the loan award for \$11,477,246.00 is interest free. The \$12,295,000.00 portion carries interest rates that range from 4% to 5%. Principal and interest are payable semiannually with the final payment due in 2025.

The Authority also obtained two loans from the NJEIT during fiscal year 2001 totaling \$1,839,000.00 for the expansion and upgrade of its pollution control system. The first part of the loan award for \$939,000.00 is interest free. The \$900,000.00 portion carries interest rates that range from 5% to 5.25%. Principal and interest are payable semiannually with the final payment due in 2021.

In addition, the Authority has obligations outstanding for two previous loans from the New Jersey Wastewater Treatment. The total of these loans at inception was \$19,237,479.00.

The remaining maturities on these loans are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Interest</u> <u>Free Loan</u> <u>Principal</u>	<u>Loan</u> <u>Principal</u>	<u>Total</u> <u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,308,327.04	\$ 1,629,500.00	\$ 2,937,827.04	\$ 766,912.93	\$ 3,704,739.97
2014	1,306,990.81	1,697,363.73	3,004,354.54	686,944.96	3,691,299.50
2015	988,386.57	979,071.60	1,967,458.17	556,699.74	2,524,157.91
2016	985,342.16	1,013,365.71	1,998,707.87	510,369.28	2,509,077.15
2017	986,977.22	1,057,279.88	2,044,257.10	464,431.37	2,508,688.47
2018-2022	4,248,511.28	4,837,710.06	9,086,221.34	1,695,280.01	10,781,501.35
2023-2027	3,429,002.46	4,805,000.00	8,234,002.46	564,725.02	8,798,727.48
2028-2030	328,164.61	515,000.00	843,164.61	23,550.00	866,714.61
	<u>\$ 13,581,702.15</u>	<u>\$ 16,534,290.98</u>	<u>30,115,993.13</u>	<u>\$ 5,268,913.31</u>	<u>\$ 35,384,906.44</u>
	Less: Deferred Loss on Refunding		(13,170.49)		
	Current Maturities		(2,937,827.04)		
	Add: Premium on Loan		<u>116,079.57</u>		
	Long-Term Portion		<u>\$ 27,281,075.17</u>		

**Note 5: DETAIL NOTES – NET ASSETS****Net Assets Appropriated**

The Authority ended the fiscal year with unrestricted net assets totaling \$13,005,011.03. Of that amount, \$407,847.00 has been appropriated and included as support in the sewer utility operating budget, \$50,000.00 in the sewer utility capital budget, \$307,774.00 in the water utility operating budget and \$50,000.00 in the water utility capital budget for the fiscal year ending June 30, 2013.

**Note 6: SERVICE AGREEMENTS****Intergovernmental**

In April 1989, the Authority entered into a five-year renewable agreement with Willingboro Municipal Utilities Authority and Evesham Municipal Utilities Authority. The agreement was renewed in April, 2008 for an additional period of five years and has been extended by mutual agreement. The agreement details the purchase of water by the Authority from Willingboro and the sale of water by the Authority to Evesham. The agreement stipulates that a minimum of 67,500,000 gallons per quarter must be purchased by the Authority from Willingboro, if such water is available, subject to certain daily requirements. Evesham is required to purchase a minimum of 27,000,000 of the quarterly gallons purchased by the Authority from Willingboro, subject to certain daily requirements, if such water is available. Pursuant to the agreement the Authority has title to all interconnection assets and is responsible for their maintenance, except for any extraordinary repair costs for certain defined areas of the interconnection system that are shared equally with Evesham. The Authority pays Willingboro quarterly based upon actual gallons purchased, subject to aforementioned minimum requirements, and bills Evesham based on gallons sold, subject to aforementioned minimum requirements. In 2012, the agreement yielded total water purchases from Willingboro of \$1,023,086.08 of which \$213,806.27 was passed through to Evesham. In 2011 the total water purchased from Willingboro was \$1,530,246.41, of which \$367,318.90 was passed through to Evesham.

**Other Service Agreements**

In September 2001, the Authority entered into an eleven year (with two, ten year options) renewable agreement with New Jersey American Water Company, Inc. (NJAWC) for the supply, delivery and purchase of water. NJAWC constructed, at its own expense, facilities, including an interconnection system, through which the Authority has access to NJAWC's water supply. The Authority was committed to purchase a minimum of 500,000,000 gallons in fiscal year 2011. Beginning October 1, 2011, the Authority committed to purchase a minimum of 550,000,000 gallons in fiscal year 2012. NJAWC owns and operates all constructed facilities. The Authority paid \$1,567,813.47 and \$1,254,289.07 to NJAWC in 2012 and 2011, respectively.

The Authority has an agreement with the Camden County Municipal Utility Authority (CCMUA) where the CCMUA agreed to treat sewerage from certain defined areas in Mount Laurel Township at a fixed price. The agreement remains in effect so long as the Authority delivers sewerage into the CCMUA regional sewer system. The Authority paid \$270,305.72 and \$276,410.00 to the CCMUA in 2012 and 2011, respectively.



**Note 7: COMMITMENTS AND CONTINGENCIES****Construction Contracts**

The Authority had several outstanding or planned construction projects as of June 30, 2012. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Total Project</u>	<u>Total Expended</u>	<u>Commitment Remaining</u>
Well No. 3 Rehabilitation	\$ 583,774.97	\$ 576,274.97	\$ 7,500.00
Buckingham Way Water Main Replacement	159,578.70	157,577.80	2,000.90
Video Pipe Cleaning	115,400.00	92,989.36	22,410.64
Parkers Creek Outfall Line Rehabilitation	66,400.00	45,500.00	20,900.00
Total	<u>\$ 925,153.67</u>	<u>\$ 872,342.13</u>	<u>\$ 52,811.54</u>

**Note 8: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded coverage for the past several years.

**Note 9: LITIGATION**

The Authority is a defendant in several other legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Authority, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

## **SUPPLEMENTARY SCHEDULES**

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Combining Schedule of Revenue, Expenses and Changes in Fund Net Assets  
For the Fiscal Year Ended June 30, 2012

