MOUNT LAUREL TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY

REPORT OF AUDIT

WITH
SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEARS ENDING
JUNE 30, 2013 and 2012

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Table of Contents

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
ROSTER OF OFFICIALS
As of June 30, 2013

MEMBERS	POSITION
James Misselwitz	Chairman
Geraldine Nardello	Vice-Chairman
Elwood Knight	Secretary
Christopher Smith	Boardmember
Vacant	Boardmember

OTHER OFFICIALS	
Pamela J. Carolan	Executive Director
David R. Wiest	Finance Director
L. Russell Trice	Consulting Engineer
Anthony Drollas, Esq.	Solicitor
Bank of New York	Trustee

MOUNT LAUREL TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY

PART I

FINANCIAL SECTION

FOR THE FISCAL YEARS ENDED
JUNE 30, 2013 and 2012

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities 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 fiscal years ending June 30, 2013 and 2012 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and in compliance 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

601 White Horse Road | Voorhees, NJ 08043 | P 856.435.6200 | F 856.435.0440 | www.bowmanllp.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Mount Laurel Township Municipal Utilities Authority, in the County of Burlington, State of New Jersey as of June 30, 2013 and 2012, and the changes in financial position and its cash flows thereof for the fiscal years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 14, 2013 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
October 14, 2013

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial 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, the financial statements of the business-type activities of the Mount Laurel Township Municipal Utilities Authority (Authority), in the County of Burlington, State of New Jersey, a component unit of the Township of Mount Laurel, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 14, 2013

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

601 White Horse Road | Voorhees, NJ 08043 | P 856.435.6200 | F 856.435.0440 | www.bowmanllp.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying Schedule of Findings and Recommendation as finding no. 2013-1.

The Authority's Response to Findings

The Authority's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
October 14, 2013

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 2013 (July 2012 – June 2013), the Authority generated a 205% cover. Key financial highlights for the Authority's Fiscal year 2013 (FY13) include:

- Service charges were up significantly, increasing $1.1 million over fiscal year 2012 (FY12). Connection fees remained at roughly the same level as FY12. Other operating revenues increased sharply, largely the result of a significant reduction in Allowance for Doubtful Accounts and an extraordinary revenue item described within. Total operating revenues grew at a healthy rate of 6.55%.
- Consumer accounts receivable of $4.11 million exceeded FY12 consumer accounts receivable of $3.78 million.
- Investment income declined to $172,400, down from $204,000 in FY12.
- Interest on debt dropped nearly 15%, from $855,800 in FY12 to $729,000.
- Total debt service, including principal and interest, decreased by over $77,000.
- Total liabilities decreased from $33.61 million in FY12 to $29.56 million in FY13.

Management's Discussion and Analysis (MD&A) (Cont'd)

FINANCIAL HIGHLIGHTS (CONT'D)

- At year-end, total assets were $139.22 million, which exceeded liabilities and total deferred inflows of resources of $32.29 million. The resultant net position at year-end was $106.93 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.

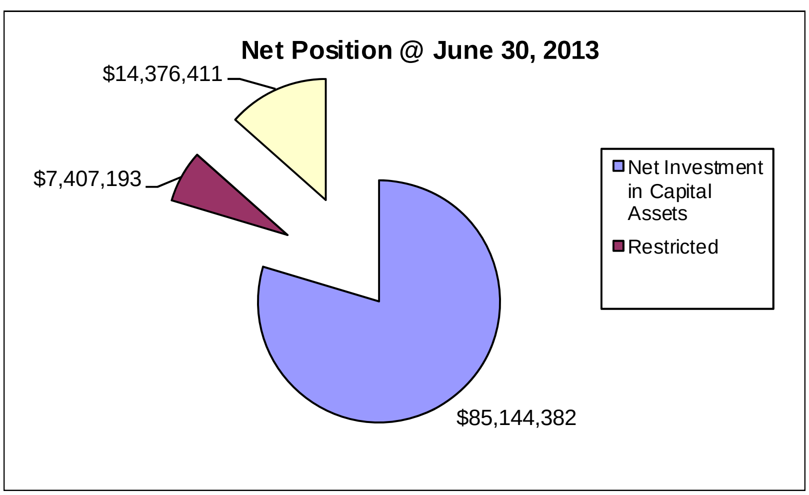
The basic financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The comparative statements of net position include all of the Authority's assets and liabilities. As the Authority follows the accrual method of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

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

The Authority's total assets were $139,220,069.97 on June 30, 2013. Total assets, total liabilities, total deferred inflows of resources and total net position are detailed below and on the next page.



* In calendar year 2003, the Authority began planning the annual use of a portion of its unrestricted net position 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 Position is also used as the funding source for that portion of the Authority's capital program not funded by debt issuance.

Management's Discussion and Analysis (MD&A) (Cont'd)

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

Mount Laurel MUA
Net Position
As of June 30,

	2013	2012 (Restated)	2011 (Restated)
Current Assets	$ 26,289,205.65	$ 25,167,841.44	$ 26,708,665.15
Capital Assets	112,930,864.32	115,395,090.30	116,761,281.53
Total Assets	**139,220,069.97**	**140,562,931.74**	**143,469,946.68**
Current Liabilities	5,146,491.15	5,322,818.45	6,128,931.35
Long-Term Liabilities	24,412,752.55	28,290,093.68	31,772,753.54
Total Liabilities	**29,559,243.70**	**33,612,912.13**	**37,901,684.89**
Total Deferred Inflows of Resources	**2,732,840.39**	**2,148,853.02**	**2,302,516.40**
Net Position			
Net Investment in Capital Assets	85,144,381.65	84,415,594.80	81,893,024.73
Restricted	7,407,192.86	7,380,560.76	7,468,436.59
Unrestricted	14,376,411.37	13,005,011.03	13,904,284.07
Total Net Position	**$ 106,927,985.88**	**$ 104,801,166.59**	**$ 103,265,745.39**

The Authority realized operating income of $2,736,422.69 for the current year. When offset by a loss from non-operating activities, the Authority's income before capital contributions was $1,309,810.14. During FY13, the Authority received capital contributions in the amount of $817,009.15. The combined effect resulted in the Authority's net position increasing by $2,126,819.29. Major components of this activity follow.

Management's Discussion and Analysis (MD&A) (Cont'd)

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

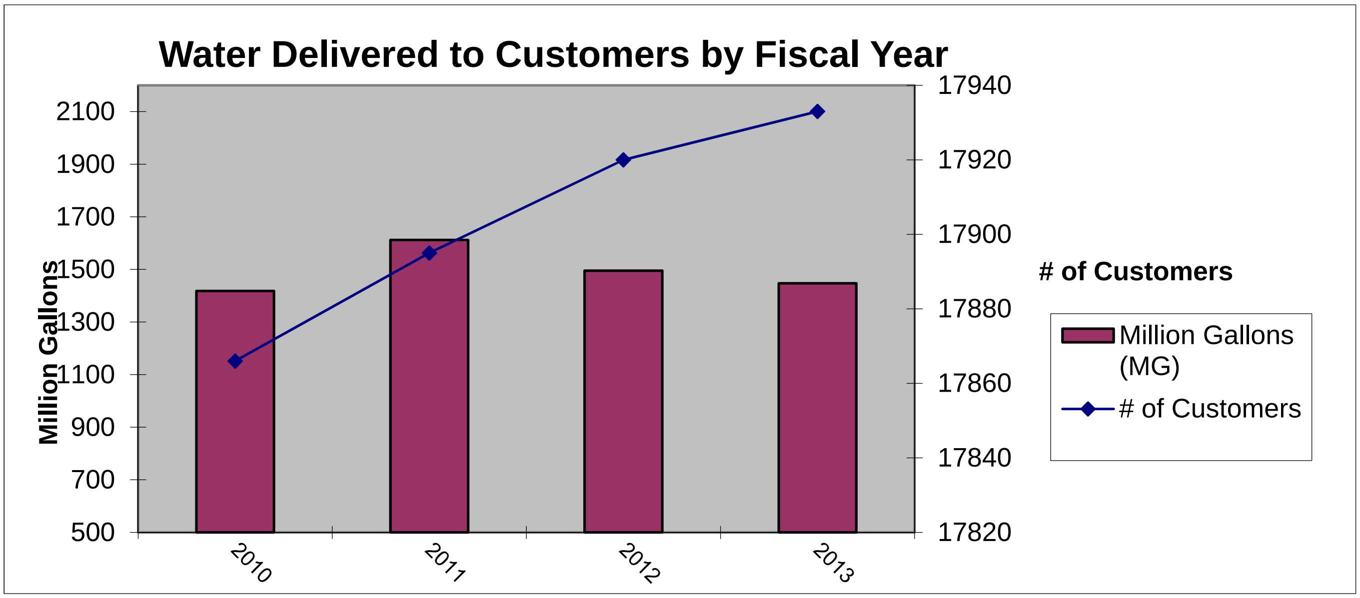
Mount Laurel MUA
Revenues, Expenses and Net Position
for the Fiscal Years Ended June 30,

	2013	2012 (Restated)	2011 (Restated)
Utility Service Charges	$ 19,603,512.00	$ 18,503,996.59	$ 18,386,217.74
Connection Fees	288,906.90	299,482.60	286,187.56
Other Operating Revenues	499,736.88	334,983.80	603,364.42
Total operating revenues	**20,392,155.78**	**19,138,462.99**	**19,275,769.72**
Operating Expenses	12,189,537.37	12,184,033.37	11,957,631.77
Depreciation expense	5,466,195.72	5,263,844.42	5,465,177.33
Operating Income	**2,736,422.69**	**1,690,585.20**	**1,852,960.62**
Non-operating Revenues (Expenses)			
Investment Income	172,440.18	204,068.87	224,535.64
Interest on debt	(728,969.83)	(855,766.54)	(986,149.91)
Loss on disposal of property, plant & equipment	(284,082.90)	(1,135.81)	(4,184.05)
Cancellation of prior year receivable		(112,153.37)	
Contribution to Mount Laurel Township	(586,000.00)	(586,000.00)	(400,000.00)
Income before contributions	**1,309,810.14**	**339,598.35**	**687,162.30**
Capital contributions	817,009.15	1,195,822.85	574,484.60
Increase in Net Position	**2,126,819.29**	**1,535,421.20**	**1,261,646.90**
Net Position - July 1 (Previously reported)	-	-	102,620,927.76
Prior period adjustment	-	-	(616,829.27)
Net Position - July 1 (Restated)	104,801,166.59	103,265,745.39	102,004,098.49
Change in Net Position	2,126,819.29	1,535,421.20	1,261,646.90
Net Position - June 30	**$106,927,985.88**	**$104,801,166.59**	**$103,265,745.39**

Management's Discussion and Analysis (MD&A) (Cont'd)

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

Service charges increased strongly in FY13 when compared to the previous year. Primary factors for this were an increase of over 30 million gallons delivered to service in the summer of 2012 compared with the same period in 2011. This resulted in more billing in the higher rate tiers of the Authority's rate structure. Additionally, an across the board rate increase went into effect with the February 2013 billings. Finally, accruals for fiscal year end billings were approximately $300,000 higher than the prior year. 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 that were implemented with each year's February billings through 2013.



Connection fee revenue remained relatively flat in a year over year comparison between FY13 and FY12. 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 deferred inflows of resources until tie in is completed. When this occurs, the Authority releases a notice to Mount Laurel Township that a certificate of occupancy can be issued. At this point, the Authority establishes a new billing account, reduces the deferred resource and recognizes connection fee revenue. Although a resurgent economy will improve this 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 $30,000 compared to FY12 as 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 increased its cash position as investments matured during the year and will continue to monitor the markets to determine an appropriate time to purchase quality investments with reasonable yields.

Management's Discussion and Analysis (MD&A) (Cont'd)

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

Mount Laurel continues to be a desirable location for residential and commercial development. The composition of the ratepayer base is well diversified. The residential and public sectors, the most stable when considering the volatility of a billing base, comprise approximately 95% of the Authority's customers. There are dozens of hotels within the Township, providing the third highest number of rooms in 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.

