

**MOUNT LAUREL TOWNSHIP  
MUNICIPAL UTILITIES AUTHORITY**

**REPORT OF AUDIT**

**WITH  
SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEARS ENDED  
JUNE 30, 2014 and 2013**



*75 YEARS OF SERVICE*

— 1939-2014 —

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
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**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
ROSTER OF OFFICIALS  
As of June 30, 2014**

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MEMBERS

Geraldine Nardello  
Christopher Smith  
Elwood Knight  
James Misselwitz  
John Francescone

POSITION

Chairwoman  
Vice Chairman  
Secretary  
Member  
Member

OTHER OFFICIALS

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

Executive Director  
Finance Director  
Consulting Engineer  
Solicitor  
Trustee

**MOUNT LAUREL TOWNSHIP  
MUNICIPAL UTILITIES AUTHORITY**

**PART I**

**FINANCIAL SECTION**

**FOR THE FISCAL YEARS ENDED  
JUNE 30, 2014 and 2013**

**INDEPENDENT AUDITOR'S REPORT**

The Chairwoman 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 (Authority), as of and for the fiscal years ending June 30, 2014 and 2013 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 opinions 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

## 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, 2014 and 2013, and the changes in financial position and its cash flows thereof for the fiscal years then ended, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary 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 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, are 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 29, 2014 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 29, 2014

**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 AUDITOR'S REPORT**

The Chairwoman 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, in the County of Burlington, State of New Jersey, a component unit of the Township of Mount Laurel, (Authority), as of and for the fiscal year ended June 30, 2014, 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 29, 2014.

**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.

**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 no instances of noncompliance or other matters that are required to be reported under 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.

**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,

A handwritten signature in black ink that reads "Bowman & Company LLP". The signature is written in a cursive, flowing style.

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
October 29, 2014



## Management's Discussion and Analysis (MD&A)



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### **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 coverage. For fiscal year 2014 (FY14, July 2013 – June 2014), the Authority generated a 240% coverage. This was largely due to debt service dropping by over \$1.1 million from the prior fiscal year due to the expiration of a 1994 bond issue during FY14. To illustrate the impact this reduced debt service had, the Authority would have had a 169% coverage had the debt service not been reduced. Key financial highlights for FY14 include:

- Service charges dropped significantly, decreasing \$1.8 million compared to those of fiscal year 2013 (FY13). Connection fees increased dramatically as a result of several large residential and commercial projects tying into the Authority's water and/or sewer infrastructure. Other operating revenues returned to near normal levels, while investment income continued to erode due to persistently low rates of return in the investment markets. Total operating revenues dropped by 5.9%, primarily due to a decrease in service charges that exceeded 9%. Strong connection fee revenues served to offset the overall impact of these decreased service charges.
- Consumer accounts receivable of \$3.626 million reflects a drop of nearly \$490,000 when compared to FY13 consumer accounts receivable of \$4.114 million.

- Investment income declined to \$148,900, down from \$172,400 in FY13.
- Interest on debt dropped over 25%, from \$729,000 in FY13 to \$543,200 in FY14.
- Total debt service, including principal and interest, decreased by over \$1.1 million.
- Total liabilities decreased from \$29.56 million in FY13 to \$26.58 million in FY14.
- At year-end, total assets were \$138.05 million, which exceeded total deferred outflows of resources, total liabilities and total deferred inflows of resources of \$30.01 million. The resultant net position at year-end was \$108.04 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, deferred outflows of resources, liabilities and deferred inflows of resources – is a measure of the Authority’s financial health or position.

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

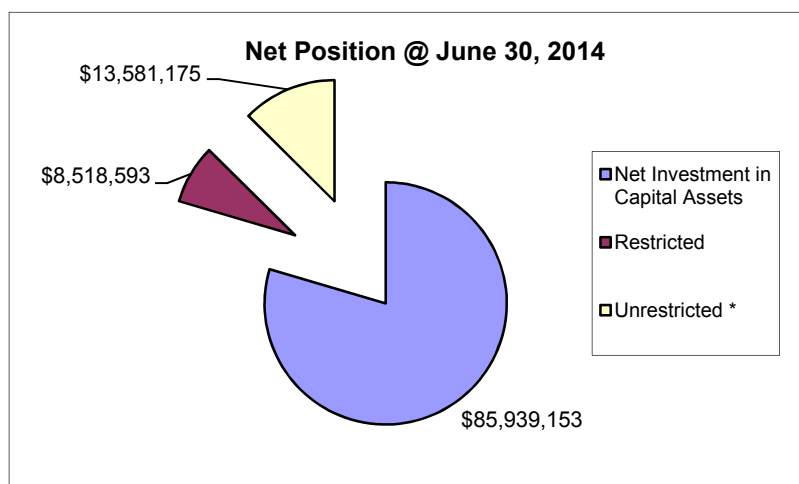
The comparative statements of cash flows provide a breakdown of the various sources of cash flow, categorized into four areas: Cash flows from operating activities, noncapital financing activities, capital and related financing activities and investing activities.

## **FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE**

The Authority’s total assets as of June 30, 2014 were \$138,054,999.56. Total assets, total deferred outflows of resources, total liabilities, total deferred inflows of resources and total net position are detailed below.

**Mount Laurel MUA**  
**Net Position**  
**As of June 30,**

	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>
Current Assets	\$ 27,112,165.97	\$ 26,289,205.65	\$ 25,167,841.44
Capital Assets	<u>110,942,833.59</u>	<u>112,930,864.32</u>	<u>115,395,090.30</u>
<b>Total Assets</b>	<b>138,054,999.56</b>	<b>139,220,069.97</b>	<b>140,562,931.74</b>
<b>Total Deferred Inflows of Resources</b>	<b>60,732.83</b>	<b>-</b>	<b>-</b>
Current Liabilities	4,725,234.98	5,146,491.15	5,322,818.45
Long-Term Liabilities	<u>21,852,073.57</u>	<u>24,412,752.55</u>	<u>28,290,093.68</u>
<b>Total Liabilities</b>	<b>26,577,308.55</b>	<b>29,559,243.70</b>	<b>33,612,912.13</b>
<b>Total Deferred Inflows of Resources</b>	<b>3,499,503.34</b>	<b>2,732,840.39</b>	<b>2,148,853.02</b>
Net Position			
Net Investment in Capital Assets	85,939,152.89	85,144,381.65	84,415,594.80
Restricted	8,518,592.58	7,407,192.86	7,380,560.76
Unrestricted	<u>13,581,175.03</u>	<u>14,376,411.37</u>	<u>13,005,011.03</u>
<b>Total Net Position</b>	<b><u>\$ 108,038,920.50</u></b>	<b><u>\$ 106,927,985.88</u></b>	<b><u>\$ 104,801,166.59</u></b>



\* 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.

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

More information concerning the use of these funds can be found later in this MD&A, under the "Operating Income compared to Paid Additions to Assets" graph within the Asset Management, Capital Asset, and Long-Term Debt Activity section.

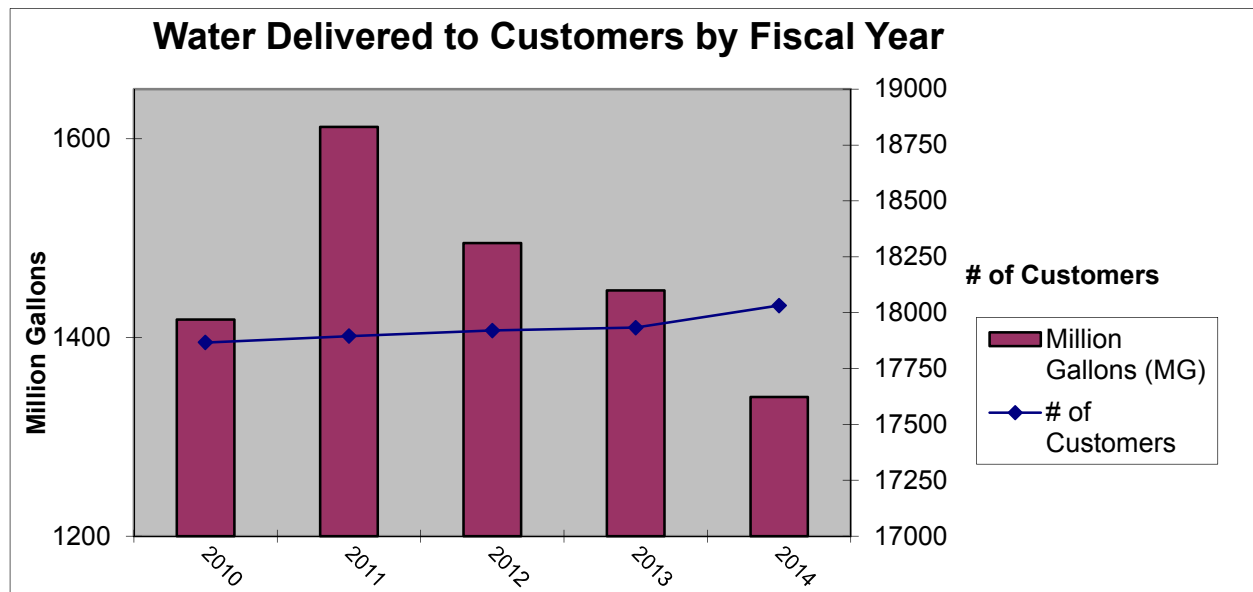
The Authority realized operating income of \$1,132,761.30 for the current year. When offset by a loss from non-operating activities, the Authority's income before capital contributions was \$137,054.55. During FY14, the Authority received capital contributions in the amount of \$973,880.07. The combined effect resulted in the Authority's net position increasing by \$1,110,934.62. Major components of this activity follow.

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

	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Utility Service Charges	\$ 17,726,907.56	\$ 19,603,512.00	\$ 18,503,996.59
Connection Fees	1,031,044.23	288,906.90	299,482.60
Other Operating Revenues	437,225.03	499,736.88	334,983.80
<b>Total operating revenues</b>	<b>19,195,176.82</b>	<b>20,392,155.78</b>	<b>19,138,462.99</b>
Operating Expenses	12,363,585.51	12,189,537.37	12,184,033.37
Depreciation expense	5,698,830.01	5,466,195.72	5,263,844.42
<b>Operating Income</b>	<b>1,132,761.30</b>	<b>2,736,422.69</b>	<b>1,690,585.20</b>
Non-operating Revenues (Expenses)			
Investment Income	148,854.91	172,440.18	204,068.87
Interest on debt	(543,236.41)	(728,969.83)	(855,766.54)
Loss on disposal of capital assets	(22,935.25)	(284,082.90)	(1,135.81)
Cancellation of prior year receivable			(112,153.37)
Contribution to Mount Laurel Township	(578,390.00)	(586,000.00)	(586,000.00)
<b>Income before contributions</b>	<b>137,054.55</b>	<b>1,309,810.14</b>	<b>339,598.35</b>
Capital contributions	973,880.07	817,009.15	1,195,822.85
<b>Increase in Net Position</b>	<b>1,110,934.62</b>	<b>2,126,819.29</b>	<b>1,535,421.20</b>
Net Position - July 1	106,927,985.88	104,801,166.59	103,265,745.39
Change in Net Position	1,110,934.62	2,126,819.29	1,535,421.20
<b>Net Position - June 30</b>	<b>\$ 108,038,920.50</b>	<b>\$ 106,927,985.88</b>	<b>\$ 104,801,166.59</b>

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

Service charges decreased sharply in FY14 when compared to the previous year. The primary reason for this was a significant drop in the amount of water the Authority delivered to service during the fiscal year. In FY14, the Authority's delivery of water to service reached its lowest level since calendar year 1999. A temperate summer of 2013 resulted in a large drop in water demand during the lawn irrigation season. The revenue lost from the lower water demand is significant because higher demand typically pushes billings into the second and third tier of water rates, which are considerably higher than our first tier rate. Because sewer revenues are generated based on the amount of water consumed, a decrease in water demand also had a negative impact on this component of revenue. Another contributing factor to lower demand is the use of water efficient fixtures in new construction and remodels. Finally, because of the reduced water demand at the end of FY14, accruals for fiscal year end billings were approximately \$300,000 lower than the prior year. Overall, the mix of the Authority's billing base remains well diversified with residential users comprising the vast majority of its customers. There remains a stable and growing segment of the billing base made up of residential, commercial, public and industrial customers. The rate structure is stable and includes rate increases that were implemented with each year's February billings from 2008 through 2013.