	Operating & <u>General</u>	Debt Service <u>Reserve</u>	Debt <u>Service</u>	Restricted Renewal and <u>Replacement</u>	Unemployment <u>Compensation</u>	<u>Total</u>
Operating Revenues:						
Utility Service Charges	\$ 18,503,996.59					\$ 18,503,996.59
Connection Fees	299,482.60					299,482.60
Other Operating Revenues	368,478.07					368,478.07
	19,171,957.26	-	-	-	-	19,171,957.26
Operating Expenses:						
Administration:						
Salaries and Wages	1,027,224.46				\$ 6,539.73	1,033,764.19
Fringe Benefits	411,340.77					411,340.77
Other Expenses	674,437.05					674,437.05
Cost of Providing Service:						
Salaries and Wages	2,662,487.20					2,662,487.20
Fringe Benefits	1,390,162.16					1,390,162.16
Other Expenses	5,842,796.54					5,842,796.54
Additional Prior Year Expense	202,539.73					202,539.73
Depreciation	5,263,844.42					5,263,844.42
	17,474,832.33	-	-	-	6,539.73	17,481,372.06
Operating Income (Loss)	1,697,124.93	-	-	-	(6,539.73)	1,690,585.20
Non-operating Revenue (Expenses):						
Investment Income	96,210.64	\$ 11.15	\$ 84,394.15	\$ 23,452.93		204,068.87
Interest on Debt	(16,208.06)		(839,558.48)			(855,766.54)
Amortization of Bond Issue Costs	(65,822.79)					(65,822.79)
Loss on Disposal of Capital Assets	(1,135.81)					(1,135.81)
Cancellation of Prior Year Receivables	(112,153.37)					(112,153.37)
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	(586,000.00)					(586,000.00)
Net Income (Loss) Before Transfers or Contributions	1,012,015.54	11.15	(755,164.33)	23,452.93	(6,539.73)	273,775.56
Transfers	(589,989.15)	(1,722.25)	755,164.33	(163,452.93)		
Capital Contributions	1,195,822.85					1,195,822.85
Increase (Decrease) in Net Assets	1,617,849.24	(1,711.10)	-	(140,000.00)	(6,539.73)	1,469,598.41
Net Assets July 1	99,554,325.30	212,722.44		4,000,000.00	49,704.15	103,816,751.89
Net Assets June 30:						
Invested in Capital Assets, Net of Related Debt	\$ 84,900,778.51					\$ 84,900,778.51
Restricted	3,266,385.00	\$ 211,011.34		\$ 3,860,000.00	\$ 43,164.42	7,380,560.76
Unrestricted	13,005,011.03					13,005,011.03

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Cash Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2012

	Operating and <u>General</u>	Debt Service <u>Reserve</u>	Debt <u>Service</u>	Restricted Renewal and <u>Replacement</u>	Unemployment <u>Compensation</u>	<u>Total</u>
Cash, Cash Equivalents and Investments:						
Balance July 1, 2011	\$ 13,747,322.59	\$ 213,008.35	\$ 3,298,694.99	\$ 4,000,509.26	\$ 14,192.41	\$ 21,273,727.60
Receipts:						
Investment Income	92,639.79	11.15	86,301.49	24,199.57		203,152.00
Consumer Accounts Receivable	18,308,774.41					18,308,774.41
Prepaid Rents	82,288.66					82,288.66
Deferred Revenue	147,436.82					147,436.82
Transfers In			3,425,747.78	1,897,927.35		5,323,675.13
Escrow Deposits	209,759.80					209,759.80
Notes Receivable on Line Extensions	8,102.14					8,102.14
Intergovernmental Accounts Receivable	165,952.51					165,952.51
Other Income	275,894.02					275,894.02
Total Cash and Investments Available	33,038,170.74	213,019.50	6,810,744.26	5,922,636.18	14,192.41	45,998,763.09
Disbursements:						
Budgetary	11,769,260.02				12,398.52	11,781,658.54
Prepaid Expenses	66,399.88					66,399.88
Intergovernmental Accounts Receivable	239,375.80					239,375.80
Bond Principal			1,240,000.00			1,240,000.00
Loan Principal			2,857,943.76			2,857,943.76
Interest on Debt			891,279.99			891,279.99
Transfers Out	5,323,671.54	3.59				5,323,675.13
Capital Assets				2,329,484.39		2,329,484.39
Retainage				30,517.72		30,517.72
Deferred Revenue	1,617.60					1,617.60
Accounts Payable	906,355.79			248,745.64		1,155,101.43
Escrow Disbursements	200,055.57					200,055.57
Total Disbursements	18,506,736.20	3.59	4,989,223.75	2,608,747.75	12,398.52	26,117,109.81
Cash, Cash Equivalents and Investments:						
Balance June 30, 2012	\$ 14,531,434.54	\$ 213,015.91	\$ 1,821,520.51	\$ 3,313,888.43	\$ 1,793.89	\$ 19,881,653.28
Analysis of Balance June 30, 2012						
Cash and Cash Equivalents	\$ 7,281,850.79				\$ 1,793.89	\$ 7,283,644.68
Investments	7,249,583.75	\$ 213,015.91	\$ 1,821,520.51	\$ 3,313,888.43		12,598,008.60
	\$ 14,531,434.54	\$ 213,015.91	\$ 1,821,520.51	\$ 3,313,888.43	\$ 1,793.89	\$ 19,881,653.28

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Revenues, Expenses and Changes in Net Assets by Department  
For the Fiscal Year Ended June 30, 2012

	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total</u>
Operating Revenues:			
Service Charges	\$ 9,138,821.30	\$ 9,365,175.29	\$ 18,503,996.59
Connection Fees	61,536.40	237,946.20	299,482.60
Other Operating Revenues	184,239.04	184,239.04	368,478.07
	<u>9,384,596.74</u>	<u>9,787,360.53</u>	<u>19,171,957.26</u>
Operating Expenses:			
Administration:			
Salaries and Wages	516,882.10	516,882.09	1,033,764.19
Fringe Benefits	205,670.39	205,670.38	411,340.77
Other Expenses	333,886.22	340,550.83	674,437.05
Cost of Service:			
Salaries and Wages	969,283.48	1,693,203.72	2,662,487.20
Fringe Benefits	565,276.74	824,885.42	1,390,162.16
Other Expenses	3,355,855.20	2,486,941.34	5,842,796.54
Additional Prior Year Expenses	202,539.73		202,539.73
Depreciation	2,555,090.72	2,708,753.70	5,263,844.42
	<u>8,704,484.58</u>	<u>8,776,887.48</u>	<u>17,481,372.06</u>
Operating Income	680,112.16	1,010,473.05	1,690,585.20
Non-operating Revenue (Expenses):			
Investment Income	102,308.02	101,760.85	204,068.87
Interest on Debt	(573,401.44)	(282,365.10)	(855,766.54)
Amortization of Bond Issue Costs	(41,704.61)	(24,118.18)	(65,822.79)
Loss on Disposal of Capital Assets	(567.91)	(567.90)	(1,135.81)
Cancellation of PY Receivables	(56,076.69)	(56,076.68)	(112,153.37)
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(210,000.00)	(376,000.00)	(586,000.00)
Income (Loss) Before Contributions	(99,330.47)	373,106.03	273,775.56
Capital Contributions	896,566.00	299,256.85	1,195,822.85
Increase in Net Assets	797,235.53	672,362.88	1,469,598.41
Net Assets July 1	<u>41,673,317.09</u>	<u>62,143,434.80</u>	<u>103,816,751.89</u>
Net Assets June 30	<u>\$ 42,470,552.62</u>	<u>\$ 62,815,797.69</u>	<u>\$ 105,286,350.30</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt Restricted for	\$ 36,578,966.88	\$ 48,321,811.63	\$ 84,900,778.51
Bond Resolution Covenants	3,814,921.74	3,522,474.60	7,337,396.34
Unemployment Compensation	21,582.21	21,582.21	43,164.42
Unrestricted	2,055,081.79	10,949,929.25	13,005,011.03
	<u>\$ 42,470,552.62</u>	<u>\$ 62,815,797.69</u>	<u>\$ 105,286,350.30</u>