Residence Inn, Mount Laurel

The Authority's fiscal activity yielded positive results for the year, outpacing FY12 by slightly less than $600,000. The three sources of operating revenue generated an aggregate of $20.39 million, up $1.25 million (approximately 6.5%) from FY12. Increased Service Charge revenues, discussed previously, accounted for the overwhelming portion of the aggregate increase. Other Operating Revenues exceeded prior year by approximately $165,000 for two primary reasons. First, the Authority was able to reduce its allowance for Doubtful Accounts by approximately $80,000. Second, the Authority received $80,000 from a developer as compensation for a sewer line previously installed at a flatter slope than specified. This amount was paid in consideration of the possibility that future O&M issues may result on that line. 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 over the last three fiscal years. 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.

As the original budget for FY13 was formulated prior to April 2012, certain actual events during the year necessitated amending the budget. The Authority approved this budget amendment in June 2013. Following is a narrative addressing the more significant amendments, and how those amendments compare to actual operating results for the current year.

Service charges, including fire services, were originally budgeted at $18.79 million but were amended to $19.06 million. Primary factors for this were increased revenues being generated from the consumption of water in the first four months of the fiscal year. High consumption during this period resulted in more billings at the higher tiers of the rate schedule. Also, a rate increase was instituted beginning with the February 2013 monthly bills. A Residence Inn hotel began operation, producing new service billings starting in the fall of 2012. Finally, accrued revenues at fiscal year-end exceeded accrued revenue from the same period in the prior fiscal year by approximately $300,000. Actual service charges were $19.60 million.

Management's Discussion and Analysis (MD&A) (Cont'd)

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

Connection fee revenue was amended from $700,800 to $258,800. Several anticipated connections did not materialize in FY13. Hilton Garden Inn ($104,000), Roger's Walk ($256,000) and Rancocas Pointe ($91,500) were the notable projects that did not connect by fiscal year end. It is expected that these projects will connect to the Authority's systems in FY14. Actual connection fee revenue was $288,900.

Employee entering confined space

Other Operating Revenues increased by $165,000 over FY12 levels. Two factors not commonly encountered served to produce virtually all of this increase – a significant reduction in the Allowance for Doubtful Accounts and the receipt of payment for the possible future O&M costs associated with a developer installed sewer line. Both of these factors are described previously.

OPERATING EXPENSES

The Authority's operating expenses of $12.19 million for FY13 (not including depreciation) were nearly identical to FY12, increasing by a mere $5,500. For the six years of FY08 through FY13, 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 FY13.

Salaries and Wages expense decreased by over $19,000 in FY13. Throughout the year, six employees either retired or resigned. These employees were replaced, but three of the replacements occurred in the final two months of the fiscal year. The timing of the retirements, resignations and replacements explains the overall reduction in expense. In addition, the Authority continued strict adherence to a policy of no overtime work except in cases of extreme need or emergency. A new Collective Bargaining Agreement (CBA) was finalized during FY12. 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 current year's expense for all salaries and wages totaled $3.677 million, compared with last year's $3.696 million. The budget for this expense was originally set at $3.773 million but was amended to $3.828 million to reflect the actual timing of the personnel changes described above.

Fringe Benefits exceeded the prior year by $38,200; a 2.1% increase. Two fringe benefit line items, Group Medical / Dental Insurance and Worker's Compensation Insurance account for the majority of this increase. Group medical insurance was provided through the New Jersey State Health Benefits Plan (SHBP); dental insurance by Dearborn National. Combined group insurance costs increased only $28,600 compared to the prior year. This represents a 2% increase in this expense category, which is welcome considering premium increases generally seen for group insurance plans. Worker's Compensation costs increased $13,000. This was due to an increase in the class code rates set by the state Worker's Compensation Bureau, salary increases and an increase in the Authority's experience modification. Other minor fluctuations in FICA taxes, disability and Life / Accidental Death and Dismemberment insurances account for the difference.

Management's Discussion and Analysis (MD&A) (Cont'd)

OPERATING EXPENSES (CONT'D)

Electricity costs decreased in the current year, falling nearly $95,000 from $1.08 million in FY12 to $984,800 in FY13. Control of this operating expense has been a priority of the Authority for several years, and is being achieved in a number of ways. Sophisticated process control computers have been installed to regulate energy consumption at its plant facilities, variable frequency drives and more efficient pumps are being used, and dozens of emergency generators are exercised on a regular basis. A well run preventive maintenance schedule keeps generators in excellent, efficient condition. Load banking equipment is also used, which identifies problems early.

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 also 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 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.

The Authority's third party electric supply contract renewed with the June 2012 electric meter readings. Lower pricing in this renewal accounted for roughly half the electric expense savings in FY13.

The purchase of water from outside purveyors increased by over $205,000 in FY13. 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 64% (about 925 million gallons) of Mount Laurel's water demand was purchased from these purveyors. In FY12, these purveyors provided 58% (about 862 million gallons) of Mount Laurel's water supply. The Authority's work at Well #4 added a Variable Frequency Drive (VFD) and associated Supervisory Control and Data Acquisition (SCADA) system controls. VFD and SCADA improvements 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 during peak times. This work made the well unavailable for use during several months in the fiscal year. Unexpected operational issues at Well #6 that will be addressed in the current fiscal year, also occurred while Well #4's upgrade was being completed which caused a greater reliance on purchased water until both wells were operational. The Authority's water supply plan was adjusted to address this work, but due to a lower than anticipated system demand, full use of the planned well flow was not realized and resulted in a higher than anticipated use from our purchased water sources. Actual expenses were $2.58 million. The Authority continues to seek alternative, less expensive ways to provide water to its service area.

Management's Discussion and Analysis (MD&A) (Cont'd)

OPERATING EXPENSES (CONT'D)

Well #4 – Equipment and well improvements

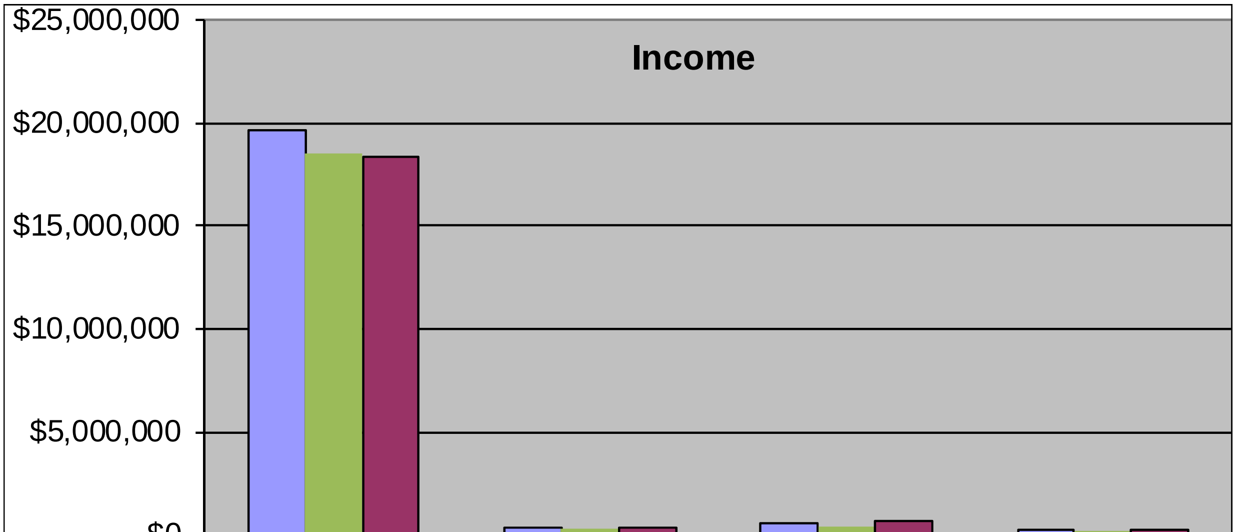
Chemical expense overall decreased significantly when compared to FY12. Total actual costs were $523,000 compared to $590,400; a decrease of $67,400. A large portion of this decrease was due to a reduction in the use of odor control chemicals, whose year over year decrease was $54,100. The build-up of hydrogen sulfide gas in sewer pipes occurs more quickly at warmer temperatures. Spring 2013 was a relatively normal season regarding temperature. This resulted in less use of odor control chemicals compared to the same period in 2012, which was unusually warm. The Authority has been actively seeking ways to reduce its cost further for this type of chemical without negatively impacting its infrastructure. While continuing the use of hydrogen peroxide, the Authority's operational staff continues 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 FY13 dropped by $127,000. As outstanding principal balances get paid down and bond issues approach expiration, a greater portion of debt service payments are toward principal balances. Inversely, interest expense becomes less. The Authority has not taken on any new debt in FY13 and anticipates none in FY14.

The Authority contributed $586,000 to Mount Laurel Township in FY13. This amount was determined in accordance with N.J.S.A. 40A:5A-12.1.

Management's Discussion and Analysis (MD&A) (Cont'd)

OPERATING INCOME AND EXPENSES



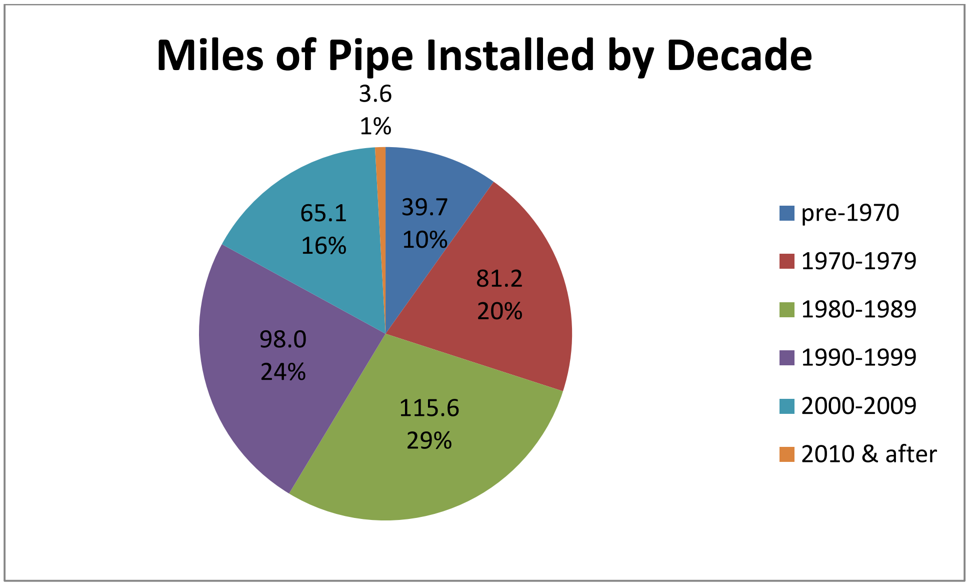
	Utility Service Charges	Connection Fees	Other Operating	Non Operating
2013	$19,603,512	$288,907	$499,737	$172,440
2012	$18,503,997	$299,483	$334,984	$204,069
2011	$18,386,218	$286,188	$603,364	$224,536

	Salaries & Wages	Fringe Benefits	Other Operating	Depreciation	Non Operating
2013	$3,677,134	$1,839,716	$6,672,687	$5,466,196	$1,599,053
2012	$3,696,251	$1,801,503	$6,686,279	$5,263,844	$1,555,056
2011	$3,674,210	$1,776,040	$6,507,382	$5,465,177	$1,456,157

Management's Discussion and Analysis (MD&A) (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 developing and implementing 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 with DEP.

