

**MOUNT LAUREL TOWNSHIP  
MUNICIPAL UTILITIES AUTHORITY**

**REPORT OF AUDIT**

**WITH  
SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEARS ENDED  
JUNE 30, 2015 and 2014**

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
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**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
ROSTER OF OFFICIALS  
As of June 30, 2015**

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MEMBERS

Christopher Smith  
John Francescone  
Elwood Knight  
Cheryl Coco-Capri  
Geraldine Nardello

POSITION

Chairman  
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, 2015 and 2014**

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Mount Laurel Township Municipal Utilities Authority, in the County of Burlington, State of New Jersey, a component unit of the Township of Mount Laurel (Authority), as of and for the fiscal years ending June 30, 2015 and 2014 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; 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 opinion.

**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, 2015 and 2014, 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.

**Emphasis of Matter***Adoption of New Accounting Principles*

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2015, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

*Prior Period Restatement*

Because of the implementation of GASB Statements No. 68 and No. 71, beginning net position on the statement of revenues, expenses and changes in net position has been restated for fiscal year ended June 30, 2015, as discussed in note 11 to the financial statements. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension liability, and schedule of Authority's contributions 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, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2015 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  
December 1, 2015

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, 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, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 1, 2015. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the adoption of new accounting principles.

**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 opinion 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,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
December 1, 2015

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



### **FINANCIAL HIGHLIGHTS**

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

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

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

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

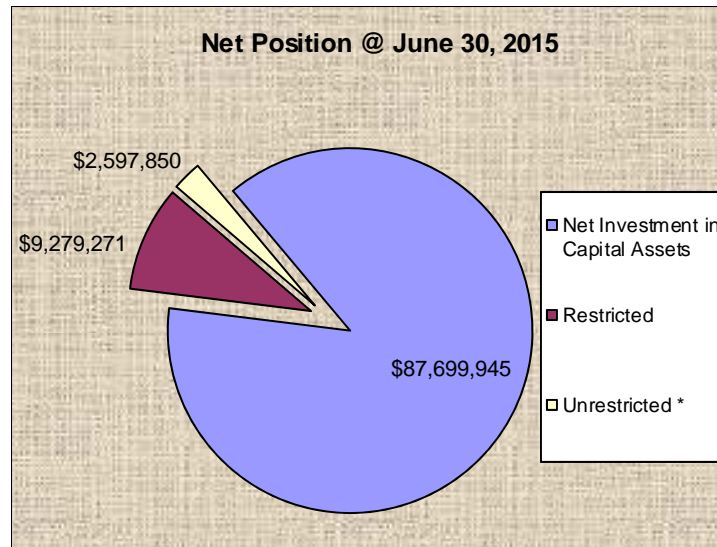
The basic financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The comparative statements of net position include all of the Authority’s assets, deferred outflows of resources, liabilities and deferred inflows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

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

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

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

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



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

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

<b>Mount Laurel MUA</b> <b>Net Position</b> <b>As of June 30,</b>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$ 26,974,714.83	\$ 27,112,165.97	\$ 26,289,205.65
Capital Assets	109,710,007.93	110,942,833.59	112,930,864.32
<b>Total Assets</b>	<b>136,684,722.76</b>	<b>138,054,999.56</b>	<b>139,220,069.97</b>
<b>Total Deferred Inflows of Resources</b>	<b>797,113.66</b>	<b>60,732.83</b>	<b>-</b>
Current Liabilities	4,595,893.37	4,725,234.98	5,146,491.15
Long-Term Liabilities *	28,971,358.24	21,852,073.57	24,412,752.55
<b>Total Liabilities</b>	<b>33,567,251.61</b>	<b>26,577,308.55</b>	<b>29,559,243.70</b>
<b>Total Deferred Inflows of Resources</b>	<b>4,337,518.33</b>	<b>3,499,503.34</b>	<b>2,732,840.39</b>
Net Position			
Net Investment in Capital Assets	87,699,945.38	85,939,152.89	85,144,381.65
Restricted	9,279,271.07	8,518,592.58	7,407,192.86
Unrestricted *	2,597,850.03	13,581,175.03	14,376,411.37
	<b>\$ 99,577,066.48</b>	<b>\$ 108,038,920.50</b>	<b>\$ 106,927,985.88</b>
Restatement to Record the Net Pension Liability & Pension Related Deferred Outflows of Resources per GASB 68 *		<b>\$ (9,236,629.00)</b>	
<b>Total Net Position</b>	<b>\$ 99,577,066.48</b>	<b>\$ 98,802,291.50</b>	<b>\$ 106,927,985.88</b>

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

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

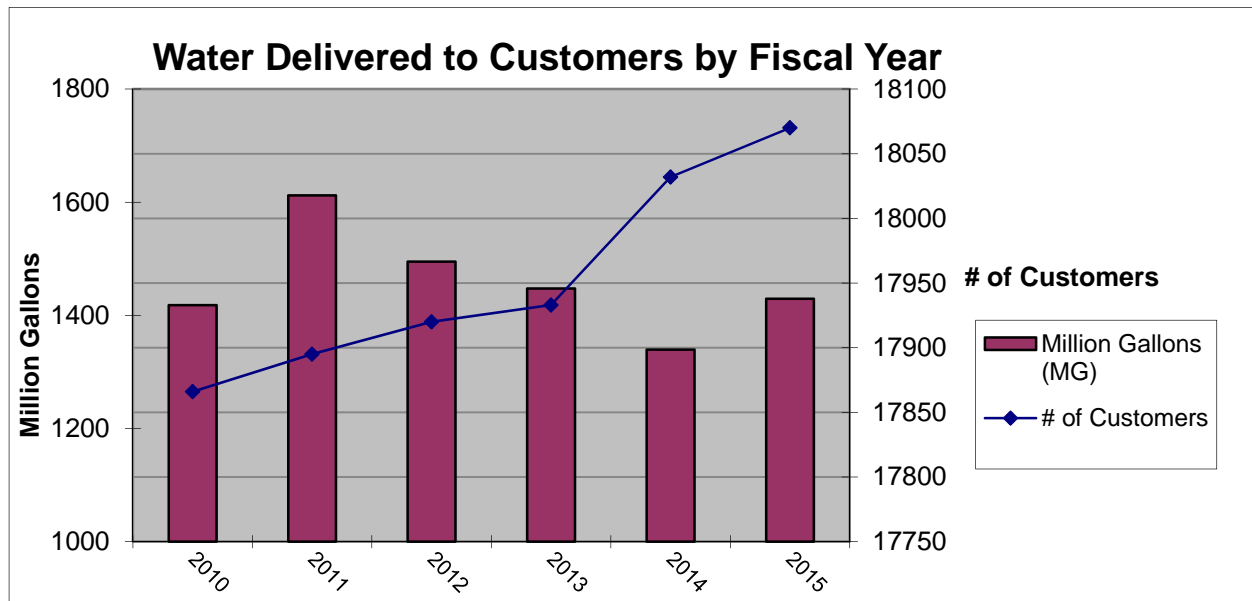
The Authority realized operating income of \$1,547,630 for the current year. When offset by a loss from non-operating activities, the Authority's income before capital contributions was \$669,998. During FY15, the Authority received capital contributions in the amount of \$104,777. These contributions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

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

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

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

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



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



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

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



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

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

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



## **OPERATING REVENUES & EXPENSES**

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

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

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

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

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



Union Mill Road Force main repair

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

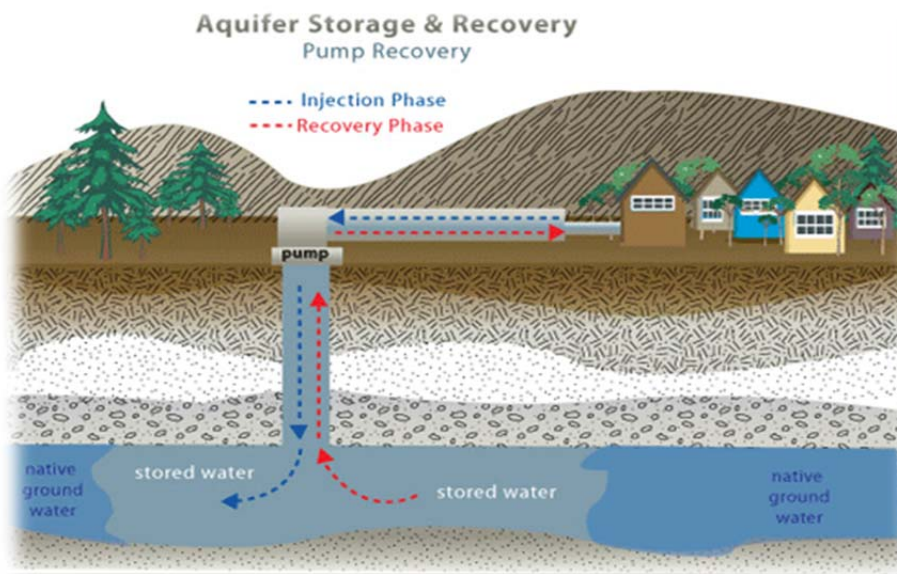
Fringe Benefits exceeded the prior year by \$233,800; a 12.3% increase. Although health care costs, the largest component of this category, increased by a minuscule 0.8%, two other significant elements contributed nearly 88% of the increase in Fringe Benefits. First, expense related to the New Jersey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

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

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

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

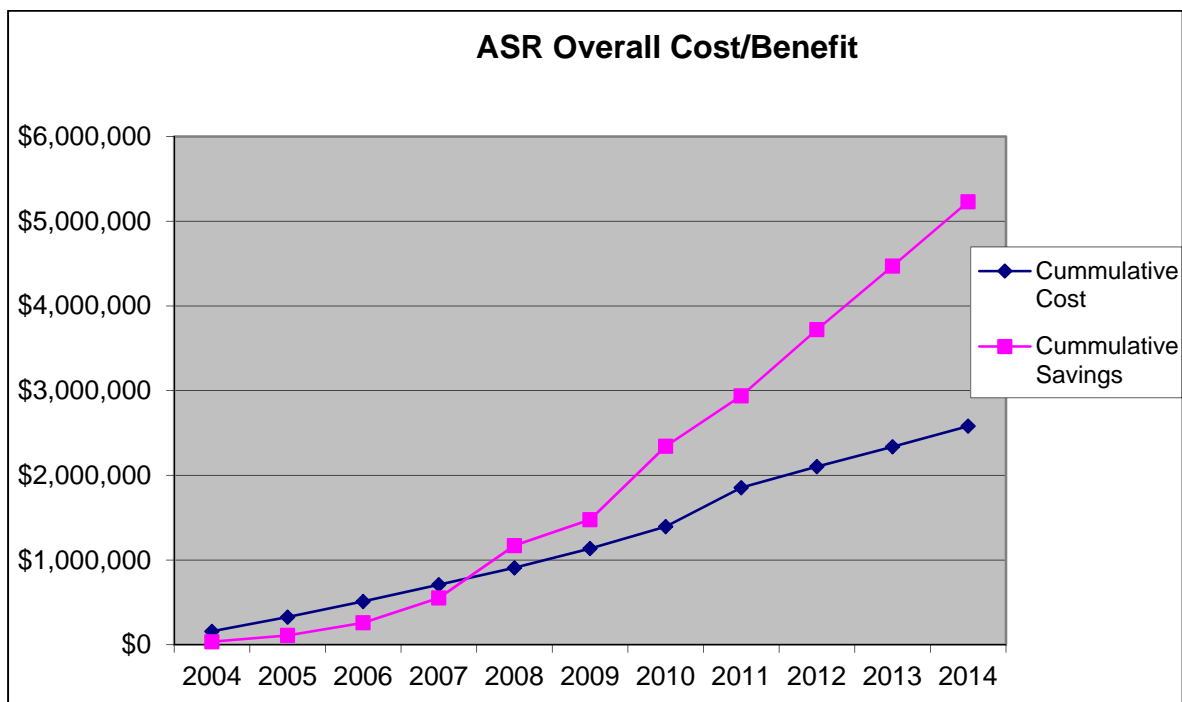
## OPERATING REVENUES & EXPENSES (CONT'D)



In 2004, the Authority converted its #7 production well into an Aquifer Storage and Recovery (ASR) well to more effectively manage its purchase of water contracts with outside purveyors. This ASR well allows us to pump water into the aquifer and store it there during periods of low system demand and then pump out and recover that water during periods of high system demand with the restriction that all water stored must be recovered within a one year period. This serves the

Authority well, as we are able to purchase water during off peak periods when rates are lowest, store it and then recover and use it during peak periods. This allows the Authority to avoid paying peak rates during these peak times of usage. Recently our restriction to use the water within a one year period changed and we now have the ability to bank water in the ASR. This improved the ASR as a useful tool regarding the administration of the Authority's contracts to purchase water from outside purveyors.