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Schedule of Water Department Operations -- Revenues, Operating Appropriations, Principal Payments and  
Non-Operating Appropriations Compared to Budget by Department--Budgetary Basis  
For the Fiscal Year Ended June 30, 2012

	Adopted Budget	Transfers/ Modifications	Amended Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:					
Service Charges	\$ 8,309,000.00	\$ (401,400.00)	\$ 7,907,600.00	\$ 9,138,821.30	\$ 1,231,221.30
Connection Fees	65,500.00	(14,800.00)	50,700.00	61,536.40	10,836.40
Other Operating Revenues	1,562,200.00	(59,100.00)	1,503,100.00	184,239.04	(1,318,860.97)
Total Operating Revenues	9,936,700.00	(475,300.00)	9,461,400.00	9,384,596.74	(76,803.26)
Non-Operating Revenues:					
Investment Income	109,250.00	(8,300.00)	100,950.00	102,308.02	1,358.02
Other Non-Operating Revenues	4,500.00	32,000.00	36,500.00		(36,500.00)
Total Anticipated Revenues	10,050,450.00	(451,600.00)	9,598,850.00	9,486,904.76	(111,945.24)
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Office Salaries	507,300.00	10,650.00	517,950.00	511,936.60	6,013.40
Board Members' Salaries	5,150.00	(200.00)	4,950.00	4,945.50	4.50
Total Salaries and Wages	512,450.00	10,450.00	522,900.00	516,882.10	6,017.90
Fringe Benefits	262,855.00	7,170.00	270,025.00	205,670.39	64,354.61
Other Expenses:					
Legal Fees	30,000.00	(3,000.00)	27,000.00	20,889.25	6,110.75
Engineer Fees	18,000.00	(1,200.00)	16,800.00	22,495.92	(5,695.92)
Audit Fees / Financial Services	33,500.00	(13,500.00)	20,000.00	19,995.78	4.22
Professional and Consulting Fees	1,000.00	(1,000.00)			
Printing Expense	9,000.00	2,050.00	11,050.00	14,212.46	(3,162.46)
Billing Expense	35,100.00	1,200.00	36,300.00	39,490.99	(3,190.99)
Computer Expense	40,500.00	1,900.00	42,400.00	42,759.88	(359.88)
Office Supplies	8,000.00	4,175.00	12,175.00	11,778.66	396.34
Postage Expense	4,000.00	(350.00)	3,650.00	3,186.07	463.93
Public Education / Information	5,000.00	(3,600.00)	1,400.00	1,368.54	31.46
Rent Expense (Annex)	15,900.00	(4,675.00)	11,225.00	11,262.50	(37.50)
Telephone	24,600.00	(1,100.00)	23,500.00	21,242.90	2,257.10
Administrative Ground Maintenance	6,500.00	3,350.00	9,850.00	9,140.07	709.93
Janitorial, Cleaning and Pest	5,300.00	(450.00)	4,850.00	2,218.42	2,631.58
Dues, Pubs, Subscr. (Admin)	5,000.00	800.00	5,800.00	6,014.00	(214.00)
Tuition, Seminars and Conferences	2,000.00	150.00	2,150.00	2,217.50	(67.50)
Office Equipment	500.00		500.00	481.07	18.93
Office Equipment - Maintenance	550.00	200.00	750.00	753.13	(3.13)
Miscellaneous - Administration	2,500.00	5,350.00	7,850.00	8,529.64	(679.64)
Newspaper Publication	2,250.00	(250.00)	2,000.00	2,316.03	(316.03)
Trustee Fees	57,100.00	(450.00)	56,650.00	63,139.03	(6,489.03)
Insurance	3,100.00	600.00	3,700.00	13,647.25	(9,947.25)
Total Other Expenses	309,400.00	(9,800.00)	299,600.00	317,139.09	(17,539.09)
Total Administration	1,084,705.00	7,820.00	1,092,525.00	1,039,691.58	52,833.42

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Schedule of Water Department Operations -- Revenues, Operating Appropriations, Principal Payments and  
Non-Operating Appropriations Compared to Budget by Department--Budgetary Basis  
For the Fiscal Year Ended June 30, 2012

	<u>Adopted Budget</u>	<u>Transfers/ Modifications</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Appropriations (Cont'd):					
Cost of Service:					
Salaries and Wages	\$ 1,157,700.00	\$ (180,400.00)	\$ 977,300.00	\$ 969,283.48	\$ 8,016.52
Fringe Benefits	593,900.00	(89,225.00)	504,675.00	565,276.74	(60,601.74)
Other Expenses:					
Electric Power	407,900.00	(54,800.00)	353,100.00	324,575.50	28,524.50
Telephone	19,050.00	1,500.00	20,550.00	19,830.95	719.05
Repairs and Maintenance	180,850.00	1,950.00	182,800.00	151,327.99	31,472.01
Fuel for Heating and Generators	36,850.00	(13,000.00)	23,850.00	20,188.43	3,661.57
Chemicals	181,500.00	14,200.00	195,700.00	175,301.98	20,398.02
Supplies - Tools & Equipment	4,700.00	400.00	5,100.00	4,792.44	307.56
Supplies	5,800.00	3,600.00	9,400.00	11,512.60	(2,112.60)
Vehicles - Fuel and Maintenance	59,200.00	27,400.00	86,600.00	86,241.65	358.35
State of New Jersey Fees	36,400.00	3,000.00	39,400.00	34,166.94	5,233.06
Employee License Renewals	1,200.00	(200.00)	1,000.00	1,000.00	
Purchase of Water NJAWC	1,582,100.00		1,582,100.00	1,567,813.47	14,286.53
Purchase of Water WMUA	1,440,000.00	(537,000.00)	903,000.00	809,279.81	93,720.19
Lab Expenses	34,100.00	2,900.00	37,000.00	33,710.26	3,289.74
Water Meters and Materials	9,300.00	(5,150.00)	4,150.00	3,245.67	904.33
Communications Expense	3,450.00	600.00	4,050.00	4,391.71	(341.71)
Uniforms Rental and Purchase	7,000.00	100.00	7,100.00	8,266.01	(1,166.01)
Membership Dues and Publications	2,000.00	(300.00)	1,700.00	1,675.00	25.00
Safety Expense	10,030.00	(50.00)	9,980.00	10,122.46	(142.46)
Tuition, Seminars and Conferences	6,000.00	2,500.00	8,500.00	8,157.20	342.80
Insurance	48,800.00	25,050.00	73,850.00	65,565.13	8,284.87
Miscellaneous	6,500.00	7,600.00	14,100.00	14,690.01	(590.01)
Total Other Expenses	4,082,730.00	(519,700.00)	3,563,030.00	3,355,855.20	207,174.80
Total Cost of Service	5,834,330.00	(789,325.00)	5,045,005.00	4,890,415.42	154,589.58
Principal Payments on Debt Service in Lieu of Depreciation	1,490,564.00		1,490,564.00	1,910,213.65	(419,649.65)
Total Operating Appropriations	8,409,599.00	(781,505.00)	7,628,094.00	7,840,320.65	(212,226.65)
Non-Operating Appropriations:					
Transfer to Other Reserves	1,881,950.00		1,881,950.00		1,881,950.00
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1		210,000.00	210,000.00	210,000.00	
Interest on Debt	565,563.00		565,563.00	577,047.94	(11,484.94)
Total Operating, Principal Payments and and Non-Operating Appropriations	10,857,112.00	(571,505.00)	10,285,607.00	8,627,368.59	1,658,238.41
Unreserved Net Assets Utilized to Balance Budget	806,662.00	(119,905.00)	686,757.00		686,757.00
Net Total Appropriations	10,050,450.00	(451,600.00)	9,598,850.00	8,627,368.59	971,481.41
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	\$ -	\$ -	\$ -	\$ 859,536.17	\$ 859,536.17