Connection fee revenues saw a substantial increase over the previous fiscal year. Much of this increase was due to large accounts that tied into the Authority's infrastructure in FY14 originally anticipated to tie in during FY13. Connection fee revenue is an indicator of the overall economy, as property developers typically slow down or accelerate their activities based on how the economy is trending in general. Developers pay connection fees upon submittal of plans to construct and connect residential developments, commercial properties, retail shops, etc. into the Authority's water and / or sewer systems. The Authority treats these payments as deferred inflows of resources until tie in is completed. When this occurs, the Authority releases a notice to Mount Laurel Township that a certificate of occupancy can be issued. At this point, the Authority establishes a new billing account, reduces the deferred resource and recognizes connection fee revenue. Although a resurgent economy will improve this 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 for many years had a long term fiscal planning model in place that systematically reduces its dependency on connection fee revenues when projecting total annual revenue needs. This has served the Authority well.



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



Interest income declined by approximately \$23,500 compared to FY13 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.

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

The Authority's fiscal activity yielded positive results for the year, but fell short of FY13 results by slightly more than \$1.0 million. The three sources of operating revenue generated an aggregate of \$19.195 million, down \$1.2 million (approximately 5.9%) from FY13. Decreased Service Charge revenues, discussed previously, accounted for a \$1.9 million drop, year over year. Stronger than expected connection fees served to offset that lost revenue somewhat, outpacing FY13 results by nearly \$750,000. Other Operating Revenues stabilized after removing the impact of two extraordinary revenue items in this category recorded in FY13. Regarding expenses, the Authority continued its aggressive pursuit of reducing / containing costs. However, a few significant and costly operational events occurred during FY14 that pushed our operating expense up by approximately \$175,000 compared to FY13. Even taking this unexpected increase into account, the Authority's emphasis on cost containment has still reduced operating expenses by over \$1.1 million in the seven fiscal year period of FY08 - FY14. The more significant changes in revenues and expenses are described in more detail below.

As the original budget for FY14 was formulated prior to April 2013, certain actual events during the year necessitated amending the budget. The Authority approved this budget amendment in June 2014. 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 \$19.15 million but were amended to \$17.96 million. As discussed previously in this MD&A, the quantity of water delivered to service dropped to level last seen in calendar year 1999. Since the Authority's water and sewer rates have a component that charges for water consumption, this decreased water delivery impacted both water and sewer revenue in a very significant way. And because the reduced water demand was still present at the end of FY14, accrued revenues at fiscal year end were lower than accruals from the same period in the prior fiscal year by approximately \$300,000. Actual service charges were \$17.73 million.

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

Connection fee revenue was amended from \$925,700 to \$1,024,900. Although there were some projects that did not tie into the Authority's water and sewer systems as expected (developers often defer or accelerate projects based on economic and other conditions), the Authority did realize approximately \$120,000 of unanticipated revenue from Hilton Garden Inn and Roger's Walk (a residential community). Also, the Courtney Way (Laurel Green Development LLC) residential development tied in during the last quarter of FY14, boosting connection fee revenue for the year by over \$320,000. Actual connection fee revenue was \$1,031,000.

Other Operating Revenues decreased by \$62,500 from FY13 levels. However, two extraordinary items of income were reflected within this revenue category in FY13. First, the Authority was able to collect an outstanding account receivable that had been previously considered stale and likely to be written off. Second, the receipt from a developer who installed a sewer line at a flatter slope than specifications called for. These two extraordinary pieces of revenue added \$160,000 to Other Operating Revenues in the prior fiscal year, meaning that FY14 revenues in this category actually exceeded normal revenues from FY13 by approximately \$120,000. A recovery of \$49,500 in prior year tower rental payments mistakenly sent by the cellular provider to Mount Laurel Township accounts for roughly half this amount. Also, steadily increasing market rate prices for the Solar Renewable Energy Credits generated at the Authority's Ramblewood Parkway solar farm resulted in approximately \$30,000 more revenue being recorded when compared to F-Y13.

## **OPERATING EXPENSES**

The Authority's operating expenses of \$12.36 million for FY14 (not including depreciation) were \$174,000 higher than in FY13. This was largely due to a few significant operational events during the year, which are described more fully below.

Salaries and Wages expense increased by over \$300,000 in FY14. During the fiscal year, the Authority added one employee in the Sewer Department to allow for appropriate training and efficient transition for a pending retirement scheduled to occur in FY15. There was also a major reorganization in the Operations staff that included creation of an Operations Director position. This step served to consolidate all field operations and personnel under one individual, allowing for more efficient coordination of personnel within all departments. This newly created position was filled from within.

There was also a great deal of overtime that was unexpected in the sewer department related to several major operational events. These events include three force main breaks (two of which were on the sewer treatment facility's main interceptor line), a catastrophic failure at the Stonegate Pump Station that required complete electrical component replacement of all pumping and control systems, tanking efforts required at the Hunters Pump Station due to operational problems and issues related to the installation of a new Ultra Violet disinfection system at the treatment facility to keep the existing system on line until the new system was completed. The current year's expense for all salaries and wages totaled \$3.983 million, compared with last year's \$3.677 million. The budget for this expense was originally set at \$3.778 million but was amended to \$4.016 million in response to actual costs such as those described above.



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

Fringe Benefits exceeded the prior year by \$62,500; a 3.4% increase. Two fringe benefit line items, Group Medical Insurance and Worker's Compensation Insurance account for the bulk of this increase. Group medical insurance was provided through the New Jersey State Health Benefits Plan (SHBP). Group medical insurance costs increased by \$82,700 compared to the prior year, which represents an 8.2% increase in this expense category. This is a reasonable percentage considering premium increases generally seen for group insurance plans. Worker's Compensation premiums decreased by \$11,500 year over year as a slight increase in the Authority's experience modification was offset (and then some) by a new Schedule Rating Credit given by the carrier, New Jersey Manufacturers. Other minor fluctuations in FICA taxes, disability and Life / Accidental Death and Dismemberment insurances account for the difference.



Electricity costs increased in the current year by \$138,200. In the water department, reduced operation of the water treatment plant facility due to low water demand caused a reduction of use. In the sewer department, the 24 hours per day operation of both pumps at the Hunters Pump Station for several months because of operational problems had an adverse impact on this line item. In addition to these things, the renewal of the Authority's third party energy supply contract resulted in a nearly 20% increase in electric supply costs beginning in the second quarter of FY14. However, control of this operating expense continues to be a priority of the Authority 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. New for FY14, the Authority has enrolled in an energy curtailment program that will pay it back for its commitment to shed load if called upon.

Meanwhile, the Authority continues to strive for energy efficiency while searching for ways to decrease its energy costs. The Authority completed work 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. The Authority is pleased to have worked 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.



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

The purchase of water from outside purveyors declined by over \$390,000 in FY14. During calendar years 2013 and 2014 the MUA experienced historically low water demand. Because the water supply contract with New Jersey American Water Company (NJAWC) has very little flexibility, requiring purchase of all water volume the Authority designated, whether or not system demand called for it, the Authority purchased only what was contractually binding. Since a purchase agreement with Willingboro Municipal Utilities Authority has some flexibility to reduce the overall purchase when demand is low, the Authority reduced this purchase as much as possible in order to utilize its own (and least expensive) supply sources. Although this line item was originally budgeted at \$2.90 million, and later amended to \$2.49 million, actual expenses were \$2.19 million.

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 57% (about 765 million gallons) of Mount Laurel's water demand was purchased from these purveyors. In FY13, these purveyors provided 64% (about 925 million gallons) of Mount Laurel's water supply. The Authority continues to seek alternative, less expensive ways to provide water to its service area.

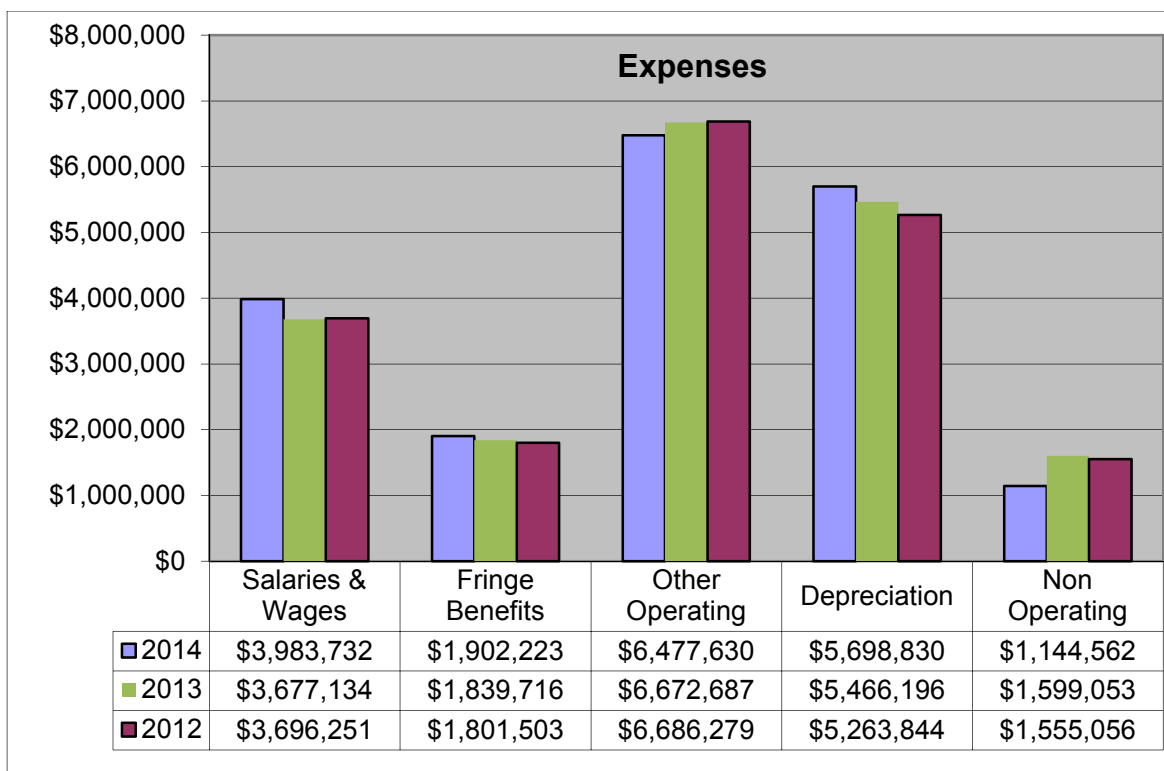
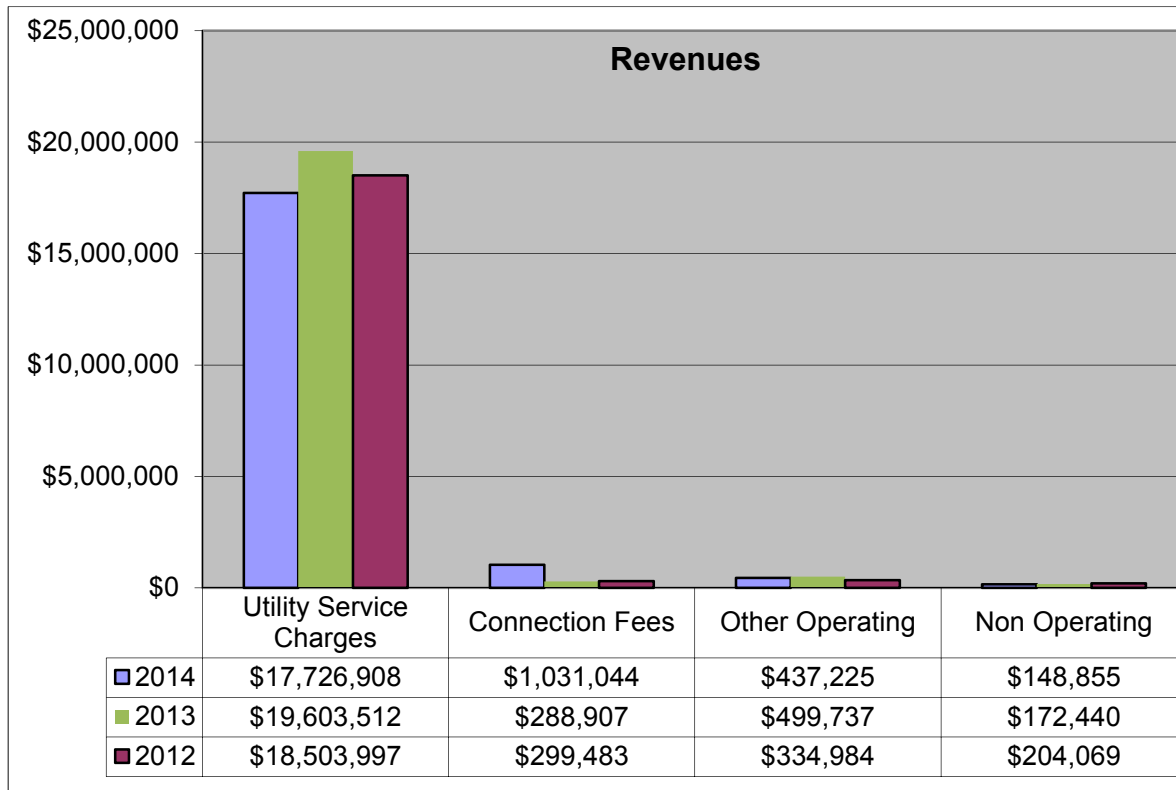
Chemical expense overall decreased significantly when compared to FY13. Total actual costs were \$412,000 compared to \$523,000; a decrease of \$111,000. Due to the historically low water system demand, chemical use at the water treatment plant was lower than expected during May and June as water production was decreased. In the sewer system, use of chemicals in the collection system reduced due to an organized program put in place to ensure that chemical feed rates were monitored at a much higher frequency with the objective to reduce chemical consumption without creating a negative impact on the plant treatment processes. This heightened control and tracking resulted in a reduction in overall chemical use without adverse effects.