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



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

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

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

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

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

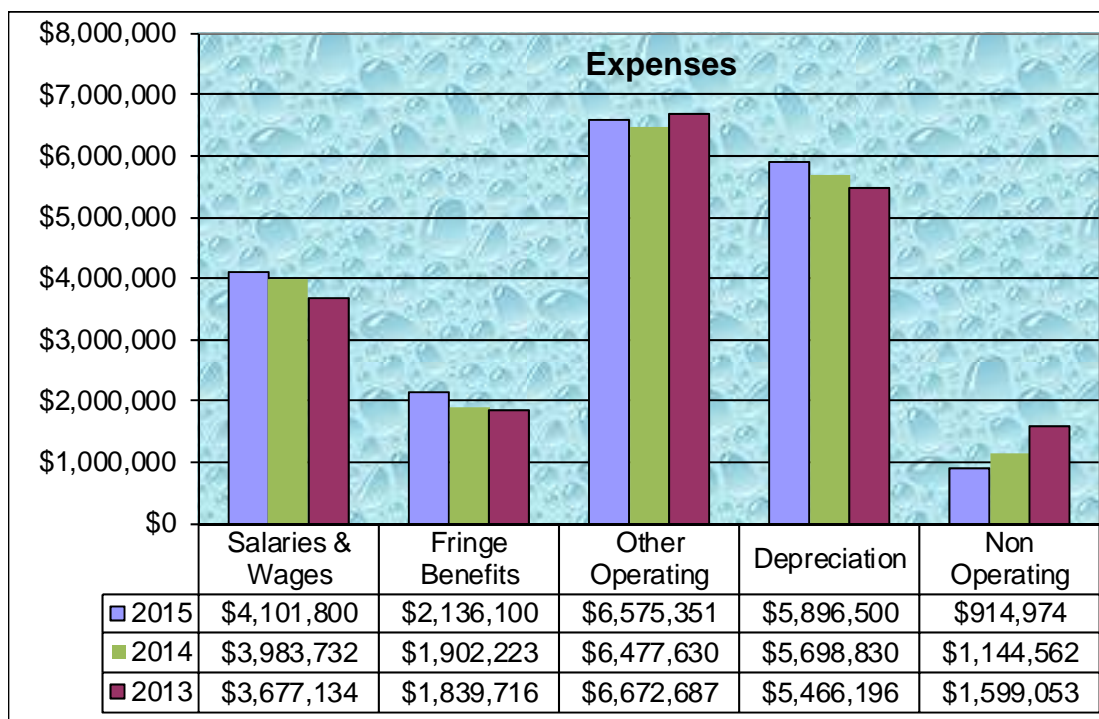
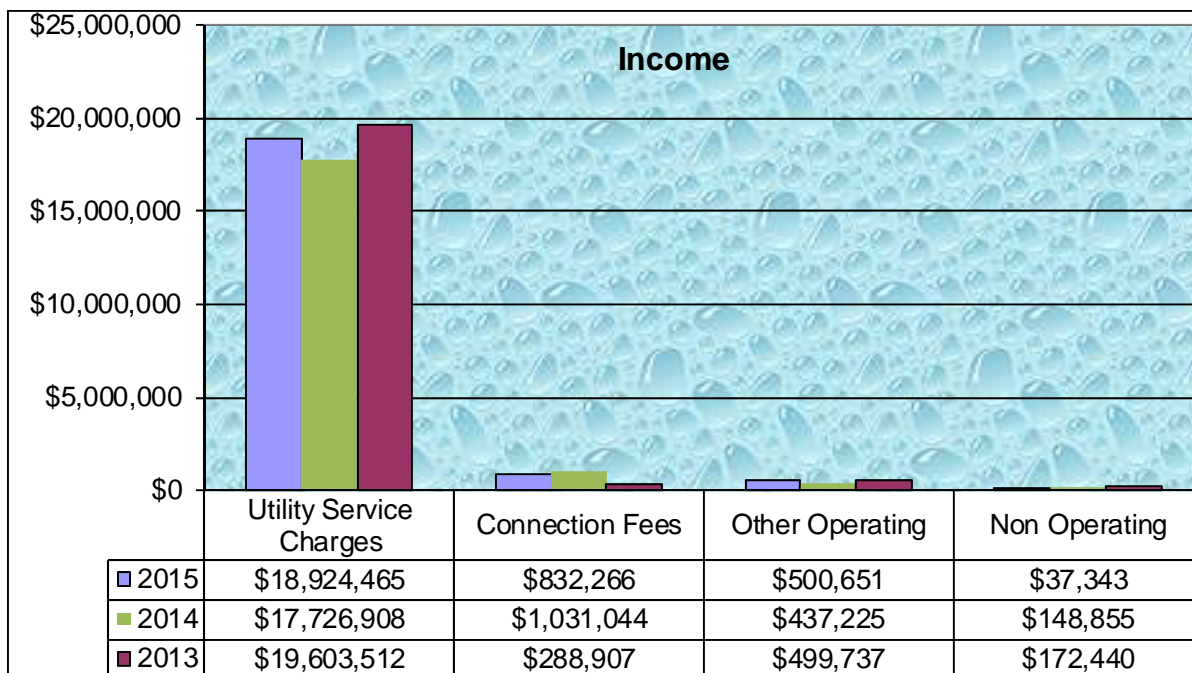


Liberty Road water main replacement

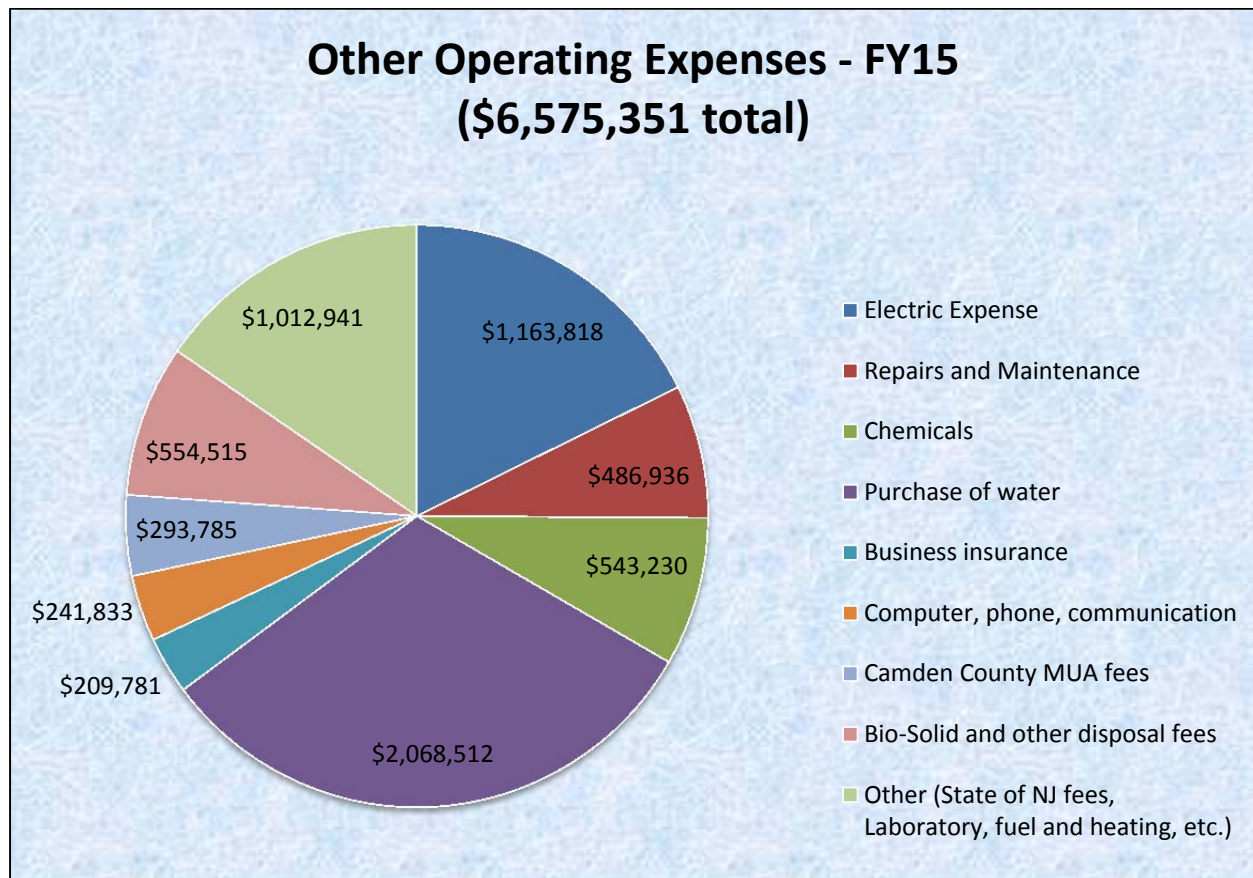


## **OPERATING REVENUES & EXPENSES (CONT'D)**

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



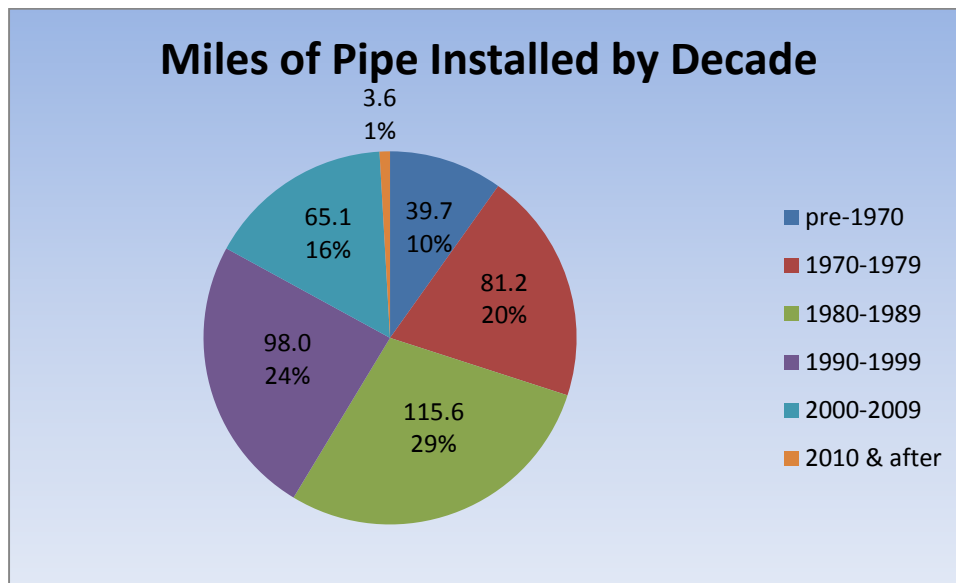
## **OPERATING REVENUES & EXPENSES (CONT'D)**