**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Schedule of Sewer Department Operations -- Revenues, Operating Appropriations, Principal Payments and  
Non-Operating Appropriations Compared to Budget by Department--Budgetary Basis  
For the Fiscal Year Ended June 30, 2012

	<u>Adopted Budget</u>	<u>Transfers/ Modifications</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues:					
Service Charges	\$ 9,443,200.00	\$ (195,200.00)	\$ 9,248,000.00	\$ 9,365,175.29	\$ 117,175.29
Connection Fees	97,300.00	122,900.00	220,200.00	237,946.20	17,746.20
Other Operating Revenues	212,200.00	(110,700.00)	101,500.00	184,239.04	82,739.04
<b>Total Operating Revenues</b>	<b>9,752,700.00</b>	<b>(183,000.00)</b>	<b>9,569,700.00</b>	<b>9,787,360.53</b>	<b>217,660.52</b>
Non-Operating Revenues:					
Investment Income	111,250.00	(2,300.00)	108,950.00	101,760.85	(7,189.15)
Other Non-Operating Revenues	4,500.00	31,800.00	36,300.00		(36,300.00)
<b>Total Anticipated Revenues</b>	<b>9,868,450.00</b>	<b>(153,500.00)</b>	<b>9,714,950.00</b>	<b>9,889,121.38</b>	<b>174,171.37</b>
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Office Salaries	507,300.00	10,650.00	517,950.00	511,936.59	6,013.41
Board Members' Salaries	5,150.00	(200.00)	4,950.00	4,945.50	4.50
<b>Total Salaries and Wages</b>	<b>512,450.00</b>	<b>10,450.00</b>	<b>522,900.00</b>	<b>516,882.09</b>	<b>6,017.91</b>
Fringe Benefits	286,225.00	(39,825.00)	246,400.00	205,670.38	40,729.62
Other Expenses:					
Legal Fees	30,000.00	(3,000.00)	27,000.00	20,889.24	6,110.76
Engineer Fees	18,000.00	(1,200.00)	16,800.00	22,495.91	(5,695.91)
Audit Fees / Financial Services	33,500.00	(13,500.00)	20,000.00	19,995.77	4.23
Professional and Consulting Fees	1,000.00	(1,000.00)			
Printing Expense	9,000.00	2,050.00	11,050.00	14,212.45	(3,162.45)
Billing Expense	41,300.00	1,400.00	42,700.00	39,490.99	3,209.01
Computer Expense	40,300.00	2,300.00	42,600.00	43,016.58	(416.58)
Office Supplies	6,750.00	3,525.00	10,275.00	10,450.56	(175.56)
Postage Expense	4,000.00	(350.00)	3,650.00	3,186.06	463.94
Public Education / Information	5,000.00	(3,600.00)	1,400.00	1,368.53	31.47
Rent Expense (Annex)	15,900.00	(4,600.00)	11,300.00	11,262.50	37.50
Telephone	24,600.00	(1,100.00)	23,500.00	21,242.90	2,257.10
Administrative Ground Maintenance	19,700.00	(2,850.00)	16,850.00	15,725.44	1,124.56
Janitorial, Cleaning and Pest	7,100.00	(750.00)	6,350.00	3,298.42	3,051.58
Dues, Pubs, Subscr. (Admin)	5,000.00	800.00	5,800.00	6,014.00	(214.00)
Tuition, Seminars and Conferences	2,000.00	150.00	2,150.00	2,217.50	(67.50)
Office Equipment	1,000.00	(500.00)	500.00	560.53	(60.53)
Office Equipment - Maintenance	550.00	200.00	750.00	744.37	5.63
Miscellaneous - Administration	2,500.00	5,350.00	7,850.00	8,529.64	(679.64)
Newspaper Publication	2,250.00	(250.00)	2,000.00	2,316.03	(316.03)
Trustee Fees	70,400.00	(550.00)	69,850.00	63,139.02	6,710.98
Insurance	6,900.00	(1,450.00)	5,450.00	13,647.25	(8,197.25)
<b>Total Other Expenses</b>	<b>346,750.00</b>	<b>(18,925.00)</b>	<b>327,825.00</b>	<b>323,803.69</b>	<b>4,021.31</b>
<b>Total Administration</b>	<b>1,145,425.00</b>	<b>(48,300.00)</b>	<b>1,097,125.00</b>	<b>1,046,356.16</b>	<b>50,768.84</b>

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Schedule of Sewer Department Operations -- Revenues, Operating Appropriations, Principal Payments and  
Non-Operating Appropriations Compared to Budget by Department--Budgetary Basis  
For the Fiscal Year Ended June 30, 2012