Interest expense in FY14 dropped by \$116,000. 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. Additionally, a 1994 bond issue expired during FY14, thereby eliminating interest expense on that issue altogether. The Authority did not take on any new debt in FY14 and anticipates none in FY15.

The Authority contributed \$578,390 to Mount Laurel Township in FY14. This amount was determined in accordance with N.J.S.A. 40A:5A-12.1.

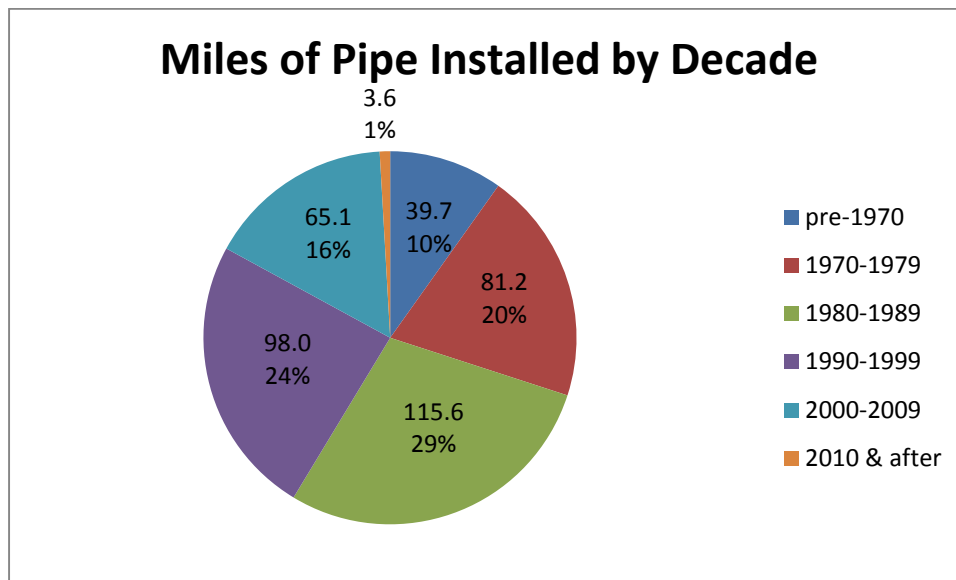
Graphical representations showing revenues and expenses for the three fiscal years of 2012, 2013 and 2014 follow.

## OPERATING REVENUES & EXPENSES



## **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 nearly \$210 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) has requested that the New Jersey American Water Works Association’s (NJAWWA) Infrastructure Management Committee (IMC) provide guidance regarding New Jersey Rules for developing and implementing asset management plans. The Authority’s Executive Director and Operations Director are members of the NJAWWA IMC and have been actively working on rule development recommendations based upon the Authority’s experience developing its own AM program.

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

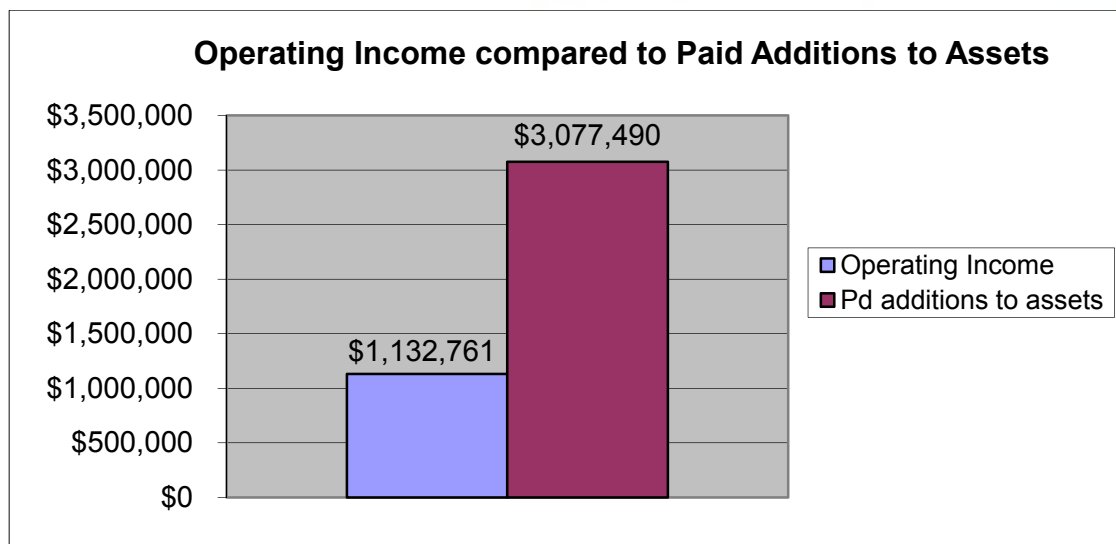
During FY14, the Authority disbursed \$3.08 million for capital assets. By including retainage and other pre / post year adjustments, the more significant capital additions were as follows:

<b><u>Asset</u></b>	<b><u>Amount disbursed</u></b>
Hydrant Replacement Program	\$ 15,100
Meter Change Out Program	\$ 187,050
Water Dist. System Modeling (Hydraulic)	\$ 12,323
Watermain Replacement:	
Hooten Road	\$ 82,695
West Berwin Way	\$ 280,169
Liberty Road (Design)	\$ 24,037
Televising of Sanitary Sewer Mains	\$ 29,157
Sludge Press Building # 1 Major Rehab	\$ 69,138
Rehabilitation & Construction of 81 Elbo Lane	\$ 237,728
HVAC Unit 81 Elbo Lane	\$ 74,491
Clarifiers Repair/Rehab at 41 Elbo Lane	\$ 51,535
Server Replacement AM-9000	\$ 17,700
Well # 6 Repairs/Rehab/Replacement & Additions	\$ 141,890
Sludge Transfer Pump Rehabilitation	\$ 28,335
Installed VFD's on Existing Sludge Transfer Pumps	\$ 40,869
UV Unit Replacement at HRWPCF	\$ 642,379
Holiday Village East New Controls & Equipment	\$ 191,870
Holiday Village East New Volutes & Suction Head Pumps # 1 & 2	\$ 25,438
Emergency Repair Camber Lane Watermain	\$ 49,001
Atrium Pumping Station Pump Replacement	\$ 26,065
Replacement Vehicle U-62 Dodge Ram	\$ 23,797
Orchard Pumping Station:	
New Controls and Equipment Upgrade & Site Improvements	\$ 16,602
Water Valve / Gate Valve Insertions / Replacements Cascade Drive at Amaryllis Blvd plus Watermain Replacement	\$ 42,881
Hunters Lane Forcemain Exploration/Study	\$ 18,691
Rebuild Motors & Pumps at Pumping Stations	\$ 40,400
Installation & Removal of Trees & Bamboo at Admin Building	\$ 15,842
Replacement of # 1 Blower for Sludge Tank @ HRWPCF	\$ 16,117

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



West Berwin Way Water Main Replacement – Curb Stop Excavation & Hydrant Installation



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 \$21.93 million of paid additions to its assets over the seven fiscal years of 2008 through 2014. \$13.83 million of these paid additions were provided by available cash reserves which were planned for and accumulated over many years for the specific purpose of paying for capital projects on a "pay as you go" basis. The source of these funds is the "Unrestricted" portion of the Authority's Net Position (see earlier chart). During the same seven year period of FY2008 through FY2014, the Authority's aggregate Operating Income has totaled \$7.48 million. This is a clear demonstration of how the Authority reinvests its operational results back into its infrastructure and capital improvements. In addition, the Authority has issued \$8.7 million in debt over the past seven years, of which \$8.1 million was used for capital asset additions for certain capital projects. The Authority continually plans capital projects in both short and long range terms, including the assessment of whether to commit "Unrestricted" funds or to issue debt to finance those projects.

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

Our five-year capital plan calls for the expenditure of \$19,284,725 with \$4,897,395 budgeted for the upcoming fiscal year. The Authority plans to fund these amounts in the following manner:

	<b>Five year plan</b>	<b>Upcoming year</b>
Projects funded from Unrestricted Net Position (including reserves for renewal and replacement)	\$ 19,259,725	\$ 4,892,395
Debt Authorization	\$ 25,000	\$ 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.

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

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

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



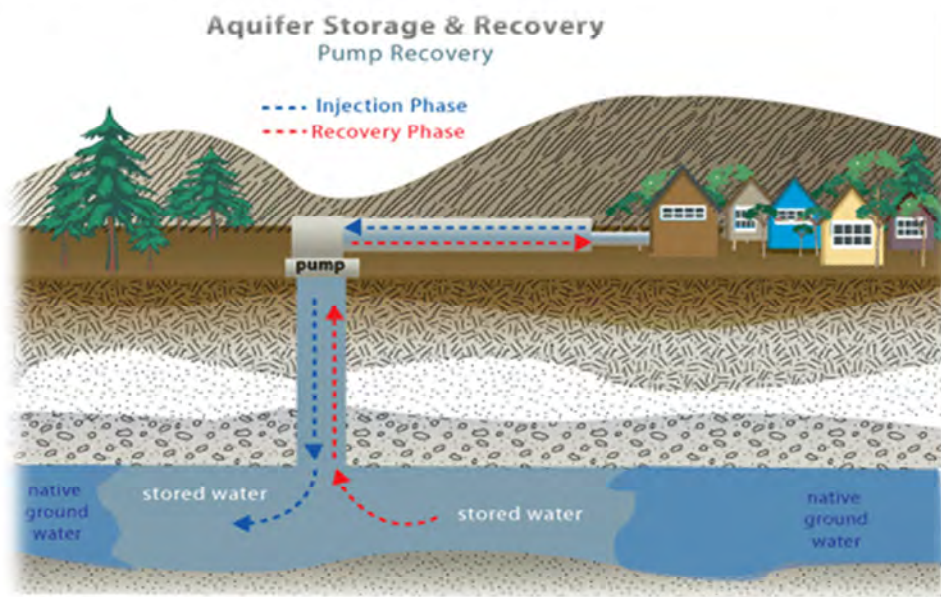
## **ASSET MANAGEMENT, CAPITAL ASSET, AND LONG-TERM DEBT ACTIVITY (CONT'D)**

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

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

## **LOOKING FORWARD**

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

## **LOOKING FORWARD (CONT'D)**

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 third of these payments was made in June, 2014.

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



## **BASIC FINANCIAL STATEMENTS**

## MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position  
As of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 6,617,689.80	\$ 10,436,106.73
Investments	7,727,220.91	2,762,262.63
Consumer Accounts Receivable, Net of Allowance for Doubtful Accounts of \$3,786.67 in 2014 and 2013	3,625,919.57	4,113,766.73
Accrued Investment Income Receivable	7,009.57	11,872.16
Intergovernmental Accounts Receivable	461,159.03	404,116.49
Inventory	388,668.53	373,446.22
Other Accounts Receivable	68,637.25	148,955.47
Prepaid Expenses	88,863.91	51,992.29
Total Unrestricted Assets	<u>18,985,168.57</u>	<u>18,302,518.72</u>
Restricted Assets:		
Cash and Cash Equivalents	54,129.73	2,370.65
Investments	8,004,924.72	7,479,223.59
Accrued Investment Income Receivable	21,902.25	40,911.38
NJ EIT Loan Receivable		411,254.00
Notes Receivable, Less Allowance for Doubtful Accounts of \$40,190.91 in 2014 and 2013	46,040.70	52,927.31
Total Restricted Assets	<u>8,126,997.40</u>	<u>7,986,686.93</u>
Total Current Assets	<u>27,112,165.97</u>	<u>26,289,205.65</u>
Noncurrent Assets:		
Capital Assets:		
Completed (Net of Accumulated Depreciation)	109,053,177.67	108,905,103.58
Construction in Progress	1,889,655.92	4,025,760.74
Total Capital Assets	<u>110,942,833.59</u>	<u>112,930,864.32</u>
Total Assets	<u>138,054,999.56</u>	<u>139,220,069.97</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Defeasance of Loans	<u>60,732.83</u>	<u>-</u>

(Continued)

## MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position

As of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>LIABILITIES</b>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 908,921.81	\$ 730,590.56
Prepaid Rents	106,267.34	93,421.31
Developer's Deposits	333,494.58	403,996.31
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	1,348,683.73	1,228,008.18
	<hr/>	<hr/>
Current Liabilities Payable from Restricted Assets:		
Accounts Payable	870,115.91	369,541.10
Retainage	47,319.94	7,681.67
Revenue Bonds Payable--Current Portion	270,000.00	265,000.00
NJ EIT Loans--Current Portion	1,967,458.17	3,004,354.54
Accrued Interest Payable	221,657.23	271,905.66
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	3,376,551.25	3,918,482.97
	<hr/>	<hr/>
Long-term Liabilities:		
Compensated Absences	498,070.58	467,611.21
Revenue Bonds Payable		269,974.21
NJ EIT Loans Payable	21,354,002.99	23,675,167.13
	<hr/>	<hr/>
Total Long-Term Liabilities	21,852,073.57	24,412,752.55
	<hr/>	<hr/>
Total Liabilities	26,577,308.55	29,559,243.70
	<hr/>	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Gain on Defeasance of Loans	555,516.52	606,018.02
Deferred Revenue	2,943,986.82	2,126,822.37
	<hr/>	<hr/>
Total Deferred Inflows of Resources	3,499,503.34	2,732,840.39
	<hr/>	<hr/>
<b>NET POSITION</b>		
Net Investment in Capital Assets	85,939,152.89	85,144,381.65
Restricted:		
Bond Resolution Covenants	8,476,425.35	7,369,339.28
State Unemployment Compensation	42,167.23	37,853.58
Unrestricted	13,581,175.03	14,376,411.37
	<hr/>	<hr/>
Total Net Position	\$ 108,038,920.50	\$ 106,927,985.88
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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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Utility Service Charges	\$ 17,726,907.56	\$ 19,603,512.00
Connection Fees	1,031,044.23	288,906.90
Other Operating Revenues, Net of Change in Allowance for Doubtful Accounts of \$0.00 in 2014 and \$84,563.59 in 2013	<u>437,225.03</u>	<u>499,736.88</u>
	<u>19,195,176.82</u>	<u>20,392,155.78</u>
Operating Expenses:		
Administration:		
Salaries and Wages	788,307.11	744,385.27
Fringe Benefits	401,368.73	420,176.97
Other Expenses	728,433.70	684,792.02
Cost of Providing Services:		
Salaries and Wages	3,195,425.17	2,932,748.61
Fringe Benefits	1,500,854.32	1,419,539.45
Other Expenses	5,749,196.48	5,987,895.05
Depreciation	<u>5,698,830.01</u>	<u>5,466,195.72</u>
	<u>18,062,415.52</u>	<u>17,655,733.09</u>
Operating Income	1,132,761.30	2,736,422.69
Non-operating Revenue (Expenses):		
Investment Income	148,854.91	172,440.18
Interest on Debt	(543,236.41)	(728,969.83)
Loss on Disposal of Discontinued Projects	(22,935.25)	(284,082.90)
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	<u>(578,390.00)</u>	<u>(586,000.00)</u>
Income Before Contributions	137,054.55	1,309,810.14
Capital Contributions	<u>973,880.07</u>	<u>817,009.15</u>
Increase in Net Position	<u>1,110,934.62</u>	<u>2,126,819.29</u>
Net Position - Beginning	<u>106,927,985.88</u>	<u>104,801,166.59</u>
Net Position - Ending	<u>\$ 108,038,920.50</u>	<u>\$ 106,927,985.88</u>

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

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Comparative Statements of Cash Flows  
For the Fiscal Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 20,075,809.43	\$ 19,550,640.95
Payments to Suppliers	(6,351,392.86)	(6,807,564.67)
Payments to Employees	(5,855,495.96)	(5,534,892.07)
Other Operating Receipts	389,998.98	456,660.09
Net Cash Provided by Operating Activities	8,258,919.59	7,664,844.30
Cash Flows from Noncapital Financing Activities:		
Notes Receivable on Line Extensions	6,886.61	4,861.81
Net Cash Provided by Noncapital Financing Activities	6,886.61	4,861.81
Cash Flows from Capital and Related Financing Activities:		
Retainage	(7,681.67)	(19,017.67)
NJEIT Receivable	411,254.00	
NJEIT Defeasance	(345,000.00)	
Deferred Loss on Defeasance of Loans	(66,254.00)	
NJEIT Capital Contribution	317,635.45	
Principal Paid on Bonds	(265,000.00)	(275,000.00)
Principal Paid on Loans	(3,004,354.54)	(2,937,827.04)
Acquisitions of Capital Assets	(2,529,595.16)	(2,446,284.81)
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(578,390.00)	(586,000.00)
Interest on Debt	(647,145.35)	(768,656.51)
Net Cash Used in Capital and Related Financing Activities	(6,714,531.27)	(7,032,786.03)
Cash Flows from Investing Activities:		
Investment Income Received	172,726.63	2,356,522.38
Short Term Gains (Loss)	(84,517.98)	
Proceeds from Sale of Investments	564,752.23	161,390.24
Payments for Investments	(5,970,893.66)	
Net Cash Provided Increased by (Used) in Investing Activities	(5,317,932.78)	2,517,912.62
Net Increase (Decrease) in Cash and Cash Equivalents	(3,766,657.86)	3,154,832.70
Cash and Cash Equivalents, July 1	10,438,477.38	7,283,644.68
Cash and Cash Equivalents, June 30	\$ 6,671,819.53	\$ 10,438,477.38

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Comparative Statements of Cash Flows  
For the Fiscal Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 1,132,761.30	\$ 2,736,422.69
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	5,698,830.01	5,466,195.72
Changes in Assets and Liabilities:		
(Increase) Decrease in Consumer Accounts Receivable	487,847.16	(330,879.95)
(Increase) Decrease in Intergovernmental Accounts Receivable	(57,042.54)	(116,224.57)
(Increase) Decrease in Inventory	(15,222.31)	57,436.30
(Increase) Decrease in Other Accounts Receivable	80,318.22	58,394.87
(Increase) Decrease in Prepaid Expenses	(36,871.62)	14,407.59
Increase (Decrease) in Unrestricted Accounts Payable	178,331.25	(206,721.49)
Increase (Decrease) in Prepaid Rents	12,846.03	11,132.65
Increase (Decrease) in Deferred Revenue	817,164.45	(22,030.65)
Increase (Decrease) in Developers' Deposits	(70,501.73)	14,752.91
Increase (Decrease) in Compensated Absences	30,459.37	(18,041.77)
Total Adjustments	<u>7,126,158.29</u>	<u>4,928,421.61</u>
Net Cash Provided by Operating Activities	<u>\$ 8,258,919.59</u>	<u>\$ 7,664,844.30</u>

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

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Notes to Financial Statements  
For The Fiscal Years Ended June 30, 2014 and 2013

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

The financial statements of the Mount Laurel Township Municipal Utilities Authority (the "Authority") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

**Description of the 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**

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units and is a component unit of the Township of Mount Laurel.

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

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, deferred outflows of resources, liabilities, deferred inflow of resources, 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 capital, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

**Expenses** - 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.



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Budgets and Budgetary Accounting (Cont'd)**

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.

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 governmental 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**

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

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

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

**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 capital assets.

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:

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

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

**Bond Discounts/Bond Premiums**

Bond discounts/premiums arising from the issuance of long-term debt are amortized over the life of the bonds by, in a systematic and rational method as a component of interest expense. Bond discounts/premiums are presented as an adjustment of the face amount on the bonds.

**Deferred Gain on Defeasance of Loans**

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 in a systematic and rational method as a component of interest expense.

**Deferred Loss on Defeasance of Loans**

Deferred loss on defeasance of loans arising from the use of unspent loan proceeds to defease future loan payments to the New Jersey Environmental Infrastructure Trust (NJEIT) to which the Authority is a pooled loan participant is recorded as a deferred outflow of resources. The deferred loss is amortized in a systematic and rational method as a component of interest expense.

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

**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**

In accordance with the provisions of GASB Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", the Authority has classified its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

**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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

**Restricted** – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Unrestricted** - This component of net position consists of net position that does 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 Board.

**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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Allowance for Doubtful Accounts**

The Authority records an allowance for doubtful accounts on customer receivables that have been delinquent for over one year and the customer has not set up a payment plan. Revenues are reported net of the periodic adjustment of the allowances.

**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.

**Recently Issued and Adopted Accounting Pronouncements**

During the fiscal year ended June 30, 2014, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB)

In March 2012, the GASB issued Statement 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. GASBS 66 is to improve accounting and financial reporting by state and local governmental entities 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*. Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. This Statement is effective for periods beginning after December 15, 2012. The adoption of GASBS 66, however, does not have a material impact on the Authority's financial statements.

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. The adoption of GASBS 70, however, does not have any impact on the Authority's financial statements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Recently Issued Accounting Pronouncements**

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. GASBS 67 is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2013. The Authority does not administer any state or local pension plans; therefore, the adoption of GASBS 67 will not have any impact on the Authority's financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASBS 68 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. In addition, 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 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. This Statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements and expects the impact to be material.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASBS 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for periods beginning after December 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements although no impact is expected.

In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements and expects the impact to be material when considered in conjunction with the adoption of Statement No. 68.

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY****Compliance with Finance Related Legal and Contractual Provisions**

Management of the Authority is unaware of any material violations of finance related legal and contractual provisions.

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)****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, 2014 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. This account, if necessary, will make up any deficiencies in the debt service account.

Of the total debt service reserve balance of \$259,753.97, \$46,722.95 is held by a fiscal agent and can only be utilized for the 1996 series. As a result, the remaining debt service reserve funds available for series other than the 1996 series are \$213,031.02. The total required balance for the debt service reserve as of June 30, 2014 is \$2,615,348.42. After deducting the Authority's surety bonds and cash held by other fiscal agents, the minimum required cash balance is \$216,237.85. The balance on June 30, 2014 is insufficient by \$3,206.83 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 \$4,890,000.00 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 \$5,805,579.86, which does meet the engineer's certified balance as of June 30, 2014. During the year, the Authority adopted a resolution increasing the minimum balance to \$5,530,000.00 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.

**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.

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)****Debt Service Coverage**

The computation of sufficiency of revenues for the fiscal years ended June 30, 2014 and 2013 as defined by the Utility System Revenue Bond Resolution is as follows:

	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Utility Service Charges	\$ 17,726,907.56	\$ 19,603,512.00
Connection Fees	1,031,044.23	288,906.90
Investment and Miscellaneous Income	<u>586,079.94</u>	<u>672,177.06</u>
Total Revenues	<u>19,344,031.73</u>	<u>20,564,595.96</u>
Operating Expenses:		
Cost of Providing Services	10,445,475.97	10,340,183.11
Administrative	1,918,109.54	1,849,354.26
Contribution to Mount Laurel Township	<u>578,390.00</u>	<u>586,000.00</u>
Total Operating Expenses	<u>12,941,975.51</u>	<u>12,775,537.37</u>
Excess of Revenues	6,402,056.22	7,789,058.59
110% of Current Fiscal Year's Annual Debt Service Requirement	<u>2,938,496.52</u>	<u>4,173,933.24</u>
Sufficiency of Revenues	<u>\$ 3,463,559.70</u>	<u>\$ 3,615,125.35</u>

**Subordinated Bond Resolution**

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

**Debt Service Agreements**

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

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

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 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, 2014 and 2013, the Authority's bank balances were exposed to custodial credit risk as follows:

	June 30,	
	<u>2014</u>	<u>2013</u>
Insured by Federal Deposit Insurance Corporation	\$ 260,203.24	\$ 260,502.80
Uninsured and Uncollateralized	66,014.79	4,070,849.70
Uninsured and Collateralized with Securities Held by Pledging Financial Institutions	5,081,112.20	4,864,221.31
Total	<u>\$ 5,407,330.23</u>	<u>\$ 9,195,573.81</u>

**New Jersey Cash Management Fund** - During the year, the Authority participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2014 and 2013 the Authority's deposits with the New Jersey Cash Management Fund were \$1,142,483.86 and \$1,141,836.38, 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 \$15,732,145.63 as of June 30, 2014 and \$10,241,486.22 as of June 30, 2013 investments in money market funds, Government National Mortgage Association Bonds and Notes (GNMA), Federal National Mortgage Association Bonds and Notes (FNMA), Federal Home Loan Bank Bonds and Notes (FHLB), US Treasury Bills and municipal and state bonds, all are held in the name of the Authority.

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

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



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

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investment in a single issuer. 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, FHLB's, GNMA's, U.S. Treasury securities or state and municipal bonds.

As of June 30, 2014, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value</u> <u>June 30, 2014</u>
Illinois State Pension Bond	6/1/2015	A-	\$ 514,930.00
Perth Amboy NJ Refunding Bond	9/1/2015	A+	40,811.20
FNMA	12/1/2018	AA+	8,993.68
NJ Higher Education Assistance Authority Student Loan Revenue Bond	12/1/2022	AA3	129,035.75
FNMA	4/1/2023	AA+	55,680.88
FNMA	4/1/2023	AA+	54,450.41
GNMA	8/15/2025	AA+	706.05
NJ Higher Education Assistance Authority Student Loan Revenue Bond	12/1/2025	AA3	151,348.50
St. Louis MO Airport Refunding	7/1/2026	AA	141,354.20
GNMA	4/15/2027	AA+	1,154.39
GNMA	7/20/2033	AA+	20,458.66
GNMA	9/20/2033	AA+	15,686.06
GNMA	12/20/2033	AA+	14,103.48
GNMA	1/20/2034	AA+	8,442.34
GNMA	5/15/2034	AA+	20,189.39
GNMA	5/15/2034	AA+	9,303.27
GNMA	5/20/2034	AA+	30,350.01
GNMA	5/20/2034	AA+	7,495.18
GNMA	3/20/2035	AA+	174,841.92
FHLB	Demand	AA+	4,097,262.36
FHLB	Demand	AA+	324,941.50
JPMorgan US Government Money Market Fund	Demand	AA+	9,910,606.40
			<u>\$ 15,732,145.63</u>

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

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

<u>Investment</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value June 30, 2013</u>
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
			<u>\$ 10,241,486.22</u>

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

The Authority records the loans made to homeowners from the Line Extension account as Notes Receivable. The loans are extended for periods ranging from 5 to 30 years and bear interest rates from 5% to 7%. The principal balance due to the Authority as of June 30, 2014 was \$86,231.61 and \$93,118.22 as of June 30, 2013. 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, 2014 and June 30, 2013.

**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 <u>June 30,</u>	Beginning <u>Balance</u>	<u>Billings</u>	Total <u>Collections</u>	Percentage of <u>Collections</u>
2014	\$ 795,065.45	\$ 17,726,907.56	\$ 18,214,754.72	98.34%
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%

**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, 2014, the Authority received \$204,425.00 for the Water Department and \$451,819.62 for the Sewer Department. 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.

Additionally, the Authority received \$317,635.45 from New Jersey Environmental Infrastructure Trust (NJEIT) for the 1994 and 1996 loan programs. The portion for the 1994 Loan was \$270,912.50, and was applied to the last payment for the loan on March 1, 2014. The remaining portion is expected to be applied to the final payment of the 1996 loan, which is due August 1, 2016.

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

During the fiscal year ended June 30, 2014, the following changes in Capital Assets occurred:

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2014</u>
Land	\$ 110,351.01			\$ 110,351.01
Buildings	14,014,003.59	\$ 11,019.23		14,025,022.82
Utility Plant and Other Infrastructure	182,746,575.75	5,205,817.52		187,952,393.27
Furniture	225,923.07	3,313.71	\$ 3,000.00	226,236.78
Computer and Office Equipment	646,293.71	153,221.32	53,855.49	745,659.54
Telecommunication Equipment	171,603.84			171,603.84
Machinery and Equipment	2,605,205.71	441,116.47	2,077.78	3,044,244.40
Vehicles	1,571,094.70	32,415.85	83,313.00	1,520,197.55
	202,091,051.38	5,846,904.10	142,246.27	207,795,709.21
Less: Accumulated Depreciation	93,185,947.80	5,698,830.01	142,246.27	98,742,531.54
	<u>\$108,905,103.58</u>	<u>\$148,074.09</u>	<u>\$ -</u>	<u>\$109,053,177.67</u>

During the fiscal year ended June 30, 2013, the following changes in Capital Assets occurred:

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2013</u>
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
	<u>\$109,027,498.26</u>	<u>\$161,688.22</u>	<u>\$284,082.90</u>	<u>\$108,905,103.58</u>

**Note 4: DETAIL NOTES – DEFERRED OUTFLOWS OF RESOURCES****Deferred Loss of Defeasance of Loans**

The Authority used unspent loan proceeds to defease \$345,000.00 of future loan principal payments to the New Jersey Environmental Infrastructure Trust (NJEIT) to which the Authority is a pooled loan participant. The defeasances resulted in a loss of \$66,254.00. This loss, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to interest expense over the remaining life of the loans using the straight line method.

**Note 5: 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, 2014 is estimated at \$498,070.68 and at June 30, 2013 is estimated at \$467,611.21.

**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, several Authority employees participate 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.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Public Employees' Retirement System (Cont.)**

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

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Paid by Authority</u>
2014	\$ 113,772.00	\$ 291,711.00	\$ 405,483.00	\$ 405,483.00
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

**Related Party Investments** - The Division of Pensions and Benefits does not invest in securities issued by the Authority.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program (DCRP) is a single-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.

**Early Retirement Incentive Program** – Legislation enacted in 1991 and 1993 made early retirement available through Early Retirement Incentive Programs. These programs, which were subject to the approval of the Authority's governing body within a limited period of time, were available to employees who met certain minimum requirements. Program costs are billed annually by the Division of Pensions. As of June 30, 2014, the accrued liability to the PERS for the program was estimated to be \$20,025.00 payable over the next 20 years. The June 30, 2014 annual installment was \$1,396.00.

**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%.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Revenue Bonds Payable (Cont'd)**

A summary of maturities on the 2003 Revenue Bonds Payable at June 30, 2014 is as follows:

Bond Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 270,000.00	\$ 4,387.50	\$ 274,387.50
Current Maturities	<u>\$ 270,000.00</u>		

**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 \$2,635,000.00 portion carries interest rates that range from 3.4% to 5%. Principal and interest are payable semiannually with the final payment due in 2027.

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

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

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

The remaining maturities on these loans are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Interest</u> <u>Free Loan</u> <u>Principal</u>	<u>Loan</u> <u>Principal</u>	<u>Total</u> <u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 988,386.57	\$ 979,071.60	\$ 1,967,458.17	\$ 490,247.02	\$ 2,457,705.19
2016	985,342.16	977,805.40	1,963,147.56	444,627.77	2,407,775.33
2017	986,977.22	1,020,816.79	2,007,794.01	402,748.90	2,410,542.91
2018	887,446.35	853,440.44	1,740,886.79	364,470.41	2,105,357.20
2019	842,530.06	894,966.97	1,737,497.03	327,210.49	2,064,707.52
2020-2024	4,186,454.98	4,876,169.71	9,062,624.69	1,054,488.93	10,117,113.62
2025-2029	2,050,313.44	2,629,138.32	4,679,451.76	154,264.03	4,833,715.79
2030	38,933.52	25,000.00	63,933.52	500.00	64,433.52
	<u>\$ 10,966,384.30</u>	<u>\$ 12,256,409.23</u>	<u>23,222,793.53</u>	<u>\$ 3,238,557.55</u>	<u>\$ 26,461,351.08</u>
		Current Maturities	(1,967,458.17)		
		Premium	<u>98,667.63</u>		
		Long-Term Portion	<u>\$ 21,354,002.99</u>		

**Note 6: DETAIL NOTES – DEFERRED INFLOWS OF RESOURCES****Deferred 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 fiscal year 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 principal on the Authority's new loan amount was reduced by \$606,018.02 as a result of the defeasance.

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 10 years by \$1,064,262.56.



**Note 7: DETAIL NOTES – NET POSITION****Net Position Appropriated**

The Authority ended the fiscal year with unrestricted Net Position totaling \$13,581,175.03. Of that amount, \$871,255.00 has been appropriated and included as support in the sewer utility operating budget, \$150,000.00 in the sewer utility capital budget, \$147,207.00 in the water utility operating budget and \$150,000.00 in the water utility capital budget for the fiscal year ending June 30, 2015.

**Note 8: 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 2014, the agreement yielded total water purchases from Willingboro of \$973,995.75 of which \$284,586.77 was passed through to Evesham. In 2013, the total water purchased from Willingboro was \$1,301,036.66, of which \$312,873.78 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 \$1,573,633.97 and \$1,594,895.84 to NJAWC in 2014 and 2013, 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 \$285,377.66 and \$281,480.00 to the CCMUA in 2014 and 2013, respectively.

**Note 9: COMMITMENTS AND CONTINGENCIES****Construction Contracts**

The Authority had several outstanding or planned construction projects as of June 30, 2014. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Total Project</u>	<u>Total Expended</u>	<u>Commitment Remaining</u>
Sewer Mains Replace/Repair/Rehab	\$ 618,428.05	\$ 592,142.48	\$ 26,285.57
Orchard Pump Station Improvements	306,415.00		306,415.00
Hartford Road UV system	682,129.73	585,187.14	96,942.59
Upgrade Holiday Village East PS	178,697.43	169,084.61	9,612.82
West Berwin Water Main Replacement	241,642.05	219,079.59	22,562.46
Hooten Road Water Main Replacement	61,364.00	59,047.94	2,316.06
Total	<u>\$ 2,088,676.26</u>	<u>\$ 1,624,541.76</u>	<u>\$ 464,134.50</u>

**Litigation** - The Authority is a defendant in several 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 10: 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.

## **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, 2014

	Operating & <u>General</u>	Debt Service <u>Reserve</u>	Debt <u>Service</u>	Restricted Renewal and <u>Replacement</u>	Unemployment <u>Compensation</u>	<u>Total</u>
Operating Revenues:						
Utility Service Charges	\$ 17,726,907.56					\$ 17,726,907.56
Connection Fees	1,031,044.23					1,031,044.23
Other Operating Revenues	430,463.38				\$ 6,761.65	437,225.03
	19,188,415.17	\$ -	\$ -	\$ -	6,761.65	19,195,176.82
Operating Expenses:						
Administration:						
Salaries and Wages	788,307.11					788,307.11
Fringe Benefits	398,920.73				2,448.00	401,368.73
Other Expenses	728,433.70					728,433.70
Cost of Providing Service:						
Salaries and Wages	3,195,425.17					3,195,425.17
Fringe Benefits	1,500,854.32					1,500,854.32
Other Expenses	5,749,196.48					5,749,196.48
Depreciation	5,698,830.01					5,698,830.01
	18,059,967.52	-	-	-	2,448.00	18,062,415.52
Operating Income	1,128,447.65	-	-	-	4,313.65	1,132,761.30
Non-operating Revenue (Expenses):						
Investment Income	74,974.53	19.44	61,611.88	12,249.06		148,854.91
Interest on Debt	53,660.51		(596,896.92)			(543,236.41)
Loss on Disposal of Discontinued Projects	(22,935.25)					(22,935.25)
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	(578,390.00)					(578,390.00)
Net Income (Loss) Before Transfers or Contributions	655,757.44	19.44	(535,285.04)	12,249.06	4,313.65	137,054.55
Transfers	(1,555,025.11)	1,989.13	535,285.04	1,017,750.94		
Capital Contributions	973,880.07					973,880.07
Increase in Net Position	74,612.40	2,008.57	-	1,030,000.00	4,313.65	1,110,934.62
Net Position - Beginning	102,815,903.02	214,229.28		3,860,000.00	37,853.58	106,927,985.88
Net Position - Ending:						
Net Investment in Capital Assets	\$ 85,939,152.89					\$ 85,939,152.89
Restricted	3,370,187.50	\$ 216,237.85		\$ 4,890,000.00	\$ 42,167.23	8,518,592.58
Unrestricted	13,581,175.03					13,581,175.03

## MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

## Schedule of Cash Receipts and Disbursements

For the Fiscal Year Ended June 30, 2014

	Operating and <u>General</u>	Debt Service <u>Reserve</u>	Debt <u>Service</u>	Restricted Renewal and <u>Replacement</u>	Unemployment <u>Compensation</u>	<u>Total</u>
Cash, Cash Equivalents and Investments:						
Balance July 1, 2013	\$ 13,198,369.36	\$ 213,019.91	\$ 2,005,467.49	\$ 5,260,736.19	\$ 2,370.65	\$ 20,679,963.60
Receipts:						
Investment Income	79,837.12	19.44	80,267.50	12,602.57		172,726.63
Consumer Accounts Receivable	18,121,333.41					18,121,333.41
Prepaid Rents	106,267.34					106,267.34
Deferred Revenue	1,853,091.68					1,853,091.68
Escrow Deposits	271,599.26					271,599.26
Notes Receivable on Line Extensions	6,886.61					6,886.61
NJEIT Receivable			411,254.00			411,254.00
Other Income	453,739.06				6,761.65	460,500.71
Contributed Capital		317,635.45				317,635.45
Transfers In	270,920.83		3,817,078.74	3,069,517.93	722.48	7,158,239.98
Total Cash and Investments Available	34,362,044.67	530,674.80	6,314,067.73	8,342,856.69	9,854.78	49,559,498.67
Disbursements:						
Budgetary	11,963,376.35				2,448.00	11,965,824.35
Prepaid Expenses	88,863.91					88,863.91
Refund of Deferred Revenue	4,883.00					4,883.00
Bond Principal			265,000.00			265,000.00
Loan Principal			3,004,354.54			3,004,354.54
Interest on Debt			647,145.35			647,145.35
Defeasence of Debt			345,000.00			345,000.00
Deferred Loss on Defeasence			66,254.00			66,254.00
Capital Assets				2,160,054.06		2,160,054.06
Retainage				7,681.67		7,681.67
Accounts Payable	730,590.56			369,541.10		1,100,131.66
Escrow Disbursements	342,100.99					342,100.99
Transfers Out	6,887,319.15	270,920.83				7,158,239.98
Total Disbursements	20,017,133.96	270,920.83	4,327,753.89	2,537,276.83	2,448.00	27,155,533.51
Cash, Cash Equivalents and Investments:						
Balance June 30, 2014	\$ 14,344,910.71	\$ 259,753.97	\$ 1,986,313.84	\$ 5,805,579.86	\$ 7,406.78	\$ 22,403,965.16
<u>Analysis of Balance June 30, 2014</u>						
Cash and Cash Equivalents	\$ 6,617,689.80	\$ 46,722.95			\$ 7,406.78	\$ 6,671,819.53
Investments	7,727,220.91	213,031.02	\$ 1,986,313.84	\$ 5,805,579.86		15,732,145.63
	\$ 14,344,910.71	\$ 259,753.97	\$ 1,986,313.84	\$ 5,805,579.86	\$ 7,406.78	\$ 22,403,965.16

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Revenues, Expenses and Changes in Net Position by Department  
For the Fiscal Year Ended June 30, 2014

	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total</u>
Operating Revenues:			
Service Charges	\$ 8,162,069.49	\$ 9,564,838.07	\$ 17,726,907.56
Connection Fees	536,180.48	494,863.75	1,031,044.23
Other Operating Revenues	338,152.21	99,072.82	437,225.03
	<u>9,036,402.18</u>	<u>10,158,774.64</u>	<u>19,195,176.82</u>
Operating Expenses:			
Administration:			
Salaries and Wages	394,153.56	394,153.55	788,307.11
Fringe Benefits	200,684.37	200,684.36	401,368.73
Other Expenses	360,649.74	367,783.96	728,433.70
Cost of Service:			
Salaries and Wages	1,305,915.45	1,889,509.72	3,195,425.17
Fringe Benefits	614,247.60	886,606.72	1,500,854.32
Other Expenses	3,174,255.97	2,574,940.51	5,749,196.48
Depreciation	2,859,608.76	2,839,221.25	5,698,830.01
	<u>8,909,515.45</u>	<u>9,152,900.07</u>	<u>18,062,415.52</u>
Operating Income	126,886.73	1,005,874.57	1,132,761.30
Non-operating Revenue (Expenses):			
Investment Income	75,806.70	73,048.21	148,854.91
Interest on Debt	(394,424.21)	(148,812.20)	(543,236.41)
Loss on Disposal of Discontinued Projects	(11,467.62)	(11,467.63)	(22,935.25)
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(188,293.00)	(390,097.00)	(578,390.00)
Income (Loss) Before Contributions	(391,491.40)	528,545.95	137,054.55
Capital Contributions	204,425.00	769,455.07	973,880.07
Increase (Decrease) in Net Position	(187,066.40)	1,298,001.02	1,110,934.62
Net Position - Beginning	42,947,630.81	63,980,355.07	106,927,985.88
Net Position - Ending	<u>\$ 42,760,564.41</u>	<u>\$ 65,278,356.09</u>	<u>\$ 108,038,920.50</u>
Net Position:			
Net Investment in Capital Assets	\$ 36,583,699.66	\$ 49,355,453.23	\$ 85,939,152.89
Restricted for			
Bond Resolution Covenants	4,365,375.14	4,111,050.21	8,476,425.35
Unemployment Compensation	21,083.61	21,083.62	42,167.23
Unrestricted	1,790,406.00	11,790,769.03	13,581,175.03
	<u>\$ 42,760,564.41</u>	<u>\$ 65,278,356.09</u>	<u>\$ 108,038,920.50</u>

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Schedule of Water Department Operations -- Revenues, Operating Appropriations, Principal Payments and  
Non-Operating Appropriations Compared to Budget by Department--Budgetary Basis  
For the Fiscal Year Ended June 30, 2014

	<u>Adopted Budget</u>	<u>Transfers/ Modifications</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues:					
Service Charges	\$8,336,800.00	\$ (1,057,900.00)	\$7,278,900.00	\$6,918,311.80	\$ (360,588.20)
Connection Fees	464,200.00	69,800.00	534,000.00	536,180.48	2,180.48
Other Operating Revenues	1,487,100.00	20,200.00	1,507,300.00	1,527,117.86	19,817.86
Total Operating Revenues	10,288,100.00	(967,900.00)	9,320,200.00	8,981,610.14	(338,589.86)
Non-Operating Revenues:					
Investment Income	112,050.00	(4,450.00)	107,600.00	75,806.70	(31,793.30)
Other Non-Operating Revenues	38,650.00	10,050.00	48,700.00	54,792.05	6,092.05
Total Anticipated Revenues	10,438,800.00	(962,300.00)	9,476,500.00	9,112,208.89	(364,291.11)
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Office Salaries	373,000.00	16,750.00	389,750.00	389,208.06	541.94
Board Members' Salaries	5,100.00	(150.00)	4,950.00	4,945.50	4.50
Total Salaries and Wages	378,100.00	16,600.00	394,700.00	394,153.56	546.44
Fringe Benefits	214,850.00	(20,190.00)	194,660.00	200,684.37	(6,024.37)
Other Expenses:					
Legal Fees	30,000.00		30,000.00	33,230.78	(3,230.78)
Engineer Fees	39,150.00	(7,900.00)	31,250.00	31,857.16	(607.16)
Audit Fees / Financial Services	33,500.00	(8,500.00)	25,000.00	19,950.00	5,050.00
Professional and Consulting Fees	1,000.00	(1,000.00)			
Printing Expense	8,000.00	2,000.00	10,000.00	10,026.89	(26.89)
Billing Expense	42,550.00	2,250.00	44,800.00	44,713.86	86.14
Computer Expense	64,100.00	4,400.00	68,500.00	69,099.64	(599.64)
Office Supplies	10,350.00	(1,250.00)	9,100.00	8,893.48	206.52
Postage Expense	3,500.00	(250.00)	3,250.00	3,273.91	(23.91)
Public Education / Information	3,750.00	(3,350.00)	400.00	173.95	226.05
Rent Expense (Annex)	7,950.00	250.00	8,200.00	8,187.50	12.50
Telephone	12,500.00	2,650.00	15,150.00	16,783.40	(1,633.40)
Administrative Ground Maintenance	8,900.00	1,050.00	9,950.00	9,259.94	690.06
Janitorial, Cleaning and Pest	2,250.00	2,950.00	5,200.00	2,595.00	2,605.00
Dues, Pubs, Subscr. (Admin)	5,000.00	(500.00)	4,500.00	4,557.15	(57.15)
Tuition, Seminars and Conferences	2,500.00	(500.00)	2,000.00	1,802.71	197.29
Office Equipment	500.00	1,700.00	2,200.00	2,178.41	21.59
Office Equipment - Maintenance	500.00	2,100.00	2,600.00	2,580.30	19.70
Miscellaneous - Administration	4,000.00	(250.00)	3,750.00	9,449.11	(5,699.11)
Newspaper Publication	2,250.00		2,250.00	2,208.96	41.04
Trustee Fees	59,150.00	(2,050.00)	57,100.00	58,109.60	(1,009.60)
Insurance	4,750.00	(950.00)	3,800.00	21,717.99	(17,917.99)
Contingency		188,293.00	188,293.00		188,293.00
Total Other Expenses	346,150.00	181,143.00	527,293.00	360,649.74	166,643.26
Total Administration	939,100.00	177,553.00	1,116,653.00	955,487.67	161,165.33

(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, 2014

	<u>Adopted Budget</u>	<u>Transfers/ Modifications</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating Appropriations (Cont'd):					
Cost of Service:					
Salaries and Wages	\$ 1,299,100.00	\$ 16,000.00	\$ 1,315,100.00	\$ 1,305,915.45	\$ 9,184.55
Fringe Benefits	738,200.00	(86,510.00)	651,690.00	614,247.60	37,442.40
Other Expenses:					
Electric Power	330,250.00	24,550.00	354,800.00	331,759.81	23,040.19
Telephone	17,500.00	(2,200.00)	15,300.00	15,307.10	(7.10)
Repairs and Maintenance	239,050.00	(63,400.00)	175,650.00	190,534.97	(14,884.97)
Fuel for Heating and Generators	30,000.00	(5,550.00)	24,450.00	23,193.19	1,256.81
Chemicals	171,200.00	(33,500.00)	137,700.00	138,569.81	(869.81)
Supplies - Tools & Equipment	5,500.00	250.00	5,750.00	4,895.31	854.69
Supplies	14,400.00	(3,400.00)	11,000.00	12,419.92	(1,419.92)
Vehicles - Fuel and Maintenance	83,400.00	(15,750.00)	67,650.00	69,106.68	(1,456.68)
State of New Jersey Fees	38,700.00	(1,600.00)	37,100.00	44,791.45	(7,691.45)
Employee License Renewals	1,670.00	80.00	1,750.00	1,577.46	172.54
Purchase of Water NJAWC	1,650,000.00	(74,300.00)	1,575,700.00	1,573,633.97	2,066.03
Purchase of Water WMUA	1,246,900.00	(333,600.00)	913,300.00	618,636.39	294,663.61
Lab Expenses	39,000.00	6,950.00	45,950.00	45,372.22	577.78
Water Meters and Materials	21,750.00	(8,750.00)	13,000.00	6,854.70	6,145.30
Communications Expense	4,200.00	(500.00)	3,700.00	3,388.91	311.09
Uniforms Rental and Purchase	8,400.00	(400.00)	8,000.00	7,720.69	279.31
Membership Dues and Publications	2,000.00	(250.00)	1,750.00	1,445.50	304.50
Safety Expense	11,150.00	2,950.00	14,100.00	13,062.05	1,037.95
Tuition, Seminars and Conferences	6,400.00	(1,800.00)	4,600.00	5,215.88	(615.88)
Insurance	69,850.00	2,150.00	72,000.00	58,210.00	13,790.00
Miscellaneous	8,500.00	(650.00)	7,850.00	8,559.96	(709.96)
Total Other Expenses	3,999,820.00	(508,720.00)	3,491,100.00	3,174,255.97	316,844.03
Total Cost of Service	6,037,120.00	(579,230.00)	5,457,890.00	5,094,419.02	363,470.98
Principal Payments on Debt Service in Lieu of Depreciation	1,548,786.00		1,548,786.00	1,551,837.01	(3,051.01)
Total Operating Appropriations	8,525,006.00	(401,677.00)	8,123,329.00	7,601,743.70	521,585.30
Non-Operating Appropriations:					
Transfer to Other Reserves	1,418,969.00	(153,569.00)	1,265,400.00		1,265,400.00
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	188,293.00		188,293.00	188,293.00	
Interest on Debt	494,825.00		494,825.00	452,240.22	42,584.78
Total Operating, Principal Payments and and Non-Operating Appropriations	10,627,093.00	(555,246.00)	10,071,847.00	8,242,276.92	1,829,570.08
Unreserved Net Position Utilized to Balance Budget	188,293.00	407,054.00	595,347.00		595,347.00
Net Total Appropriations	10,438,800.00	(962,300.00)	9,476,500.00	8,242,276.92	1,234,223.08
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	\$ -	\$ -	\$ -	\$ 869,931.97	\$ 869,931.97