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

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

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



Hartford Road Water Pollution Control Facility – Ultra Violet Disinfection

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

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

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

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

<b><u>Asset</u></b>	<b><u>Amount Disbursed in FY15</u></b>
Hunters Forcemain Replacement & Country La. Water Main Installation	\$ 590,279
**Rehabilitation & Re-Construction of 81 Elbo Lane	\$ 359,511
*Orchard Sanitary Pumping Station Equipment and Controls Replacement	\$ 297,402
**Clarifiers Repair/Rehab at Elbo Lane Water Treatment Plant	\$ 289,474
**Meter Change Out Program	\$ 200,079
TV, Cleaning and Assessment of Sanitary Sewer Mains at	\$ 171,183
<ul style="list-style-type: none"><li>• Larchmont Blvd, Ark Rd, Union Mill Rd, Marne Hwy. &amp; Hainesport Rd</li><li>• Cleaned 132,450 Linear Feet &amp; Videoed 137,026 Linear Feet</li></ul>	
*UV Unit Replacement at Hartford Road Facility	\$ 160,604
*Replacement of ATS Control Panel at 85 Elbo Lane Well # 4	\$ 127,676
Replace/Line Sewer Mains In Township	\$ 126,065
<ul style="list-style-type: none"><li>• Ramblewood Section, Hooten Road, Gaither Drive&amp; Rancocas Woods</li><li>• 1,427 Liner Feet Replaced/Lined</li></ul>	
Vehicle Replacements:	
<ul style="list-style-type: none"><li>• U-66 (\$81,052), U-64 (\$17,460), &amp; U-53(\$22,790)</li></ul>	\$ 121,302
*Sanitary Sewer Manholes Rehabilitation	\$ 106,300
<ul style="list-style-type: none"><li>• Church Rd, Gaither Dr., Pleasant Valley Rd, &amp; Hooten Rd.</li></ul>	
Watermain Replacements:	
**Amsterdam Road	\$ 374,260
*Liberty Road	\$ 198,302
*Camber Lane (Final Paving)	\$ 11,000
*Hooten Road	\$ 1,198
*West Berwin Way (Release Retainage)	\$ 886
Sanitary Sewer Forcemain Repairs:	
Union Mill Road & Mount Laurel Road	\$ 225,687
South Church Street & Elbo Lane	\$ 35,322
**Walt Whitman Avenue – Library Force Main	\$ 19,905
85 Elbo Lane Under Parking Lot	\$ 2,750
Bridlewood Force Main	\$ 27,440
Well # 6 Repairs/Rehab/Replacement & Additions	\$ 97,799
Rebuild Motors, & Pumps & Impeller Replacement at Sewer Pumping Stations	\$ 91,844
**#1 Secondary Clarifier Replacement at Hartford Road Facility	\$ 83,244
Rehab of Valves on 20" Primary Forcemain Header	\$ 65,112
*Sludge Press Building # 1 Major Rehab	\$ 62,282
Trailer Mounted Emergency 4" Bypass Pump	\$ 58,892
**SCADA Upgrade Water & Sewer Systems	\$ 50,393
Computer Servers Enclosures Replacement	\$ 41,593



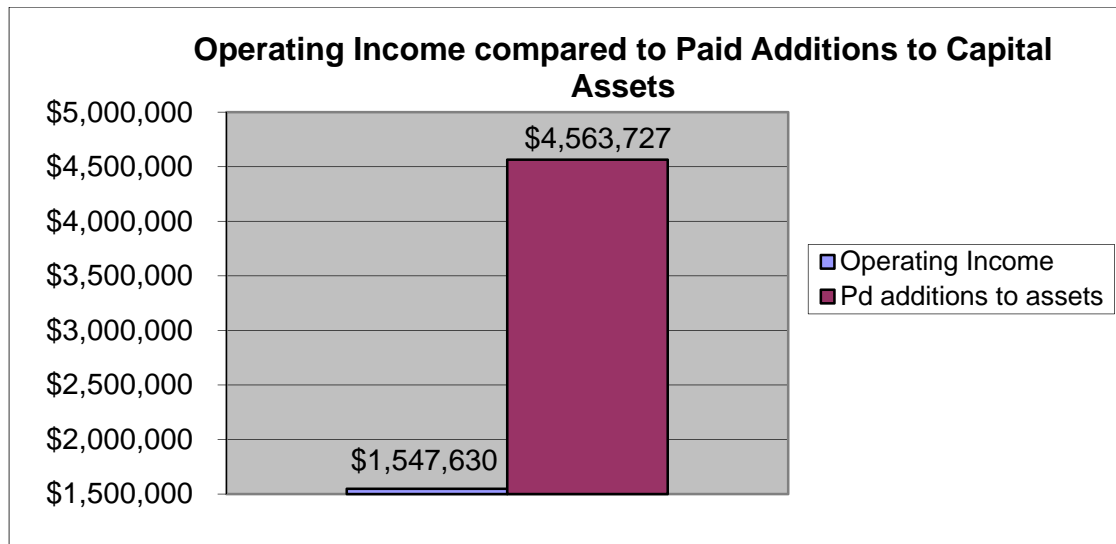
**ASSET MANAGEMENT, CAPITAL ASSET, AND LONG-TERM DEBT ACTIVITY (CONT'D)**

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

\* *Multi-Year Project Completed this Fiscal Year*

\*\* *Project Continuing into Subsequent Year(s)*

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



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



Country Lane / Hunters Lane Forcemain and Water Main

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

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

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

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

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

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

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

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

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

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

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

## **LOOKING FORWARD**

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

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

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

## **BASIC FINANCIAL STATEMENTS**

## MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position

As of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 8,139,415.53	\$ 6,617,689.80
Investments	6,229,148.19	7,727,220.91
Consumer Accounts Receivable, Net of Allowance for Doubtful Accounts of \$3,786.67 in 2014 and 2013	3,761,256.80	3,625,919.57
Accrued Investment Income Receivable	5,190.31	7,009.57
Intergovernmental Accounts Receivable	269,063.92	461,159.03
Inventory	388,373.80	388,668.53
Other Accounts Receivable	83,868.20	68,637.25
Prepaid Expenses	72,895.90	88,863.91
Total Unrestricted Assets	<u>18,949,212.65</u>	<u>18,985,168.57</u>
Restricted Assets:		
Cash and Cash Equivalents	51,681.73	54,129.73
Investments	7,928,615.05	8,004,924.72
Accrued Investment Income Receivable	4,959.77	21,902.25
Notes Receivable, Less Allowance for Doubtful Accounts of \$40,190.91 in 2014 and 2013	40,245.63	46,040.70
Total Restricted Assets	<u>8,025,502.18</u>	<u>8,126,997.40</u>
Total Current Assets	<u>26,974,714.83</u>	<u>27,112,165.97</u>
Noncurrent Assets:		
Capital Assets:		
Completed (Net of Accumulated Depreciation)	109,292,274.14	109,053,177.67
Construction in Progress	417,733.79	1,889,655.92
Total Capital Assets	<u>109,710,007.93</u>	<u>110,942,833.59</u>
Total Assets	<u>136,684,722.76</u>	<u>138,054,999.56</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Defeasance of Loans	55,211.66	60,732.83
Related to Pensions	741,902.00	
Total Deferred Outflows of Resources	<u>797,113.66</u>	<u>60,732.83</u>

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

## Comparative Statements of Net Position

As of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>LIABILITIES</b>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 1,346,979.58	\$ 908,921.81
Prepaid Rents	93,282.17	106,267.34
Developer's Deposits	785,559.15	333,494.58
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	2,225,820.90	1,348,683.73
	<hr/>	<hr/>
Current Liabilities Payable from Restricted Assets:		
Accounts Payable	152,634.34	870,115.91
Retainage	62,327.83	47,319.94
Revenue Bonds Payable--Current Portion		270,000.00
NJ EIT Loans--Current Portion	1,963,147.56	1,967,458.17
Accrued Interest Payable	191,962.74	221,657.23
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	2,370,072.47	3,376,551.25
	<hr/>	<hr/>
Long-term Liabilities:		
Compensated Absences	512,588.78	498,070.58
Related to Pensions	9,076,620.00	
NJ EIT Loans Payable	19,382,149.46	21,354,002.99
	<hr/>	<hr/>
Total Long-Term Liabilities	28,971,358.24	21,852,073.57
	<hr/>	<hr/>
Total Liabilities	33,567,251.61	26,577,308.55
	<hr/>	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Gain on Defeasance of Loans	505,015.02	555,516.52
Deferred Revenue	3,291,586.31	2,943,986.82
Related to Pensions	540,917.00	
	<hr/>	<hr/>
Total Deferred Inflows of Resources	4,337,518.33	3,499,503.34
	<hr/>	<hr/>
<b>NET POSITION</b>		
Net Investment in Capital Assets	87,699,945.38	85,939,152.89
Restricted:		
Bond Resolution Covenants	9,231,006.79	8,476,425.35
State Unemployment Compensation	48,264.28	42,167.23
Unrestricted	2,597,850.03	13,581,175.03
	<hr/>	<hr/>
Total Net Position	\$ 99,577,066.48	\$ 108,038,920.50
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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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Utility Service Charges	\$ 18,924,464.65	\$ 17,726,907.56
Connection Fees	832,265.76	1,031,044.23
Other Operating Revenues	500,651.35	437,225.03
	<u>20,257,381.76</u>	<u>19,195,176.82</u>
Operating Expenses:		
Administration:		
Salaries and Wages	760,389.44	788,307.11
Fringe Benefits	427,000.16	401,368.73
Other Expenses	758,735.56	728,433.70
Cost of Providing Services:		
Salaries and Wages	3,341,410.36	3,195,425.17
Fringe Benefits	1,709,100.28	1,500,854.32
Other Expenses	5,816,615.84	5,749,196.48
Depreciation	5,896,500.36	5,698,830.01
	<u>18,709,752.00</u>	<u>18,062,415.52</u>
Operating Income	1,547,629.76	1,132,761.30
Non-operating Revenue (Expenses):		
Investment Income	37,342.67	148,854.91
Interest on Debt	(411,253.73)	(543,236.41)
Loss on Disposal of Capital Assets	(4,828.22)	
Loss on Disposal of Discontinued Projects		(22,935.25)
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(498,892.00)	(578,390.00)
	<u>669,998.48</u>	<u>137,054.55</u>
Income Before Capital Contributions	669,998.48	137,054.55
Capital Contributions	104,776.50	973,880.07
	<u>774,774.98</u>	<u>1,110,934.62</u>
Increase in Net Position	774,774.98	1,110,934.62
Net Position - Beginning, as originally stated	108,038,920.50	106,927,985.88
Restatement (See Note 11)	(9,236,629.00)	-
Net Position - Beginning, as Restated	98,802,291.50	106,927,985.88
Change in Net Position	774,774.98	1,110,934.62
Net Position - Ending	<u>\$ 99,577,066.48</u>	<u>\$ 108,038,920.50</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 19,956,007.50	\$ 20,075,809.43
Payments to Suppliers	(6,121,030.89)	(6,351,392.86)
Payments to Employees	(6,584,376.04)	(5,855,495.96)
Other Operating Receipts	1,129,580.08	389,998.98
Net Cash Provided by Operating Activities	8,380,180.65	8,258,919.59
Cash Flows from Noncapital Financing Activities:		
Notes Receivable on Line Extensions	5,795.07	6,886.61
Net Cash Provided by Noncapital Financing Activities	5,795.07	6,886.61
Cash Flows from Capital and Related Financing Activities:		
Retainage	(47,319.94)	(7,681.67)
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	(270,000.00)	(265,000.00)
Principal Paid on Loans	(1,967,458.17)	(3,004,354.54)
Acquisitions of Capital Assets	(5,218,880.16)	(2,529,595.16)
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(498,892.00)	(578,390.00)
Interest on Debt	(494,634.52)	(647,145.35)
Net Cash Used in Capital and Related Financing Activities	(8,497,184.79)	(6,714,531.27)
Cash Flows from Investing Activities:		
Investment Income Received	56,104.41	172,726.63
Short Term Gains (Loss)	50,489.83	(84,517.98)
Proceeds from Sale of Investments	5,543,665.84	564,752.23
Payments for Investments	(4,019,773.28)	(5,970,893.66)
Net Cash Provided by (Used in) Investing Activities	1,630,486.80	(5,317,932.78)
Net Increase (Decrease) in Cash and Cash Equivalents	1,519,277.73	(3,766,657.85)
Cash and Cash Equivalents, July 1	6,671,819.53	10,438,477.38
Cash and Cash Equivalents, June 30	\$ 8,191,097.26	\$ 6,671,819.53