	<u>Adopted Budget</u>	<u>Transfers/ Modifications</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Appropriations (Cont'd):					
Cost of Service:					
Salaries and Wages	\$ 1,476,000.00	\$ 199,500.00	\$ 1,675,500.00	\$ 1,693,203.72	\$ (17,703.72)
Fringe Benefits	824,200.00	(34,800.00)	789,400.00	824,885.42	(35,485.42)
Other Expenses:					
Electric Power	790,700.00	10,800.00	801,500.00	755,019.75	46,480.25
Telephone	40,500.00	(3,250.00)	37,250.00	36,828.34	421.66
Repairs and Maintenance	129,800.00	40,900.00	170,700.00	158,787.04	11,912.96
Fuel for Heating and Generators	33,150.00	(3,800.00)	29,350.00	25,238.06	4,111.94
Chemicals	342,600.00	78,700.00	421,300.00	415,142.92	6,157.08
Supplies - Tools & Equipment	9,250.00	(2,350.00)	6,900.00	6,989.99	(89.99)
Supplies	15,900.00	(1,600.00)	14,300.00	16,964.44	(2,664.44)
Vehicles - Fuel and Maintenance	71,000.00	(9,000.00)	62,000.00	64,417.27	(2,417.27)
State of New Jersey Fees	27,600.00	800.00	28,400.00	28,372.89	27.11
Employee License Renewals	1,600.00	250.00	1,850.00	1,730.00	120.00
Sewage Treatment - CCMUA	274,000.00	(3,700.00)	270,300.00	270,305.72	(5.72)
Bio-Solids and Other Disposal	530,750.00	30,350.00	561,100.00	539,954.45	21,145.55
Lab Expenses	27,400.00	(2,900.00)	24,500.00	23,373.08	1,126.92
Water Meters and Materials	9,400.00	(9,400.00)		(2,677.48)	2,677.48
Communications Expense	5,050.00	1,450.00	6,500.00	6,257.13	242.87
Uniforms Rental and Purchase	13,000.00	(1,000.00)	12,000.00	13,594.05	(1,594.05)
Membership Dues and Publications	750.00	100.00	850.00	841.53	8.47
Safety Expense	17,430.00	2,950.00	20,380.00	18,682.14	1,697.87
Tuition, Seminars and Conferences	4,900.00	2,800.00	7,700.00	7,815.18	(115.18)
Insurance	108,200.00	(8,500.00)	99,700.00	83,276.88	16,423.12
Miscellaneous	6,400.00	8,950.00	15,350.00	16,027.97	(677.97)
Total Other Expenses	2,459,380.00	132,550.00	2,591,930.00	2,486,941.34	104,988.66
Total Cost of Service	4,759,580.00	297,250.00	5,056,830.00	5,005,030.48	51,799.52
Principal Payments on Debt Service in Lieu of Depreciation	1,602,607.00		1,602,607.00	2,187,730.11	(585,123.11)
Total Operating Appropriations	7,507,612.00	248,950.00	7,756,562.00	8,239,116.75	(482,554.75)
Non-Operating Appropriations:					
Interest on Debt	310,724.00		310,724.00	262,510.54	48,213.46
Transfer to Other Reserves	2,050,114.00	(402,450.00)	1,647,664.00		1,647,664.00
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1		376,000.00	376,000.00	376,000.00	
Total Operating, Principal Payments and and Non-Operating Appropriations	9,868,450.00	222,500.00	10,090,950.00	8,877,627.29	1,213,322.71
Unreserved Net Assets Utilized to Balance Budget		376,000.00	376,000.00		376,000.00
Net Total Appropriations	9,868,450.00	(153,500.00)	9,714,950.00	8,877,627.29	837,322.71
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	\$ -	\$ -	\$ -	\$ 1,011,494.09	\$ 1,011,494.09

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedules of Anticipated Revenues, Operating Appropriations, Principal Payments and  
Non-Operating Appropriations Compared to Budget by Department--Budgetary Basis  
For the Fiscal Year Ended June 30, 2012

Reconciliation to Operating Income

Excess Anticipated Revenues Over Expenses and Other Costs

Schedule 4 - Water Department	\$ 859,536.17	
Schedule 5 - Sewer Department	1,011,494.09	
		\$ 1,871,030.25

Add:

Debt Service Principal Payments	4,097,943.76	
Interest on Debt	839,558.48	
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	586,000.00	
		5,523,502.24

7,394,532.49

Less:

Investment Income	204,068.87	
Change in Allowance for Doubtful Accounts	33,494.27	
Additional Prior Year Expenses	202,539.73	
Depreciation	5,263,844.42	
		5,703,947.29

Operating Income (Exhibit B)	\$ 1,690,585.20
------------------------------	-----------------

Reconciliation of Actual Expenditures

Cash Disbursements	\$ 11,781,658.54
Accounts Payable	734,772.32
Increase in Inventory	(39,966.26)
Decrease in Compensated Absences Payable	9,227.12
Prepaid Expenses Applied	81,801.92
Bond Principal	4,097,943.76
Interest on Debt	839,558.48
	<u>\$ 17,504,995.88</u>

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**Schedule of Consumer Accounts Receivable  
For the Fiscal Year Ended June 30, 2012

---

Balance July 1, 2011		\$ 3,677,893.49
Add:		
Rental Charges		<u>18,503,996.59</u>
		22,181,890.08
Less:		
Collections	\$ 18,308,774.41	
Prepaid Applied	<u>86,442.22</u>	
		<u>18,395,216.63</u>
Balance June 30, 2012		<u><u>\$ 3,786,673.45</u></u>

## Schedule 7

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**Schedule of Prepaid Expenses  
For the Fiscal Year Ended June 30, 2012

---

Balance July 1, 2011	\$ 81,801.92
Add:	
Disbursements Fiscal Year 2012	<u>66,399.88</u>
	148,201.80
Less:	
Charged to Operations Fiscal Year 2012	<u>81,801.92</u>
Balance June 30, 2012	<u><u>\$ 66,399.88</u></u>

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

## Schedule of Environmental Infrastructure Trust Receivable

For the Fiscal Year Ended June 30, 2012

Balance July 1, 2011	\$ 805,278.00
Less:	
Cancelled	<u>394,024.00</u>
Balance June 30, 2012	<u><u>\$ 411,254.00</u></u>
Analysis of Balance:	
Project Funds Balance	<u><u>\$ 411,254.00</u></u>

## Schedule 9

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

## Schedule of Accrued Investment Income Receivable

For the Fiscal Year Ended June 30, 2012

	<u>Balance July 1, 2011</u>	<u>Investment Income</u>	<u>Received</u>	<u>Balance June 30, 2012</u>
Unrestricted Accounts				
Operating and General Accounts	<u>\$ 11,251.08</u>	<u>\$ 96,210.64</u>	<u>\$ 92,639.79</u>	<u>\$ 14,821.93</u>
Restricted Accounts:				
Debt Service Reserve Account		11.15	11.15	
Debt Service Account	26,731.38	84,394.15	86,301.49	24,824.04
Renewal and Replacement Account	2,834.27	23,452.93	24,199.57	2,087.63
	<u>29,565.65</u>	<u>107,858.23</u>	<u>110,512.21</u>	<u>26,911.67</u>
Total Investment Income	<u><u>\$ 40,816.73</u></u>	<u><u>\$ 204,068.87</u></u>	<u><u>\$ 203,152.00</u></u>	<u><u>\$ 41,733.60</u></u>
Water Department:	\$ 12,923.58	\$ 102,308.02	\$ 77,410.81	\$ 13,916.08
Sewer Department:	27,893.15	101,760.85	125,741.19	27,817.52
	<u><u>\$ 40,816.73</u></u>	<u><u>\$ 204,068.87</u></u>	<u><u>\$ 203,152.00</u></u>	<u><u>\$ 41,733.60</u></u>