Management's Discussion and Analysis (MD&A) (Cont'd)

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

During FY13, the Authority disbursed $2.47 million for capital assets. By including retainage and other pre / post year adjustments, the more significant capital additions were as follows:

Asset	Amount disbursed
Hydrant Replacement Program	$ 13,394
Meter Change Out Program	$ 190,200
Water Dist. System Modeling (Hydraulic)	$ 39,274
Water Facilities Access Security	$ 14,424
Painting of MUA Facilities (Corrosion Control Protection):	
Surface Prep and Painting of (2) Recycle Tanks @ Elbo Lane WTP	$ 25,391
Painting of (10) Sand Filters Tank Steel Rings and Filter Room Ceiling At Elbo Lane WTP	$ 24,851
Painting of Interior at Lakes Pumping Station	$ 12,967
Painting of Interior at Mason Creek Pumping Station	$ 12,967
Painting of Interior at Millstream Pumping Station	$ 12,967
Painting of Interior at Union Mill Pumping Station	$ 18,368
Well # 7 ASR Replacement of Fluoride Addition System	$ 9,755
Well # 7 ASR Recharge Meter Replacement	$ 8,149
Well # 4 Equipment & Well Improvements	$ 438,906
HVAC Commissioning Study 41 Elbo Lane	$ 19,607
Elbo Lane WTP – Chlorine Contact Chamber Repair	$ 12,329
Elbo Lane Chlorination System Replacement	$ 6,309
Willingboro Interconnection – Valve Replacement	$ 14,734
Watermain Replacement:	
Indigo Drive	$ 304,008
Buckingham Way	$ 6,618
Camber Lane	$ 4,140
Upgrade Radios to Narrow Broad Band System	$ 15,197
Upgrade Telephone System at HRWPCF	$ 16,931
Televising of Sanitary Sewer Mains	$ 209,391
Sewer Forcemain Valve Replacement	$ 41,696
Sludge Press Building # 2 Major Rehab	$ 101,062
Replacement of Orbal Motors at HRWPCF	$ 8,457

Management's Discussion and Analysis (MD&A) (Cont'd)

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

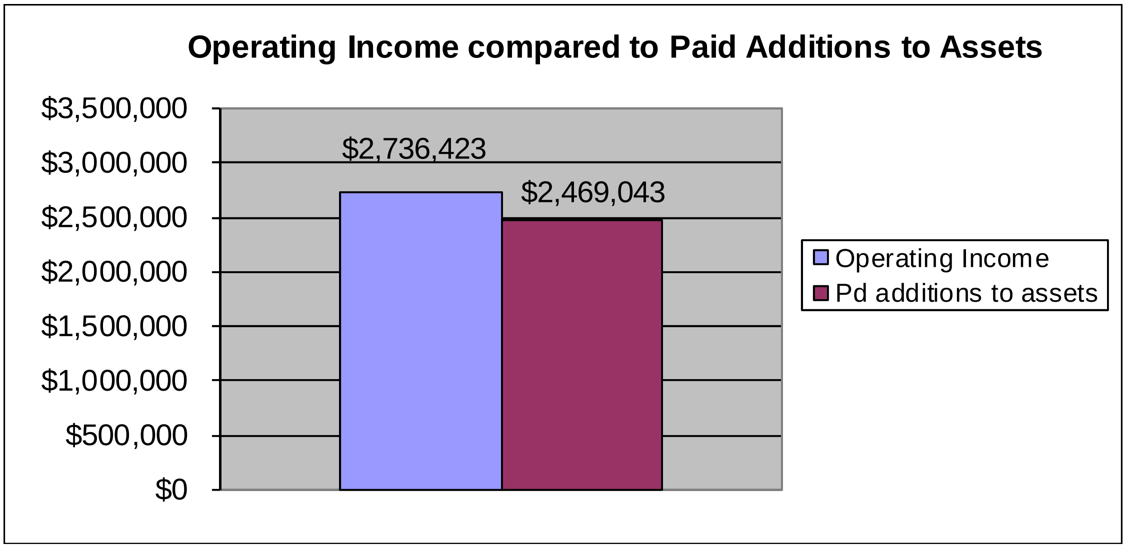
Asset	Amount disbursed
UV Unit Replacement at HRWPCF	$ 92,042
Orchard Pumping Station:	
New Controls and Equipment Upgrade & Site Improvements	$ 67,354
Holiday Village East Pumping Station:	
New Controls and Equipment Upgrade	$ 53,137
Library Pumping Station Upgrade Volutes, Impellers, & Bar Screen Guide Rails	$ 24,829
Replacement of Failed VFD's	$ 14,188
Rebuild Pumps / Motors at Pumping Stations	$ 63,733
Paving & Concrete Replacement at 1201 South Church Street	$ 43,800
Replacement Standby Generator at Tricia Meadows Pump Station	$ 27,450

Sanitary sewer main rehabilitation project

Preparation for Indigo Drive water main replacement

Management's Discussion and Analysis (MD&A) (Cont'd)

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 $18.85 million of paid additions to its assets over the six fiscal years 2008 through 2013. During that same six year period, the Authority's aggregate Operating Income has totaled $6.35 million. $10.75 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 six 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 $20,854,560 with $4,193,260 budgeted for the upcoming fiscal year. The Authority plans to fund these amounts in the following manner:

	Five year plan	Upcoming year
Projects funded from Unrestricted Net Assets (including reserves for renewal and replacement)	$ 19,089,560	$ 4,188,260
Debt Authorization	$ 1,765,000	$ 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 Mount Laurel Township resolution prior to issuing any new debt.

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

Management's Discussion and Analysis (MD&A) (Cont'd)

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

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.

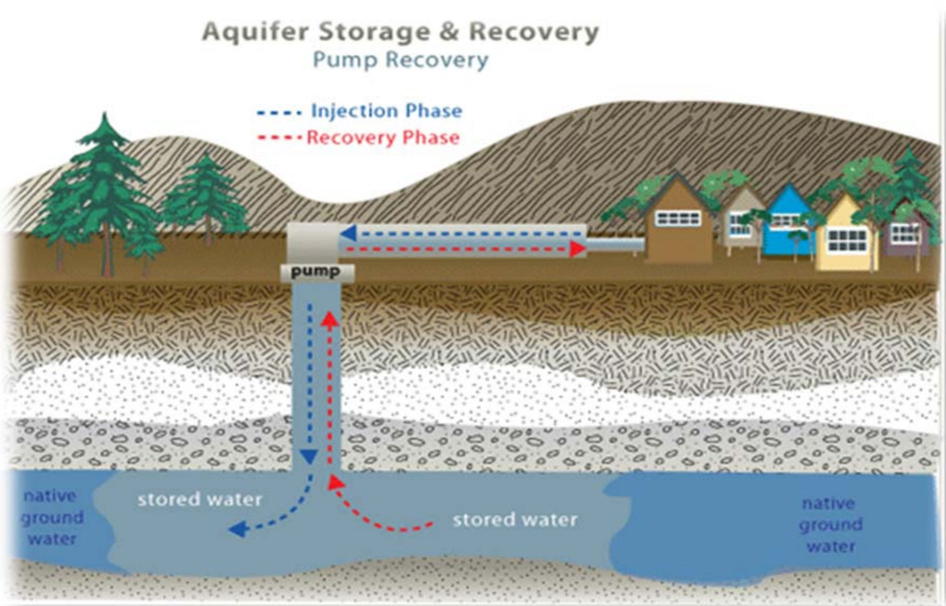
In December 2009, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust totaling $2,244,600 for the completion of a solar energy array that generates power for a sewer pumping station and a groundwater well. $1,109,600 of this loan is at a zero percent interest rate. 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.

Management's Discussion and Analysis (MD&A) (Cont'd)

LOOKING FORWARD

The Authority has been actively pursuing alternative sources of water to meet user demand. Currently, the Authority must purchase from outside water purveyors the difference between its system demand and its permitted withdrawal from the Potomac-Raritan-Magothy aquifer. The Authority believes the development of less expensive alternatives is possible. Several have been identified. If the Authority receives approval from the appropriate regulatory agencies and develops these alternatives, particularly the building of a surface water treatment plant, the operating expense for the purchase of water from outside purveyors can be significantly reduced. Capital expenditures for a new plant would be significant. Regardless of whether this surface water treatment plant is built, the Authority will be adding a second Aquifer Storage and Recovery (ASR) well (depicted in the diagram on the next page). In the short term, a second ASR well will enable the Authority to meet future increased peak summer water demands while maintaining its existing contracts for purchase of water. In addition, the well will be an integral component of a surface water treatment plant if it is constructed.



Aquifer Storage & Recovery (ASR) Well - Mt. Laurel MUA currently has one ASR and plans to add a second in the future

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.

BASIC FINANCIAL STATEMENTS

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Net Position
As of June 30, 2013 and 2012

	2013	2012 (Restated)
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	$ 10,436,106.73	$ 7,281,850.79
Investments	2,762,262.63	7,249,583.75
Consumer Accounts Receivable, Net of Allowance for Doubtful Accounts of $3,786.67 in 2013 and 2012	4,113,766.73	3,782,886.78
Accrued Investment Income Receivable	11,872.16	14,821.93
Intergovernmental Accounts Receivable, Net of Allowance for Doubtful Accounts of $0 in 2013 and $84,563.59 in 2012	404,116.49	287,891.92
Inventory	373,446.22	430,882.52
Other Accounts Receivable	148,955.47	207,350.34
Prepaid Expenses	51,992.29	66,399.88
Total Unrestricted Assets	18,302,518.72	19,321,667.91
Restricted Assets:		
Cash	2,370.65	1,793.89
Investments	7,479,223.59	5,348,424.85
Accrued Investment Income Receivable	40,911.38	26,911.67
NJ EIT Loan Receivable	411,254.00	411,254.00
Notes Receivable, Less Allowance for Doubtful Accounts of $40,190.91 in 2013 and 2012	52,927.31	57,789.12
Total Restricted Assets	7,986,686.93	5,846,173.53
Total Current Assets	26,289,205.65	25,167,841.44
Noncurrent Assets:		
Property, Plant and Equipment:		
Completed (Net of Accumulated Depreciation)	108,905,103.58	109,027,498.26
Construction in Progress	4,025,760.74	6,367,592.04
Total Property, Plant and Equipment	112,930,864.32	115,395,090.30
Total Assets	139,220,069.97	140,562,931.74

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Net Position
As of June 30, 2013 and 2012

	2013	2012 (Restated)
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	$ 730,590.56	$ 937,312.05
Prepaid Rents	93,421.31	82,288.66
Developer's Deposits	403,996.31	389,243.40
Total Current Liabilities Payable from Unrestricted Assets	1,228,008.18	1,408,844.11
Current Liabilities Payable from Restricted Assets:		
Accounts Payable	369,541.10	354,464.09
Retainage	7,681.67	19,017.67
Revenue Bonds Payable--Current Portion	265,000.00	275,000.00
NJ EIT Loans--Current Portion	3,004,354.54	2,937,827.04
Accrued Interest Payable	271,905.66	327,665.54
Total Current Liabilities Payable from Restricted Assets	3,918,482.97	3,913,974.34
Long-term Liabilities:		
Compensated Absences	467,611.21	485,652.98
Revenue Bonds Payable	269,974.21	523,365.53
NJ EIT Loans Payable	23,675,167.13	27,281,075.17
Total Long-Term Liabilities	24,412,752.55	28,290,093.68
Total Liabilities	29,559,243.70	33,612,912.13
DEFFERED INFLOWS OF RESOURCES		
Deferred Gain on Defeasence of Loans	606,018.02	
Deferred Revenue	2,126,822.37	2,148,853.02
Total Deferred Inflows of Resources	2,732,840.39	2,148,853.02
NET POSITION		
Net Investment in Capital Assets	85,144,381.65	84,415,594.80
Restricted:		
Bond Resolution Covenants	7,369,339.28	7,337,396.34
State Unemployment Compensation	37,853.58	43,164.42
Unrestricted	14,376,411.37	13,005,011.03
Total Net Position	$ 106,927,985.88	$ 104,801,166.59

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 Position
For the Fiscal Years Ended June 30, 2013 and 2012

	2013	2012 (Restated)
Operating Revenues:		
Utility Service Charges	$ 19,603,512.00	$ 18,503,996.59
Connection Fees	288,906.90	299,482.60
Other Operating Revenues, Net of Change in Allowance for Doubtful Accounts of $84,563.59 in 2013 and $(33,494.27) in 2012	499,736.88	334,983.80
	20,392,155.78	19,138,462.99
Operating Expenses:		
Administration:		
Salaries and Wages	744,385.27	1,033,764.19
Fringe Benefits	420,176.97	411,340.77
Other Expenses	684,792.02	640,942.78
Cost of Providing Services:		
Salaries and Wages	2,932,748.61	2,662,487.20
Fringe Benefits	1,419,539.45	1,390,162.16
Other Expenses	5,987,895.05	5,842,796.54
Additional Prior Year Expense		202,539.73
Depreciation	5,466,195.72	5,263,844.42
	17,655,733.09	17,447,877.79
Operating Income	2,736,422.69	1,690,585.20
Non-operating Revenue (Expenses):		
Investment Income	172,440.18	204,068.87
Interest on Debt	(728,969.83)	(855,766.54)
Loss on Disposal of Property, Plant & Equipment	(284,082.90)	(1,135.81)
Cancellation of Prior Year Receivable		(112,153.37)
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(586,000.00)	(586,000.00)
Income Before Contributions	1,309,810.14	339,598.35
Capital Contributions	817,009.15	1,195,822.85
Increase in Net Position	2,126,819.29	1,535,421.20
Net Position - Beginning - Before Cumulative Effects of Changes in Accounting Principles	-	103,816,751.89
Cumulative Effects of Changes in Accounting Principles (See Note 11)	-	(551,006.50)
Net Position - Beginning - As Adjusted for Cumulative Effects of Changes in Accounting Principles	104,801,166.59	103,265,745.39
Net Position - Ending	$ 106,927,985.88	$ 104,801,166.59