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Comparative Statements of Cash Flows  
For the Fiscal Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 1,547,629.76	\$ 1,132,761.30
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	5,896,500.36	5,698,830.01
Changes in Assets and Liabilities:		
(Increase) Decrease in Consumer Accounts Receivable	(135,337.23)	487,847.16
(Increase) Decrease in Intergovernmental Accounts Receivable	192,095.11	(57,042.54)
(Increase) Decrease in Inventory	294.73	(15,222.31)
(Increase) Decrease in Other Accounts Receivable	(15,230.95)	80,318.22
(Increase) Decrease in Prepaid Expenses	15,968.01	(36,871.62)
(Increase) Decrease in Deferred Outflows Related to Pension	(741,902.00)	
Increase (Decrease) in Liabilities Related to Pension	(160,009.00)	
Increase (Decrease) in Deferred Inflows Related to Pension	540,917.00	
Increase (Decrease) in Unrestricted Accounts Payable	438,057.77	178,331.25
Increase (Decrease) in Prepaid Rents	(12,985.17)	12,846.03
Increase (Decrease) in Deferred Revenue	347,599.49	817,164.45
Increase (Decrease) in Developers' Deposits	452,064.57	(70,501.73)
Increase (Decrease) in Compensated Absences	14,518.20	30,459.37
Total Adjustments	<u>6,832,550.89</u>	<u>7,126,158.29</u>
Net Cash Provided by Operating Activities	<u>\$ 8,380,180.65</u>	<u>\$ 8,258,919.59</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, 2015 and 2014

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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.

**Reporting Entity**

The Mount Laurel Township Municipal Utilities 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 expenses.

**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. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. 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.

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

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

**Prepaid Expenses**

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the Authority's fiscal year end.

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

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

**Depreciation**

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

	<u>Years</u>
Buildings	40
Infrastructure	40
Furniture, Machinery & Equipment	5 - 15
Vehicles	7

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 Outflows and Deferred Inflows of Resources**

The Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

Transactions are classified as deferred outflows of resources and deferred inflow of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources:

**Defined Benefit Pension Plans** – The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date.

**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.

**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.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the Authority is eligible to realize the revenue.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.



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

For the fiscal year ended June 30, 2015, the Authority adopted GASB 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. As a result of adopting such Statements, the Authority was required to measure and recognize liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. The cumulative effect of adopting GASB Statements No. 68 and No. 71 totaled \$9,236,629, and was recognized as a restatement of the Authority's June 30, 2014 net position on the statements of net position (see note 11).

**Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Statement is effective for periods beginning after June 15, 2015. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. Components of this Statement are effective for periods beginning after June 15, 2015 and 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement is effective for periods beginning after June 15, 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement is effective for periods beginning after June 15, 2017. Management has not yet determined the impact of this Statement on the financial statements.

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

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Statement is effective for periods beginning after June 15, 2015. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement is effective for periods beginning after December 15, 2015. Management does not expect this Statement will have an impact on the notes to the financial statements.

**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.

**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 the New Jersey Wastewater Treatment Trust and Environmental Infrastructure Trust loans. The balance on June 30, 2015 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 NJ Wastewater Treatment Trust Loans, Series 1996, 2005, 2007 and 2013 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 \$259,763.04, \$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 \$213,040.09. The total required balance for the debt service reserve as of June 30, 2015 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 \$215,583.04. The balance on June 30, 2015 is insufficient by \$2,542.95 and it does not meet the requirements of the Bond Resolution as amended by the Authority.

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

**Renewal and Replacement Account** – The Trustee must maintain a minimum balance in this account of \$5,530,000.00 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 \$5,746,187.55, which does meet the engineer's certified balance as of June 30, 2015. During the year, the Authority adopted a resolution increasing the minimum balance to \$7,420,000.00 beginning July 1, 2015 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 following page), or for any other lawful purpose, as described in the Utility System Revenue Bond Resolution.

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

**Debt Service Coverage**

The computation of sufficiency of revenues for the fiscal years ended June 30, 2015 and 2014 as defined by the Utility System Revenue Bond Resolution Section 713(b) is as follows:

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Utility Service Charges	\$ 18,924,464.65	\$ 17,726,907.56
Connection Fees	832,265.76	1,031,044.23
Investment and Miscellaneous Income	<u>537,994.02</u>	<u>586,079.94</u>
Total Revenues	<u>20,294,724.43</u>	<u>19,344,031.73</u>
Operating Expenses:		
Cost of Providing Services	10,867,126.48	10,445,475.97
Administrative	1,946,125.16	1,918,109.54
Contribution to Mount Laurel Township	<u>498,892.00</u>	<u>578,390.00</u>
Total Operating Expenses	<u>13,312,143.64</u>	<u>12,941,975.51</u>
Excess of Revenues	6,982,580.79	6,402,056.22
110% of Current Fiscal Year's Annual Debt Service Requirement	<u>2,972,638.02</u>	<u>3,866,251.46</u>
Sufficiency of Revenues	<u>\$ 4,009,942.77</u>	<u>\$ 2,535,804.76</u>

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

The Authority is further subject to the provisions and restrictions of the Subordinated Bond Resolution adopted July 16, 2009. Section 512 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, 2015 and 2014, the Authority's bank balances were insured or exposed to custodial credit risk as follows:

	June 30,	
	<u>2015</u>	<u>2014</u>
Insured by FDIC and GUDPA	\$ 6,157,360.77	\$ 5,341,315.44
Uninsured and Uncollateralized	1,059,404.42	66,014.79
Total	<u>\$ 7,216,765.19</u>	<u>\$ 5,407,330.23</u>

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

**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, 2015 and 2014 the Authority's deposits with the New Jersey Cash Management Fund were \$1,143,216.12 and \$1,142,483.86, 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 \$14,157,763.24 as of June 30, 2015 and \$15,732,145.63 as of June 30, 2014 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, 2015, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value June 30, 2015</u>
Perth Amboy NJ Refunding Bond	9/1/2015	A+	\$ 40,109.60
US Treasury Bill	12/3/2015	AAA	3,099,442.00
US Treasury Bill	12/3/2015	AAA	875,842.32
Federal National Mortgage Association	12/1/2018	AA+	5,773.34
NJ Higher Education Assistance Authority Student Loan Revenue Bond	12/1/2022	AA3	124,339.15
Federal National Mortgage Association	4/1/2023	AA+	37,563.25
Federal National Mortgage Association	4/1/2023	AA+	36,733.15
Government National Mortgage Association	8/15/2025	AAA	657.62
NJ Higher Education Assistance Authority Student Loan Revenue Bond	12/1/2025	AA3	148,740.30
St. Louis MO Airport Refunding	7/1/2026	A2	137,956.00
Government National Mortgage Association	4/1/2027	AAA	1,094.33
Government National Mortgage Association	7/1/2033	AAA	16,707.13
Government National Mortgage Association	9/1/2033	AAA	12,987.96
Government National Mortgage Association	12/1/2033	AAA	11,650.10
Government National Mortgage Association	1/1/2034	AAA	6,840.51
Government National Mortgage Association	5/1/2034	AAA	16,141.86
Government National Mortgage Association	5/1/2034	AAA	9,017.25
Government National Mortgage Association	5/1/2034	AAA	24,478.70
Government National Mortgage Association	5/1/2034	AAA	6,234.55
Government National Mortgage Association	3/1/2035	AAA	141,900.65
JPMorgan US Government Money Market Fund	Demand	Aaa	9,403,553.47
			<u>\$ 14,157,763.24</u>

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

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 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
Federal National Mortgage Association	12/1/2018	AA+	8,993.68
NJ Higher Education Assistance Authority Student Loan Revenue Bond	12/1/2022	AA3	129,035.75
Federal National Mortgage Association	4/1/2023	AA+	55,680.88
Federal National Mortgage Association	4/1/2023	AA+	54,450.41
Government National Mortgage Association	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
Government National Mortgage Association	4/15/2027	AA+	1,154.39
Government National Mortgage Association	7/20/2033	AA+	20,458.66
Government National Mortgage Association	9/20/2033	AA+	15,686.06
Government National Mortgage Association	12/20/2033	AA+	14,103.48
Government National Mortgage Association	1/20/2034	AA+	8,442.34
Government National Mortgage Association	5/15/2034	AA+	20,189.39
Government National Mortgage Association	5/15/2034	AA+	9,303.27
Government National Mortgage Association	5/20/2034	AA+	30,350.01
Government National Mortgage Association	5/20/2034	AA+	7,495.18
Government National Mortgage Association	3/20/2035	AA+	174,841.92
Federal Home Loan Banks	Demand	AA+	4,097,262.36
Federal Home Loan Banks	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)****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, 2015 was \$80,436.54 and \$86,231.61 as of June 30, 2014. 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, 2015 and June 30, 2014.

**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>
2015	\$ 946,388.24	\$ 18,924,464.65	\$ 18,789,127.42	94.56%
2014	826,499.40	17,726,907.56	18,214,754.72	98.17%
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%

**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, 2015, the Authority received \$60,829.00 for the Water Department and \$43,947.50 for the Sewer Department. 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.