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Analysis of Property, Plant and Equipment - Completed  
For the Fiscal Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Land	\$ 91,805.43			\$ 91,805.43
Buildings	12,424,592.72	\$ 45,125.32		12,469,718.04
Utility Plant and Other Infrastructure	176,893,838.34	2,611,309.11		179,505,147.45
Furniture	222,712.28	2,312.34		225,024.62
Computer and Office Equipment	498,336.03	127,052.13	\$ 29,679.34	595,708.82
Telecommunication Equipment	163,459.52	16,127.00	24,913.25	154,673.27
Machinery and Equipment	1,985,934.59	301,988.03	6,051.23	2,281,871.39
Vehicles	1,412,609.32	26,028.00	15,336.00	1,423,301.32
	193,693,288.23	3,129,941.93	75,979.82	196,747,250.34
Less: Accumulated Depreciation	82,530,751.67	5,263,844.42	74,844.01	87,719,752.08
	<u>\$ 111,162,536.56</u>	<u>\$ (2,133,902.49)</u>	<u>\$ 1,135.81</u>	<u>\$ 109,027,498.26</u>
Capital Contributions		\$ 1,195,822.85		
Transferred from CIP		800,453.32		
Disbursed		<u>1,133,665.76</u>		
		<u>\$ 3,129,941.93</u>		

## Schedule 11

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Analysis of Construction in Progress  
For the Fiscal Year Ended June 30, 2012

Balance July 1, 2011	\$ 5,598,744.97
Add:	
Disbursed	\$ 1,195,818.63
Retainage	19,017.67
Accounts Payable	<u>354,464.09</u>
	1,569,300.39
	7,168,045.36
Less:	
Transferred to Completed	<u>800,453.32</u>
Balance June 30, 2012	<u>\$ 6,367,592.04</u>

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

## Schedule of Deferred Revenue (Connection Fees)

For the Fiscal Year Ended June 30, 2012

Balance July 1, 2011		\$ 2,302,516.40
Add:		
Receipts		<u>147,436.82</u>
		2,449,953.22
Less:		
Refunded	\$ 1,617.60	
Realized as Revenue	<u>299,482.60</u>	<u>301,100.20</u>
Balance June 30, 2012		<u>\$ 2,148,853.02</u>
Analysis of Balance		
Water Connection Fees		\$ 970,803.67
Sewer Connection Fees		<u>1,178,049.35</u>
Balance June 30, 2012		<u>\$ 2,148,853.02</u>

## Schedule 13

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

## Analysis of Accrued Interest Payable

For the Fiscal Year Ended June 30, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2011	\$ 274,516.83	\$ 104,870.22	\$ 379,387.05
Increased by:			
Accrued	<u>577,047.94</u>	<u>262,510.54</u>	<u>839,558.48</u>
	851,564.77	367,380.76	1,218,945.53
Decreased by:			
Cash Disbursed	<u>600,396.73</u>	<u>290,883.26</u>	<u>891,279.99</u>
Balance June 30, 2012	<u>\$ 251,168.04</u>	<u>\$ 76,497.50</u>	<u>\$ 327,665.54</u>
Analysis of Interest Expense:			
Accrued	\$ 577,047.94	\$ 262,510.54	\$ 839,558.48
Amortization of Loan Premium	(8,705.96)		(8,705.96)
Deferred Amount on Refunding	5,025.56	19,810.19	24,835.75
Discount on Bonds	<u>33.90</u>	<u>44.37</u>	<u>78.27</u>
Total Interest Expense	<u>\$ 573,401.44</u>	<u>\$ 282,365.10</u>	<u>\$ 855,766.54</u>



## MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Bonds Payable  
For the Fiscal Year Ended June 30, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance</u>		<u>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>July 1, 2011</u>	<u>Paid</u>	<u>June 30, 2012</u>
Utility System Revenue Bonds, 2003 Series A	5/15/03	\$ 2,580,000	7/1/12	\$ 250,000.00	3.000%			
			7/1/13	265,000.00	3.125%			
			7/1/14	270,000.00	3.250%			
				<u>785,000.00</u>		\$ 1,030,000.00	\$ 245,000.00	\$ 785,000.00
Utility System Revenue Bonds, 2003 Series B	5/15/03	7,135,000	7/1/12	<u>25,000.00</u>	3.000%	1,020,000.00	995,000.00	25,000.00
						<u>\$ 2,050,000.00</u>	<u>\$ 1,240,000.00</u>	810,000.00
						Less: Discount on Bonds		(77.95)
						Less: Deferred Loss on Refunding		<u>(11,556.52)</u>
								<u>\$ 798,365.53</u>

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments</u>		<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Paid</u>	<u>Cancelled</u>	<u>Balance June 30, 2012</u>
			<u>Outstanding June 30, 2012</u>	<u>Date</u>					
New Jersey Wastewater Treatment Fund Loan, Series 1994 (Non-Interest Bearing)	11/10/94	\$ 5,686,185.00		09/01/12	\$ 18,678.84				
				03/01/13	302,289.18				
				09/01/13	9,638.76				
				03/01/14	312,031.26				
					<u>642,638.04</u>	\$ 963,704.67	\$ 321,066.63		\$ 642,638.04
New Jersey Wastewater Treatment Trust Loan, Series 1996 (Interest Bearing)	11/01/96	2,480,000.00		08/01/12	160,000.00	5.250%			
				08/01/13	170,000.00	5.250%			
				08/01/14	180,000.00	5.250%			
				08/01/15	185,000.00	5.250%			
				08/01/16	195,000.00	5.250%			
					<u>890,000.00</u>	1,045,000.00	155,000.00		890,000.00
New Jersey Wastewater Treatment Fund Loan, Series 1996 (Non-Interest Bearing)	11/01/96	1,911,294.00		08/01/12	86,229.19				
				02/01/13	9,011.48				
				08/01/13	88,956.74				
				02/01/14	6,912.91				
				08/01/14	91,560.84				
				02/01/15	4,690.91				
				08/01/15	91,690.16				
				02/01/16	2,407.18				
				08/01/16	97,769.93				
					<u>479,229.34</u>	576,007.19	96,777.85		479,229.34
New Jersey Wastewater Treatment Trust Loan, Series 1998 (Interest Bearing)	04/30/98	9,160,000.00		03/01/13	734,500.00	4.75%			
				03/01/14	772,500.00	4.82%			
					<u>1,507,000.00</u>	2,209,500.00	702,500.00		1,507,000.00
New Jersey Environmental Infrastructure Fund Loan, Series 2000 (Non-Interest Bearing)	10/15/00	939,000.00		08/01/12	40,700.23				
				02/01/13	7,994.86				
				08/01/13	39,902.54				
				02/01/14	7,197.17				
				08/01/14	42,295.61				
				02/01/15	6,319.71				