**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, 2014

	<u>Adopted Budget</u>	<u>Transfers/ Modifications</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues:					
Service Charges	\$ 9,585,300.00	\$ (145,600.00)	\$ 9,439,700.00	\$ 9,564,838.07	\$ 125,138.07
Connection Fees	461,500.00	29,400.00	490,900.00	494,863.75	3,963.75
Other Operating Revenues	36,300.00	4,900.00	41,200.00	43,896.53	2,696.53
Total Operating Revenues	10,083,100.00	(111,300.00)	9,971,800.00	10,103,598.35	131,798.35
Non-Operating Revenues:					
Investment Income	115,750.00	4,750.00	120,500.00	73,048.21	(47,451.79)
Other Non-Operating Revenues	40,650.00	5,050.00	45,700.00	55,176.29	9,476.29
Total Anticipated Revenues	10,239,500.00	(101,500.00)	10,138,000.00	10,231,822.85	93,822.85
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Office Salaries	373,000.00	16,750.00	389,750.00	389,208.05	541.95
Board Members' Salaries	5,200.00	(250.00)	4,950.00	4,945.50	4.50
Total Salaries and Wages	378,200.00	16,500.00	394,700.00	394,153.55	546.45
Fringe Benefits	200,590.00	(12,190.00)	188,400.00	200,684.36	(12,284.36)
Other Expenses:					
Legal Fees	30,000.00		30,000.00	33,230.77	(3,230.77)
Engineer Fees	39,200.00	(7,950.00)	31,250.00	31,857.15	(607.15)
Audit Fees / Financial Services	33,500.00	(8,500.00)	25,000.00	19,950.00	5,050.00
Professional and Consulting Fees	1,000.00	(1,000.00)			
Printing Expense	8,000.00	2,000.00	10,000.00	10,026.89	(26.89)
Billing Expense	42,600.00	2,200.00	44,800.00	44,713.85	86.15
Computer Expense	64,350.00	3,850.00	68,200.00	68,564.97	(364.97)
Office Supplies	9,000.00	(1,400.00)	7,600.00	7,926.56	(326.56)
Postage Expense	3,500.00	(250.00)	3,250.00	3,273.90	(23.90)
Public Education / Information	3,750.00	(3,350.00)	400.00	173.95	226.05
Rent Expense (Annex)	7,950.00	250.00	8,200.00	8,187.50	12.50
Telephone	12,500.00	2,650.00	15,150.00	16,783.40	(1,633.40)
Administrative Ground Maintenance	19,200.00	3,900.00	23,100.00	17,449.25	5,650.75
Janitorial, Cleaning and Pest	7,250.00	(1,200.00)	6,050.00	3,685.00	2,365.00
Dues, Pubs, Subscr. (Admin)	5,000.00	(500.00)	4,500.00	4,557.14	(57.14)
Tuition, Seminars and Conferences	2,500.00	(500.00)	2,000.00	1,802.71	197.29
Office Equipment	1,000.00	800.00	1,800.00	1,546.88	253.12
Office Equipment - Maintenance	750.00	1,800.00	2,550.00	2,568.41	(18.41)
Miscellaneous - Administration	4,000.00	(250.00)	3,750.00	9,449.10	(5,699.10)
Newspaper Publication	2,250.00		2,250.00	2,208.96	41.04
Trustee Fees	70,400.00		70,400.00	58,109.59	12,290.41
Insurance	5,650.00	250.00	5,900.00	21,717.98	(15,817.98)
Contingency		390,097.00	390,097.00		390,097.00
Total Other Expenses	373,350.00	382,897.00	756,247.00	367,783.96	388,463.04
Total Administration	952,140.00	387,207.00	1,339,347.00	962,621.87	376,725.13

(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, 2014

	Adopted <u>Budget</u>	Transfers/ <u>Modifications</u>	Amended <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating Appropriations (Cont'd):					
Cost of Service:					
Salaries and Wages	\$ 1,722,400.00	\$ 189,300.00	\$ 1,911,700.00	\$ 1,889,509.72	\$ 22,190.28
Fringe Benefits	913,560.00	6,540.00	920,100.00	886,606.72	33,493.28
Other Expenses:					
Electric Power	757,850.00	29,450.00	787,300.00	791,245.75	(3,945.75)
Telephone	27,250.00	1,650.00	28,900.00	26,113.21	2,786.79
Repairs and Maintenance	160,700.00	81,600.00	242,300.00	291,676.36	(49,376.36)
Fuel for Heating and Generators	27,500.00	20,950.00	48,450.00	43,946.93	4,503.07
Chemicals	425,000.00	(112,800.00)	312,200.00	273,668.78	38,531.22
Supplies - Tools & Equipment	4,700.00	3,450.00	8,150.00	7,007.21	1,142.79
Supplies	25,250.00	(1,200.00)	24,050.00	23,468.52	581.48
Vehicles - Fuel and Maintenance	64,800.00	8,650.00	73,450.00	68,936.30	4,513.70
State of New Jersey Fees	31,500.00	2,000.00	33,500.00	34,704.40	(1,204.40)
Employee License Renewals	2,120.00	130.00	2,250.00	2,346.95	(96.95)
Sewage Treatment - CCMUA	280,400.00	5,000.00	285,400.00	285,377.66	22.34
Bio-Solids and Other Disposal	593,300.00	(43,800.00)	549,500.00	549,973.47	(473.47)
Lab Expenses	30,000.00	(5,350.00)	24,650.00	22,873.11	1,776.89
Water Meters and Materials	25,200.00	(19,100.00)	6,100.00	(3,676.35)	9,776.35
Communications Expense	5,600.00	100.00	5,700.00	5,759.58	(59.58)
Uniforms Rental and Purchase	10,700.00	2,000.00	12,700.00	14,069.99	(1,369.99)
Membership Dues and Publications	750.00		750.00	627.45	122.55
Safety Expense	20,750.00	1,850.00	22,600.00	23,325.59	(725.59)
Tuition, Seminars and Conferences	10,400.00	900.00	11,300.00	10,637.80	662.20
Insurance	103,850.00	8,850.00	112,700.00	92,778.72	19,921.28
Miscellaneous	8,500.00	(800.00)	7,700.00	10,079.08	(2,379.08)
Total Other Expenses	2,616,120.00	(16,470.00)	2,599,650.00	2,574,940.51	24,709.49
Total Cost of Service	5,252,080.00	179,370.00	5,431,450.00	5,351,056.95	80,393.05
Principal Payments on Debt Service in Lieu of Depreciation	1,686,297.00		1,686,297.00	1,717,517.53	(31,220.53)
Total Operating Appropriations	7,890,517.00	566,577.00	8,457,094.00	8,031,196.35	425,897.65
Non-Operating Appropriations:					
Interest on Debt	211,496.00		211,496.00	144,656.70	66,839.30
Transfer to Other Reserves	2,792,860.00		2,792,860.00		2,792,860.00
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	390,097.00		390,097.00	390,097.00	
Total Operating, Principal Payments and and Non-Operating Appropriations	11,284,970.00	566,577.00	11,851,547.00	8,565,950.05	3,285,596.95
Unreserved Net Position Utilized to Balance Budget	1,045,470.00	668,077.00	1,713,547.00		1,713,547.00
Net Total Appropriations	10,239,500.00	(101,500.00)	10,138,000.00	8,565,950.05	1,572,049.95
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	\$ -	\$ -	\$ -	\$ 1,665,872.80	\$ 1,665,872.80

**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, 2014

Reconciliation to Operating Income

Excess Anticipated Revenues Over Expenses and Other Costs		
Schedule 4 - Water Department	\$ 869,931.97	
Schedule 5 - Sewer Department	<u>1,665,872.80</u>	
		\$ 2,535,804.77
Add:		
Debt Service Principal Payments	3,269,354.54	
Interest on Debt	596,896.92	
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	<u>578,390.00</u>	
		<u>4,444,641.46</u>
		6,980,446.23
Less:		
Investment Income	148,854.91	
Depreciation	<u>5,698,830.01</u>	
		<u>5,847,684.92</u>
Operating Income (Exhibit B)		<u><u>\$ 1,132,761.31</u></u>

Reconciliation of Actual Expenditures

Cash Disbursements	\$ 11,965,824.35
Accounts Payable	908,921.81
Increase in Inventory	(15,222.31)
Increase in Compensated Absences Payable	30,459.37
Prepaid Expenses Applied	51,992.29
Bond Principal	3,269,354.54
Interest on Debt	<u>596,896.92</u>
	<u><u>\$ 16,808,226.97</u></u>

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

## Schedule of Consumer Accounts Receivable

For the Fiscal Year Ended June 30, 2014

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Balance July 1, 2013		\$ 4,117,553.40
Add:		
Service Fees	\$ 16,483,149.87	
Fire Hydrant and Line Service	<u>1,243,757.69</u>	
		<u>17,726,907.56</u>
		21,844,460.96
Less:		
Collections	\$ 18,121,333.41	
Prepaid Applied	<u>93,421.31</u>	
		<u>18,214,754.72</u>
Balance June 30, 2014		<u><u>\$ 3,629,706.24</u></u>

## Schedule 7

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

## Schedule of Prepaid Expenses

For the Fiscal Year Ended June 30, 2014

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Balance July 1, 2013	\$ 51,992.29
Add:	
Disbursements Fiscal Year 2014	<u>88,863.91</u>
	140,856.20
Less:	
Charged to Operations Fiscal Year 2014	<u>51,992.29</u>
Balance June 30, 2014	<u><u>\$ 88,863.91</u></u>

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Environmental Infrastructure Trust Receivable  
For the Fiscal Year Ended June 30, 2014

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Balance June 30, 2013	\$ 411,254.00
Less:	
Amount Applied to Loan Defeasance	<u>\$ 411,254.00</u>

## Schedule 9

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Accrued Investment Income Receivable  
For the Fiscal Year Ended June 30, 2014

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	<u>Balance July 1, 2013</u>	<u>Investment Income</u>	<u>Received</u>	<u>Balance June 30, 2014</u>
Unrestricted Accounts				
Operating and General Accounts	\$ 11,872.16	\$ 74,974.53	\$ 79,837.12	\$ 7,009.57
Restricted Accounts:				
Debt Service Reserve Account		19.44	19.44	
Debt Service Account	39,514.16	61,611.88	80,267.50	20,858.54
Renewal and Replacement Account	1,397.22	12,249.06	12,602.57	1,043.71
	<u>40,911.38</u>	<u>73,880.38</u>	<u>92,889.51</u>	<u>21,902.25</u>
Total Investment Income	<u>\$ 52,783.54</u>	<u>\$ 148,854.91</u>	<u>\$ 172,726.63</u>	<u>\$ 28,911.82</u>
Water Department	\$ 15,327.81	\$ 75,806.70	\$ 63,887.06	\$ 8,615.53
Sewer Department	37,455.73	73,048.21	108,839.57	20,296.29
	<u>\$ 52,783.54</u>	<u>\$ 148,854.91</u>	<u>\$ 172,726.63</u>	<u>\$ 28,911.82</u>

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Analysis of Capital Assets - Completed  
For the Fiscal Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Land	\$ 110,351.01			\$ 110,351.01
Buildings	14,014,003.59	\$ 11,019.23		14,025,022.82
Utility Plant and Other Infrastructure	182,746,575.75	5,205,817.52		187,952,393.27
Furniture	225,923.07	3,313.71	\$ 3,000.00	226,236.78
Computer and Office Equipment	646,293.71	153,221.32	53,855.49	745,659.54
Telecommunication Equipment	171,603.84			171,603.84
Machinery and Equipment	2,605,205.71	441,116.47	2,077.78	3,044,244.40
Vehicles	1,571,094.70	32,415.85	83,313.00	1,520,197.55
	202,091,051.38	5,846,904.10	142,246.27	207,795,709.21
Less: Accumulated Depreciation	93,185,947.80	5,698,830.01	142,246.27	98,742,531.54
	<u>\$ 108,905,103.58</u>	<u>\$ 148,074.09</u>	<u>\$ -</u>	<u>\$ 109,053,177.67</u>
Capital Contributions		\$ 372,161.72		
Transferred from Construction in Progress		3,875,957.08		
Disbursed		<u>1,598,785.30</u>		
		<u>\$ 5,846,904.10</u>		

**Schedule 11****MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Analysis of Construction in Progress  
For the Fiscal Year Ended June 30, 2014

Balance July 1, 2013		\$ 4,025,760.74
Add:		
Disbursed	\$ 561,268.76	
Capital Contributions	284,082.90	
Retainage	47,319.94	
Accounts Payable	<u>870,115.91</u>	
		<u>1,762,787.51</u>
		5,788,548.25
Less:		
Discontinued Projects	22,935.25	
Transferred to Completed	<u>3,875,957.08</u>	
		<u>3,898,892.33</u>
Balance June 30, 2014		<u>\$ 1,889,655.92</u>

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

## Schedule of Deferred Revenue (Connection Fees)

For the Fiscal Year Ended June 30, 2014

Balance July 1, 2013		\$ 2,126,822.37
Add:		
Receipts		<u>1,853,091.68</u>
		3,979,914.05
Less:		
Refunded	\$ 4,883.00	
Realized as Revenue	<u>1,031,044.23</u>	
		<u>1,035,927.23</u>
Balance June 30, 2014		<u><u>\$ 2,943,986.82</u></u>
Analysis of Balance		
Water Connection Fees		\$ 1,022,016.63
Sewer Connection Fees		<u>1,921,970.19</u>
Balance June 30, 2014		<u><u>\$ 2,943,986.82</u></u>

## Schedule 13

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

## Analysis of Accrued Interest Payable

For the Fiscal Year Ended June 30, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2013	\$ 213,987.46	\$ 57,918.20	\$ 271,905.66
Increased by:			
Accrued	<u>452,240.22</u>	<u>144,656.70</u>	<u>596,896.92</u>
	666,227.68	202,574.90	868,802.58
Decreased by:			
Cash Disbursed	<u>468,197.69</u>	<u>178,947.66</u>	<u>647,145.35</u>
Balance June 30, 2014	<u><u>\$ 198,029.99</u></u>	<u><u>\$ 23,627.24</u></u>	<u><u>\$ 221,657.23</u></u>
Analysis of Interest Expense:			
Accrued	\$ 452,240.22	\$ 144,656.70	\$ 596,896.92
Amortization of Loan Premium	(8,705.97)		(8,705.97)
Deferred Amount on Refunding	(49,121.21)	4,140.88	(44,980.33)
Discount on Bonds	<u>11.17</u>	<u>14.62</u>	<u>25.79</u>
Total Interest Expense	<u><u>\$ 394,424.21</u></u>	<u><u>\$ 148,812.20</u></u>	<u><u>\$ 543,236.41</u></u>

## MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Bonds Payable  
For the Fiscal Year Ended June 30, 2014

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Paid</u>	<u>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>July 1, 2013</u>		<u>June 30, 2014</u>
Utility System Revenue Bonds, 2003 Series A	5/15/03	\$ 2,580,000	7/1/14	\$ 270,000.00	3.250%	\$ 535,000.00	\$ 265,000.00	\$ 270,000.00



**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2014

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2014</u>		<u>Interest Rate</u>	<u>Balance July 1, 2013</u>	<u>Paid</u>	<u>Defeased</u>	<u>Balance June 30, 2014</u>
			<u>Date</u>	<u>Amount</u>					
New Jersey Wastewater Treatment Fund Loan, Series 1994 (Non-Interest Bearing)	11/10/94	\$ 5,686,185.00				\$ 321,670.02	\$ 321,670.02		
New Jersey Wastewater Treatment Trust Loan, Series 1996 (Interest Bearing)	11/01/96	2,480,000.00	08/01/14	\$ 180,000.00	5.250%				
			08/01/15	185,000.00	5.250%				
			08/01/16	195,000.00	5.250%				
				<u>560,000.00</u>		730,000.00	170,000.00	\$ -	\$ 560,000.00
New Jersey Wastewater Treatment Fund Loan, Series 1996 (Non-Interest Bearing)	11/01/96	1,911,294.00	08/01/14	91,560.84					
			02/01/15	4,690.91					
			08/01/15	91,690.16					
			02/01/16	2,407.18					
			08/01/16	97,769.93					
				<u>288,119.02</u>		383,988.67	95,869.65	-	288,119.02
New Jersey Wastewater Treatment Trust Loan, Series 1998 (Interest Bearing)	04/30/98	9,160,000.00				772,500.00	772,500.00	-	-
New Jersey Environmental Infrastructure Fund Loan, Series 2000 (Non-Interest Bearing)	10/15/00	939,000.00	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					
			02/01/17	4,439.15					
			08/01/17	42,728.36					
			02/01/18	3,434.06					
			08/01/18	234.34					
				<u>189,999.21</u>		237,098.92	47,099.71	-	189,999.21

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2014

Purpose	Date of Issue	Original Issue	Loan Principal Payments		Interest Rate	Balance July 1, 2013	Paid	Defeased	Balance June 30, 2014
			Outstanding June 30, 2014	Outstanding June 30, 2014					
			Date	Amount					
New Jersey Environmental Infrastructure Trust Loan, Series 2000 (Interest Bearing)	10/15/00	\$ 900,000.00	08/01/14	\$ 39,071.60	5.000%				
			08/01/15	38,365.71	4.955%				
			08/01/16	42,279.88	4.955%				
			08/01/17	41,392.92	4.685%				
			08/01/18	45,109.26	4.700%				
			08/01/19	48,722.89	4.685%				
			08/01/20	47,484.99	4.650%				
				<u>302,427.25</u>		\$ 337,290.98	\$ 34,863.73	\$ -	\$ 302,427.25
New Jersey Environmental Infrastructure Trust Loan, Series 2005 (Non-Interest Bearing)	11/10/05	11,477,246.00	08/01/14	491,362.06					
			02/01/15	112,530.23					
			08/01/15	501,071.16					
			02/01/16	104,759.41					
			08/01/16	505,932.93					
			02/01/17	96,735.94					
			08/01/17	513,700.20					
			02/01/18	88,396.65					
			08/01/18	524,320.89					
			02/01/19	79,133.26					
			08/01/19	530,848.24					
			02/01/20	69,534.32					
			08/01/20	543,367.43					
			02/01/21	58,873.08					
			08/01/21	551,655.07					
			02/01/22	48,093.47					
			08/01/22	562,982.50					
			02/01/23	36,830.27					
			08/01/23	573,837.42					
			02/01/24	25,083.24					
			08/01/24	584,197.44					
			02/01/25	12,852.62					
			08/01/25	600,401.61					
				<u>7,216,499.44</u>		7,819,437.35	602,937.91	-	7,216,499.44

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2014

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments</u>		<u>Interest Rate</u>	<u>Balance July 1, 2013</u>	<u>Paid</u>	<u>Defeased</u>	<u>Balance June 30, 2014</u>	
			<u>Date</u>	<u>Amount</u>						
New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Non-Interest Bearing)	11/08/07	\$ 865,000.00	08/01/14	\$ 34,738.62						
			02/01/15	9,847.03						
			08/01/15	34,298.49						
			02/01/16	9,235.74						
			08/01/16	34,750.31						
			02/01/17	8,597.88						
			08/01/17	36,238.66						
			02/01/18	7,906.86						
			08/01/18	36,610.75						
			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						
				611,740.16		\$ 656,112.12	\$ 44,371.96	\$ -	\$ 611,740.16	
New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Interest Bearing)	11/08/07	2,635,000.00	08/01/14	115,000.00	3.600%					
			08/01/15	115,000.00	5.000%					
			08/01/16	120,000.00	5.000%					
			08/01/17	130,000.00	5.000%					
			08/01/18	135,000.00	5.000%					
			08/01/19	140,000.00	4.000%					
			08/01/20	145,000.00	4.000%					
			08/01/21	155,000.00	5.000%					
			08/01/22	160,000.00	5.000%					

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2014

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments</u>		<u>Interest Rate</u>	<u>Balance July 1, 2013</u>	<u>Paid</u>	<u>Defeased</u>	<u>Balance June 30, 2014</u>
			<u>Outstanding June 30, 2014</u>	<u>Date</u>					
New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Interest Bearing) (Cont'd)	11/08/07	\$ 2,635,000.00	08/01/23	\$ 170,000.00	4.250%				
			08/01/24	175,000.00	4.500%				
			08/01/25	185,000.00	4.500%				
			08/01/26	190,000.00	4.500%				
			08/01/27	200,000.00	4.250%				
				<u>2,135,000.00</u>		\$ 2,245,000.00	\$ 110,000.00	\$ -	\$ 2,135,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Non-Interest Bearing)	12/4/08	1,677,183.00	08/01/14	43,005.00					
			02/01/15	43,005.00					
			08/01/15	43,005.00					
			02/01/16	43,005.00					
			08/01/16	43,005.00					
			02/01/17	43,005.00					
			08/01/17	43,005.00					
			02/01/18	43,005.00					
			08/01/18	43,005.00					
			02/01/19	43,005.00					
			08/01/19	43,005.00					
			02/01/20	43,005.00					
			08/01/20	43,005.00					
			02/01/21	43,005.00					
			08/01/21	43,005.00					
			02/01/22	43,005.00					
			08/01/22	43,005.00					
			02/01/23	43,005.00					
			08/01/23	43,005.00					
			02/01/24	43,005.00					
			08/01/24	43,005.00					
			02/01/25	43,005.00					
			08/01/25	43,005.00					
			02/01/26	43,005.00					
			08/01/26	43,005.00					
			02/01/27	43,005.00					
			08/01/27	43,005.00					
			02/01/28	43,000.00					
			08/01/28	<u>42,998.00</u>					
				<u>1,247,133.00</u>		1,333,143.00	86,010.00	-	1,247,133.00

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2014

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments</u>		<u>Interest Rate</u>	<u>Balance July 1, 2013</u>	<u>Paid</u>	<u>Defeased</u>	<u>Balance June 30, 2014</u>
			<u>Date</u>	<u>Amount</u>					
New Jersey Environmental Infrastructure Trust Loan, Series 2009A (Non-Interest Bearing)	12/2/09	\$ 1,109,600.00	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					
			02/01/27	19,466.66					
			08/01/27	38,933.33					
			02/01/28	19,466.66					
			08/01/28	38,933.33					
			02/01/29	19,466.66					
			08/01/29	38,933.52					
				<u>914,933.37</u>		\$ 973,333.36	\$ 58,399.99	\$ -	\$ 914,933.37

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2014

Purpose	Date of Issue	Original Issue	Loan Principal Payments		Interest Rate	Balance July 1, 2013	Paid	Defeased	Balance June 30, 2014
			Outstanding June 30, 2014	Amount					
			Date						
New Jersey Environmental Infrastructure Trust Loan, Series 2009B (Interest Bearing)	12/2/09	\$ 1,135,000.00	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	45,000.00	3.750%				
				<u>665,000.00</u>		\$ 1,055,000.00	\$ 45,000.00	\$ 345,000.00	\$ 665,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2010 (Non-Interest Bearing)	3/10/10	962,000.00	08/01/14	33,754.38					
			02/01/15	16,877.19					
			08/01/15	33,754.38					
			02/01/16	16,877.19					
			08/01/16	33,754.38					
			02/01/17	16,877.19					
			08/01/17	33,754.38					
			02/01/18	16,877.19					
			08/01/18	33,754.38					
			02/01/19	16,877.19					
			08/01/19	33,754.38					
			02/01/20	16,877.19					
			08/01/20	33,754.38					
			02/01/21	16,877.19					
			08/01/21	33,754.38					
			02/01/22	16,877.19					
			08/01/22	33,754.38					
			02/01/23	16,877.19					
			08/01/23	33,754.38					
			02/01/24	8,521.59					
				<u>497,960.10</u>		548,591.67	50,631.57	-	497,960.10

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2014

Purpose	Date of Issue	Original Issue	Loan Principal Payments		Interest Rate	Balance July 1, 2013	Paid	Defeased	Balance June 30, 2014			
			Outstanding June 30, 2014 Date	Amount								
New Jersey Environmental Infrastructure Trust Loan, Series 2010 (Interest Bearing)	3/10/10	\$ 320,000.00	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%							
						290,000.00		\$ 300,000.00	\$ 10,000.00	\$ -	\$ 290,000.00	
			New Jersey Environmental Infrastructure Trust Loan, Series 2013 (Interest Bearing)	11/10/13	12,295,000.00	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%										
						8,303,981.98		8,858,981.98	555,000.00	-	8,303,981.98	
								\$ 26,572,148.07	\$ 3,004,354.54	\$ 345,000.00	23,222,793.53	

**MOUNT LAUREL TOWNSHIP  
MUNICIPAL UTILITIES AUTHORITY**

**PART II**

**FINDINGS AND RECOMMENDATIONS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014**



**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Schedule of Findings and Recommendations

For the Fiscal Year Ended June 30, 2014

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

**None.**

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

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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.

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2013-1**

**Condition**

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

**Current Status**

This condition has been corrected.

**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