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

During the fiscal year ended June 30, 2015, the following changes in Capital Assets occurred:

	Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2015</u>
Land	\$ 110,351.01	\$ 25,908.24		\$ 136,259.25
Buildings	14,025,022.82	253,266.21		14,278,289.03
Utility Plant and Other Infrastructure	187,952,393.27	4,986,375.67	\$ 4,635.00	192,934,133.94
Furniture	226,236.78	249.99	1,086.73	225,400.04
Computer and Office Equipment	745,659.54	72,965.53	6,822.85	811,802.22
Telecommunication Equipment	171,603.84			171,603.84
Machinery and Equipment	3,044,244.40	651,973.88	40,216.91	3,656,001.37
Vehicles	1,520,197.55	149,685.53		1,669,883.08
	207,795,709.21	6,140,425.05	52,761.49	213,883,372.77
Less: Accumulated Depreciation	98,742,531.54	5,896,500.36	47,933.27	104,591,098.63
	<u>\$109,053,177.67</u>	<u>\$ 243,924.69</u>	<u>\$ 4,828.22</u>	<u>\$109,292,274.14</u>

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>

**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**

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations:

	(Restated) Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2015</u>	Due Within <u>One Year</u>
Bonds Payable:					
General Obligation Bonds	\$ 270,000.00		\$ (270,000.00)		
New Jersey Infrastructure Trust Loans	23,222,793.53		(1,967,458.17)	\$ 21,255,335.36	\$ 1,963,147.56
Issuance Premiums	98,667.63		(8,705.97)	89,961.66	
Total Bonds Payable	23,591,461.16	\$ -	(2,246,164.14)	21,345,297.02	1,963,147.56
Other Liabilities					
Net Pension Liability	9,236,629.00		(160,009.00)	9,076,620.00	
Compensated Absences	498,070.58	60,395.64	(45,877.44)	512,588.78	
Total Other Liabilities	9,734,699.58	60,395.64	(205,886.44)	9,589,208.78	-
Total Long Term Liabilities	\$ 33,326,160.74	\$ 60,395.64	\$ (2,452,050.58)	\$ 30,934,505.80	\$ 1,963,147.56

**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, 2015 is estimated at \$512,588.78 and at June 30, 2014 is estimated at \$498,070.58.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans**

A substantial number of the Authority's employees participate in the Public Employees' Retirement System ("PERS"), which is administered by the New Jersey Division of Pensions and Benefits. In addition, Authority employees may participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for 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  
<http://www.state.nj.us/treasury/pensions>

**General Information about the Pension Plans****Plan Descriptions**

**Public Employees' Retirement System** - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund 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.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for a certain enrollment tier but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for certain enrollment tiers, but who earn salary of at least \$5,000.00 annually.

**Vesting and Benefit Provisions**

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 8 to 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

<b><u>Tier</u></b>	<b><u>Definition</u></b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Defined Contribution Retirement Program** - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**Contributions**

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Authority's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Authority's contractually required contribution rate for the fiscal year ended June 30, 2015 was 12.12% of the Authority's covered-employee payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$432,243.00 for the fiscal year ended June 30, 2015. Employee contributions were \$246,760.27 for the fiscal year ended June 30, 2015.

The following information is being provided for the fiscal year ended June 30, 2014:

<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

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Contributions (Cont'd)**

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. 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, 3% of the employees' base salary, 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.

For the fiscal year ended June 30, 2015 and June 30, 2014, there were no employees participating in DCRP.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees' Retirement System** - At June 30, 2015, the Authority reported a liability of \$9,076,620.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Authority's proportion was 0.0484791354%, which was an increase of 0.0001501545% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the Authority recognized pension expense of \$471,108.00 for PERS. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	285,418.00	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	540,917.00
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	24,241.00	-
Authority Contributions Subsequent to the Measurement Date	432,243.00	-
	<u>\$ 741,902.00</u>	<u>\$ 540,917.00</u>

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - The deferred outflows of resources related to pensions totaling \$432,243.00 will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year</b>	<b>PERS</b>
<b><u>Ending June 30,</u></b>	
2015	\$ (74,910.55)
2016	(74,910.55)
2017	(74,910.55)
2018	(74,910.55)
2019	47,488.63
Thereafter	<u>20,895.00</u>
	<u><u>\$ (231,258.58)</u></u>

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>PERS</u></b>
Inflation	3.01%
Salary Increases:	
2012-2021	2.15% - 4.40% Based on Age
Thereafter	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2008 - June 30, 2011

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Actuarial Assumptions (Cont'd)**

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in PERS's target asset allocation as of June 30, 2014 is summarized in the following table:

<u>Asset Class</u>	<b>PERS</b>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Fixed Income	-	-
Core Bonds	1.00%	2.49%
Short-Term Bonds	-	-
Intermediate-Term Bonds	11.20%	2.26%
Long-Term Bonds	-	-
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Non-US Fixed Income	-	-
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Large Cap US Equities	-	-
Mid Cap US Equities	-	-
Small Cap US Equities	-	-
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Real Estate (REITS)	-	-
Commodities	2.50%	5.35%
Long Credit Bonds	-	-
	<u>100.00%</u>	

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Actuarial Assumptions (Cont'd)**

**Discount Rate** - The discount rate used to measure the total pension liability was 5.39% and 5.55% for PERS as of June 30, 2014 and 2013, respectively. For PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates for PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

The following presents the Authority's proportionate share of the net pension liability at June 30, 2014 calculated using a discount rate of 5.39% for PERS, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease (<u>4.39%</u>)</b>	<b>Current Discount Rate (<u>5.39%</u>)</b>	<b>1% Increase (<u>6.39%</u>)</b>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 11,418,697.09</u>	<u>\$ 9,076,620.05</u>	<u>\$ 7,109,919.87</u>

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

**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, 2015, the accrued liability to the PERS for the program was estimated to be \$18,587.00 payable over the next 19 years. The June 30, 2015 annual installment was \$1,438.00.



**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****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 \$2,580,000.00 for the purposes of currently refunding \$2,495,000.00 of the 1994A Bonds matured July 1, 2004 through July 1, 2014 and carried interest rates ranging between 2% and 3.25%.

**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 \$1,282,000.00 for the replacement of pipe linings and manhole rehabilitations. The first part of the loan award for \$962,000.00 is interest free. The \$320,000.00 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 \$2,219,200.00. 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 \$1,109,600.00 is interest free. The \$1,135,000.00 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.

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.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****New Jersey Environmental Infrastructure Trust and Wastewater Treatment Trust Loans (Cont.)**

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>
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	838,974.30	925,544.87	1,764,519.17	289,454.12	2,053,973.29
2021-2025	4,132,381.94	5,026,013.49	9,158,395.43	852,292.59	10,010,688.02
2026-2030	1,304,345.70	1,578,749.67	2,883,095.37	67,506.25	2,950,601.62
	<u>\$ 9,977,997.73</u>	<u>\$11,277,337.63</u>	<u>21,255,335.36</u>	<u>\$2,748,310.53</u>	<u>\$24,003,645.89</u>
		Current Maturities	(1,963,147.56)		
		Premium	<u>89,961.66</u>		
		Long-Term Portion	<u>\$19,382,149.46</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 \$2,597,850.03. Of that amount, \$372,716.00 has been appropriated and included as support in the sewer utility operating budget, \$45,000.00 in the sewer utility capital budget, \$75,000.00 in the water utility operating budget and \$50,000.00 in the water utility capital budget for the fiscal year ending June 30, 2016.

**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 2015, the agreement yielded total water purchases from Willingboro of \$758,121.02 of which \$286,426.90 was passed through to Evesham. In 2014, the total water purchased from Willingboro was \$973,995.75 of which \$284,586.77 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 \$1,596,817.93 and \$1,573,633.97 to NJAWC in 2015 and 2014, 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 \$293,785.17 and \$285,377.66 to the CCMUA in 2015 and 2014, respectively.

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

The Authority had several outstanding or planned construction projects as of June 30, 2015. 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	313,880.92	297,402.48	16,478.44
Elbo Lane Electrical Upgrades and Fostertown Water Tank Emergency Power Supply	114,884.58	104,390.35	10,494.23
Elbo Lane Water Treatment Plant Clarifier Improvements	236,299.25	227,653.27	8,645.98
Station Safety Door Replacements	30,000.00		30,000.00
Country Lane Sanitary Sewer Force Main and Water Main Construction Project	575,264.10	476,875.09	98,389.01
Hartford Road WPCF Peripheral Feed Clarifier	396,997.00	7,508.76	389,488.24
Amsterdam Road Water Main Replacement	334,445.00	312,786.60	21,658.40
Well No. 6 Rehabilitation	80,900.00	61,240.00	19,660.00
Cleaning and Video of Sanitary Sewer Mains	169,344.10	143,250.07	26,094.03
Total	<u>\$ 2,870,443.00</u>	<u>\$ 2,223,249.10</u>	<u>\$ 647,193.90</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.

**Note 11: RESTATEMENT OF NET POSITION**

As indicated in note 1 to the financial statements, the Authority adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, for the fiscal year ended June 30, 2015. As a result of implementing these two Statements, a restatement of unrestricted net position on the government-wide statement of activities was required to record the Authority's proportionate share of its net pension liability. There was insufficient information available to restate the financial statements for the year ended June 30, 2013. The cumulative effect on the financial statements as reported for June 30, 2014 is as follows:

	<b>Net Position As Previously Reported <u>June 30, 2014</u></b>	<b><u>GASB 68 Implementation</u></b>			<b>Net Position As Restated <u>June 30, 2014</u></b>
		<b><u>Net Pension Liability (1)</u></b>	<b><u>Deferred Outflows (2)</u></b>	<b><u>Accounts Payable (3)</u></b>	
Net Investment					
in Capital Assets	\$ 85,939,152.89				\$ 85,939,152.89
Restricted	8,518,592.58				8,518,592.58
Unrestricted (Deficit)	13,581,175.03	\$ (9,236,629.00)	\$ 399,655.00	\$ (399,655.00)	4,344,546.03
Total Net Position	<u>\$ 108,038,920.50</u>	<u>\$ (9,236,629.00)</u>	<u>\$ 399,655.00</u>	<u>\$ (399,655.00)</u>	<u>\$ 98,802,291.50</u>

(1) Represents the Authority's proportionate share of the Public Employees' Retirement System (PERS) June 30, 2013 Net Pension Liability.

(2) Represents the Authority's beginning deferred outflow of resources for contributions subsequent to the measurement date, paid on April 1, 2015.

(3) Represents the Authority's accounts payable for contributions subsequent to the measurement date, paid on April 1, 2015. The State of New Jersey Division of Pension and Benefits has an accounts receivable recorded in the PERS Plan Audit.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
 Required Supplementary Information  
 Schedule of the Authority's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System (PERS)  
 Last Two Fiscal Years

	<u>Measurement Date Ending June 30,</u>	
	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability	0.0484791354%	0.0483289809%
Authority's Proportionate Share of the Net Pension Liability	\$ 9,076,620.00	\$ 9,236,629.00
Authority's Covered-Employee Payroll	\$ 3,363,458.00	\$ 3,245,877.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	269.86%	284.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.  
 However, until a full 10-year trend is compiled, this presentation will only include information  
 for those years for which information is available.

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Required Supplementary Information  
Schedule of the Authority's Contributions  
Public Employees' Retirement System (PERS)  
Last Two Fiscal Years

	<b>Fiscal Year Ended June 30,</b>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
Contractually Required Contribution	\$ 432,243.00	\$ 399,655.00
Contributions in Relation to the Contractually Required Contribution	<u>(432,243.00)</u>	<u>(399,655.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	\$ 3,565,899.00	\$ 3,363,458.00
Contributions as a Percentage of Authority's Covered-Employee Payroll	12.12%	11.88%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.  
However, until a full 10-year trend is compiled, this presentation will only include information  
for those years for which information is available.



**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2015

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**Public Employees' Retirement System (PERS)**

*Changes in Benefit Terms* - None

*Changes in Assumptions* - The discount rate changed from 5.55% as of June 30, 2013, to 5.39% as of June 30, 2014, in accordance with Paragraph 44 of GASB Statement No. 67.

## **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, 2015

	Operating & <u>General</u>	Debt Service <u>Reserve</u>	Debt <u>Service</u>	Restricted Renewal and <u>Replacement</u>	Unemployment <u>Compensation</u>	<u>Total</u>
Operating Revenues:						
Utility Service Charges	\$ 18,924,464.65					\$ 18,924,464.65
Connection Fees	832,265.76					832,265.76
Other Operating Revenues	494,554.30				\$ 6,097.05	500,651.35
	20,251,284.71	\$ -	\$ -	\$ -	6,097.05	20,257,381.76
Operating Expenses:						
Administration:						
Salaries and Wages	760,389.44					760,389.44
Fringe Benefits	427,000.16					427,000.16
Other Expenses	758,735.56					758,735.56
Cost of Providing Service:						
Salaries and Wages	3,341,410.36					3,341,410.36
Fringe Benefits	1,709,100.28					1,709,100.28
Other Expenses	5,816,615.84					5,816,615.84
Depreciation	5,896,500.36					5,896,500.36
	18,709,752.00	-	-	-	-	18,709,752.00
Operating Income	1,541,532.71				6,097.05	1,547,629.76
Non-operating Revenue (Expenses):						
Investment Income	26,779.42	13.15	5,200.18	5,349.92		37,342.67
Interest on Debt	53,686.30		(464,940.03)			(411,253.73)
Loss on Disposal of Capital Assets	(4,828.22)					(4,828.22)
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	(498,892.00)					(498,892.00)
Net Income (Loss) Before Transfers or Contributions	1,118,278.21	13.15	(459,739.85)	5,349.92	6,097.05	669,998.48
Transfers	(1,093,721.97)	(667.96)	459,739.85	634,650.08		
Capital Contributions	104,776.50					104,776.50
Increase (Decrease) in Net Position	129,332.74	(654.81)	-	640,000.00	6,097.05	774,774.98
Net Position - Beginning (Restated)	93,653,886.42	216,237.85	-	4,890,000.00	42,167.23	98,802,291.50
Net Position - Ending:						
Net Investment in Capital Assets	\$ 87,699,945.38					\$ 87,699,945.38
Restricted	3,485,423.75	\$ 215,583.04		\$ 5,530,000.00	\$ 48,264.28	9,279,271.07
Unrestricted	2,597,850.03					2,597,850.03

## MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

## Schedule of Cash Receipts and Disbursements

For the Fiscal Year Ended June 30, 2015

	Operating and <u>General</u>	Debt Service <u>Reserve</u>	<u>Restricted</u>		Unemployment <u>Compensation</u>	<u>Total</u>
			<u>Debt Service</u>	<u>Renewal and Replacement</u>		
Cash, Cash Equivalents and Investments:						
Balance July 1, 2014	\$ 14,344,910.71	\$ 259,753.97	\$ 1,986,313.84	\$ 5,805,579.86	\$ 7,406.78	\$ 22,403,965.16
Receipts:						
Investment Income	28,598.68	13.15	21,919.39	5,573.19		56,104.41
Consumer Accounts Receivable	18,682,860.08					18,682,860.08
Prepaid Rents	93,282.17					93,282.17
Deferred Revenue	1,305,259.90					1,305,259.90
Escrow Deposits	639,920.12					639,920.12
Notes Receivable on Line Extensions	5,795.07					5,795.07
Other Income	677,515.51					677,515.51
Transfers In			2,693,246.87	5,201,234.60		7,894,481.47
Total Cash and Investments Available	35,778,142.24	259,767.12	4,701,480.10	11,012,387.65	7,406.78	51,759,183.89
Disbursements:						
Budgetary	12,222,481.22					12,222,481.22
Prepaid Expenses	72,895.90					72,895.90
Refund of Deferred Revenue	125,394.65					125,394.65
Bond Principal			270,000.00			270,000.00
Loan Principal			1,967,458.17			1,967,458.17
Interest on Debt			494,634.52			494,634.52
Capital Assets				4,348,764.25		4,348,764.25
Retainage				47,319.94		47,319.94
Accounts Payable	906,473.81			870,115.91	2,448.00	1,779,037.72
Escrow Disbursements	187,855.55					187,855.55
Transfers Out	7,894,477.39	4.08				7,894,481.47
Total Disbursements	21,409,578.52	4.08	2,732,092.69	5,266,200.10	2,448.00	29,410,323.39
Cash, Cash Equivalents and Investments:						
Balance June 30, 2015	\$ 14,368,563.72	\$ 259,763.04	\$ 1,969,387.41	\$ 5,746,187.55	\$ 4,958.78	\$ 22,348,860.50
Analysis of Balance June 30, 2015						
Cash and Cash Equivalents	\$ 8,139,415.53	\$ 46,722.95			\$ 4,958.78	\$ 8,191,097.26
Investments	6,229,148.19	213,040.09	\$ 1,969,387.41	\$ 5,746,187.55		14,157,763.24
	\$ 14,368,563.72	\$ 259,763.04	\$ 1,969,387.41	\$ 5,746,187.55	\$ 4,958.78	\$ 22,348,860.50

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Revenues, Expenses and Changes in Net Position by Department  
For the Fiscal Year Ended June 30, 2015

	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total</u>
Operating Revenues:			
Service Charges	\$ 9,098,499.05	\$ 9,825,965.60	\$ 18,924,464.65
Connection Fees	378,757.96	453,507.80	832,265.76
Other Operating Revenues	362,778.02	137,873.34	500,651.35
	<u>9,840,035.03</u>	<u>10,417,346.74</u>	<u>20,257,381.76</u>
Operating Expenses:			
Administration:			
Salaries and Wages	380,194.72	380,194.72	760,389.44
Fringe Benefits	213,500.08	213,500.08	427,000.16
Other Expenses	371,609.79	387,125.77	758,735.56
Cost of Service:			
Salaries and Wages	1,412,596.74	1,928,813.62	3,341,410.36
Fringe Benefits	724,688.97	984,411.31	1,709,100.28
Other Expenses	3,121,401.45	2,695,214.39	5,816,615.84
Depreciation	2,948,857.54	2,947,642.82	5,896,500.36
	<u>9,172,849.29</u>	<u>9,536,902.71</u>	<u>18,709,752.00</u>
Operating Income	667,185.74	880,444.03	1,547,629.76
Non-operating Revenue (Expenses):			
Investment Income	19,920.44	17,422.23	37,342.67
Interest on Debt	(348,261.34)	(62,992.39)	(411,253.73)
Loss on Disposal of Capital Assets	(4,119.44)	(708.78)	(4,828.22)
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(147,207.00)	(351,685.00)	(498,892.00)
Income Before Contributions	187,518.40	482,480.09	669,998.48
Capital Contributions	60,829.00	43,947.50	104,776.50
Increase in Net Position	248,347.40	526,427.59	774,774.98
Net Position - Beginning (Restated)	38,645,646.15	60,156,645.35	98,802,291.50
Net Position - Ending	<u>\$ 38,893,993.55</u>	<u>\$ 60,683,072.94</u>	<u>\$ 99,577,066.48</u>
Net Position:			
Net Investment in Capital Assets Restricted for	\$ 37,878,333.24	\$ 49,821,612.14	\$ 87,699,945.38
Bond Resolution Covenants	4,713,022.13	4,517,984.66	9,231,006.79
Unemployment Compensation	24,132.14	24,132.14	48,264.28
Unrestricted	(3,721,493.97)	6,319,344.00	2,597,850.03
	<u>\$ 38,893,993.55</u>	<u>\$ 60,683,072.94</u>	<u>\$ 99,577,066.48</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, 2015

	<u>Adopted Budget</u>	<u>Transfers/ Modifications</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues:					
Service Charges	\$8,098,500.00	\$ (427,300.00)	\$7,671,200.00	\$7,846,310.16	\$ 175,110.16
Connection Fees	325,700.00	29,600.00	355,300.00	378,757.96	23,457.96
Other Operating Revenues	1,544,600.00	(12,000.00)	1,532,600.00	1,563,547.06	30,947.06
Total Operating Revenues	9,968,800.00	(409,700.00)	9,559,100.00	9,788,615.18	229,515.18
Non-Operating Revenues:					
Investment Income	100,900.00	(7,000.00)	93,900.00	19,920.44	(73,979.56)
Other Non-Operating Revenues	44,500.00	(5,500.00)	39,000.00	51,419.85	12,419.85
Total Anticipated Revenues	10,114,200.00	(422,200.00)	9,692,000.00	9,859,955.47	167,955.47
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Office Salaries	388,000.00	5,200.00	393,200.00	375,056.32	18,143.68
Board Members' Salaries	5,150.00		5,150.00	5,138.40	11.60
Total Salaries and Wages	393,150.00	5,200.00	398,350.00	380,194.72	18,155.28
Fringe Benefits	214,300.00	(13,400.00)	200,900.00	206,268.31	(5,368.31)
Other Expenses:					
Legal Fees	27,500.00	(11,500.00)	16,000.00	13,663.43	2,336.57
Engineer Fees	35,000.00	(20,300.00)	14,700.00	51,397.68	(36,697.68)
Audit Fees / Financial Services	28,350.00	(8,350.00)	20,000.00	20,000.00	
Professional and Consulting Fees	2,500.00	(2,500.00)			
Printing Expense	8,500.00	900.00	9,400.00	11,325.25	(1,925.25)
Billing Expense	45,150.00	(5,550.00)	39,600.00	44,590.09	(4,990.09)
Computer Expense	90,600.00	(11,900.00)	78,700.00	70,706.44	7,993.56
Office Supplies	8,800.00	2,200.00	11,000.00	10,580.12	419.88
Postage Expense	3,500.00		3,500.00	3,284.10	215.90
Public Education / Information	3,750.00		3,750.00	5,370.06	(1,620.06)
Rent Expense (Annex)	2,050.00	2,450.00	4,500.00	4,500.00	
Telephone	10,500.00	3,900.00	14,400.00	16,598.52	(2,198.52)
Administrative Ground Maintenance	9,200.00	(2,400.00)	6,800.00	6,369.85	430.15
Janitorial, Cleaning and Pest	6,250.00	250.00	6,500.00	3,922.50	2,577.50
Dues, Pubs, Subscr. (Admin)	4,400.00		4,400.00	4,589.42	(189.42)
Tuition, Seminars and Conferences	3,400.00	(1,400.00)	2,000.00	1,868.90	131.10
Office Equipment	2,000.00	200.00	2,200.00	2,334.13	(134.13)
Office Equipment - Maintenance	2,100.00	600.00	2,700.00	2,577.61	122.39
Miscellaneous - Administration	2,350.00	5,450.00	7,800.00	10,813.61	(3,013.61)
Newspaper Publication	3,050.00	(150.00)	2,900.00	3,183.30	(283.30)
Trustee Fees	60,800.00	(15,800.00)	45,000.00	59,247.25	(14,247.25)
Insurance	4,200.00		4,200.00	24,687.53	(20,487.53)
Total Other Expenses	363,950.00	(63,900.00)	300,050.00	371,609.79	(71,559.79)
Total Administration	971,400.00	(72,100.00)	899,300.00	958,072.82	(58,772.82)