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments</u>		<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Paid</u>	<u>Cancelled</u>	<u>Balance June 30, 2012</u>
			<u>Outstanding June 30, 2012</u>	<u>Outstanding June 30, 2012</u>					
			<u>Date</u>	<u>Amount</u>					
New Jersey Environmental Infrastructure Fund Loan, Series 2000 (Non-Interest Bearing) (Cont'd)	10/15/00	\$ 939,000.00	08/01/15	\$ 41,418.15					
			02/01/16	5,420.31					
			08/01/16	43,709.52					
			02/01/17	4,439.15					
			08/01/17	42,728.36					
			02/01/18	3,434.06					
			08/01/18	234.34					
				<u>285,794.01</u>		\$ 332,813.96	\$ 47,019.95		\$ 285,794.01
New Jersey Environmental Infrastructure Trust Loan, Series 2000 (Interest Bearing)	10/15/00	900,000.00	08/01/12	50,000.00	5.000%				
			08/01/13	34,863.73	5.000%				
			08/01/14	39,071.60	5.000%				
			08/01/15	38,365.71	4.955%				
			08/01/16	42,279.88	4.955%				
			08/01/17	41,392.92	4.685%				
			08/01/18	45,109.26	4.700%				
			08/01/19	48,722.89	4.685%				
			08/01/20	47,484.99	4.650%				
				<u>387,290.98</u>		432,290.98	45,000.00		387,290.98
New Jersey Environmental Infrastructure Trust Loan, Series 2005 (Non-Interest Bearing)	11/10/05	11,477,246.00	08/01/12	473,748.19					
			02/01/13	130,535.83					
			08/01/13	481,167.89					
			02/01/14	121,770.02					
			08/01/14	491,362.06					
			02/01/15	112,530.23					
			08/01/15	501,071.16					
			02/01/16	104,759.41					
			08/01/16	505,932.93					
			02/01/17	96,735.94					
			08/01/17	513,700.20					
			02/01/18	88,396.65					
			08/01/18	524,320.89					
			02/01/19	79,133.26					
			08/01/19	530,848.24					
			02/01/20	69,534.32					
			08/01/20	543,367.43					
			02/01/21	58,873.08					
			08/01/21	551,655.07					

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2012</u>		<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Paid</u>	<u>Cancelled</u>	<u>Balance June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>					
New Jersey Environmental Infrastructure Trust Loan, Series 2005 (Non-Interest Bearing) (Cont'd)	11/10/05	\$11,477,246.00	02/01/22	\$ 48,093.47					
			08/01/22	562,982.50					
			02/01/23	36,830.27					
			08/01/23	573,837.42					
			02/01/24	25,083.24					
			08/01/24	584,197.44					
			02/01/25	12,852.62					
			08/01/25	600,401.61					
				<u>8,423,721.37</u>		\$ 9,025,313.48	\$ 601,592.11		\$ 8,423,721.37
New Jersey Environmental Infrastructure Trust Loan, Series 2005 (Interest Bearing)	11/10/05	12,295,000.00	08/01/12	530,000.00	5.000%				
			08/01/13	555,000.00	5.000%				
			08/01/14	585,000.00	5.000%				
			08/01/15	615,000.00	4.000%				
			08/01/16	635,000.00	4.000%				
			08/01/17	660,000.00	4.000%				
			08/01/18	690,000.00	4.250%				
			08/01/19	715,000.00	4.250%				
			08/01/20	750,000.00	4.500%				
			08/01/21	780,000.00	4.375%				
			08/01/22	815,000.00	4.375%				
			08/01/23	850,000.00	4.375%				
			08/01/24	885,000.00	4.375%				
			08/01/25	930,000.00	4.375%				
				<u>9,995,000.00</u>		10,495,000.00	500,000.00		9,995,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Non-Interest Bearing)	11/08/07	865,000.00	08/01/12	33,401.23					
			02/01/13	10,696.45					
			08/01/13	34,084.81					
			02/01/14	10,287.15					
			08/01/14	34,738.62					
			02/01/15	9,847.03					
			08/01/15	34,298.49					
			02/01/16	9,235.74					
			08/01/16	34,750.31					
			02/01/17	8,597.88					
			08/01/17	36,238.66					
			02/01/18	7,906.86					
			08/01/18	36,610.75					

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments</u>		<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Paid</u>	<u>Cancelled</u>	<u>Balance June 30, 2012</u>
			<u>Outstanding June 30, 2012</u>	<u>Outstanding June 30, 2012</u>					
			<u>Date</u>	<u>Amount</u>					
New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Non-Interest Bearing) (Cont'd)	11/08/07	\$ 865,000.00	02/01/19	\$ 7,189.26					
			08/01/19	36,956.26					
			02/01/20	6,593.92					
			08/01/20	37,424.03					
			02/01/21	5,977.32					
			08/01/21	38,933.64					
			02/01/22	5,153.41					
			08/01/22	39,172.84					
			02/01/23	4,302.92					
			08/01/23	40,448.57					
			02/01/24	3,534.83					
			08/01/24	40,743.58					
			02/01/25	2,697.63					
			08/01/25	42,032.60					
			02/01/26	1,812.59					
			08/01/26	42,210.67					
			02/01/27	903.64					
			08/01/27	43,428.11					
				<u>700,209.80</u>		\$ 744,155.46	\$ 43,945.66		\$ 700,209.80
New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Interest Bearing)	11/08/07	2,635,000.00	08/01/12	105,000.00	3.400%				
			08/01/13	110,000.00	3.500%				
			08/01/14	115,000.00	3.600%				
			08/01/15	115,000.00	5.000%				
			08/01/16	120,000.00	5.000%				
			08/01/17	130,000.00	5.000%				
			08/01/18	135,000.00	5.000%				
			08/01/19	140,000.00	4.000%				
			08/01/20	145,000.00	4.000%				
			08/01/21	155,000.00	5.000%				
			08/01/22	160,000.00	5.000%				
			08/01/23	170,000.00	4.250%				
			08/01/24	175,000.00	4.500%				
			08/01/25	185,000.00	4.500%				
			08/01/26	190,000.00	4.500%				
			08/01/27	200,000.00	4.250%				
				<u>2,350,000.00</u>		2,450,000.00	100,000.00		2,350,000.00