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, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities:		
Receipts from Customers and Users	$ 19,550,640.95	$ 18,538,499.89
Payments to Suppliers	(6,807,564.67)	(6,679,887.01)
Payments to Employees	(5,534,892.07)	(5,488,527.20)
Other Operating Receipts	456,660.09	210,557.36
Net Cash Provided by Operating Activities	7,664,844.30	6,580,643.04
Cash Flows from Noncapital Financing Activities:		
Notes Receivable on Line Extensions	4,861.81	8,102.14
Net Cash Provided by Noncapital Financing Activities	4,861.81	8,102.14
Cash Flows from Capital and Related Financing Activities:		
Retainage	(19,017.67)	(30,517.72)
Principal Paid on Bonds	(275,000.00)	(1,240,000.00)
Principal Paid on Loans	(2,937,827.04)	(2,857,943.76)
Acquisitions of Property, Plant and Equipment	(2,446,284.81)	(2,578,230.03)
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(586,000.00)	(586,000.00)
Interest on Debt	(768,656.51)	(891,279.99)
Net Cash Used in Capital and Related Financing Activities	(7,032,786.03)	(8,183,971.50)
Cash Flows from Investing Activities:		
Change in Investments	2,356,522.38	1,651,778.17
Investment Income	161,390.24	203,152.00
Net Cash Provided by Investing Activities	2,517,912.62	1,854,930.17
Net Increase in Cash and Cash Equivalents	3,154,832.70	259,703.85
Cash and Cash Equivalents, July 1	7,283,644.68	7,023,940.83
Cash and Cash Equivalents, June 30	$ 10,438,477.38	$ 7,283,644.68

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2013 and 2012

	2013	2012
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	$ 2,736,422.69	$ 1,690,585.20
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	5,466,195.72	5,263,844.42
Changes in Assets and Liabilities:		
(Increase) Decrease in Consumer Accounts Receivable	(330,879.95)	(108,671.18)
(Increase) Decrease in Intergovernmental Accounts Receivable	(116,224.57)	(57,653.57)
(Increase) Decrease in Inventory	57,436.30	(39,966.26)
(Increase) Decrease in Other Accounts Receivable	58,394.87	(74,968.28)
(Increase) Decrease in Prepaid Expenses	14,407.59	15,402.04
Increase (Decrease) in Unrestricted Accounts Payable	(206,721.49)	30,956.26
Increase (Decrease) in Prepaid Rents	11,132.65	(4,153.56)
Increase (Decrease) in Deferred Revenue	(22,030.65)	(153,663.38)
Increase (Decrease) in Developers' Deposits	14,752.91	9,704.23
Increase (Decrease) in Compensated Absences	(18,041.77)	9,227.12
Total Adjustments	4,928,421.61	4,890,057.84
Net Cash Provided by Operating Activities	$ 7,664,844.30	$ 6,580,643.04

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

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

Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, provide 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 Statements No. 14 and No. 39. In addition, GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government’s management determines that it would be misleading to exclude them. In addition, GASB Statement No. 61 clarifies the manner in which component units are presented, whether discretely presented, blended, or included in the fiduciary fund financial statements.

The Authority is a component unit of the Township as described in Governmental Accounting Standards Board Statements described in the preceding paragraph 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.

As of June 30, 2013, 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 Position (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.

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

Basis of Presentation (Cont'd)

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 Position, revenues and expenditures.

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 captial, 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.

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, 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 Position. 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.

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

Budgets and Budgetary Accounting (Cont'd)

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.

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 units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

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 Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having 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 amount of their deposits to the Governmental Units.

Inventory and Prepaid Expenses

Inventory consists principally of chemicals for the treatment of water, sewerage and sludge and is valued at cost.

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2013.

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

Capital Assets

Capital assets primarily consist 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.

Depreciation

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

	Years
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 Discount and Bond Premium

Bond discount and bond premium arising from the issuance of the revenue bonds are recorded as liabilities. They are amortized by the straight-line method from the issue date to maturity as a component of interest expense. Bond discount and bond premium are presented as an adjustment of the face amount on the bonds.

Deferred Gain on Refunding

Deferred gain on refunding arising from the issuance of the refunding bonds by the New Jersey Environmental Infrastructure Trust (NJEIT) to which the Authority is a pooled loan participant is recorded as a deferred inflow of resources. It is amortized by the straight-line from the issue date to maturity as a component of interest expense.

Deferred Revenue

Deferred revenue arises when resources associated with revenue transactions are received or reported as a receivable before the period when resources are required to be used or when use is first permitted in which the enabling legislation includes time requirements.

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

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 Position

Net Position comprises the various earnings from operating income, non-operating revenues, expenses, and capital contributions. Net Position is classified in the following three components:

Net Investment in Capital Assets - This component of Net Position 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 Position component as the unspent proceeds.

Restricted - This component of Net Position 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 Position.

Unrestricted - This component of Net Position consists of Net Position that do not meet the definition of “restricted” or “net investment in capital assets” This component includes Net Position 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.

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

New Accounting Standards Adopted

During the fiscal year ended June 30, 2013, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements

The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties.

This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. A transferor reports the facility subject to an SCA as its capital asset, generally following existing measurement, recognition, and disclosure guidance for capital assets. New facilities constructed or acquired by the operator or improvements to existing facilities made by the operator are reported at fair value by the transferor. A liability is recognized, for the present value of significant contractual obligations to sacrifice financial resources imposed on the transferor, along with a corresponding deferred inflow of resources. Revenue is recognized by the transferor in a systematic and rational manner over the term of the arrangement.

This Statement also provides guidance for governments that are operators in an SCA. The governmental operator reports an intangible asset at cost for its right to access the facility and collect third-party fees; it amortizes the intangible asset over the term of the arrangement in a systematic and rational manner. For existing facilities, a governmental operator's cost may be the amount of an up-front payment or the present value of installment payments. For new or improved facilities, a governmental operator's cost may be its cost of improving an existing facility or constructing or acquiring a new facility.

For revenue sharing arrangements, this Statement requires governmental operators to report all revenues and expenses. A transferor reports its portion of the shared revenues.

This Statement requires disclosures about an SCA including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments.

Implementation of this statement had no material impact on the Authority's fiscal year 2013 financial statements.

Note 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)</u>

New Accounting Standards Adopted (Cont'd)

Statement No. 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34

Issued in November 2010, the objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the “substantively the same governing body” criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset.

Implementation of this statement had no material impact on the Authority's fiscal year 2013 financial statements.

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

New Accounting Standards Adopted (Cont'd)

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

Issued in November 2010, the objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

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

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

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

Implementation of this statement had no material impact on the Authority's fiscal year 2013 financial statements.

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

Issued in June 2011, this Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of Net Position by the government that is applicable to a future reporting period, and an acquisition of Net Position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

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

Implementation of this statement materially affected the classification of several balances. See Note 11.

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

New Accounting Standards Adopted (Cont'd)

Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions – An Amendment of GASB Statement No. 53

Some governments have entered into interest rate swap agreements and commodity swap agreements in which a swap counterparty, or the swap counterparty's credit support provider, commits or experiences either an act of default or a termination event as both are described in the swap agreement. Many of those governments have replaced their swap counterparty, or swap counterparty's credit support providers, either by amending existing swap agreements or by entering into new swap agreements. When these swap agreements have been reported as hedging instruments, questions have arisen regarding the application of the termination of hedge accounting provisions in Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. Those provisions require a government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows of resources or deferred inflows of resources as a component of investment income.

Issued in June 2011, the objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

Implementation of this statement had no material impact on the Authority's fiscal year 2013 financial statements.

Statement No. 65, Items Previously Reported as Assets and Liabilities

Issued in March 2012, this Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, Elements of Financial Statements, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

Implementation of this statement materially affected the classification of several balances. See Note 11.

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

New Accounting Standards Pronouncements to be Implemented in the Future

The Authority plans to implement the following pronouncements by the required implementation dates or earlier, when deemed feasible:

Statement No. 66, Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62

Issued in March 2012, the objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

Statement No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25

Issued in June 2012, The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

Statement No. 68, Accounting and Financial Reporting for Pensions, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

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

New Accounting Standards Pronouncements to be Implemented in the Future (Cont'd)

Statement No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25 (Cont'd)

This Statement and Statement 68 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The scope of this Statement addresses accounting and financial reporting for the activities of pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. Distinctions are made regarding the particular requirements depending upon the type of pension plan administered, as follows:

- Single-employer pension plans—those in which pensions are provided to the employees of only one employer (as defined in this Statement)
- Agent multiple-employer pension plans (agent pension plans)—those in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees
- Cost-sharing multiple-employer pension plans (cost-sharing pension plans) those in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

This Statement also details the note disclosure requirements for defined contribution pension plans administered through trusts that meet the identified criteria.

This Statement is effective for financial statements for fiscal years beginning after June 15, 2013.

Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27

Issued in June 2012, The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

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

New Accounting Standards Pronouncements to be Implemented in the Future (Cont'd)

Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 (Cont'd)

Statement No. 67, Financial Reporting for Pension Plans, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014.

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

New Accounting Standards Pronouncements to be Implemented in the Future (Cont'd)

Statement No. 69, Government Combinations and Disposals of Government Operations

Issued in January 2013, this Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations.

A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold.

This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees

In April 2013, the GASB issued Statement 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. GASBS 70 is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement is effective for periods beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

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, 2013 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 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, 2013 is $3,792,955.11. After applying the Authority's surety bonds, the minimum required cash balance is $216,237.85. This account, if necessary, will make up any deficiencies in the debt service account. Due to market value fluctuations the balance on June 30, 2013 is insufficient by $3,217.94 and it does not meet the requirements of the Bond Resolution as amended by the Authority.

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 $5,260,736.19, which does meet the engineer's certified balance as of June 30, 2013. During the year, the Authority adopted a resolution increasing the minimum balance to $4,890,000.00 beginning July 1, 2014 per the engineer's recommendation.

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.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)

Utility System Revenue Bonds (Cont'd)

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, 2013 and 2012 as defined by the Utility System Revenue Bond Resolution is as follows:

	2013	2012
Operating Revenues:		
Utility Service Charges	$ 19,603,512.00	$ 18,503,996.59
Connection Fees	288,906.90	299,482.60
Investment and Miscellaneous Income	672,177.06	539,052.67
Total Revenues	20,564,595.96	19,342,531.86
Operating Expenses:		
Cost of Providing Services	10,340,183.11	10,097,985.63
Administrative	1,849,354.26	2,086,047.74
Other Operating Expenses	586,000.00	788,539.73
Total Operating Expenses	12,775,537.37	12,972,573.10
Excess of Revenues	7,789,058.59	6,369,958.76
110% of Current Fiscal Year's Annual Debt Service Requirement	4,173,933.24	4,258,988.31
Sufficiency of Revenues	$ 3,615,125.35	$ 2,110,970.45

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.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)

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, 2013 and 2012, the Authority's bank balances of $9,195,573.81 and $6,200,208.82, respectively, were exposed to custodial credit risk as follows:

	June 30, 2013	June 30, 2012
Insured by Federal Deposit Insurance Corporation	$ 260,502.80	$ 260,202.80
Uninsured and Uncollateralized	4,070,849.70	159,617.65
Uninsured and Collateralized with Securities Held by Pledging Financial Institutions	4,864,221.31	5,780,388.37
Total	$ 9,195,573.81	$ 6,200,208.82

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, 2013 and 2012 the Authority's deposits with the New Jersey Cash Management Fund were $1,141,836.38 and $1,141,126.61, respectively.

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 $10,241,486.22 as of June 30, 2013 and $12,598,008.60 as of June 30, 2012 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.

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

Investments (Cont'd)

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.