(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, 2015

	<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	\$ 1,328,600.00	\$ 89,700.00	\$ 1,418,300.00	\$ 1,412,596.74	\$ 5,703.26
Fringe Benefits	724,300.00	(9,000.00)	715,300.00	700,179.31	15,120.69
Other Expenses:					
Electric Power	364,000.00	(27,950.00)	336,050.00	351,791.87	(15,741.87)
Telephone	15,200.00	1,000.00	16,200.00	15,838.78	361.22
Repairs and Maintenance	189,400.00	44,000.00	233,400.00	246,157.23	(12,757.23)
Fuel for Heating and Generators	4,600.00	16,300.00	20,900.00	22,939.20	(2,039.20)
Chemicals	195,800.00	(38,600.00)	157,200.00	156,533.53	666.47
Supplies - Tools & Equipment	6,600.00	2,200.00	8,800.00	9,513.79	(713.79)
Supplies	7,600.00	(400.00)	7,200.00	9,612.69	(2,412.69)
Vehicles - Fuel and Maintenance	65,600.00	(5,850.00)	59,750.00	60,245.51	(495.51)
State of New Jersey Fees	46,400.00	(5,300.00)	41,100.00	46,277.70	(5,177.70)
Employee License Renewals	1,450.00	100.00	1,550.00	1,538.38	11.62
Purchase of Water NJAWC	1,650,000.00	(55,300.00)	1,594,700.00	1,596,817.93	(2,117.93)
Purchase of Water WMUA	1,247,000.00	(672,000.00)	575,000.00	471,694.12	103,305.88
Lab Expenses	40,000.00	(1,000.00)	39,000.00	36,492.13	2,507.87
Water Meters and Materials	3,500.00	3,000.00	6,500.00	(12,236.92)	18,736.92
Communications Expense	4,500.00	1,550.00	6,050.00	6,023.01	26.99
Uniforms Rental and Purchase	11,200.00	800.00	12,000.00	11,826.34	173.66
Membership Dues and Publications	1,800.00	100.00	1,900.00	2,085.45	(185.45)
Safety Expense	14,200.00	(1,250.00)	12,950.00	13,599.57	(649.57)
Tuition, Seminars and Conferences	8,800.00	(2,300.00)	6,500.00	6,772.10	(272.10)
Insurance	78,900.00	1,100.00	80,000.00	55,691.90	24,308.10
Miscellaneous	8,850.00	3,150.00	12,000.00	12,187.14	(187.14)
Total Other Expenses	3,965,400.00	(736,650.00)	3,228,750.00	3,121,401.45	107,348.55
Total Cost of Service	6,018,300.00	(655,950.00)	5,362,350.00	5,234,177.50	128,172.50
Principal Payments on Debt Service in Lieu of Depreciation	1,460,481.00		1,460,481.00	1,592,573.94	(132,092.94)
Total Operating Appropriations	8,450,181.00	(728,050.00)	7,722,131.00	7,784,824.26	(62,693.26)
Non-Operating Appropriations:					
Transfer to Other Reserves	1,207,093.00	305,850.00	1,512,943.00		1,512,943.00
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	147,207.00		147,207.00	147,207.00	
Interest on Debt	456,926.00		456,926.00	406,088.51	50,837.49
Total Operating, Principal Payments and and Non-Operating Appropriations	10,261,407.00	(422,200.00)	9,839,207.00	8,338,119.77	1,501,087.23
Unreserved Net Position Utilized to Balance Budget	147,207.00	-	147,207.00	-	147,207.00
Net Total Appropriations	10,114,200.00	(422,200.00)	9,692,000.00	8,338,119.77	1,353,880.23
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	\$ -	\$ -	\$ -	\$ 1,521,835.70	\$ 1,521,835.70

**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, 2015

	<u>Adopted Budget</u>	<u>Transfers/ Modifications</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues:					
Service Charges	\$ 9,370,000.00	\$ 218,800.00	\$ 9,588,800.00	\$ 9,825,965.60	\$ 237,165.60
Connection Fees	436,200.00	(12,000.00)	424,200.00	453,507.80	29,307.80
Other Operating Revenues	59,000.00	1,000.00	60,000.00	86,222.85	26,222.85
Total Operating Revenues	9,865,200.00	207,800.00	10,073,000.00	10,365,696.25	292,696.25
Non-Operating Revenues:					
Investment Income	108,700.00	(3,800.00)	104,900.00	17,422.23	(87,477.77)
Other Non-Operating Revenues	45,500.00	(5,800.00)	39,700.00	51,650.49	11,950.49
Total Anticipated Revenues	10,019,400.00	198,200.00	10,217,600.00	10,434,768.97	217,168.97
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Office Salaries	388,000.00	5,200.00	393,200.00	375,056.32	18,143.68
Board Members' Salaries	5,150.00		5,150.00	5,138.40	11.60
Total Salaries and Wages	393,150.00	5,200.00	398,350.00	380,194.72	18,155.28
Fringe Benefits	200,100.00	700.00	200,800.00	206,268.31	(5,468.31)
Other Expenses:					
Legal Fees	27,500.00	(11,500.00)	16,000.00	13,663.42	2,336.58
Engineer Fees	35,000.00	(20,300.00)	14,700.00	51,397.67	(36,697.67)
Audit Fees / Financial Services	28,350.00	(8,350.00)	20,000.00	20,000.00	
Professional and Consulting Fees	2,500.00	(2,500.00)			
Printing Expense	8,500.00	3,400.00	11,900.00	11,325.24	574.76
Billing Expense	45,150.00	5,250.00	50,400.00	44,590.09	5,809.91
Computer Expense	86,350.00	(7,750.00)	78,600.00	72,815.29	5,784.71
Office Supplies	7,400.00	2,500.00	9,900.00	10,340.07	(440.07)
Postage Expense	3,500.00		3,500.00	3,284.10	215.90
Public Education / Information	3,750.00		3,750.00	5,370.06	(1,620.06)
Rent Expense (Annex)	2,050.00	2,450.00	4,500.00	4,500.00	
Telephone	10,500.00	3,900.00	14,400.00	16,598.51	(2,198.51)
Administrative Ground Maintenance	18,850.00	650.00	19,500.00	18,487.11	1,012.89
Janitorial, Cleaning and Pest	7,850.00	(550.00)	7,300.00	4,467.49	2,832.51
Dues, Pubs, Subscr. (Admin)	4,400.00		4,400.00	4,589.41	(189.41)
Tuition, Seminars and Conferences	3,400.00	(1,400.00)	2,000.00	1,868.89	131.11
Office Equipment	3,800.00	(1,300.00)	2,500.00	2,655.93	(155.93)
Office Equipment - Maintenance	2,100.00	1,400.00	3,500.00	3,240.82	259.18
Miscellaneous - Administration	2,350.00	5,450.00	7,800.00	10,813.60	(3,013.60)
Newspaper Publication	3,050.00	(150.00)	2,900.00	3,183.29	(283.29)
Trustee Fees	74,400.00	(19,400.00)	55,000.00	59,247.25	(4,247.25)
Insurance	6,100.00	100.00	6,200.00	24,687.53	(18,487.53)
Total Other Expenses	386,850.00	(48,100.00)	338,750.00	387,125.77	(48,375.77)
Total Administration	980,100.00	(42,200.00)	937,900.00	973,588.80	(35,688.80)

(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, 2015

	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	\$ 1,930,400.00	\$ (17,800.00)	\$ 1,912,600.00	\$ 1,928,813.62	\$ (16,213.62)
Fringe Benefits	982,200.00	(18,000.00)	964,200.00	952,135.51	12,064.49
Other Expenses:					
Electric Power	798,500.00	31,150.00	829,650.00	812,025.66	17,624.34
Telephone	24,300.00	11,000.00	35,300.00	33,821.91	1,478.09
Repairs and Maintenance	103,650.00	129,250.00	232,900.00	240,778.89	(7,878.89)
Fuel for Heating and Generators	35,400.00	(1,800.00)	33,600.00	37,497.07	(3,897.07)
Chemicals	392,900.00	23,500.00	416,400.00	386,695.69	29,704.31
Supplies - Tools & Equipment	8,100.00	1,900.00	10,000.00	10,440.72	(440.72)
Supplies	22,700.00	800.00	23,500.00	23,819.32	(319.32)
Vehicles - Fuel and Maintenance	63,500.00	5,250.00	68,750.00	65,752.21	2,997.79
State of New Jersey Fees	29,950.00	250.00	30,200.00	30,141.75	58.25
Employee License Renewals	2,900.00	(700.00)	2,200.00	2,105.38	94.62
Sewage Treatment - CCMUA	290,000.00	3,800.00	293,800.00	293,785.17	14.83
Bio-Solids and Other Disposal	600,900.00	(48,500.00)	552,400.00	554,514.93	(2,114.93)
Lab Expenses	28,800.00	1,000.00	29,800.00	30,557.63	(757.63)
Water Meters and Materials	4,200.00	(4,200.00)		(14,972.94)	14,972.94
Communications Expense	6,700.00	2,550.00	9,250.00	9,429.73	(179.73)
Uniforms Rental and Purchase	18,100.00		18,100.00	18,129.71	(29.71)
Membership Dues and Publications	750.00	150.00	900.00	815.00	85.00
Safety Expense	25,500.00	(1,450.00)	24,050.00	25,914.11	(1,864.11)
Tuition, Seminars and Conferences	17,200.00	(200.00)	17,000.00	16,811.89	188.11
Insurance	116,300.00	1,200.00	117,500.00	104,712.55	12,787.45
Miscellaneous	8,000.00	4,750.00	12,750.00	12,438.01	311.99
Total Other Expenses	2,598,350.00	159,700.00	2,758,050.00	2,695,214.39	62,835.61
Total Cost of Service	5,510,950.00	123,900.00	5,634,850.00	5,576,163.52	58,686.48
Principal Payments on Debt Service in Lieu of Depreciation	542,656.00	-	542,656.00	644,884.23	(102,228.23)
Total Operating Appropriations	7,033,706.00	81,700.00	7,115,406.00	7,194,636.55	(79,230.55)
Non-Operating Appropriations:					
Interest on Debt	79,879.00		79,879.00	58,851.52	21,027.48
Transfer to Other Reserves	3,425,385.00		3,425,385.00		3,425,385.00
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	351,685.00		351,685.00	351,685.00	
Total Operating, Principal Payments and and Non-Operating Appropriations	10,890,655.00	81,700.00	10,972,355.00	7,605,173.07	3,367,181.93
Unreserved Net Position Utilized to Balance Budget	871,255.00	(116,500.00)	754,755.00	-	754,755.00
Net Total Appropriations	10,019,400.00	198,200.00	10,217,600.00	7,605,173.07	2,612,426.93
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	\$ -	\$ -	\$ -	\$ 2,829,595.90	\$ 2,829,595.90

**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, 2015

Reconciliation to Operating Income

Excess Anticipated Revenues Over Expenses and Other Costs		
Schedule 4 - Water Department	\$ 1,521,835.70	
Schedule 5 - Sewer Department	<u>2,829,595.90</u>	
		\$ 4,351,431.59
Add:		
Debt Service Principal Payments	2,237,458.17	
Interest on Debt	464,940.03	
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	<u>498,892.00</u>	
		<u>3,201,290.20</u>
		7,552,721.79
Less:		
Investment Income	37,342.67	
Adjustments as a result of GASB 68 Implementation	71,249.00	
Depreciation	<u>5,896,500.36</u>	
		<u>6,005,092.03</u>
Operating Income (Exhibit B)		<u><u>\$ 1,547,629.76</u></u>