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments</u>		<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Paid</u>	<u>Cancelled</u>	<u>Balance June 30, 2012</u>
			<u>Outstanding June 30, 2012</u>	<u>Date</u>					
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Non-Interest Bearing)	12/4/08	\$ 1,677,183.00	08/01/12	\$ 43,005.00					
			02/01/13	43,005.00					
			08/01/13	43,005.00					
			02/01/14	43,005.00					
			08/01/14	43,005.00					
			02/01/15	43,005.00					
			08/01/15	43,005.00					
			02/01/16	43,005.00					
			08/01/16	43,005.00					
			02/01/17	43,005.00					
			08/01/17	43,005.00					
			02/01/18	43,005.00					
			08/01/18	43,005.00					
			02/01/19	43,005.00					
			08/01/19	43,005.00					
			02/01/20	43,005.00					
			08/01/20	43,005.00					
			02/01/21	43,005.00					
			08/01/21	43,005.00					
			02/01/22	43,005.00					
			08/01/22	43,005.00					
			02/01/23	43,005.00					
			08/01/23	43,005.00					
			02/01/24	43,005.00					
			08/01/24	43,005.00					
			02/01/25	43,005.00					
			08/01/25	43,005.00					
			02/01/26	43,005.00					
			08/01/26	43,005.00					
			02/01/27	43,005.00					
			08/01/27	43,005.00					
			02/01/28	43,000.00					
			08/01/28	42,998.00					
				<u>1,419,153.00</u>		\$ 1,505,163.00	\$ 86,010.00		\$ 1,419,153.00
New Jersey Environmental Infrastructure Trust Loan, Series 2009A (Non-Interest Bearing)	12/2/09	1,109,600.00	08/01/12	38,933.33					
			02/01/13	19,466.66					
			08/01/13	38,933.33					
			02/01/14	19,466.66					
			08/01/14	38,933.33					
			02/01/15	19,466.66					

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments</u>		<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Paid</u>	<u>Cancelled</u>	<u>Balance June 30, 2012</u>
			<u>Outstanding June 30, 2012</u>	<u>Date</u>					
New Jersey Environmental Infrastructure Trust Loan, Series 2009A (Non-Interest Bearing) (Cont'd)	12/2/09	\$ 1,109,600.00	08/01/15	\$ 38,933.33					
			02/01/16	19,466.66					
			08/01/16	38,933.33					
			02/01/17	19,466.66					
			08/01/17	38,933.33					
			02/01/18	19,466.66					
			08/01/18	38,933.33					
			02/01/19	19,466.66					
			08/01/19	38,933.33					
			02/01/20	19,466.66					
			08/01/20	38,933.33					
			02/01/21	19,466.66					
			08/01/21	38,933.33					
			02/01/22	19,466.66					
			08/01/22	38,933.33					
			02/01/23	19,466.66					
			08/01/23	38,933.33					
			02/01/24	19,466.66					
			08/01/24	38,933.33					
			02/01/25	19,466.66					
			08/01/25	38,933.33					
			02/01/26	19,466.66					
			08/01/26	38,933.33					
			02/01/27	19,466.66					
			08/01/27	38,933.33					
			02/01/28	19,466.66					
			08/01/28	38,933.33					
			02/01/29	19,466.66					
			08/01/29	38,933.52					
							<u>1,031,733.35</u>		\$ 1,090,133.34
New Jersey Environmental Infrastructure Trust Loan, Series 2009B (Interest Bearing)	12/2/09	1,135,000.00	08/01/12	40,000.00	3.000%				
			08/01/13	45,000.00	5.000%				
			08/01/14	45,000.00	5.000%				
			08/01/15	45,000.00	5.000%				
			08/01/16	50,000.00	5.000%				
			08/01/17	50,000.00	5.000%				
			08/01/18	55,000.00	5.000%				
			08/01/19	55,000.00	4.000%				
			08/01/20	60,000.00	4.000%				
			08/01/21	60,000.00	4.000%				

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2012</u>		<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Paid</u>	<u>Cancelled</u>	<u>Balance June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>					
New Jersey Environmental Infrastructure Trust Loan, Series 2009B (Interest Bearing) (Cont'd)	12/2/09	\$ 1,135,000.00	08/01/22	\$ 65,000.00	3.500%				
			08/01/23	65,000.00	4.000%				
			08/01/24	70,000.00	4.000%				
			08/01/25	70,000.00	3.750%				
			08/01/26	75,000.00	4.000%				
			08/01/27	80,000.00	4.000%				
			08/01/28	80,000.00	4.000%				
			08/01/29	85,000.00	4.000%				
				<u>1,095,000.00</u>		\$ 1,135,000.00	\$ 40,000.00		\$ 1,095,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2010 (Non-Interest Bearing)	3/10/10	962,000.00	08/01/12	33,754.38					
			02/01/13	16,877.19					
			08/01/13	33,754.38					
			02/01/14	16,877.19					
			08/01/14	33,754.38					
			02/01/15	16,877.19					
			08/01/15	33,754.38					
			02/01/16	16,877.19					
			08/01/16	33,754.38					
			02/01/17	16,877.19					
			08/01/17	33,754.38					
			02/01/18	16,877.19					
			08/01/18	33,754.38					
			02/01/19	16,877.19					
			08/01/19	33,754.38					
			02/01/20	16,877.19					
			08/01/20	33,754.38					
			02/01/21	16,877.19					
			08/01/21	33,754.38					
			02/01/22	16,877.19					
			08/01/22	33,754.38					
			02/01/23	16,877.19					
			08/01/23	33,754.38					
			02/01/24	8,521.59					
				<u>599,223.24</u>		945,122.81	50,631.57	\$ 295,268.00	599,223.24
New Jersey Environmental Infrastructure Trust Loan, Series 2010 (Interest Bearing)	3/10/10	320,000.00	08/01/12	10,000.00	5.000%				
			08/01/13	10,000.00	5.000%				
			08/01/14	15,000.00	5.000%				

(Continued)



<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2012</u>		<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Paid</u>	<u>Cancelled</u>	<u>Balance June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>					
New Jersey Environmental Infrastructure Trust Loan, Series 2010 (Interest Bearing) (Cont'd)	3/10/10	\$ 320,000.00	08/01/15	\$ 15,000.00	5.000%				
			08/01/16	15,000.00	5.000%				
			08/01/17	15,000.00	5.000%				
			08/01/18	15,000.00	5.000%				
			08/01/19	15,000.00	4.000%				
			08/01/20	15,000.00	5.000%				
			08/01/21	15,000.00	3.000%				
			08/01/22	20,000.00	4.000%				
			08/01/23	20,000.00	4.000%				
			08/01/24	20,000.00	4.000%				
			08/01/25	20,000.00	4.000%				
			08/01/26	20,000.00	3.500%				
			08/01/27	20,000.00	4.000%				
			08/01/28	25,000.00	4.000%				
			08/01/29	25,000.00	4.000%				
				310,000.00		\$ 320,000.00	\$ 10,000.00		\$ 310,000.00
						\$33,269,204.89	\$ 2,857,943.76	\$ 295,268.00	30,115,993.13
						Less: Deferred Loss On Refunding			(13,170.49)
						Add: Premium			116,079.57
									\$30,218,902.21

**MOUNT LAUREL TOWNSHIP  
MUNICIPAL UTILITIES AUTHORITY**

**PART II**

**FINDINGS AND RECOMMENDATIONS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Schedule of Findings and Recommendations

For the Fiscal Year Ended June 30, 2012

---

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**None**

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Summary Schedule of Prior Year Findings and Recommendations  
As Prepared By Management

---

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**None**

**APPRECIATION**

We express my appreciation for the courtesies extended and assistance rendered to me during the course of this audit.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