As of June 30, 2013, the Authority had the following investments and maturities:

Investment	Maturities	Credit Rating	Fair Value June 30, 2013
Avondale AZ	7/1/2013	AA3	$ 200,036.00
Trenton NJ Refunding Bond	12/1/2013	A1	126,545.00
Illinois State Pension Bond	6/1/2015	A2	524,555.00
Perth Amboy NJ Refunding Bond	9/1/2015	A1	40,490.80
FNMA	12/1/2018	Aaa	13,373.89
NJ Higher Education Assistance Authority Student Loan Revenue Bond	12/1/2022	AA3	122,862.55
FNMA	4/1/2023	Aaa	85,351.53
FNMA	4/1/2023	Aaa	83,465.39
GNMA	8/15/2025	Aaa	758.25
NJ Higher Education Assistance Authority Student Loan Revenue Bond	12/1/2025	AA3	145,215.45
St. Louis MO Airport Refunding	7/1/2026	AA3	132,494.70
GNMA	4/15/2027	Aaa	2,201.84
GNMA	7/20/2033	Aaa	25,954.64
GNMA	9/20/2033	Aaa	19,402.45
GNMA	12/20/2033	Aaa	18,341.94
GNMA	1/20/2034	Aaa	10,811.77
GNMA	5/15/2034	Aaa	25,977.28
GNMA	5/15/2034	Aaa	14,343.73
GNMA	5/20/2034	Aaa	37,751.69
GNMA	5/20/2034	Aaa	9,518.07
GNMA	3/20/2035	Aaa	221,488.49
US Government Money Market Fund	Demand	Aaa	8,380,545.76
			$10,241,486.22

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

Investments (Cont'd)

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

Investment	Maturities	Credit Rating	Fair Value June 30, 2012
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
			$ 12,598,008.60

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, 2013 was $93,118.22 and $97,980.03 as of June 30, 2012. 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, 2013 and June 30, 2012.

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:

Fiscal Year Ended June 30,	Beginning Balance	Billings	Total Collections	Percentage of Collections
2013	$ 795,065.45	$ 19,603,512.00	$ 19,272,632.05	94.48%
2012	676,424.49	18,503,996.59	18,395,216.63	95.91%
2011	564,965.71	18,386,217.74	18,075,339.96	95.38%
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%

Capital Contributions

The Authority receives capital contributions from developers that consist of sewer and water infrastructure installed at the developer's expense and turned over to the Authority upon completion of construction. During the fiscal year ending June 30, 2013, the Authority received $343,228.50 for the Water Department and $473,780.65 for the Sewer Department. During the fiscal year ending June 30, 2012, the Authority received $896,566.00 for the Water Department and $299,256.85 for the Sewer Department.

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

Property, Plant and Equipment

During the fiscal year ended June 30, 2013, the following changes in Property, Plant and Equipment occurred:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Land	$ 91,805.43	$ 18,545.58		$ 110,351.01
Buildings	12,469,718.04	1,544,285.55		14,014,003.59
Utility Plant and Other Infrastructure	179,505,147.45	3,525,511.20	$ 284,082.90	182,746,575.75
Furniture	225,024.62	898.45		225,923.07
Computer and Office Equipment	595,708.82	50,584.89		646,293.71
Telecommunication Equipment	154,673.27	16,930.57		171,603.84
Machinery and Equipment	2,281,871.39	323,334.32		2,605,205.71
Vehicles	1,423,301.32	147,793.38		1,571,094.70
Construction in Progress	6,367,592.04	1,929,501.88	4,271,333.18	4,025,760.74
	203,114,842.38	7,557,385.82	4,555,416.08	206,116,812.12
Less: Accumulated Depreciation	87,719,752.08	5,466,195.72	-	93,185,947.80
	$115,395,090.30	$2,091,190.10	$4,555,416.08	$112,930,864.32

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
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
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
	$116,761,281.53	$ (1,365,055.42)	$ 1,135.81	$115,395,090.30

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, 2013 is estimated at $467,611.21 and at June 30, 2012 is estimated at $485,652.98.

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 increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. 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:

Year	Normal Contribution	Accrued Liability	Total Liability	Paid by Authority
2013	$ 141,845.76	$ 238,168.24	$ 380,014.00	$ 380,014.00
2012	148,488.00	249,321.00	397,809.00	397,809.00
2011	163,030.00	217,028.00	380,058.00	380,058.00

Note 4: <u>DETAIL NOTES – LIABILITIES (CONT'D)</u>

Retirement System (Cont'd)

<u>Early Retirement Incentive Program</u> – 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, 2013, the accrued liability to the PERS for the program was estimated to be $27,951 payable over the next 21 years. The June 30, 2012 annual installment was $1,331.00.

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.

Revenue Bonds Payable

All outstanding bonds issued by the Authority are secured under a Utility System Revenue Bond Resolution dated July 21, 1992 (Note 2), 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 3.25%. 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 2003B Bonds carry interest rates ranging from 1.5% to 4.4% and matured in 2012.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)

Revenue Bonds Payable (Cont'd)

A summary of maturities on the 2003 Revenue Bonds Payable at June 30, 2013 is as follows:

Bond Year Ending	Principal	Interest	Total
2014	$ 265,000.00	$ 12,915.63	$ 277,915.63
2015	270,000.00	4,387.50	274,387.50
	535,000.00	$ 17,303.13	$ 552,303.13
Less: Current Maturities	(265,000.00)		
Discount on Bonds	(25.79)		
Long-Term Portion	$ 269,974.21		

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 2, 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.

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 8, 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 $2,653,000.00 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. In 2013, the NJEIT Partially refunded their 2005 bonds and as a result, the authority received a $606,018.02 principal reduction in their loan.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)

New Jersey Environmental Infrastructure Trust and Wastewater Treatment Trust Loans (Cont'd)

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:

Fiscal Year Ending June 30	Interest Free Loan Principal	Loan Principal	Total Principal	Interest	Total
2014	$ 1,306,990.81	$ 1,697,363.73	$ 3,004,354.54	$ 634,229.72	$ 3,638,584.26
2015	988,386.57	979,071.60	1,967,458.17	503,984.52	2,471,442.69
2016	985,342.16	977,805.40	1,963,147.56	458,365.27	2,421,512.83
2017	986,977.22	1,020,816.79	2,007,794.01	416,486.40	2,424,280.41
2018	887,446.35	853,440.44	1,740,886.79	378,207.91	2,119,094.70
2019-2023	4,199,395.02	4,734,793.22	8,934,188.24	1,320,244.48	10,254,432.72
2024-2028	2,778,505.47	3,820,481.78	6,598,987.25	343,150.22	6,942,137.47
2029-2030	140,331.51	215,000.00	355,331.51	8,700.00	364,031.51
	$ 12,273,375.11	$ 14,298,772.96	26,572,148.07	$ 4,063,368.52	$ 30,635,516.59
		Current Maturities	(3,004,354.54)		
		Premium	107,373.60		
		Long-Term Portion	$ 23,675,167.13		

Note 5: DETAIL NOTES – DEFERRED INFLOWS OF RESOURCES

Unearned Revenue

Connection Fees

The Authority receives payments for connection fees when new users connect to the water and/or sewer system. The Authority does not supply the user with supplies or services to make the physical connection and is therefore considered a nonexchange transaction. The Authority recognizes the revenue in the period that the user exercises their right to connect to the system.

Deferred Gain on Defeasance of Debt

In 2013, the State of New Jersey Environmental Infrastructure Trust (NJEIT) Program partially refunded their 2005 bonds. The Authority was a participant in the NJEIT's 2005 pooled loan program and as a result, $8,325,000 of the Authority's 2005 NJEIT trust loan has been refunded. The Authority's new loan amount is $7,718,981.98.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $606,018.02. This difference, reported in the accompanying financial statements as a deferred inflow of resources, is being charged to operations over the life of the refunding debt using the straight line method. The advance refunding was undertaken to reduce total debt payments over the next 10 years by $1,064,262.56.

Note 6: DETAIL NOTES – NET POSITION

Net Position Appropriated

The Authority ended the fiscal year with unrestricted Net Position totaling $14,376,433.37. Of that amount, $1,045,470.00 has been appropriated and included as support in the sewer utility operating budget, $65,000.00 in the sewer utility capital budget, $188,293.00 in the water utility operating budget and $65,000.00 in the water utility capital budget for the fiscal year ending June 30, 2014.

Note 7: 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 2013, the agreement yielded total water purchases from Willingboro of $1,301,036.66 of which $312,873.78 was passed through to Evesham. In 2012 the total water purchased from Willingboro was $1,023,086.08, of which $213,806.27 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 550,000,000 gallons in fiscal year 2012. Beginning October 1, 2012, the Authority committed to purchase a minimum of 550,000,000 gallons in fiscal year 2013. NJAWC owns and operates all constructed facilities. The Authority paid $1,594,895.84 and $1,567,813.47 to NJAWC in 2013 and 2012, 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 $281,480.00 and $270,305.72 to the CCMUA in 2013 and 2012, respectively.

Note 8: COMMITMENTS AND CONTINGENCIES

Construction Contracts

The Authority had several outstanding or planned construction projects as of June 30, 2013. These projects are evidenced by contractual commitments with contractors and include:

Project	Total Project	Total Expended	Commitment Remaining
Repair of Well #4 Pump and Piping Rehabilitation	$ 344,685.32	$ 341,182.70	$ 3,502.62
Sanitary Sewer Rehabilitation	140,484.00	125,626.00	14,858.00
Cleaning and Video of Sanitary Sewer Mains	124,250.00	88,039.46	36,210.54
Total	$ 609,419.32	$ 554,848.16	$ 54,571.16

Note 9: 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 10: 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.

Note 11: CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLE

GASB 63

During fiscal year ending June 30, 2013 there was a change in accounting principles as a result of GASB Statement 63 Items Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

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

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

Note 11: CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLE (CONT'D)

GASB 65

During fiscal year ending June 30, 2013 there was a change in accounting principles as a result of GASB Statement 65 Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement 65 is retroactive to prior reporting periods. The adjustment is detailed below.

Summary Statement of Net Position
As of June 30, 2012

	Previously Reported	Prior Period Adjustment	Restated
Assets			
Current Assets			
Unrestricted Assets	$ 19,321,667.91		$ 19,321,667.91
Restricted Assets	5,846,173.53		5,846,173.53
Capital Assets	115,395,090.30		115,395,090.30
Debt Issue Costs	485,183.71	$ (485,183.71)	
Total Assets	141,048,115.45	(485,183.71)	140,562,931.74
Liabilities			
Current Liabilities	7,471,671.47	(2,148,853.02)	5,322,818.45
Noncurrent Liabilities	28,290,093.68		28,290,093.68
Total Liabilities	35,761,765.15	(2,148,853.02)	33,612,912.13
Deferred Inflows of Resources			
Deferred Revenue	-	2,148,853.02	2,148,853.02
Net Position			
Net Investment in Capital Assets	84,900,778.51	(485,183.71)	84,415,594.80
Restricted	7,380,560.76		7,380,560.76
Unrestricted	13,005,011.03		13,005,011.03
Total Net Position	$ 105,286,350.30	$ (485,183.71)	$ 104,801,166.59

Note 11: CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLE (CONT'D)

GASB 65 (Cont'd)

Summary Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2012

	Previously Reported	Prior Period Adjustment	Restated
Operating Revenues	$ 19,138,462.99		$ 19,138,462.99
Operating Expenses	17,447,877.79		17,447,877.79
Non-Operating Expenses			
Bond Issue Costs	(65,822.79)	$ 65,822.79	
Other Non-Operating Expenses	(1,350,986.85)		(1,350,986.85)
Change in Net Position	273,775.56	65,822.79	339,598.35
Capital Contributions	1,195,822.85		1,195,822.85
Increase in Net Position	1,469,598.41	65,822.79	1,535,421.20
Net Position - Beginning	103,816,751.89	(551,006.50)	103,265,745.39
Net Position - Ending	$ 105,286,350.30	$ (485,183.71)	$ 104,801,166.59

SUPPLEMENTARY SCHEDULES

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Combining Schedule of Revenue, Expenses and Changes in Fund Net Position