Reconciliation of Actual Expenditures

Cash Disbursements	\$ 12,222,481.22
Accounts Payable	914,736.58
Decrease in Inventory	294.73
Increase in Compensated Absences Payable	14,518.20
Prepaid Expenses Applied	88,863.91
Bond Principal	2,237,458.17
Interest on Debt	<u>464,940.03</u>
	<u><u>\$ 15,943,292.84</u></u>

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

## Schedule of Consumer Accounts Receivable

For the Fiscal Year Ended June 30, 2015

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Balance July 1, 2014		\$ 3,629,706.24
Add:		
Service Fees	\$ 17,672,275.76	
Fire Hydrant and Line Service	<u>1,252,188.89</u>	
		<u>18,924,464.65</u>
		22,554,170.89
Less:		
Collections	18,682,860.08	
Prepaid Applied	<u>106,267.34</u>	
		<u>18,789,127.42</u>
Balance June 30, 2015		<u><u>\$ 3,765,043.47</u></u>

## Schedule 7

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

## Schedule of Prepaid Expenses

For the Fiscal Year Ended June 30, 2015

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Balance July 1, 2014	\$ 88,863.91
Add:	
Disbursements Fiscal Year 2015	<u>72,895.90</u>
	161,759.81
Less:	
Charged to Operations Fiscal Year 2015	<u>88,863.91</u>
Balance June 30, 2015	<u><u>\$ 72,895.90</u></u>

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

## Schedule of Accrued Investment Income Receivable

For the Fiscal Year Ended June 30, 2015

	<u>Balance July 1, 2014</u>	<u>Investment Income</u>	<u>Received</u>	<u>Balance June 30, 2015</u>
Unrestricted Accounts				
Operating and General Accounts	\$ 7,009.57	\$ 26,779.42	\$ 28,598.68	\$ 5,190.31
Restricted Accounts:				
Debt Service Reserve Account		13.15	13.15	
Debt Service Account	20,858.54	5,200.18	21,919.39	4,139.33
Renewal and Replacement Account	1,043.71	5,349.92	5,573.19	820.44
	21,902.25	10,563.25	27,505.73	4,959.77
Total Investment Income	\$ 28,911.82	\$ 37,342.67	\$ 56,104.41	\$ 10,150.08
Water Department	\$ 8,615.53	\$ 19,920.44	\$ 21,913.86	\$ 3,916.03
Sewer Department	20,296.29	17,422.23	34,190.55	6,234.05
	\$ 28,911.82	\$ 37,342.67	\$ 56,104.41	\$ 10,150.08

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Analysis of Capital Assets - Completed  
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Land	\$ 110,351.01	\$ 25,908.24		\$ 136,259.25
Buildings	14,025,022.82	253,266.21		14,278,289.03
Utility Plant and Other Infrastructure	187,952,393.27	4,986,375.67	\$ 4,635.00	192,934,133.94
Furniture	226,236.78	249.99	1,086.73	225,400.04
Computer and Office Equipment	745,659.54	72,965.53	6,822.85	811,802.22
Telecommunication Equipment	171,603.84			171,603.84
Machinery and Equipment	3,044,244.40	651,973.88	40,216.91	3,656,001.37
Vehicles	1,520,197.55	149,685.53		1,669,883.08
	207,795,709.21	6,140,425.05	52,761.49	213,883,372.77
Less: Accumulated Depreciation	98,742,531.54	5,896,500.36	47,933.27	104,591,098.63
	<u>\$ 109,053,177.67</u>	<u>\$ 243,924.69</u>	<u>\$ 4,828.22</u>	<u>\$ 109,292,274.14</u>
Transferred from Construction in Progress		\$ 1,945,233.96		
Disbursed		<u>4,195,191.09</u>		
		<u>\$ 6,140,425.05</u>		

**Schedule 10****MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Analysis of Construction in Progress  
For the Fiscal Year Ended June 30, 2015

Balance July 1, 2014	\$ 1,889,655.92
Add:	
Disbursed	\$ 153,573.16
Capital Contributions	104,776.50
Retainage	62,327.83
Accounts Payable	<u>152,634.34</u>
	<u>473,311.83</u>
	2,362,967.75
Less:	
Transferred to Completed	<u>1,945,233.96</u>
Balance June 30, 2015	<u>\$ 417,733.79</u>

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

## Schedule of Deferred Revenue (Connection Fees)

For the Fiscal Year Ended June 30, 2015

Balance July 1, 2014		\$	2,943,986.82
Add:			
Receipts			<u>1,305,259.90</u>
			4,249,246.72
Less:			
Refunded	\$ 125,394.65		
Realized as Revenue	<u>832,265.76</u>		
			<u>957,660.41</u>
Balance June 30, 2015		\$	<u><u>3,291,586.31</u></u>
Analysis of Balance			
Water Connection Fees		\$	1,090,904.46
Sewer Connection Fees			<u>2,200,681.85</u>
Balance June 30, 2015		\$	<u><u>3,291,586.31</u></u>

## Schedule 12

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

## Analysis of Accrued Interest Payable

For the Fiscal Year Ended June 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2014	\$ 198,029.99	\$ 23,627.24	\$ 221,657.23
Increased by:			
Accrued	<u>406,088.51</u>	<u>58,851.52</u>	<u>464,940.03</u>
	604,118.50	82,478.76	686,597.26
Decreased by:			
Cash Disbursed	<u>427,228.19</u>	<u>67,406.33</u>	<u>494,634.52</u>
Balance June 30, 2015	<u><u>\$ 176,890.31</u></u>	<u><u>\$ 15,072.43</u></u>	<u><u>\$ 191,962.74</u></u>
Analysis of Interest Expense:			
Accrued	\$ 406,088.51	\$ 58,851.52	\$ 464,940.03
Amortization of Loan Premium	(8,705.97)		(8,705.97)
Deferred Amount on Refunding	<u>(49,121.20)</u>	<u>4,140.87</u>	<u>(44,980.33)</u>
Total Interest Expense	<u><u>\$ 348,261.34</u></u>	<u><u>\$ 62,992.39</u></u>	<u><u>\$ 411,253.73</u></u>

## MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Bonds Payable  
For the Fiscal Year Ended June 30, 2015

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<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, 2014</u>		<u>June 30, 2015</u>
Utility System Revenue Bonds, 2003 Series	5/15/03	\$ 2,580,000				\$ 270,000.00	\$ 270,000.00	\$ -

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**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2015</u>		<u>Interest Rate</u>	<u>Balance July 1, 2014</u>	<u>Paid</u>	<u>Balance June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>				
New Jersey Wastewater Treatment Trust Loan, Series 1996 (Interest Bearing)	11/01/96	\$ 2,480,000.00	08/01/15	\$ 185,000.00	5.250%			
			08/01/16	195,000.00	5.250%			
				<u>380,000.00</u>				
						\$ 560,000.00	\$ 180,000.00	\$ 380,000.00
New Jersey Wastewater Treatment Fund Loan, Series 1996 (Non-Interest Bearing)	11/01/96	1,911,294.00	08/01/15	91,690.16				
			02/01/16	2,407.18				
			08/01/16	97,769.93				
				<u>191,867.27</u>		288,119.02	96,251.75	191,867.27
New Jersey Environmental Infrastructure Fund Loan, Series 2000 (Non-Interest Bearing)	10/15/00	939,000.00	08/01/15	41,418.15				
			02/01/16	5,420.31				
			08/01/16	43,709.52				
			02/01/17	4,439.15				
			08/01/17	42,728.36				
			02/01/18	3,434.06				
			08/01/18	234.34				
				<u>141,383.89</u>		189,999.21	48,615.32	141,383.89
New Jersey Environmental Infrastructure Trust Loan, Series 2000 (Interest Bearing)	10/15/00	900,000.00	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>263,355.65</u>		302,427.25	39,071.60	263,355.65

(Continued)



**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2015</u>		<u>Interest Rate</u>	<u>Balance July 1, 2014</u>	<u>Paid</u>	<u>Balance June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2005 (Non-Interest Bearing)	11/10/05	\$ 11,477,246.00	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>6,612,607.15</u>		\$ 7,216,499.44	\$ 603,892.29	\$ 6,612,607.15

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2015</u>		<u>Interest Rate</u>	<u>Balance July 1, 2014</u>	<u>Paid</u>	<u>Balance June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Non-Interest Bearing)	11/08/07	\$ 865,000.00	08/01/15	\$ 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				
				<u>567,154.51</u>		\$ 611,740.16	\$ 44,585.65	\$ 567,154.51
New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Interest Bearing)	11/08/07	2,635,000.00	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, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2015</u>		<u>Interest Rate</u>	<u>Balance July 1, 2014</u>	<u>Paid</u>	<u>Balance June 30, 2015</u>
			<u>Date</u>	<u>Amount</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>2,020,000.00</u>		\$ 2,135,000.00	\$ 115,000.00	\$ 2,020,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Non-Interest Bearing)	12/4/08	1,677,183.00	08/01/15	43,005.00				
			02/01/16	43,005.00				
			08/01/16	43,005.00				
			02/01/17	43,005.00				
			08/01/17	43,005.00				
			02/01/18	43,005.00				
			08/01/18	43,005.00				
			02/01/19	43,005.00				
			08/01/19	43,005.00				
			02/01/20	43,005.00				
			08/01/20	43,005.00				
			02/01/21	43,005.00				
			08/01/21	43,005.00				
			02/01/22	43,005.00				
			08/01/22	43,005.00				
			02/01/23	43,005.00				
			08/01/23	43,005.00				
			02/01/24	43,005.00				
			08/01/24	43,005.00				
			02/01/25	43,005.00				
			08/01/25	43,005.00				
			02/01/26	43,005.00				
			08/01/26	43,005.00				
			02/01/27	43,005.00				
			08/01/27	43,005.00				
			02/01/28	43,000.00				
			08/01/28	42,998.00				
				<u>1,161,123.00</u>		1,247,133.00	86,010.00	1,161,123.00

(Continued)

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2015</u>		<u>Interest Rate</u>	<u>Balance July 1, 2014</u>	<u>Paid</u>	<u>Balance June 30, 2015</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	08/01/15	\$ 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>856,533.38</u>		\$ 914,933.37	\$ 58,399.99	\$ 856,533.38

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**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
Schedule of New Jersey Environmental Infrastructure Trust Loans  
For the Fiscal Year Ended June 30, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2015</u>		<u>Interest Rate</u>	<u>Balance July 1, 2014</u>	<u>Paid</u>	<u>Balance June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2009B (Interest Bearing)	12/2/09	\$ 1,135,000.00	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>620,000.00</u>		\$ 665,000.00	\$ 45,000.00	\$ 620,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2010 (Non-Interest Bearing)	3/10/10	962,000.00	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>447,328.53</u>		497,960.10	50,631.57	447,328.53

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[illegible]

**MOUNT LAUREL TOWNSHIP  
MUNICIPAL UTILITIES AUTHORITY**

**PART II**

**FINDINGS AND RECOMMENDATIONS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Schedule of Findings and Recommendations

For the Fiscal Year Ended June 30, 2015

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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.

**None.**

**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