For the Fiscal Year Ended June 30, 2013

		Restricted				
	Operating & General	Debt Service Reserve	Debt Service	Renewal and Replacement	Unemployment Compensation	Total
Operating Revenues:						
Utility Service Charges	$ 19,603,512.00					$ 19,603,512.00
Connection Fees	288,906.90					288,906.90
Other Operating Revenues	494,046.58				$ 5,690.30	499,736.88
	20,386,465.48	$ -	$ -	$ -	5,690.30	20,392,155.78
Operating Expenses:						
Administration:						
Salaries and Wages	744,385.27					744,385.27
Fringe Benefits	409,175.83				11,001.14	420,176.97
Other Expenses	684,792.02					684,792.02
Cost of Providing Service:						
Salaries and Wages	2,932,748.61					2,932,748.61
Fringe Benefits	1,419,539.45					1,419,539.45
Other Expenses	5,987,895.05					5,987,895.05
Depreciation	5,466,195.72					5,466,195.72
	17,644,731.95	-	-	-	11,001.14	17,655,733.09
Operating Income (Loss)	2,741,733.53	-	-	-	(5,310.84)	2,736,422.69
Non-operating Revenue (Expenses):						
Investment Income	54,543.83	9.90	119,649.41	(1,762.96)		172,440.18
Interest on Debt	(16,073.20)		(712,896.63)			(728,969.83)
Loss on Disposal of Property, Plant & Equipment	(284,082.90)					(284,082.90)
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	1,910,121.26	9.90	(593,247.22)	(1,762.96)	(5,310.84)	1,309,810.14
Transfers	(596,507.12)	1,496.94	593,247.22	1,762.96		
Capital Contributions	817,009.15					817,009.15
Increase (Decrease) in Net Position	2,130,623.29	1,506.84	-		(5,310.84)	2,126,819.29
Net Position - Beginning, as Restated	100,685,279.73	212,722.44	-	3,860,000.00	43,164.42	104,801,166.59
Net Position - Ending:						
Net Investment in Capital Assets	$ 85,144,381.65					$ 85,144,381.65
Restricted	3,295,110.00	$ 214,229.28		$ 3,860,000.00	$ 37,853.58	7,407,192.86
Unrestricted	14,376,411.37					14,376,411.37

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Cash Receipts and Disbursements
For the Fiscal Year Ended June 30, 2013

	Operating and General	Restricted: Debt Service Reserve	Restricted: Debt Service	Restricted: Renewal and Replacement	Restricted: Unemployment Compensation	Total
Cash, Cash Equivalents and Investments:						
Balance July 1, 2012	$ 14,531,434.54	$ 213,015.91	$ 1,821,520.51	$ 3,313,888.43	$ 1,793.89	$ 19,881,653.28
Receipts:						
Investment Income	57,493.60	9.90	104,959.29	(1,072.55)		161,390.24
Consumer Accounts Receivable	19,190,343.39					19,190,343.39
Prepaid Rents	93,421.31					93,421.31
Deferred Revenue	266,876.25					266,876.25
Escrow Deposits	209,759.80					209,759.80
Notes Receivable on Line Extensions	4,861.81					4,861.81
Intergovernmental Accounts Receivable	274,837.80					274,837.80
Other Income	552,441.45				5,690.30	558,131.75
Transfers In			4,060,471.24	4,413,222.79	5,887.60	8,479,581.63
Total Cash and Investments Available	35,181,469.95	213,025.81	5,986,951.04	7,726,038.67	13,371.79	49,120,857.26
Disbursements:						
Budgetary	11,928,151.26				11,001.14	11,939,152.40
Prepaid Expenses	51,992.29					51,992.29
Intergovernmental Accounts Receivable	391,062.37					391,062.37
Bond Principal			275,000.00			275,000.00
Loan Principal			2,937,827.04			2,937,827.04
Interest on Debt			768,656.51			768,656.51
Capital Assets				2,091,820.72		2,091,820.72
Retainage				19,017.67		19,017.67
Accounts Payable	937,312.05			354,464.09		1,291,776.14
Escrow Disbursements	195,006.89					195,006.89
Transfers Out	8,479,575.73	5.90				8,479,581.63
Total Disbursements	21,983,100.59	5.90	3,981,483.55	2,465,302.48	11,001.14	28,440,893.66
Cash, Cash Equivalents and Investments:						
Balance June 30, 2013	$ 13,198,369.36	$ 213,019.91	$ 2,005,467.49	$ 5,260,736.19	$ 2,370.65	$ 20,679,963.60
Analysis of Balance June 30, 2013						
Cash and Cash Equivalents	$ 10,436,106.73				$ 2,370.65	$ 10,438,477.38
Investments	2,762,262.63	$ 213,019.91	$ 2,005,467.49	$ 5,260,736.19		10,241,486.22
	$ 13,198,369.36	$ 213,019.91	$ 2,005,467.49	$ 5,260,736.19	$ 2,370.65	$ 20,679,963.60

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenues, Expenses and Changes in Net Position by Department
For the Fiscal Year Ended June 30, 2013

	Water Department	Sewer Department	Total
Operating Revenues:			
Service Charges	$ 9,796,896.66	$ 9,806,615.34	$ 19,603,512.00
Connection Fees	124,489.90	164,417.00	288,906.90
Other Operating Revenues	249,868.45	249,868.43	499,736.88
	10,171,255.01	10,220,900.77	20,392,155.78
Operating Expenses:			
Administration:			
Salaries and Wages	372,192.64	372,192.63	744,385.27
Fringe Benefits	210,088.49	210,088.48	420,176.97
Other Expenses	337,986.65	346,805.37	684,792.02
Cost of Service:			
Salaries and Wages	1,249,346.79	1,683,401.82	2,932,748.61
Fringe Benefits	609,702.31	809,837.14	1,419,539.45
Other Expenses	3,547,302.48	2,440,592.57	5,987,895.05
Depreciation	2,675,047.29	2,791,148.43	5,466,195.72
	9,001,666.65	8,654,066.44	17,655,733.09
Operating Income	1,169,588.36	1,566,834.33	2,736,422.69
Non-operating Revenue (Expenses):			
Investment Income	88,890.21	83,549.97	172,440.18
Interest on Debt	(496,249.27)	(232,720.56)	(728,969.83)
Loss on Disposal of Capital Assets		(284,082.90)	(284,082.90)
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(210,000.00)	(376,000.00)	(586,000.00)
Income Before Contributions	552,229.30	757,580.84	1,309,810.14
Capital Contributions	343,228.50	473,780.65	817,009.15
Increase in Net Position	895,457.80	1,231,361.49	2,126,819.29
Net Position - Beginning, as Restated	42,052,173.01	62,748,993.58	104,801,166.59
Net Position - Ending	$ 42,947,630.81	$ 63,980,355.07	$ 106,927,985.88
Net Position:			
Net Investment in Capital Assets	$ 36,721,722.27	$ 48,422,659.38	$ 85,144,381.65
Restricted for			
Bond Resolution Convenants	3,845,398.66	3,523,940.62	7,369,339.28
Unemployment Compensation	18,926.79	18,926.79	37,853.58
Unrestricted	2,361,583.09	12,014,828.28	14,376,411.37
	$ 42,947,630.81	$ 63,980,355.07	$ 106,927,985.88

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, 2013

	Adopted Budget	Transfers/ Modifications	Amended Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:					
Service Charges	$ 8,061,600.00	$ 139,600.00	$ 8,201,200.00	$ 9,796,896.66	$ 1,595,696.66
Connection Fees	380,300.00	(270,800.00)	109,500.00	124,489.90	14,989.90
Other Operating Revenues	1,487,600.00	(18,000.00)	1,469,600.00	249,868.45	(1,219,731.55)
Total Operating Revenues	9,929,500.00	(149,200.00)	9,780,300.00	10,171,255.01	390,955.01
Non-Operating Revenues:					
Investment Income	104,450.00	(17,550.00)	86,900.00	88,890.21	1,990.21
Other Non-Operating Revenues	34,250.00	(7,300.00)	26,950.00		(26,950.00)
Total Anticipated Revenues	10,068,200.00	(174,050.00)	9,894,150.00	10,260,145.22	365,995.22
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Office Salaries	359,350.00	5,750.00	365,100.00	367,632.94	(2,532.94)
Board Members' Salaries	5,150.00	(550.00)	4,600.00	4,559.70	40.30
Total Salaries and Wages	364,500.00	5,200.00	369,700.00	372,192.64	(2,492.64)
Fringe Benefits	196,750.00	(14,300.00)	182,450.00	210,088.49	(27,638.49)
Other Expenses:					
Legal Fees	26,000.00	4,400.00	30,400.00	31,311.28	(911.28)
Engineer Fees	35,000.00	1,700.00	36,700.00	35,213.23	1,486.77
Audit Fees / Financial Services	34,000.00	(5,850.00)	28,150.00	24,787.50	3,362.50
Professional and Consulting Fees	1,000.00	(750.00)	250.00		250.00
Printing Expense	8,000.00	(4,000.00)	4,000.00	4,127.87	(127.87)
Billing Expense	40,000.00	1,500.00	41,500.00	41,353.98	146.02
Computer Expense	56,350.00	(7,350.00)	49,000.00	46,221.97	2,778.03
Office Supplies	10,050.00	2,050.00	12,100.00	12,917.37	(817.37)
Postage Expense	3,750.00	(250.00)	3,500.00	2,562.73	937.27
Public Education / Information	5,000.00	(4,500.00)	500.00	17.38	482.62
Rent Expense (Annex)	7,950.00		7,950.00	7,950.00	
Telephone	21,750.00	(5,750.00)	16,000.00	15,747.02	252.98
Administrative Ground Maintenance	8,400.00		8,400.00	6,923.52	1,476.48
Janitorial, Cleaning and Pest	2,100.00	(100.00)	2,000.00	2,557.75	(557.75)
Dues, Pubs, Subscr. (Admin)	5,200.00		5,200.00	4,572.31	627.69
Tuition, Seminars and Conferences	2,450.00		2,450.00	1,787.25	662.75
Office Equipment	625.00	275.00	900.00	1,550.27	(650.27)
Office Equipment - Maintenance	300.00	1,200.00	1,500.00	1,473.90	26.10
Miscellaneous - Administration	5,850.00	(3,700.00)	2,150.00	6,096.36	(3,946.36)
Newspaper Publication	1,750.00		1,750.00	1,791.34	(41.34)
Trustee Fees	49,900.00	(1,450.00)	48,450.00	66,985.23	(18,535.23)
Insurance	14,450.00		14,450.00	22,038.39	(7,588.39)
Total Other Expenses	339,875.00	(22,575.00)	317,300.00	337,986.65	(20,686.65)
Total Administration	901,125.00	(31,675.00)	869,450.00	920,267.78	(50,817.78)

(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, 2013

	Adopted Budget	Transfers/ Modifications	Amended Budget	Actual	Variance Favorable (Unfavorable)
Operating Appropriations (Cont'd):					
Cost of Service:					
Salaries and Wages	$ 1,271,250.00	$ 36,650.00	$ 1,307,900.00	$ 1,249,346.79	$ 58,553.21
Fringe Benefits	686,200.00	(39,200.00)	647,000.00	609,702.31	37,297.69
Other Expenses:					
Electric Power	318,100.00		318,100.00	325,380.92	(7,280.92)
Telephone	18,260.00		18,260.00	17,671.32	588.68
Repairs and Maintenance	187,350.00		187,350.00	179,820.61	7,529.39
Fuel for Heating and Generators	35,600.00		35,600.00	34,104.13	1,495.87
Chemicals	140,100.00		140,100.00	151,349.48	(11,249.48)
Supplies - Tools & Equipment	7,700.00		7,700.00	4,517.74	3,182.26
Supplies	15,700.00	(250.00)	15,450.00	14,485.49	964.51
Vehicles - Fuel and Maintenance	75,500.00		75,500.00	71,702.37	3,797.63
State of New Jersey Fees	39,350.00		39,350.00	35,880.80	3,469.20
Employee License Renewals	900.00		900.00	900.00	
Purchase of Water NJAWC	1,603,700.00		1,603,700.00	1,594,895.84	8,804.16
Purchase of Water WMUA	1,319,100.00		1,319,100.00	988,162.88	330,937.12
Lab Expenses	39,000.00		39,000.00	32,832.85	6,167.15
Water Meters and Materials	650.00		650.00	4,564.99	(3,914.99)
Communications Expense	4,250.00		4,250.00	4,467.96	(217.96)
Uniforms Rental and Purchase	7,000.00		7,000.00	6,663.14	336.86
Membership Dues and Publications	2,200.00		2,200.00	2,129.50	70.50
Safety Expense	9,800.00		9,800.00	9,820.63	(20.63)
Tuition, Seminars and Conferences	4,000.00		4,000.00	3,335.10	664.90
Insurance	194,415.00	(132,815.00)	61,600.00	53,571.85	8,028.15
Miscellaneous	11,650.00	(350.00)	11,300.00	11,044.88	255.12
Total Other Expenses	4,034,325.00	(133,415.00)	3,900,910.00	3,547,302.48	353,607.52
Total Cost of Service	5,991,775.00	(135,965.00)	5,855,810.00	5,406,351.58	449,458.42
Principal Payments on Debt Service in Lieu of Depreciation	1,510,650.00		1,510,650.00	1,533,016.14	(22,366.14)
Total Operating Appropriations	8,403,550.00	(167,640.00)	8,235,910.00	7,859,635.50	376,274.50
Non-Operating Appropriations:					
Transfer to Other Reserves	1,231,725.00		1,231,725.00		1,231,725.00
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	530,699.00		530,699.00	499,928.68	30,770.32
Total Operating, Principal Payments and and Non-Operating Appropriations	10,375,974.00	(167,640.00)	10,208,334.00	8,569,564.18	1,638,769.82
Unreserved Net Position Utilized to Balance Budget	307,774.00	6,410.00	314,184.00		314,184.00
Net Total Appropriations	10,068,200.00	(174,050.00)	9,894,150.00	8,569,564.18	1,324,585.82
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	$ -	$ -	$ -	$ 1,690,581.04	$ 1,690,581.04

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, 2013

	Adopted Budget	Transfers/ Modifications	Amended Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:					
Service Charges	$ 9,505,100.00	$ 135,600.00	$ 9,640,700.00	$ 9,806,615.34	$ 165,915.34
Connection Fees	320,500.00	(171,200.00)	149,300.00	164,417.00	15,117.00
Other Operating Revenues	46,300.00	(7,600.00)	38,700.00	249,868.43	211,168.43
Total Operating Revenues	9,871,900.00	(43,200.00)	9,828,700.00	10,220,900.77	392,200.77
Non-Operating Revenues:					
Investment Income	111,550.00	(20,850.00)	90,700.00	83,549.97	(7,150.03)
Other Non-Operating Revenues	34,250.00	31,200.00	65,450.00		(65,450.00)
Total Anticipated Revenues	10,017,700.00	(32,850.00)	9,984,850.00	10,304,450.74	319,600.74
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Office Salaries	359,350.00	5,750.00	365,100.00	367,632.93	(2,532.93)
Board Members' Salaries	5,150.00	(550.00)	4,600.00	4,559.70	40.30
Total Salaries and Wages	364,500.00	5,200.00	369,700.00	372,192.63	(2,492.63)
Fringe Benefits	177,550.00	(2,250.00)	175,300.00	210,088.48	(34,788.48)
Other Expenses:					
Legal Fees	26,000.00	4,400.00	30,400.00	31,311.27	(911.27)
Engineer Fees	35,000.00	1,700.00	36,700.00	35,213.23	1,486.77
Audit Fees / Financial Services	34,000.00	(5,850.00)	28,150.00	24,787.50	3,362.50
Professional and Consulting Fees	1,000.00	(750.00)	250.00		250.00
Printing Expense	8,000.00	(4,000.00)	4,000.00	4,127.86	(127.86)
Billing Expense	40,000.00	1,500.00	41,500.00	41,353.97	146.03
Computer Expense	59,000.00	(7,350.00)	51,650.00	49,790.17	1,859.83
Office Supplies	9,450.00	2,050.00	11,500.00	12,119.79	(619.79)
Postage Expense	3,750.00	(250.00)	3,500.00	2,562.73	937.27
Public Education / Information	5,000.00	(4,500.00)	500.00	17.38	482.62
Rent Expense (Annex)	7,950.00		7,950.00	7,950.00	
Telephone	21,750.00	(5,750.00)	16,000.00	15,747.02	252.98
Administrative Ground Maintenance	16,800.00		16,800.00	11,402.20	5,397.80
Janitorial, Cleaning and Pest	3,400.00	(100.00)	3,300.00	3,637.75	(337.75)
Dues, Pubs, Subscr. (Admin)	5,200.00		5,200.00	4,572.30	627.70
Tuition, Seminars and Conferences	2,450.00		2,450.00	1,787.25	662.75
Office Equipment	875.00	275.00	1,150.00	1,844.53	(694.53)
Office Equipment - Maintenance	550.00	1,200.00	1,750.00	1,669.12	80.88
Miscellaneous - Administration	5,850.00	(3,700.00)	2,150.00	6,096.36	(3,946.36)
Newspaper Publication	1,750.00		1,750.00	1,791.33	(41.33)
Trustee Fees	72,300.00	(8,150.00)	64,150.00	66,985.23	(2,835.23)
Insurance	14,450.00		14,450.00	22,038.38	(7,588.38)
Total Other Expenses	374,525.00	(29,275.00)	345,250.00	346,805.37	(1,555.37)
Total Administration	916,575.00	(26,325.00)	890,250.00	929,086.48	(38,836.48)

(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, 2013

	Adopted Budget	Transfers/ Modifications	Amended Budget	Actual	Variance Favorable (Unfavorable)
Operating Appropriations (Cont'd):					
Cost of Service:					
Salaries and Wages	$ 1,772,550.00	$ 8,050.00	$ 1,780,600.00	$ 1,683,401.82	$ 97,198.18
Fringe Benefits	863,500.00	(7,400.00)	856,100.00	809,837.14	46,262.86
Other Expenses:					
Electric Power	726,700.00		726,700.00	659,439.90	67,260.10
Telephone	32,800.00		32,800.00	31,041.61	1,758.39
Repairs and Maintenance	149,700.00		149,700.00	236,216.23	(86,516.23)
Fuel for Heating and Generators	30,700.00		30,700.00	31,028.48	(328.48)
Chemicals	377,200.00		377,200.00	371,619.18	5,580.82
Supplies - Tools & Equipment	8,600.00		8,600.00	7,072.09	1,527.91
Supplies	25,650.00	(250.00)	25,400.00	17,106.15	8,293.85
Vehicles - Fuel and Maintenance	63,500.00		63,500.00	63,173.17	326.83
State of New Jersey Fees	29,600.00		29,600.00	30,049.99	(449.99)
Employee License Renewals	1,800.00		1,800.00	1,792.53	7.47
Sewage Treatment - CCMUA	281,500.00		281,500.00	281,480.00	20.00
Bio-Solids and Other Disposal	570,200.00		570,200.00	554,269.96	15,930.04
Lab Expenses	28,500.00		28,500.00	24,152.62	4,347.38
Water Meters and Materials	600.00		600.00	(8,035.30)	8,635.30
Communications Expense	6,050.00		6,050.00	5,852.51	197.49
Uniforms Rental and Purchase	11,700.00		11,700.00	10,236.94	1,463.06
Membership Dues and Publications	750.00		750.00	667.00	83.00
Safety Expense	20,600.00		20,600.00	18,519.74	2,080.26
Tuition, Seminars and Conferences	10,500.00		10,500.00	9,575.39	924.61
Insurance	233,265.00	(146,665.00)	86,600.00	85,909.82	690.18
Miscellaneous	10,100.00	(350.00)	9,750.00	9,424.56	325.44
Total Other Expenses	2,620,015.00	(147,265.00)	2,472,750.00	2,440,592.57	32,157.43
Total Cost of Service	5,256,065.00	(146,615.00)	5,109,450.00	4,933,831.53	175,618.47
Principal Payments on Debt Service in Lieu of Depreciation	1,629,299.00		1,629,299.00	1,679,810.90	(50,511.90)
Total Operating Appropriations	7,801,939.00	(172,940.00)	7,628,999.00	7,542,728.91	86,270.09
Non-Operating Appropriations:					
Interest on Debt	264,308.00		264,308.00	212,967.95	51,340.05
Transfer to Other Reserves	1,983,300.00	108,243.00	2,091,543.00		2,091,543.00
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	10,425,547.00	(64,697.00)	10,360,850.00	8,131,696.86	2,229,153.14
Unreserved Net Position Utilized to Balance Budget	407,847.00	(31,847.00)	376,000.00		376,000.00
Net Total Appropriations	10,017,700.00	(32,850.00)	9,984,850.00	8,131,696.86	1,853,153.14
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	$ -	$ -	$ -	$ 2,172,753.88	$ 2,172,753.88

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, 2013

Reconciliation to Operating Income

Excess Anticipated Revenues Over Expenses and Other Costs		
Schedule 4 - Water Department	$ 1,690,581.04	
Schedule 5 - Sewer Department	2,172,753.88	
		$ 3,863,334.92
Add:		
Debt Service Principal Payments	3,212,827.04	
Interest on Debt	712,896.63	
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	586,000.00	
		4,511,723.67
		8,375,058.59
Less:		
Investment Income	172,440.18	
Depreciation	5,466,195.72	
		5,638,635.90
Operating Income (Exhibit B)		$ 2,736,422.69

Reconciliation of Actual Expenditures

Cash Disbursements	$ 11,939,152.40
Accounts Payable	730,590.56
Decrease in Inventory	57,436.30
Decrease in Compensated Absences Payable	(18,041.77)
Prepaid Expenses Applied	66,399.88
Bond Principal	3,212,827.04
Interest on Debt	712,896.63
	$ 16,701,261.04

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Consumer Accounts Receivable
For the Fiscal Year Ended June 30, 2013

Balance July 1, 2012		$ 3,786,673.45
Add:		
Rental Charges		19,603,512.00
		23,390,185.45
Less:		
Collections	$ 19,190,343.39	
Prepaid Applied	82,288.66	
		19,272,632.05
Balance June 30, 2013		$ 4,117,553.40

Schedule 7

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Prepaid Expenses
For the Fiscal Year Ended June 30, 2013

Balance July 1, 2012	$ 66,399.88
Add:	
Disbursements Fiscal Year 2013	51,992.29
	118,392.17
Less:	
Charged to Operations Fiscal Year 2013	66,399.88
Balance June 30, 2013	$ 51,992.29

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Environmental Infrastructure Trust Receivable
For the Fiscal Year Ended June 30, 2013

Balance June 30, 2012 and 2013	$ 411,254.00
Analysis of Balance:	
Project Funds Balance	$ 411,254.00

Schedule 9

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Accrued Investment Income Receivable
For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Investment Income	Received	Balance June 30, 2013
Unrestricted Accounts				
Operating and General Accounts	$ 14,821.93	$ 54,543.83	$ 57,493.60	$ 11,872.16
Restricted Accounts:				
Debt Service Reserve Account		9.90	9.90	
Debt Service Account	24,824.04	119,649.41	104,959.29	39,514.16
Renewal and Replacement Account	2,087.63	(1,762.96)	(1,072.55)	1,397.22
	26,911.67	117,896.35	103,896.64	40,911.38
Total Investment Income	$ 41,733.60	$ 172,440.18	$ 161,390.24	$ 52,783.54
Water Department	$ 13,916.08	$ 88,890.21	$ 51,305.83	$ 15,327.81
Sewer Department	27,817.52	83,549.97	110,084.41	37,455.73
	$ 41,733.60	$ 172,440.18	$ 161,390.24	$ 52,783.54

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Analysis of Property, Plant and Equipment - Completed
For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Land	$ 91,805.43	$ 18,545.58		$ 110,351.01
Buildings	12,469,718.04	1,544,285.55		14,014,003.59
Utility Plant and Other Infrastructure	179,505,147.45	3,525,511.20	$ 284,082.90	182,746,575.75
Furniture	225,024.62	898.45		225,923.07
Computer and Office Equipment	595,708.82	50,584.89		646,293.71
Telecommunication Equipment	154,673.27	16,930.57		171,603.84
Machinery and Equipment	2,281,871.39	323,334.32		2,605,205.71
Vehicles	1,423,301.32	147,793.38		1,571,094.70
	196,747,250.34	5,627,883.94	284,082.90	202,091,051.38
Less: Accumulated Depreciation	87,719,752.08	5,466,195.72		93,185,947.80
	$ 109,027,498.26	$ 161,688.22	$ 284,082.90	$ 108,905,103.58
Capital Contributions		$ 817,009.15		
Transferred from CIP		4,271,333.18		
Disbursed		539,541.61		
		$ 5,627,883.94		

Schedule 11

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Analysis of Construction in Progress
For the Fiscal Year Ended June 30, 2013

Balance July 1, 2012		$ 6,367,592.04
Add:		
Disbursed	$ 1,552,279.11	
Retainage	7,681.67	
Accounts Payable	369,541.10	
		1,929,501.88
		8,297,093.92
Less:		
Transferred to Completed		4,271,333.18
Balance June 30, 2013		$ 4,025,760.74

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Deferred Revenue (Connection Fees)
For the Fiscal Year Ended June 30, 2013

Balance July 1, 2012	$ 2,148,853.02
Add:	
Receipts	266,876.25
	2,415,729.27
Less:	
Realized as Revenue	288,906.90
Balance June 30, 2013	$ 2,126,822.37
Analysis of Balance	
Water Connection Fees	$ 969,277.25
Sewer Connection Fees	1,157,545.12
Balance June 30, 2013	$ 2,126,822.37

Schedule 13

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Analysis of Accrued Interest Payable
For the Fiscal Year Ended June 30, 2013

	Water	Sewer	Total
Balance July 1, 2012	$ 251,168.04	$ 76,497.50	$ 327,665.54
Increased by:			
Accrued	499,928.68	212,967.95	712,896.63
	751,096.72	289,465.45	1,040,562.17
Decreased by:			
Cash Disbursed	537,109.26	231,547.25	768,656.51
Balance June 30, 2013	$ 213,987.46	$ 57,918.20	$ 271,905.66
Analysis of Interest Expense:			
Accrued	$ 499,928.68	$ 212,967.95	$ 712,896.63
Amortization of Loan Premium	(8,705.97)		(8,705.97)
Deferred Amount on Refunding	5,003.98	19,723.03	24,727.01
Discount on Bonds	22.58	29.58	52.16
Total Interest Expense	$ 496,249.27	$ 232,720.56	$ 728,969.83

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds Payable
For the Fiscal Year Ended June 30, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Date	Maturities of Bonds Amount	Interest Rate	Balance July 1, 2012	Paid	Balance June 30, 2013
Utility System Revenue Bonds, 2003 Series A	5/15/03	$ 2,580,000	7/1/13	$ 265,000.00	3.125%			
			7/1/14	270,000.00	3.250%			
				535,000.00		$ 785,000.00	$ 250,000.00	$ 535,000.00
Utility System Revenue Bonds, 2003 Series B	5/15/03	7,135,000				25,000.00	25,000.00	
						$ 810,000.00	$ 275,000.00	535,000.00
						Less: Discount on Bonds		(25.79)
								$ 534,974.21

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Trust Loans
For the Fiscal Year Ended June 30, 2013

Purpose	Date of Issue	Original Issue	Loan Principal Payments Outstanding June 30, 2013 Date	Amount	Interest Rate	Balance July 1, 2012	Paid	Refunded	Balance June 30, 2013
New Jersey Wastewater Treatment Fund Loan,									
Series 1994 (Non-Interest Bearing)	11/10/94	$ 5,686,185.00	09/01/13	$ 9,638.76					
			03/01/14	312,031.26					
				321,670.02		$ 642,638.04	$ 320,968.02		$ 321,670.02
New Jersey Wastewater Treatment Trust Loan,									
Series 1996 (Interest Bearing)	11/01/96	2,480,000.00	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%				
				730,000.00		890,000.00	160,000.00		730,000.00
New Jersey Wastewater Treatment Fund Loan,									
Series 1996 (Non-Interest Bearing)	11/01/96	1,911,294.00	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					
				383,988.67		479,229.34	95,240.67		383,988.67
New Jersey Wastewater Treatment Trust Loan,									
Series 1998 (Interest Bearing)	04/30/98	9,160,000.00	03/01/14	772,500.00	4.82%	1,507,000.00	734,500.00		772,500.00
New Jersey Environmental Infrastructure Fund Loan,									
Series 2000 (Non-Interest Bearing)	10/15/00	939,000.00	08/01/13	39,902.54					
			02/01/14	7,197.17					
			08/01/14	42,295.61					
			02/01/15	6,319.71					
			08/01/15	41,418.15					
			02/01/16	5,420.31					
			08/01/16	43,709.52					

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Trust Loans
For the Fiscal Year Ended June 30, 2013

Purpose	Date of Issue	Original Issue	Loan Principal Payments Outstanding June 30, 2013 Date	Amount	Interest Rate	Balance July 1, 2012	Paid	Refunded	Balance June 30, 2013
New Jersey Environmental Infrastructure Fund Loan, Series 2000 (Non-Interest Bearing) (Cont'd)	10/15/00	$ 939,000.00	02/01/17	$ 4,439.15					
			08/01/17	42,728.36					
			02/01/18	3,434.06					
			08/01/18	234.34					
				237,098.92		$ 285,794.01	$ 48,695.09		$ 237,098.92
New Jersey Environmental Infrastructure Trust Loan, Series 2000 (Interest Bearing)	10/15/00	900,000.00	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%				
				337,290.98		387,290.98	50,000.00		337,290.98
New Jersey Environmental Infrastructure Trust Loan, Series 2005 (Non-Interest Bearing)	11/10/05	11,477,246.00	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					

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Trust Loans
For the Fiscal Year Ended June 30, 2013

Purpose	Date of Issue	Original Issue	Loan Principal Payments Outstanding June 30, 2013 Date	Amount	Interest Rate	Balance July 1, 2012	Paid	Refunded	Balance June 30, 2013
New Jersey Environmental Infrastructure Trust Loan,									
Series 2005 (Non-Interest Bearing) (Cont'd)	11/10/05	$ 11,477,246.00	08/01/21	$ 551,655.07					
			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					
				7,819,437.35		$ 8,423,721.37	$ 604,284.02		$ 7,819,437.35
New Jersey Environmental Infrastructure Trust Loan,									
Series 2005 (Interest Bearing)	11/10/05	12,295,000.00	08/01/13	555,000.00	5.000%				
			08/01/14	585,000.00	5.000%				
			08/01/15	579,439.69	4.000%				
			08/01/16	598,536.91	4.000%				
			08/01/17	617,047.52	4.000%				
			08/01/18	644,857.71	4.250%				
			08/01/19	666,821.98	4.250%				
			08/01/20	697,609.26	4.500%				
			08/01/21	722,217.32	4.375%				
			08/01/22	751,969.81	4.375%				
			08/01/23	781,343.46	4.375%				
			08/01/24	810,388.65	4.375%				
			08/01/25	848,749.67	4.375%				
				8,858,981.98		9,995,000.00	530,000.00	$ 606,018.02	8,858,981.98
New Jersey Environmental Infrastructure Trust Loan,									
Series 2007 (Non-Interest Bearing)	11/08/07	865,000.00	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					

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Trust Loans
For the Fiscal Year Ended June 30, 2013

Purpose	Date of Issue	Original Issue	Loan Principal Payments Outstanding June 30, 2013 Date	Loan Principal Payments Outstanding June 30, 2013 Amount	Interest Rate	Balance July 1, 2012	Paid	Refunded	Balance June 30, 2013
New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Non-Interest Bearing) (Cont'd)	11/08/07	$ 865,000.00	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					
			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					
				656,112.12		$ 700,209.80	$ 44,097.68		$ 656,112.12
New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Interest Bearing)	11/08/07	2,635,000.00	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%				

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Trust Loans
For the Fiscal Year Ended June 30, 2013

Purpose	Date of Issue	Original Issue	Loan Principal Payments Outstanding June 30, 2013 Date	Amount	Interest Rate	Balance July 1, 2012	Paid	Refunded	Balance June 30, 2013
New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Interest Bearing) (Cont'd)	11/08/07	$ 2,635,000.00	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%				
				2,245,000.00		$ 2,350,000.00	$ 105,000.00		$ 2,245,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Non-Interest Bearing)	12/4/08	1,677,183.00	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					

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Trust Loans
For the Fiscal Year Ended June 30, 2013

Purpose	Date of Issue	Original Issue	Loan Principal Payments Outstanding June 30, 2013 Date	Amount	Interest Rate	Balance July 1, 2012	Paid	Refunded	Balance June 30, 2013
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Non-Interest Bearing) (Cont'd)	12/4/08	$ 1,677,183.00	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					
				1,333,143.00		$ 1,419,153.00	$ 86,010.00		$ 1,333,143.00
New Jersey Environmental Infrastructure Trust Loan, Series 2009A (Non-Interest Bearing)	12/2/09	1,109,600.00	08/01/13	38,933.33					
			02/01/14	19,466.66					
			08/01/14	38,933.33					
			02/01/15	19,466.66					
			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					

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Trust Loans
For the Fiscal Year Ended June 30, 2013

Purpose	Date of Issue	Original Issue	Loan Principal Payments Outstanding June 30, 2013 Date	Amount	Interest Rate	Balance July 1, 2012	Paid	Refunded	Balance June 30, 2013
New Jersey Environmental Infrastructure Trust Loan, Series 2009A (Non-Interest Bearing) (Cont'd)	12/2/09	$ 1,109,600.00	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					
				973,333.36		$ 1,031,733.35	$ 58,399.99		$ 973,333.36
New Jersey Environmental Infrastructure Trust Loan, Series 2009B (Interest Bearing)	12/2/09	1,135,000.00	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%				
			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%				
				1,055,000.00		1,095,000.00	40,000.00		1,055,000.00

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Trust Loans
For the Fiscal Year Ended June 30, 2013

Purpose	Date of Issue	Original Issue	Loan Principal Payments Outstanding June 30, 2013 Date	Loan Principal Payments Outstanding June 30, 2013 Amount	Interest Rate	Balance July 1, 2012	Paid	Refunded	Balance June 30, 2013
New Jersey Environmental Infrastructure Trust Loan, Series 2010 (Non-Interest Bearing)	3/10/10	$ 962,000.00	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					
				548,591.67		$ 599,223.24	$ 50,631.57		$ 548,591.67

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of New Jersey Environmental Infrastructure Trust Loans

For the Fiscal Year Ended June 30, 2013

Purpose	Date of Issue	Original Issue	Loan Principal Payments Outstanding June 30, 2013 Date	Amount	Interest Rate	Balance July 1, 2012	Paid	Refunded	Balance June 30, 2013
New Jersey Environmental Infrastructure Trust Loan, Series 2010 (Interest Bearing)	3/10/10	$ 320,000.00	08/01/13	$ 10,000.00	5.000%				
			08/01/14	15,000.00	5.000%				
			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%				
				300,000.00		$ 310,000.00	$ 10,000.00		$ 300,000.00
						$ 30,115,993.13	$ 2,937,827.04	$ 606,018.02	26,572,148.07
							Add: Premium		107,373.60
									$ 26,679,521.67

MOUNT LAUREL TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY

PART II

FINDINGS AND RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

MOUNT LAUREL TOWNSHIP MUNICIPAL UTLITIES AUTHORITY
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2013

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.

Finding No. 2013-01

Criteria or Specific Requirement
N.J.S.A. 40A:5-15 requires all moneys received from any source by or on behalf of the Authority must be deposited within 48 hours after the receipt.

Condition
The Authority is not consistently deposited moneys within 48 hours after the receipt.

Context
Our test of revenues found that out of the 39 days tested, there were 12 days where the receipts were not deposited within 48 hours.

Effect
Non-compliance with N.J.S.A. 40A:5-15 and increased risk of misappropriations.

Cause
The finance staff is located in various buildings. The procedures and controls implemented by the Authority are insufficient to ensure compliance with N.J.S.A. 40A:5-15.

Recommendation
That the Authority designs, implements and monitors controls to ensure that all receipts are deposited within 48 hours as required by N.J.S.A. 40A:5-15.

View of Responsible Officials and Planned Corrective Action
The responsible officials do not contest the finding. Finance department staffers typically used to make deposits are located in a building other than the one where deposits are processed. While the use of these staffers ensures that a segregation of duties control is maintained, this physical separation of personnel can cause delays in deposits from time to time. As corrective action, the Authority plans to:

- Move all finance department personnel into one building within the next twelve months.
- Effective immediately, and continuing after all finance department staff is located in one place, the Authority will formally notify appropriate personnel that their daily job duties and responsibilities include making deposits within 48 hours of receipt.

MOUNT LAUREL TOWNSHIP MUNICIPAL UTLITIES 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

35400

APPRECIATION

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants