

**MOUNT LAUREL TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2016 and 2015**

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

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MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Roster of Officials
As of June 30, 2016

MEMBERS

Christopher Smith
John Francescone
Cheryl Coco-Capri
Elwood Knight
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, 2016 and 2015**

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 ended June 30, 2016 and 2015 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 principles 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 and for the fiscal years ended June 30, 2016 and 2015, and the changes in its financial position and its cash flows thereof for the fiscal years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
October 20, 2016

**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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Mount Laurel Township Municipal Utilities Authority, in the County of Burlington, State of New Jersey, a component unit of the Township of Mount Laurel, (Authority), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 20, 2016.

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
Certified Public Accountants
& Consultants

Voorhees, New Jersey
October 20, 2016

Mount Laurel Township Municipal Utilities Authority

Management's Discussion and Analysis (MD&A)

(Unaudited)



FINANCIAL HIGHLIGHTS

Management believes the financial position of the Authority is strong. 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 2016 (FY16, July 2015 – June 2016), the Authority generated a 337% cover. Key financial highlights for FY16 include:

- Total assets and total liabilities remained fairly static in FY16 when compared to Fiscal Year 2015 (FY15, July 2014 – June 2015). Current assets rose by roughly \$90,000, which represents a miniscule increase to total assets of about \$27 million. Total liabilities rose by \$546,300, which still represents an increase of only 1.6%.
- Service charges rose marginally, increasing slightly over \$343,000 compared to those of FY15. Connection fees increased substantially, finishing \$1.4 million higher than FY15. In total, operating and non-operating revenues outpaced operating and non-operating expenses by almost \$1.7 million in FY16. When added to the \$1.6 million of infrastructure installed by developers then turned over to the Authority for lifetime operating and maintenance, the Authority's Net Position increased by \$3.3 million in FY16.

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 comparative 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.

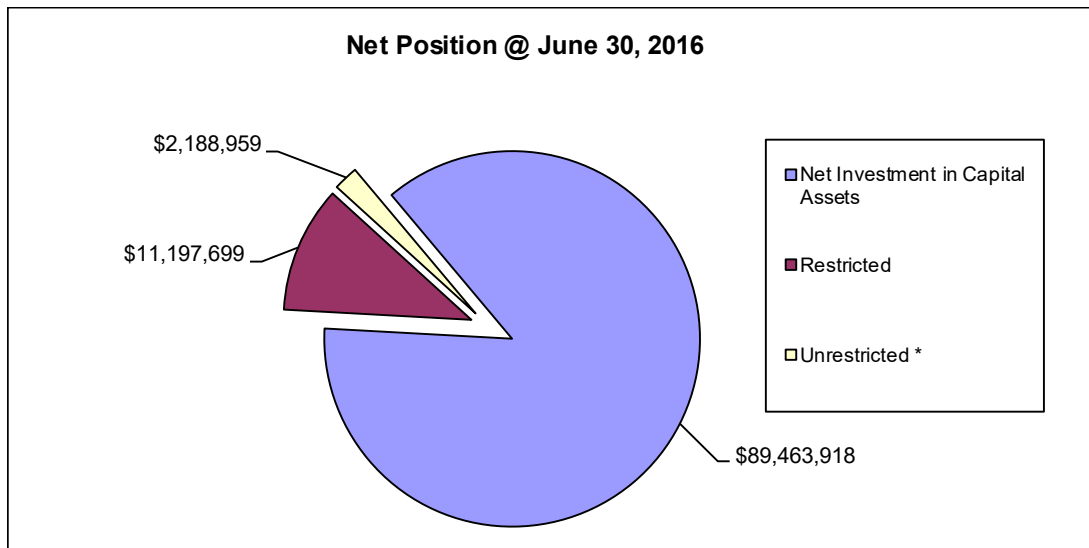
The comparative statements of cash flows provide a breakdown of the various sources of cash flow, categorized into four areas: Cash flows from operating activities, noncapital financing activities, capital and related financing activities and investing activities.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

The Authority's total assets as of June 30, 2016 were \$136,758,476.65. Total assets, total deferred outflows of resources, total liabilities, total deferred inflows of resources and total net position are detailed below.

Mount Laurel MUA Net Position As of June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$ 27,064,836.44	\$ 26,974,714.83	\$ 27,112,165.97
Capital Assets	109,693,640.21	109,710,007.93	110,942,833.59
Total Assets	136,758,476.65	136,684,722.76	138,054,999.56
Total Deferred Inflows of Resources	2,307,030.50	797,113.66	60,732.83
Current Liabilities	4,946,044.30	4,595,893.37	4,725,234.98
Long-Term Liabilities	29,167,523.84	28,971,358.24	21,852,073.57
Total Liabilities	34,113,568.14	33,567,251.61	26,577,308.55
Total Deferred Inflows of Resources	2,101,363.20	4,337,518.33	3,499,503.34
Net Position			
Net Investment in Capital Assets	89,463,918.30	87,699,945.38	85,939,152.89
Restricted	11,197,698.77	9,279,271.07	8,518,592.58
Unrestricted	2,188,958.74	2,597,850.03	13,581,175.03
Total Net Position	<u>\$ 102,850,575.81</u>	<u>\$ 99,577,066.48</u>	<u>\$ 108,038,920.50</u>

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



* 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 Additions to Capital Assets" graph within the Asset Management, Capital Asset, and Long-Term Debt Activity section.

The Authority realized operating income of \$2,370,091.12 for the current year. When offset by a loss from non-operating activities, the Authority's income before capital contributions was \$1,676,359.53. During FY16, the Authority received capital contributions in the amount of \$1,597,149.80. 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 \$3,273,509.33. Major components of this activity follow.

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

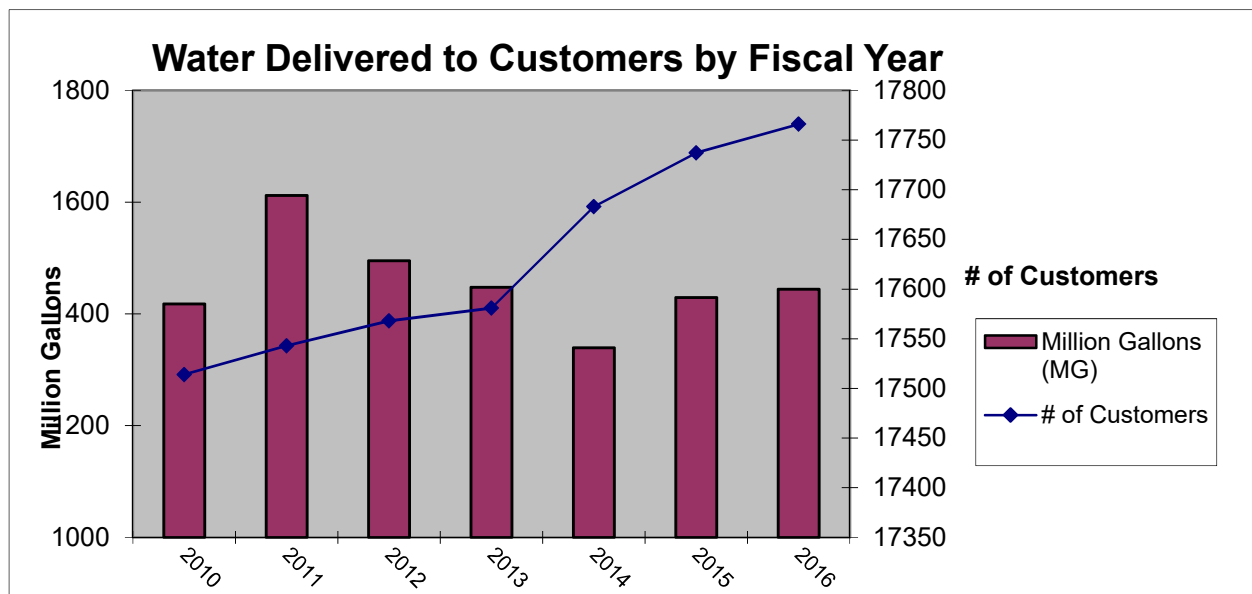
Mount Laurel MUA Revenues, Expenses and Net Position for the Fiscal Years Ended June 30,

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Utility Service Charges	\$ 19,267,645.00	\$ 18,924,464.65	\$ 17,726,907.56
Connection Fees	2,235,022.01	832,265.76	1,031,044.23
Other Operating Revenues	532,109.31	500,651.35	437,225.03
Total operating revenues	22,034,776.32	20,257,381.76	19,195,176.82
Operating Expenses	13,675,086.08	12,813,251.64	12,363,585.51
Depreciation expense	5,989,599.12	5,896,500.36	5,698,830.01
Operating Income	2,370,091.12	1,547,629.76	1,132,761.30
Non-operating Revenues (Expenses)			
Investment Income	132,447.14	37,342.67	148,854.91
Interest on debt	(373,233.49)	(411,253.73)	(543,236.41)
Loss on disposal of capital assets	(5,229.24)	(4,828.22)	(22,935.25)
Contribution to Mount Laurel Township	(447,716.00)	(498,892.00)	(578,390.00)
Income before contributions	1,676,359.53	669,998.48	137,054.55
Capital contributions	1,597,149.80	104,776.50	973,880.07
Increase in Net Position	3,273,509.33	774,774.98	1,110,934.62
Net Position - July 1	99,577,066.48	98,802,291.50	106,927,985.88
Change in Net Position	3,273,509.33	774,774.98	1,110,934.62
Net Position - June 30, Prior to Restatement	102,850,575.81	99,577,066.48	108,038,920.50
Restatement to Record the Net Pension Liability & Pension Related Deferred Outflows of Resources per GASB 68	-	-	(9,236,629.00)
	\$ 102,850,575.81	\$ 99,577,066.48	\$ 98,802,291.50

Service charges increased modestly in FY16 when compared to the previous year. The 1.8% increase in revenues was due to an additional 15 million gallons of water delivered to service. 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.

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

Connection fee revenues saw a substantial increase when compared to the previous fiscal year. This was the result of several large projects connecting to the Authority's infrastructure in FY16 (increasing that revenue). 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. Because the Township of Mount Laurel is approaching build out as less land is available for development, this type of revenue will generally decline in the coming years. In recognition of that inevitability, the Authority has had a long term fiscal planning model in place for many years that systematically reduces its dependency on connection fee revenues when projecting total annual revenue needs. This has served the Authority well.



Investment income increased nicely, primarily due to several high interest rate investments purchased during FY16. A total of \$3.9 million was spent on investments having nominal interest rates ranging from 1.15% to 5.50%. Because the quality and interest rates on these new investments are so strong, the Authority also benefitted from a \$31,000 positive market value adjustment at fiscal year-end. The Authority's older investments are still performing well and will be evaluated at maturity to determine whether reinvestment or maintaining a cash position is the best option.

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.

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

The Authority's fiscal activity yielded positive results for the year. Operating revenues generated an aggregate of \$22.035 million, up \$1.78 million (approximately 8.1%) from FY15. Connection fee revenues accounted for over \$1.4 million of this increase, as large projects like the Laurel Green residential development, Lifetime Fitness, The Falls Group (FunPlex), the NJ State Police barracks at the Turnpike, the Wawa at Route 38 and Marter Avenue and the Roger's Walk residential development contributed heavily to this revenue source. As mentioned earlier, service charges increased by a modest 1.8%, contributing an additional \$340,000 when compared to FY15. The Authority's operating expense, excluding depreciation, increased by approximately \$862,000 (6.3%) compared to FY15. The more significant changes in revenues and expenses are described in more detail below.

As the original budget for FY16 was formulated prior to April 2015, certain actual events during the year necessitated amending the budget. The Authority approved this budget amendment in June 2016. 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 (user fees) were originally budgeted at \$17.17 million but were amended to \$17.88 million. This increase was due to an upturn in water delivered to service during FY16. The Authority's water usage, resulting in higher overall user fees than anticipated, finished strongly at the end of the fiscal year, resulting in actual service charges of \$18.01 million.

Connection fee revenue was amended, from \$2.53 million to \$1.60 million. One significant project that was originally budgeted, but ultimately did not tie in during FY16, was the Hampton Inn Suites on Briggs Road. Its \$236,500 connection fee was a large factor when amending the budget. After the budget was amended, connection fees amounting to \$432,700 for Roger's Walk properties and \$78,500 for Brandywine Realty Trust were received. Several unanticipated projects throughout the year accounted for over \$200,000 in additional revenues. In the end, actual connection fee revenue realized for FY16 was \$2.24 million.

Other Operating Revenues increased by over \$30,000 compared to FY15 levels. The single largest factor for this overall improvement was steadily increasing market rate prices for the Solar Renewable Energy Credits (SREC) generated at the Authority's Ramblewood Parkway solar farm. At the beginning of FY16, the market price for a single SREC was approximately \$220. At the end of FY16, it was approximately \$250. Because the Authority generated nearly 700 SREC during the year, this resulted in about \$11,000 more revenue being recorded when compared to FY15.

The Authority's operating expenses of \$13.68 million for FY16 (not including depreciation) were \$860,000 higher than in FY15. 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 \$109,300 in FY16. This was the result of expense associated with hourly rate increases established in the current Collective Bargaining Agreement and normal, annual wage adjustments for the non-union staff. These additional expenses were offset somewhat by the savings associated with departures of a few long term employees throughout the year and their subsequent replacement with, generally, personnel receiving lower compensation. The current year's expense for all salaries and wages totaled \$4.211 million, compared with last year's \$4.102 million. The budget for this expense was originally set at \$4.267 million but was amended to \$4.186 million in response to actual costs such as those described above.

OPERATING REVENUES & EXPENSES (CONT'D)

Fringe Benefits exceeded the prior year by \$383,500; a 17.95% increase. The vast majority of this increase was the result of a GASB 68 related adjustment to the Authority's expense associated with the New Jersey Public Employees Retirement System (PERS). GASB 68, a Government Accounting Standards Board pronouncement, requires that long term liability for the Authority's proportionate share associated with PERS pension obligation be recognized. In light of that, the Authority was obligated to increase its PERS expense in FY16 by an additional \$373,100. This accounts for nearly all of the \$383,500 year over year increase in fringe benefits. The remaining increase is due to factors such as is increased FICA expense associated with an increase in the salaries and wages line items (discussed previously), personnel leaving and starting at the Authority and the corresponding timing of the health insurance coverage they chose.

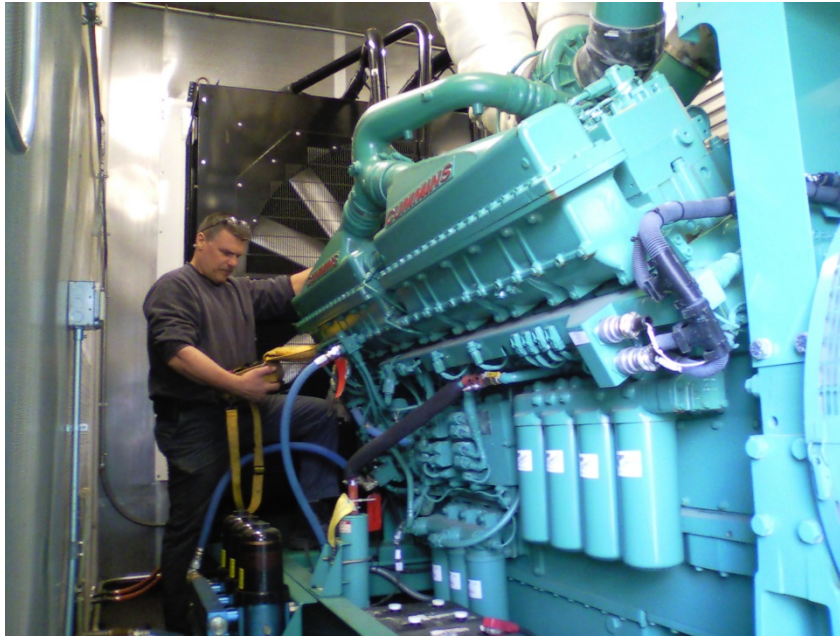


Working on the Hartford Rd WPCF UV Disinfection Tank Gate

Electricity costs decreased in the current year by \$145,618 (12.5%). The Authority renewed our 3rd party electric supply contract as recommended by our energy consultants in an attempt to stabilize electrical costs. At our Wastewater Treatment Facility, the replacement of our existing Ultraviolet Disinfection system with a more efficient system provided a decrease in consumption. In addition, the impact of a milder winter from past years allowed a reduction in overall consumption at many of our remote sites that utilize electric for heating purposes.

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.

OPERATING REVENUES & EXPENSES (CONT'D)



Routine Standby/Emergency Generator Maintenance

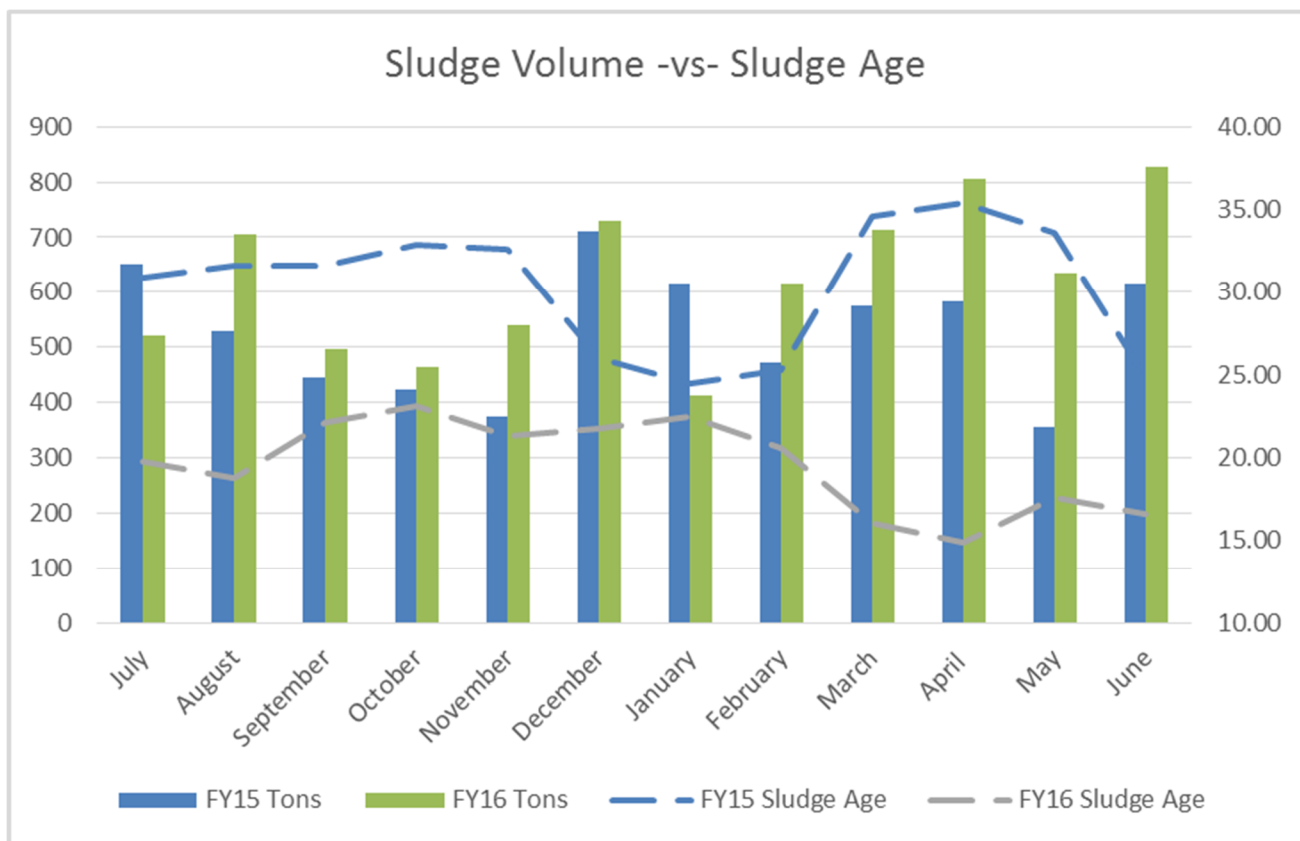
The New Jersey Department of Environmental Protection has restricted the Authority to a withdrawal of water from the Potomac-Raritan-Magothy Aquifer equal to the demand of the Township in 1980. However, because the Authority serves a township that has experienced explosive growth subsequent to 1980, it is forced to purchase more and more of its water from other water purveyors. During the current fiscal year, approximately 59% (about 858 million gallons) of Mount Laurel's water demand was purchased from these purveyors. In FY15, these purveyors provided 50% (about 716 million gallons) of Mount Laurel's water supply. The Authority continues to seek alternative, less expensive ways to provide water to its service area.

The purchase of water from outside purveyors increased by nearly \$89,318 (4.3%) in FY16 due to slightly higher customer demand for water this year. Although the Authority's water supply contract with New Jersey American Water Company (NJAWC) requires purchasing all water volume designated by the Authority, we were able to reduce this year's purchase from NJAWC by 50 million gallons compared to last year. This was possible because we were able to fully utilize our own supply sources including previously purchased water banked in our ASR well in conjunction with the flexibility of the Willingboro MUA contract to meet customer demands, thereby eliminating the more expensive use of NJAWC supply.

The ASR, which allows the storage of large quantities of potable water for an extended time period, originally required the recovery of the stored water within a 12 month period. The successful completion of a pilot program has permitted the ability to "bank" purchased water until demand requires its use. This ability will be extremely useful managing purchase contracts including the utilization of less expensive sources described above.

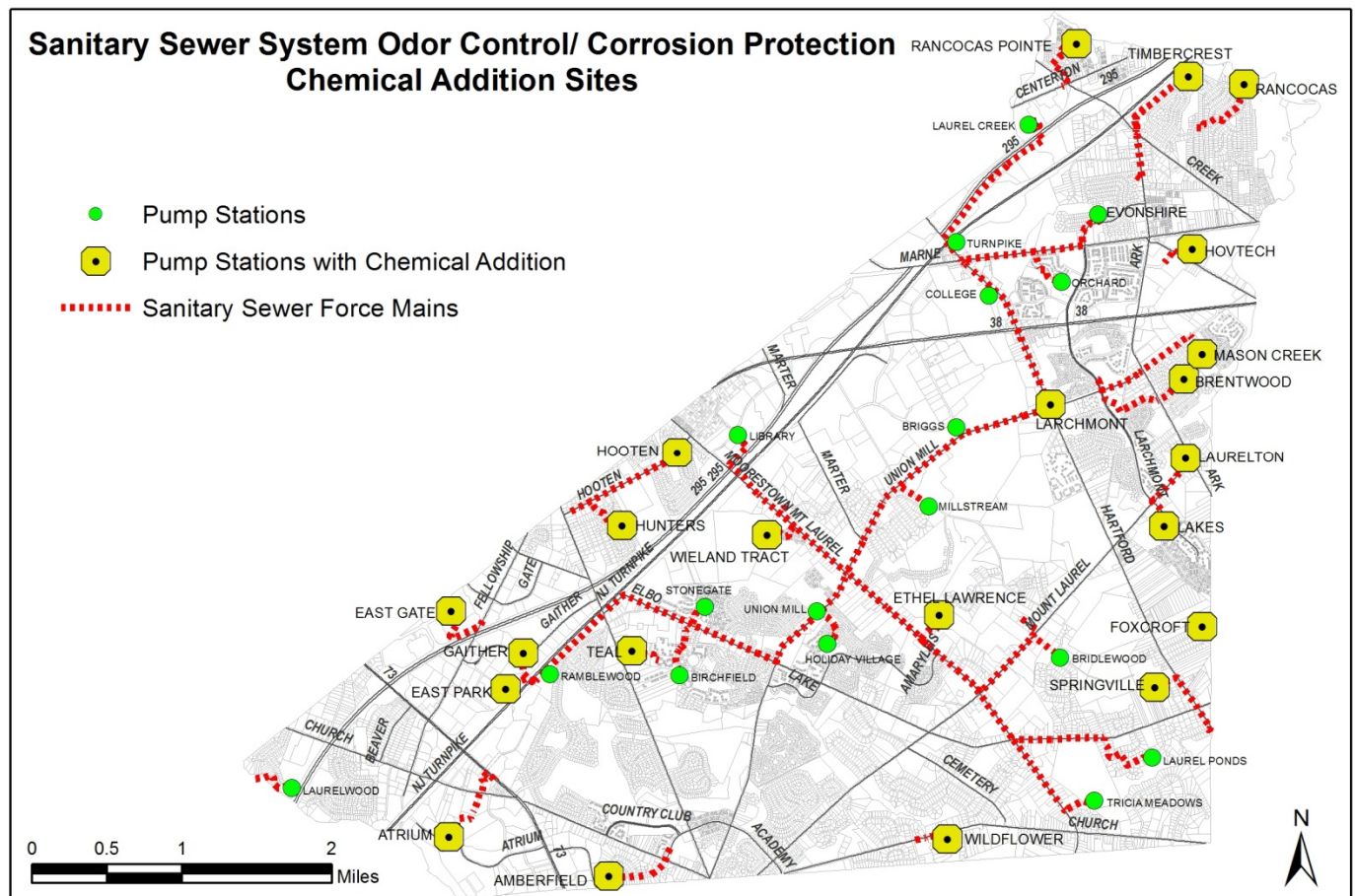
OPERATING REVENUES & EXPENSES (CONT'D)

The cost related to the disposal of bio-solids (sludge) at the Hartford Rd Wastewater Treatment Facility increased by \$204,817 (36.9%) in the fiscal period. This spending was impacted by the renewal work that began on one of our two secondary clarifiers. The project required the removal of sludge from one of the units after that unit experienced a premature catastrophic failure. That additional sludge removal accounted for almost 50% of the increased spending that occurred this fiscal year. The other factor impacting bio-solids spending was due to operational changes needed to ensure compliance with all regulatory parameters during the rehabilitation work. Since one of the two secondary clarifiers was out of service during rehabilitation, it was necessary to decrease the sludge age in the plant. There is a direct relationship of sludge age and the amount of bio-solids in a treatment facility. As the chart below shows the amount of sludge removed (tons) increases as the sludge age decreases. This operational change will need to remain in place until the renewal work on both secondary clarifiers is completed in FY18.



OPERATING REVENUES & EXPENSES (CONT'D)

Chemical expense overall increased significantly when compared to FY15. Total actual costs were \$665,035 in FY16 compared to \$543,229; an increase of \$121,806 (22.4%). In the sewer utility, higher temperatures and a more direct control of dosage based treatment facility testing during FY16 resulted in a significant increase in the use of odor control chemicals. Temperatures impact on chemical use is normal, as corrosive gasses generated by sewage increase during periods of rising and higher temperatures. The improved communication of test results to allow adjustments of chemical additions at the Larchmont Pump Station provided greater control, but the cost of this control is being examined to determine the effectiveness of the dosage changes being made.

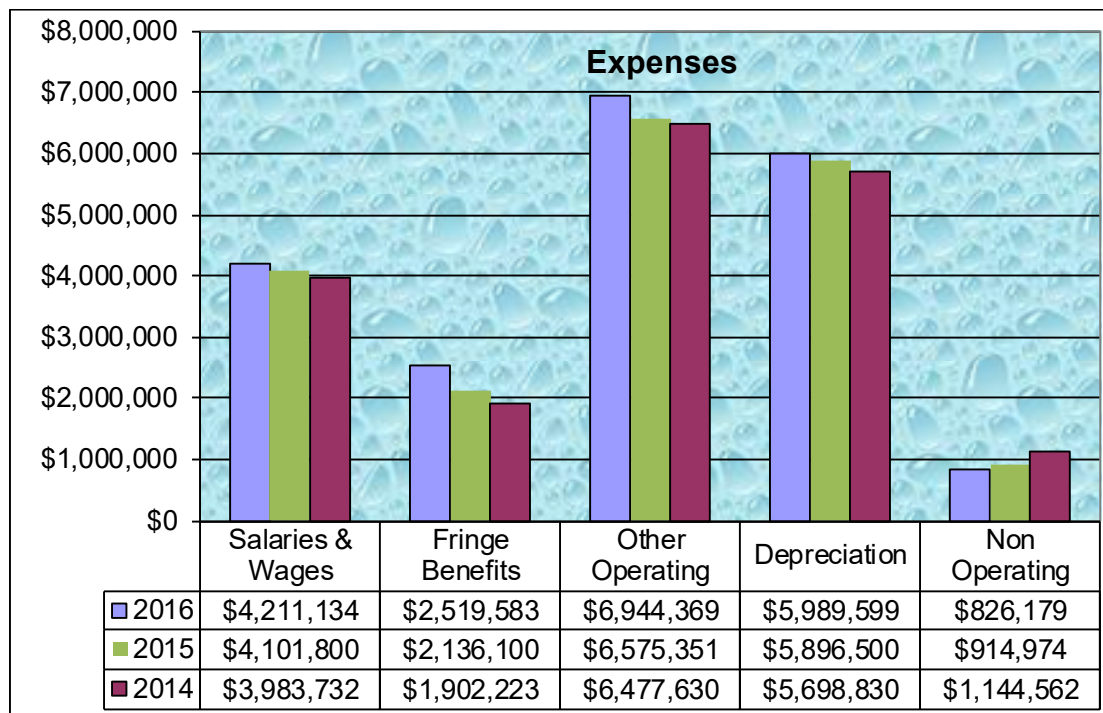
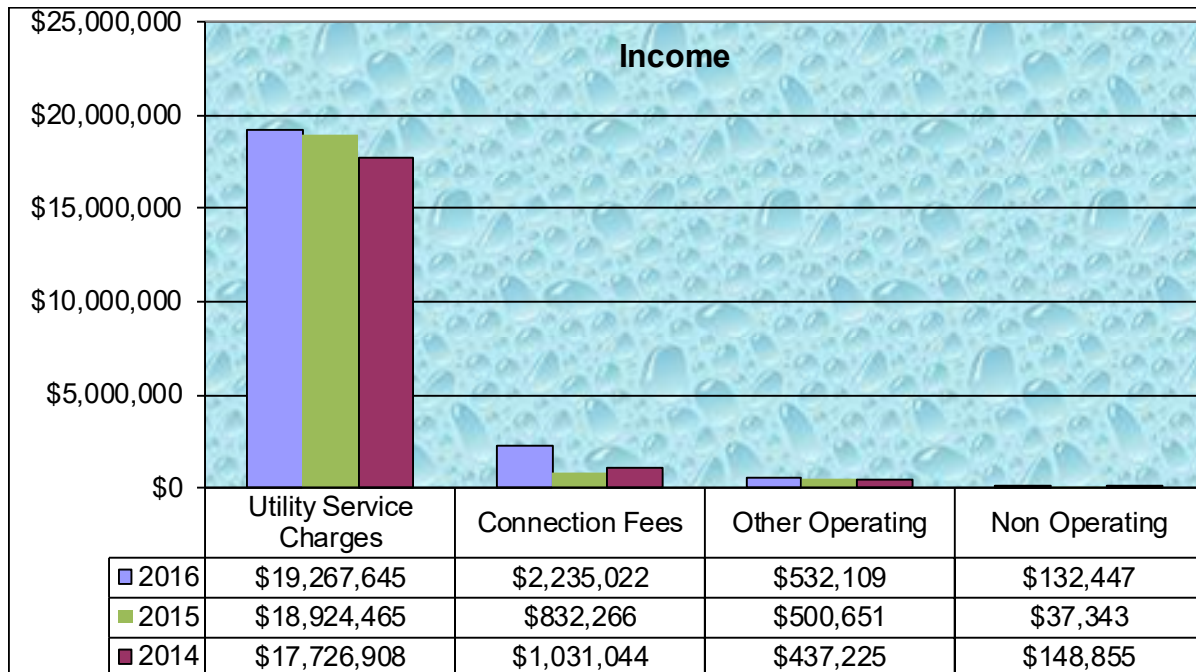


Interest expense in FY16 dropped by \$38,000. As outstanding principal balances get paid down and bond issues approach expiration, a greater portion of debt service payments are toward principal balances. Inversely, interest expense becomes less. The Authority did not take on any new debt in FY16.

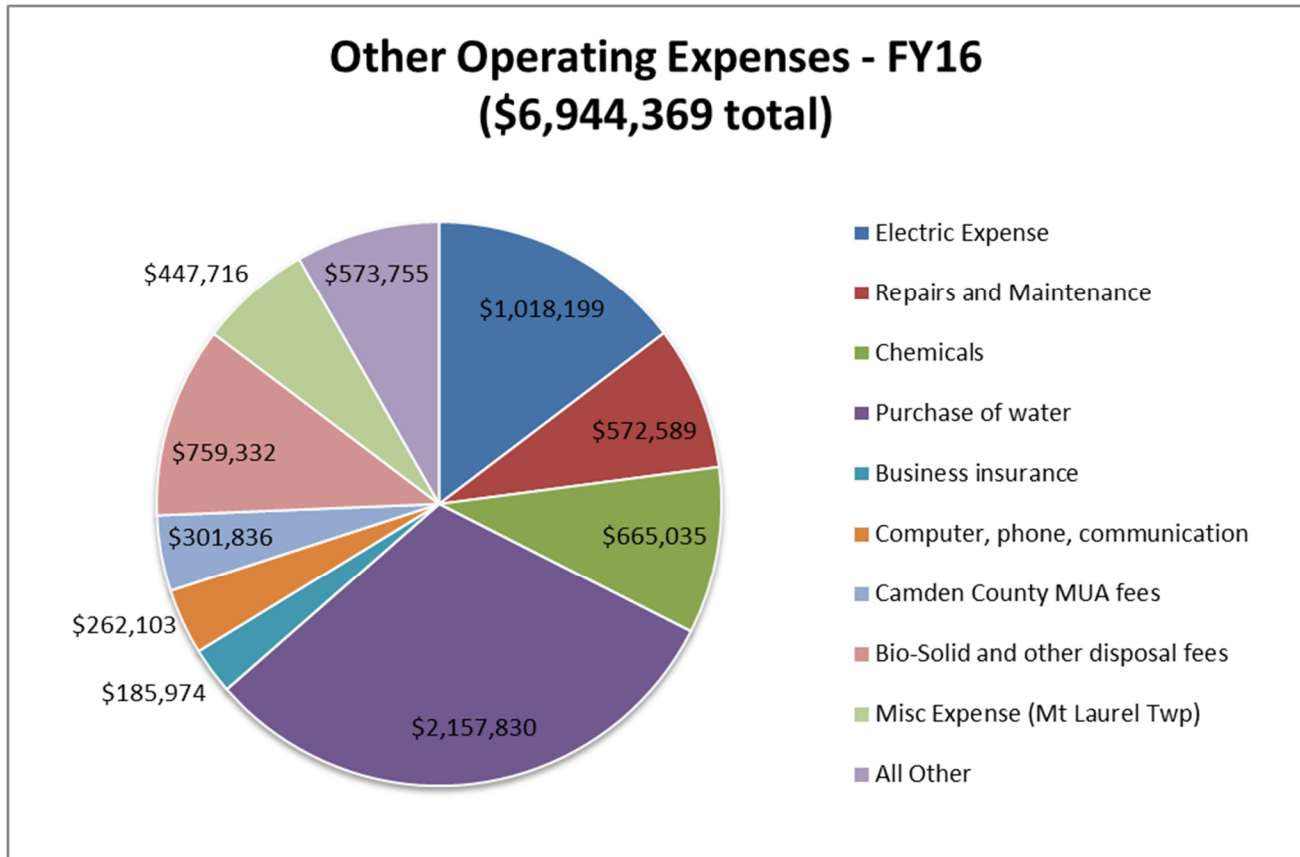
The Authority contributed \$447,716 to Mount Laurel Township, the seventh straight year a contribution has been made. This amount was determined in accordance with N.J.S.A. 40A:5A-12.1. With this contribution, the Authority has now given a total of \$3,496,998 to the Township.

OPERATING REVENUES & EXPENSES (CONT'D)

Graphical representations showing revenues and expenses for the three fiscal years of 2014, 2015 and 2016 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 20 years in order to continue providing safe water to the public. In addition, the 2013 American Society of Civil Engineers Infrastructure Report Card estimated that New Jersey wastewater (and storm water) infrastructure needed \$32.5 billion dollars of improvements in the next 20-30 years. 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.

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 Asset Management Program (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.

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

Because the Authority has invested nearly \$219 million in its infrastructure, and keeping the staggering estimated state amounts mentioned above in mind, the Authority has embraced asset management concepts into its operation and developed an AMP. Key employees of the Authority have participated on the American Water Works Association (AWWA) New Jersey section's Infrastructure Management Committee beginning in 2010 and on the New Jersey Department of Environmental Protection's (NJDEP) Asset Management Industry Working Group since 2014 in developing asset management procedures for use at water and wastewater facilities in New Jersey. Recently NJDEP issued its Asset Management Technical Guidance document which the Authority is positioned to follow.

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 5 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.

During FY16, the Authority expensed \$4.38 million for capital assets. By including retainage and other pre / post year adjustments, the more significant capital additions were as follows:

<u>Asset</u>	<u>Amount Disbursed in FY16</u>
**Upgrade Water & Sewer SCADA Systems	\$ 659,066
Hartford Rd Wastewater Treatment Facility (HRWPCF) Rehabilitation	
*Secondary Clarifier #1 Rehabilitation	\$ 452,935
*Rehabilitate Plant Administration and Control Building	\$ 11,090
Replace ICP Unit for Certified Laboratory	\$ 86,662
UV4000 Disinfection System Rehabilitation of Slides Gates	\$ 75,226
Orbal Aerator Motor Gear Boxes Replacement	\$ 28,395
Rebuild Sludge Comminutor (A) Motor	\$ 27,930
Replace Control Panel on Utility Water System	\$ 24,314
Sludge Transfer Pump Rehabilitation	\$ 21,612
Replace Primary Sludge Pump #1	\$ 18,168
Replace/Repair/Rehab Orbal Motors	\$ 12,855
Replace Plant Sanitary PS Pump # 2	\$ 11,276
Replace Safety Disconnect Aerator on Orbal Unit	\$ 10,951
Replace WAS Pump # 2	\$ 9,655
Replace Micro Logics & Operator Interface	\$ 9,040
Rehabilitate Slide Gate & Cell # 4 Weir Gate	\$ 8,996
Replace Level Sensors on Sludge Thickener Tank	\$ 8,793
Replace Gas Pump and Software Upgrade	\$ 8,395

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

<u>Asset</u>	<u>Amount Disbursed in FY16</u>
Hartford Rd Wastewater Treatment Facility (HRWPCF) Rehabilitation (Cont'd)	
Inspections of Teacup Unit	\$ 7,600
Rehabilitate Utility Water Booster Pumps & Impellers	\$ 7,500
Replace Overhead Doors on Sludge Filter Press Building	\$ 6,620
Replace Weather Refrigerated Sampler for Hartford Rd Facility	\$ 5,943
Replace Utility Water Hydrant	\$ 5,480
Replace 6" Valve	\$ 3,286
Replace Hubs and Wood Couplings on Orbal Aeration Units	\$ 3,072
Replace AC Unit for Sludge Press Building	\$ 1,043
** Paving and Drainage Upgrades	\$ 10,998



A crane removes part of the Secondary Clarifier bridge as part of the \$ 506,025 rehabilitation project which began in FY15 and was completed in FY16

Sanitary Sewer Pump Station Rehabilitation

*Installation of New Controls for Orchard PS	\$ 16,478
*Replace Automatic Transfer Switch at Hovtech Pump Station	\$ 10,494
Orchard PS Site Work & 81 Elbo Lane Paving Rehab	\$ 171,803
Rebuild Motors, Pumps & Impeller Replacement Various PS	\$ 40,208
Replace Mason Creek PS Stand-By Generator, Trans Switch & Fuel Tank	\$ 29,900
PS Evals (Bridlewood, East Gate II, College & Laurel Ponds)	\$ 26,166
Replace Turnpike PS Stand-By Generator, Transfer Switch & Fuel Tank	\$ 25,500
Install Cathodic Protection at Hunters, Tricia Meadows, East Park, & College PS and HRWPCF Gas Piping	\$ 22,555

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

Asset

Amount Disbursed in FY16

Sanitary Sewer Pump Station Rehabilitation (Cont'd)

Replace Pump # 1 at Birchfield PS	\$ 20,280
Replace Drywell Hatch at Birchfield PS	\$ 11,904
Repair to Hoist at Larchmont Pumping Station	\$ 8,900
Replace Fences: Mason Creek, Larchmont, Ramblewood, Lakes, Tricia Meadows & Hovtech PS	\$ 7,475
Replace Check Valve at Ramblewood PS	\$ 6,791
Replace Volutes for Union Mill PS	\$ 5,457
Replace AC Unit at Ramblewood PS	\$ 5,427
Replace Transducers for Various PS	\$ 4,861
Replace Electric Winches on Various PS	\$ 4,144
**Level Control & Electrical Upgrade Timbercrest PS	\$ 140,756
**Level Control & Electrical Upgrade Birchfield PS	\$ 140,756
** Level Control & Electrical Upgrade Turnpike PS	\$ 77,366
** Level Control & Electrical Upgrade East Park PS	\$ 77,365
**Replace/Rebuild Hunters PS	\$ 12,966
**Corrosion Evaluation & Analysis of PS (College, Amberfield, Holiday Village East, & Stonegate)	\$ 6,569



Birchfield PS Rehabilitation Work

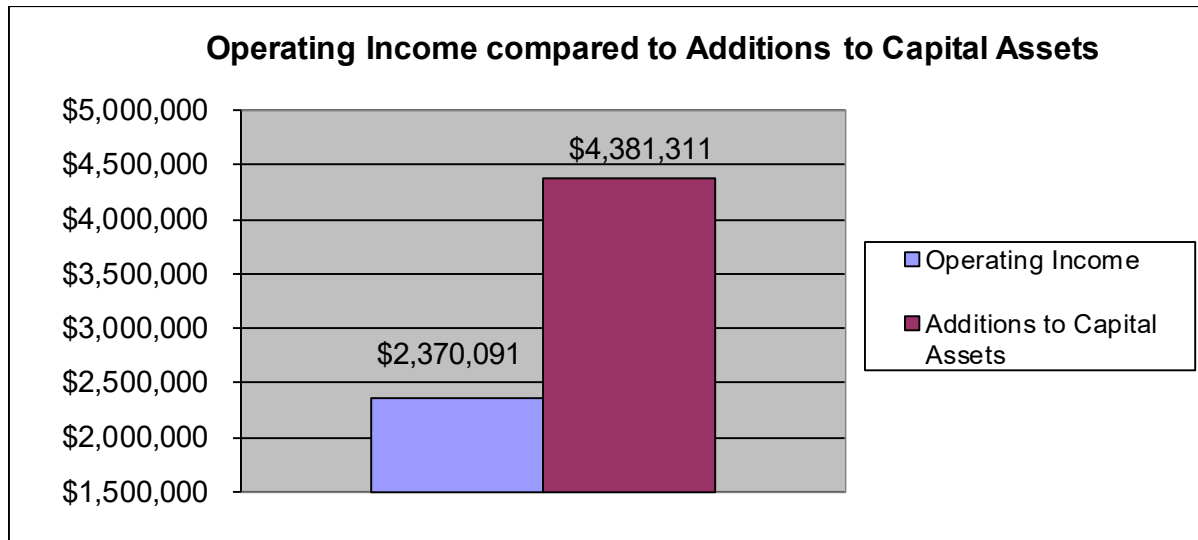
Sanitary Sewer Force Main Repairs and Replacements:

*Hunters Force Main Replacement & Install Country La. Water Main	\$ 29,325
Primary Force Main South Church Street & Elbo Lane	\$ 34,533
Primary Force Main Union Mill Road & Briggs Road	\$ 26,425
** Primary Force Main Hartford Road	\$ 430,271

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

<u>Asset</u>	<u>Amount Disbursed in FY16</u>
Sanitary Sewer Force Main Repairs and Replacements (Cont'd):	
**Walt Whitman Avenue – Library Force Main	\$ 65,143
** Hartford Rd & Marne Hwy FM Connection Replacement (design)	\$ 12,530
** Hartford Road Force Main & Valve Vault Repair	\$ 3,512
Sanitary Sewage Collection System	
*Replace/Rehab Sewer Main on Ramblewood Pky & Devonshire Rd	\$ 26,396
TV, Cleaning and Assessment of Sanitary Sewer Mains	\$ 112,320
Replace/Line Various Gravity Sewer Mains	\$ 31,359
Elbo Lane Water Treatment Plant Rehabilitation	
*Clarifiers Repair/Rehab	\$ 15,314
Roof Repair	\$ 14,864
Swing & Pedestrian Gate Rehabilitation	\$ 14,160
Replace Sludge Meter on Clarifier # 2	\$ 8,782
Replace VFD on High Service Pump #1	\$ 6,775
Repair Sludge Pump	\$ 2,380
Replace Ice Machine	\$ 2,060
**Replace Fluoride Addition Systems	\$ 41,659
**HVAC Rehabilitation	\$ 11,777
Water Main Replacements:	
Fire Hydrant Replacements	\$ 21,090
Rancocas Woods Section	\$ 5,310
Replace Hydrant Rings	\$ 3,291
**Wharton Road	\$ 186,312
**Saint David's Drive	\$ 91,631
**South Saint Andrews Drive	\$ 27,951
**Amsterdam Road	\$ 22,609
Wells and Booster Stations	
Well # 7 ASR Repairs/Rehab/Replacement & Additions	\$ 89,231
Replace 155kw Portable Generator Ark Rd Booster Station	\$ 77,718
Water Storage Tanks Inspections	\$ 15,400
Replace VFD's Willingboro Booster Station	\$ 6,455
Replace Heaters for Well No 7 and Horizon Way Booster Station	\$ 2,630
Water Meter Reading	
**Meter Change Out Program	\$ 205,226
Replace Meter Reading Hand Held Equipment	\$ 14,776
Replacement Parts & Repairs for Vehicle 42 and Jetter Hose	\$ 12,434

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 \$30.87 million of paid additions to its assets over the nine fiscal years of 2008 through 2016. \$22.77 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 nine year period of FY08 through FY14, the Authority's aggregate Operating Income has totaled \$11.47 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 nine 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.



Routine Maintenance at the Hartford Rd WPCF Sludge Thickening Tank

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

Our five-year capital plan calls for the expenditure of \$38,668,410 with \$9,951,010 budgeted for the upcoming fiscal year. The Authority plans to fund these amounts in the following manner:

	Five year plan	Upcoming year
Projects funded from Unrestricted Net Position (including reserves for renewal and replacement)	\$ 22,433,410	\$ 4,726,010
Debt Authorization	\$ 16,235,000	\$ 5,225,000

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

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

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

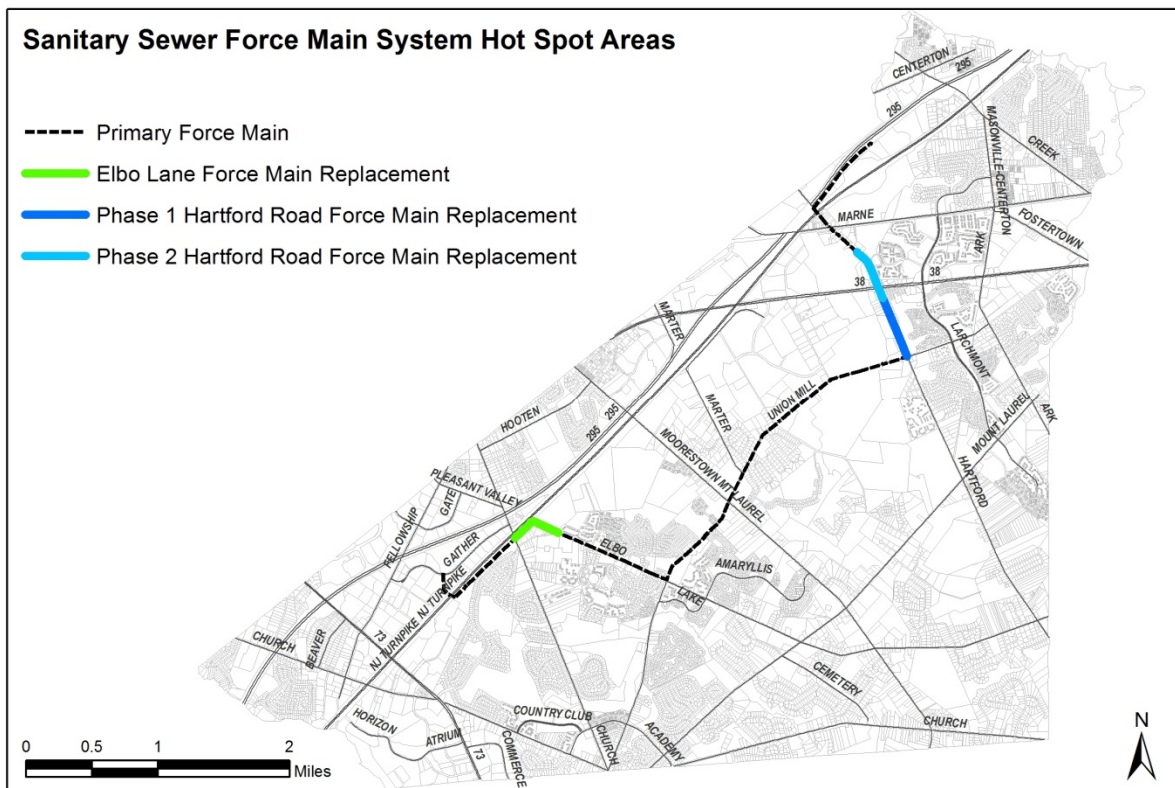
In December 2009, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust totaling \$2,244,600 for the completion of a solar energy array that generates power for a sewer pumping station and a groundwater well. \$1,109,600 of this loan is at a zero percent interest rate.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

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

LOOKING FORWARD

The Authority has been actively pursuing alternative sources of water to meet user demand. Currently, the Authority must purchase from outside water purveyors the 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.

As part of the Authority's Asset Management Program, we have continually rehabilitated parts of our sanitary force main system. We have been analyzing and implementing options to replace or rehabilitate sections of this 45 year old main due to sections of it prematurely reaching the end of its useful life. During this process we have been able to identify "hot spots" in the force main system and have attempted to prioritize these areas utilizing probability and consequence of failure. Currently two hot spots have been identified: Hartford Road near 38 and Elbo Lane near Church Street (see map).



LOOKING FORWARD

The Hartford Road section is a critical length of pipe, with over 3 million gallons of sewage flowing through it daily. This represents almost 80% of the town's daily flow. Even with 20 tankers working non-stop, this is simply too much volume to haul away by truck in the event of a break. The Elbo Lane section is less critical due to its location near the beginning of the force main system, but the frequency of breaks has required its rehabilitation to be addressed.

LOOKING FORWARD (CONT'D)

The Authority included replacement of phases 1 & 2 of the Hartford Road force main in our FY17 budget after the board approved \$7 million for the replacement project. We have retained a firm which specializes in corrosion control to help us utilize asset management principles and in designing and prioritizing the work needed in the hot spot areas. Design for Phase 1 of the Hartford Road project is moving along very quickly and will be bid in the upcoming fiscal year as planned. It will be followed either by the Elbo Lane replacement or Phase 2 Hartford Road project. Although this work is moving forward we cannot rule out the fact that additional leaks are likely to occur on this section of pipe before it is replaced. The Authority plans to issue debt via the NJEIT for these projects.

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 fifth and final of these payments was made in June, 2016.

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

BASIC FINANCIAL STATEMENTS

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position
As of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 6,801,116.97	\$ 8,139,415.53
Investments	7,830,817.89	6,286,348.19
Consumer Accounts Receivable, Net of Allowance for Doubtful Accounts of \$3,786.67 in 2016 and 2015	3,830,800.92	3,761,256.80
Accrued Investment Income Receivable	26,847.97	5,190.31
Intergovernmental Accounts Receivable	70,402.78	269,063.92
Inventory	397,341.85	388,373.80
Other Accounts Receivable	32,272.50	26,668.20
Prepaid Expenses	94,808.26	72,895.90
Total Unrestricted Assets	<u>19,084,409.14</u>	<u>18,949,212.65</u>
Restricted Assets:		
Cash and Cash Equivalents	48,926.73	51,681.73
Investments	7,887,614.34	7,928,615.05
Accrued Investment Income Receivable	8,401.21	4,959.77
Notes Receivable, Less Allowance for Doubtful Accounts of \$40,190.91 in 2016 and 2015	35,485.02	40,245.63
Total Restricted Assets	<u>7,980,427.30</u>	<u>8,025,502.18</u>
Total Current Assets	<u>27,064,836.44</u>	<u>26,974,714.83</u>
Noncurrent Assets:		
Capital Assets:		
Completed (Net of Accumulated Depreciation)	108,233,688.26	109,292,274.14
Construction in Progress	1,459,951.95	417,733.79
Total Capital Assets	<u>109,693,640.21</u>	<u>109,710,007.93</u>
Total Assets	<u>136,758,476.65</u>	<u>136,684,722.76</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Defeasance of Loans	49,690.50	55,211.66
Related to Pensions	2,257,340.00	741,902.00
Total Deferred Outflows of Resources	<u>2,307,030.50</u>	<u>797,113.66</u>

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position
As of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 1,247,924.60	\$ 1,346,979.58
Prepaid Rents	108,552.10	93,282.17
Developer's Deposits	956,063.44	785,559.15
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	2,312,540.14	2,225,820.90
	<hr/>	<hr/>
Current Liabilities Payable from Restricted Assets:		
Accounts Payable	419,596.37	152,634.34
Retainage	31,859.02	62,327.83
NJ EIT Loans--Current Portion	2,007,794.01	1,963,147.56
Accrued Interest Payable	174,254.76	191,962.74
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	2,633,504.16	2,370,072.47
	<hr/>	<hr/>
Long-term Liabilities:		
Compensated Absences	515,809.35	512,588.78
Related to Pensions	11,286,065.00	9,076,620.00
NJ EIT Loans Payable	17,365,649.49	19,382,149.46
	<hr/>	<hr/>
Total Long-Term Liabilities	29,167,523.84	28,971,358.24
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Total Liabilities	34,113,568.14	33,567,251.61
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Defeasance of Loans	454,513.52	505,015.02
Deferred Revenue	1,465,391.68	3,291,586.31
Related to Pensions	181,458.00	540,917.00
	<hr/>	<hr/>
Total Deferred Inflows of Resources	2,101,363.20	4,337,518.33
	<hr/>	<hr/>
NET POSITION		
Net Investment in Capital Assets	89,463,918.30	87,699,945.38
Restricted:		
Bond Resolution Covenants	11,145,360.28	9,231,006.79
State Unemployment Compensation	52,338.49	48,264.28
Unrestricted	2,188,958.74	2,597,850.03
	<hr/>	<hr/>
Total Net Position	\$ 102,850,575.81	\$ 99,577,066.48
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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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues:		
Utility Service Charges	\$ 19,267,645.00	\$ 18,924,464.65
Connection Fees	2,235,022.01	832,265.76
Other Operating Revenues	532,109.31	500,651.35
	<u>22,034,776.32</u>	<u>20,257,381.76</u>
Operating Expenses:		
Administration:		
Salaries and Wages	790,909.65	760,389.44
Fringe Benefits	516,463.02	427,000.16
Other Expenses	896,235.43	758,735.56
Cost of Providing Services:		
Salaries and Wages	3,420,224.57	3,341,410.36
Fringe Benefits	2,003,120.28	1,709,100.28
Other Expenses	6,048,133.13	5,816,615.84
Depreciation	5,989,599.12	5,896,500.36
	<u>19,664,685.20</u>	<u>18,709,752.00</u>
Operating Income	2,370,091.12	1,547,629.76
Non-operating Revenue (Expenses):		
Investment Income	132,447.14	37,342.67
Interest on Debt	(373,233.49)	(411,253.73)
Loss on Disposal of Capital Assets	(5,229.24)	(4,828.22)
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(447,716.00)	(498,892.00)
	<u>1,676,359.53</u>	<u>669,998.48</u>
Income Before Capital Contributions	1,676,359.53	669,998.48
Capital Contributions	1,597,149.80	104,776.50
	<u>3,273,509.33</u>	<u>774,774.98</u>
Increase in Net Position	3,273,509.33	774,774.98
Net Position - Beginning	99,577,066.48	98,802,291.50
Net Position - Ending	<u>\$ 102,850,575.81</u>	<u>\$ 99,577,066.48</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 19,622,198.19	\$ 19,956,007.50
Payments to Suppliers	(7,074,303.95)	(6,121,030.89)
Payments to Employees	(6,392,948.95)	(6,584,376.04)
Other Operating Receipts	895,670.44	1,129,580.08
Net Cash Provided by Operating Activities	7,050,615.73	8,380,180.65
Cash Flows from Noncapital Financing Activities:		
Notes Receivable on Line Extensions	4,760.61	5,795.07
Net Cash Provided by Noncapital Financing Activities	4,760.61	5,795.07
Cash Flows from Capital and Related Financing Activities:		
Retainage	(62,327.83)	(47,319.94)
Principal Paid on Bonds		(270,000.00)
Principal Paid on Loans	(1,963,147.56)	(1,967,458.17)
Acquisitions of Capital Assets	(4,082,489.79)	(5,218,880.16)
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(447,716.00)	(498,892.00)
Interest on Debt	(444,627.77)	(494,634.52)
Net Cash Used in Capital and Related Financing Activities	(7,000,308.95)	(8,497,184.79)
Cash Flows from Investing Activities:		
Investment Income Received	107,348.04	56,104.41
Short Term Gains (Loss)	(3,027,361.55)	50,489.83
Proceeds from Sale of Investments	5,543,665.84	5,543,665.84
Payments for Investments	(4,019,773.28)	(4,019,773.28)
Net Cash Provided by (Used in) Investing Activities	(1,396,120.95)	1,630,486.80
Net Increase (Decrease) in Cash and Cash Equivalents	(1,341,053.56)	1,519,277.73
Cash and Cash Equivalents, July 1	8,191,097.26	6,671,819.53
Cash and Cash Equivalents, June 30	\$ 6,850,043.70	\$ 8,191,097.26

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 2,370,091.12	\$ 1,547,629.76
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	5,989,599.12	5,896,500.36
Pension Liability Expense - GASB 68	(1,874,897.00)	(200,985.00)
Changes in Assets and Liabilities:		
(Increase) Decrease in Consumer Accounts Receivable	(69,544.12)	(135,337.23)
(Increase) Decrease in Intergovernmental Accounts Receivable	198,661.14	192,095.11
(Increase) Decrease in Inventory	(8,968.05)	294.73
(Increase) Decrease in Other Accounts Receivable	(5,604.30)	(15,230.95)
(Increase) Decrease in Prepaid Expenses	(21,912.36)	15,968.01
Increase (Decrease) in Liabilities Related to Pension	2,209,445.00	(160,009.00)
Increase (Decrease) in Unrestricted Accounts Payable	(99,054.98)	438,057.77
Increase (Decrease) in Prepaid Rents	15,269.93	(12,985.17)
Increase (Decrease) in Deferred Revenue	(1,826,194.63)	347,599.49
Increase (Decrease) in Developers' Deposits	170,504.29	452,064.57
Increase (Decrease) in Compensated Absences	3,220.57	14,518.20
Total Adjustments	<u>4,680,524.61</u>	<u>6,832,550.89</u>
Net Cash Provided by Operating Activities	<u>\$ 7,050,615.73</u>	<u>\$ 8,380,180.65</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, 2016 and 2015

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 Comparative Statements 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 comparative statements of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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.

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 GUDPA. 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.

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.

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

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

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

Loan Discounts/Loan Premiums

Loan 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. Loan discounts/premiums are presented as an adjustment of the face amount on the loans.

Deferred Outflows of Resources

The Authority reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. The following deferred outflows of resources are reported in the Authority's statements of net position:

- Deferred loss on defeasance of loans arising from the defeasance of future loan payments to the New Jersey Environmental Infrastructure Trust (NJEIT) to which the Authority is a pooled loan participant. The deferred loss is amortized in a systematic and rational method as a component of interest expense.
- Contributions made to the Authority's defined benefit pension plans between the measurement date of the net pension liabilities from those plans and the end of the Authority's fiscal year.

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

The Authority's statements of net position report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). The following deferred inflows of resources are reported in the Authority's statements of net position:

- Connection fee funds received prior to providing water and sewer services. Funds are realized when water and sewer services are provided.
- Deferred gain on a 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. It is amortized in a systematic and rational method as a component of interest expense.
- Actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is attributed to pension expense over a total of five (5) fiscal years, including the current fiscal year.

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.

Recently Issued and Adopted Accounting Pronouncements

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 adoption of this Statement had no impact on the basic financial statements of the Authority.

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

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. The adoption of this Statement had no impact on the basic financial statements of the Authority.

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. The adoption of this Statement had no impact on the basic financial statements of the Authority.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. The adoption of this Statement had no impact on the basic financial statements of the Authority.

Recently Issued Accounting Pronouncements

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

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.

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

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The Statement is effective for periods beginning after December 15, 2015. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. 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. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The Statement is effective for periods beginning after December 15, 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management has not yet determined the impact of this Statement on 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, 2016 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, 2016 is \$2,325,260.93. After deducting the Authority's surety bonds and cash held by other fiscal agents, the minimum required cash balance is \$212,661.53. The balance on June 30, 2016 meets the requirements of the Bond Resolution as amended by the Authority.

Renewal and Replacement Account - The Trustee must maintain a minimum balance in this account of \$7,420,000.00 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 \$5,717,551.43, which does not meet the engineer's certified balance as of June 30, 2016. During the year, the Authority adopted a resolution decreasing the minimum balance to \$5,550,000.00 beginning July 1, 2016 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 Note 2 – Debt Service Agreements), or for any other lawful purpose, as described in the Utility System Revenue Bond Resolution.

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

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

Debt Service Coverage

The computation of sufficiency of revenues for the fiscal years ended June 30, 2016 and 2015 as defined by the Utility System Revenue Bond Resolution Section 713(b) is as follows:

	<u>2016</u>	<u>2015</u>
Operating Revenues:		
Utility Service Charges	\$ 19,267,645.00	\$ 18,924,464.65
Connection Fees	2,235,022.01	832,265.76
Investment and Miscellaneous Income	<u>664,556.45</u>	<u>537,994.02</u>
Total Revenues	<u>22,167,223.46</u>	<u>20,294,724.43</u>
Operating Expenses:		
Cost of Providing Services	11,471,477.98	10,867,126.48
Administrative	2,203,608.10	1,946,125.16
Contribution to Mount Laurel Township	<u>447,716.00</u>	<u>498,892.00</u>
Total Operating Expenses	<u>14,122,802.08</u>	<u>13,312,143.64</u>
Excess of Revenues	8,044,421.38	6,982,580.79
110% of Current Fiscal Year's		
Annual Debt Service Requirement	<u>2,629,074.09</u>	<u>2,972,638.02</u>
Sufficiency of Revenues	<u>\$ 5,415,347.29</u>	<u>\$ 4,009,942.77</u>

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.

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

In conjunction with the aforementioned Utility System Revenue Bond Resolution, the Authority has entered into a service agreement with the Township. The Township has agreed to advance to the Authority sufficient monies to eliminate any deficiency in the Authority's revenues required for its operation and administrative expenses, including certain debt service requirements, and to meet certain 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 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. These funds are shown as uninsured and uncollateralized in the following schedule.

As of June 30, 2016 and 2015, the Authority's bank balances were insured or exposed to custodial credit risk as follows:

	June 30,	
	<u>2016</u>	<u>2015</u>
Insured by FDIC	\$ 1,012,892.59	\$ 260,204.78
Insured by GUDPA	3,707,460.44	5,897,155.99
Uninsured and Uncollateralized	1,098,320.65	1,059,404.42
Total	<u>\$ 5,818,673.68</u>	<u>\$ 7,216,765.19</u>

New Jersey Cash Management Fund - During the fiscal 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, 2016 and 2015, the Authority's deposits with the New Jersey Cash Management Fund were \$1,146,001.16 and \$1,143,216.12, 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. The Authority has several certificates of deposits (CD's) that have FDIC insurance. The Authority has FDIC insured investments of \$1,741,977.75 as of June 30, 2016. 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. The Authority's investments, totaling \$13,976,454.48 as of June 30, 2016 and \$14,157,763.24 as of June 30, 2015, consist of 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), solar renewable energy credits (SREC) and municipal and state bonds. All investments are held in the name of the Authority.

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

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

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

Concentration of Credit Risk – 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, CD's, SREC's, FNMA's, FHLB's, GNMA's, or state and municipal bonds.

Fair Value Measurements of Investments – The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted process in active markets for identical assets; level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2016, all of the Authority's investments in money market funds, CD's, SREC's, FNMA's, FHLB's, GNMA's, or state and municipal bonds are valued using quoted market prices (Level 1 inputs).

As of June 30, 2016, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value June 30, 2016</u>
Sallie Mae Bank CD	8/29/2017	NR	\$ 246,928.15
BMW Bank North America CD	8/30/2018	NR	250,000.00
American Express Bank CD	12/24/2018	NR	250,000.00
Goldman Sachs Bank USA CD	1/6/2020	NR	250,000.00
Capital One Bank USA NA CD	10/7/2020	NR	245,049.60
JP Morgan Chase Bank NA CD	12/16/2020	NR	250,000.00
HSBC Bank USA NA CD	12/30/2020	NR	250,000.00
FDIC Insured Investments			<u>\$ 1,741,977.75</u>

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

As of June 30, 2016, the Authority had the following investments and maturities (Cont'd):

<u>Investment</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value June 30, 2016</u>
NJ Higher Education Assistance Authority			
Student Loan Revenue Bond	7/1/2016	AA3	\$ 30,000.00
Riverview Gardens	4/1/2018	AA+	36,836.45
BMW Bank North America CD (Non-FDIC)	8/30/2018	NR	509.87
Federal National Mortgage Association	12/1/2018	AA+	3,064.30
American Express Bank CD (Non-FDIC)	12/24/2018	NR	2,265.00
New York NY Suser G 1	3/1/2019	AA2	254,575.50
Wells Fargo Bank NA CD (Non-FDIC)	6/11/2019	NR	503,265.00
Goldman Sachs Bank USA CD (Non-FDIC)	1/6/2020	NR	4,082.50
Cumberland County NJ IMPT	4/15/2020	AA-	491,233.60
Connecticut St SPL Tax	11/1/2020	AA3	10,973.00
New York NJ City	11/1/2020	AA1	109,789.00
JP Morgan Chase Bank NA CD (Non-FDIC)	12/16/2020	NR	300.00
HSBC Bank USA NA CD (Non-FDIC)	12/30/2020	NR	1,685.00
JP Morgan Chase Bank NA CD (Non-FDIC)	1/21/2021	NR	250,910.00
Federal Home Loan Mortgage Corp.	1/29/2021	AAA	300,000.00
Virginia CLLG Bldg Authority	2/1/2021	AA1	32,891.40
New York St Urban Development	3/15/2021	AA1	170,829.00
NJ Higher Education Assistance Authority			
Student Loan Revenue Bond	12/1/2022	AA3	100,445.40
Federal National Mortgage Association	4/1/2023	AA+	24,906.07
Federal National Mortgage Association	4/25/2023	AA+	24,355.68
Government National Mortgage Association	8/15/2025	AAA	605.65
NJ Higher Education Assistance Authority			
Student Loan Revenue Bond	12/1/2025	AA3	125,876.30
St. Louis MO Airport Refunding	7/1/2026	A2	134,696.90
Government National Mortgage Association	4/1/2027	AAA	1,032.25
Government National Mortgage Association	7/1/2033	AAA	13,613.10
Government National Mortgage Association	9/1/2033	AAA	10,426.54
Government National Mortgage Association	12/1/2033	AAA	9,427.71
Government National Mortgage Association	1/1/2034	AAA	5,476.92
Government National Mortgage Association	5/1/2034	AAA	44,909.95
Government National Mortgage Association	3/1/2035	AAA	113,126.07
Solar Renewable Energy Credits	Demand	NR	101,389.08
JPMorgan US Government Money Market Fund	Demand	Aaa	11,062,957.24
Uninsured Investments			<u>\$ 13,976,454.48</u>
Total Investments			<u>\$ 15,718,432.23</u>

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

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
Solar Renewable Energy Credits	Demand	NR	57,200.00
JPMorgan US Government Money Market Fund	Demand	Aaa	9,403,553.47
			<u>\$ 14,214,963.24</u>

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, 2016 was \$82,610.63 and \$80,436.54 as of June 30, 2015. 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, 2016 and June 30, 2015.

Note 3: DETAIL NOTES - ASSETS (CONT'D)**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>
2016	\$ 730,475.47	\$ 19,267,645.00	\$ 19,198,100.88	96.00%
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%

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, 2016, the Authority received \$890,878.80 for the Water Department and \$706,271.00 for the Sewer Department. 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.

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

During the fiscal year ended June 30, 2016, the following changes in capital assets occurred:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital Assets not being Depreciated				
Land	\$ 136,259.25	\$ -	\$ -	\$ 136,259.25
Capital Assets being Depreciated				
Buildings	14,278,289.03	62,864.17		14,341,153.20
Utility Plant and Other Infrastructure	192,934,133.94	3,594,329.59		196,528,463.53
Furniture	225,400.04	7,902.44		233,302.48
Computer and Office Equipment	811,802.22	36,969.88	9,348.68	839,423.42
Telecommunication Equipment	171,603.84		13,101.00	158,502.84
Machinery and Equipment	3,656,001.37	1,002,759.30	1,589.50	4,657,171.17
Vehicles	1,669,883.08	231,417.10	15,937.45	1,885,362.73
Total Capital Assets being Depreciated	213,747,113.52	4,936,242.48	39,976.63	218,643,379.37
Total Capital Assets	213,883,372.77	4,936,242.48	39,976.63	218,779,638.62
Less: Accumulated Depreciation	104,591,098.63	5,989,599.12	34,747.39	110,545,950.36
Capital Assets, Net	\$109,292,274.14	\$ (1,053,356.64)	\$ 5,229.24	\$108,233,688.26

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>
Capital Assets not being Depreciated				
Land	\$ 110,351.01	\$ 25,908.24	\$ -	\$ 136,259.25
Capital Assets being Depreciated				
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
Total Capital Assets being Depreciated	207,685,358.20	6,114,516.81	52,761.49	213,747,113.52
Total Capital Assets	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
Capital Assets, Net	\$109,053,177.67	\$ 243,924.69	\$ 4,828.22	\$109,292,274.14

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, 2016, the following changes occurred in long-term obligations:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Debt Payable:					
New Jersey Infrastructure					
Trust Loans	\$ 21,255,335.36		\$ (1,963,147.56)	\$ 19,292,187.80	\$ 2,007,794.01
Issuance Premiums	89,961.66		(8,705.96)	81,255.70	
Total Debt Payable	21,345,297.02	\$ -	(1,971,853.52)	19,373,443.50	2,007,794.01
Other Liabilities					
Net Pension Liability	9,076,620.00		2,209,445.00	11,286,065.00	
Compensated Absences	512,588.78	63,651.69	(60,431.02)	515,809.45	
Total Other Liabilities	9,589,208.78	63,651.69	2,149,013.98	11,801,874.45	-
Total Long Term Liabilities	\$ 30,934,505.80	\$ 63,651.69	\$ 177,160.46	\$ 31,175,317.95	\$ 2,007,794.01

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

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Debt 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 Debt 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, 2016 is estimated at \$515,809.35 and at June 30, 2015 is estimated at \$512,588.78.

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:

<u>Tier</u>	<u>Definition</u>
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 7.06% in State fiscal year 2016. 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 years ended June 30, 2016 and 2015 was 12.70% and 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 \$470,775.00 and \$432,243.00 for the fiscal years ended June 30, 2016 and 2015. Employee contributions were \$261,772.94 and \$246,760.27 for the fiscal years ended June 30, 2016 and 2015, respectively.

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, 2016 and June 30, 2015, 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, 2016, the Authority reported a liability of \$11,286,065.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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, 2015. 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, 2015, the Authority's proportion was 0.0502764930%, which was an increase of 0.0017973576% from its proportion measured as of June 30, 2014.

For the years ended June 30, 2016 and 2015, the Authority recognized pension expense of \$826,134.00 and \$471,108.00, respectively.

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

At June 30, 2016 and 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>June 30, 2016</u>		<u>June 30, 2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 269,246.00			
Changes of Assumptions	1,212,033.00		\$ 285,418.00	
Net Difference between Projected and Actual Earnings on Pension Plan Investments		\$ 181,458.00		\$ 540,917.00
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	305,286.00		24,241.00	
Authority Contributions Subsequent to the Measurement Date	<u>470,775.00</u>	<u></u>	<u>432,243.00</u>	<u></u>
	<u>\$ 2,257,340.00</u>	<u>\$ 181,458.00</u>	<u>\$ 741,902.00</u>	<u>\$ 540,917.00</u>

The deferred outflows of resources related to pensions totaling \$470,755.00 and \$434,243.00 will be included as a reduction of the net pension liability in the fiscal years ended June 30, 2017 and 2016, respectively.

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

The Authority will amortize the other deferred outflows of resources and deferred inflows of resources related to PERS over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72

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

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

Fiscal Year Ending	
<u>June 30,</u>	
2017	\$ 300,886.00
2018	300,886.00
2019	300,884.00
2020	436,114.00
2021	266,337.00
	<u>\$ 1,605,107.00</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
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 males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

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

The long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following tables:

<u>Asset Class</u>	<u>Target Allocation %</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. 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 3.80% as of June 30, 2015, 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 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****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, 2016 calculated using a discount rate of 4.90%, 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:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 14,027,198.00</u>	<u>\$ 11,286,065.00</u>	<u>\$ 8,987,919.00</u>

The following presents the Authority's proportionate share of the net pension liability at June 30, 2015 calculated using a discount rate of 5.39%, 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:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 11,418,697.00</u>	<u>\$ 9,076,620.00</u>	<u>\$ 7,109,871.00</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, 2016, the accrued liability to the PERS for the program was estimated to be \$17,149.00 payable over the next 18 years. The June 30, 2016 annual installment was \$1,481.00.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**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 \$4,391,294.00.

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>
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	840,683.42	965,094.25	1,805,777.67	251,253.65	2,057,031.32
2022-2026	4,080,355.31	5,159,668.91	9,240,024.22	643,970.19	9,883,994.41
2027-2030	515,688.91	480,000.00	995,688.91	24,575.00	1,020,263.91
	<u>\$ 8,992,655.57</u>	<u>\$10,299,532.23</u>	19,292,187.80	<u>\$2,303,682.76</u>	<u>\$21,595,870.56</u>
		Current Maturities	(2,007,794.01)		
		Premium	<u>81,255.70</u>		
		Long-Term Portion	<u>\$17,365,649.49</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, \$8,325,000.00 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: 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 2016, the agreement yielded total water purchases from Willingboro of \$1,116,835.16 of which \$261,161.28 was passed through to Evesham. In 2015, the total water purchased from Willingboro was \$758,121.02 of which \$286,426.90 was passed through to Evesham.

Other Service Agreements

In September 2001, the Authority entered into an eleven year (with two, ten year options) renewable agreement with New Jersey American Water Company, Inc. (NJAWC) for the supply, delivery and purchase of water. NJAWC constructed, at its own expense, facilities, including an interconnection system, through which the Authority has access to NJAWC's water supply. The Authority was committed to purchase a minimum of 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 \$1,302,155.80 and \$1,596,817.93 to NJAWC in 2016 and 2015, 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 \$301,836.35 and \$293,785.17 to the CCMUA in 2016 and 2015, respectively.

Note 8: COMMITMENTS AND CONTINGENCIES**Construction Contracts**

The Authority had several outstanding or planned construction projects as of June 30, 2016. 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>
Country Lane Sanitary Sewer Force Main and Water Main Construction Project	\$ 575,264.10	\$ 506,199.63	\$ 69,064.47
Hartford Road WPCF & Elbo Lane WTP SCADA System Improvements	719,783.00	531,261.12	188,521.88
Birchfield & Timbercrest Pumping Station Level Control Upgrades	252,217.90	227,080.05	25,137.85
Wharton Rd Water Main Replacement	155,874.00	129,930.36	25,943.64
East Park & Turnpike Level Control Upgrades	220,941.37	116,562.54	104,378.83
2016 Sanitary Sewer Rehabilitation Project	195,637.00		195,637.00
Cleaning & Video of Sanitary Sewer Mains	130,995.10	112,319.64	18,675.46
UV Disinfection Equipment	138,169.00	29,860.11	108,308.89
FY 2016 Pump Station Painting	77,080.00		77,080.00
Saint David Water Main Replacement	414,000.00		414,000.00
Total	\$ 2,879,961.47	\$ 1,653,213.45	\$ 1,226,748.02

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 9: DEFERRED COMPENSATION SALARY ACCOUNT

The Authority offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Authority or its creditors. Since the Authority does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Authority's 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.

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 Three Fiscal Years

	Measurement Date Ending June 30,		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability	0.0502764930%	0.0484791354%	0.0483289809%
Authority's Proportionate Share of the Net Pension Liability	\$ 11,286,065.00	\$ 9,076,620.00	\$ 9,236,629.00
Authority's Covered-Employee Payroll	\$ 3,453,728.00	\$ 3,166,720.00	\$ 3,322,396.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	326.78%	286.63%	278.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	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 Three Fiscal Years

	Fiscal Year Ended June 30,		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 470,775.00	\$ 432,243.00	\$ 399,655.00
Contributions in Relation to the Contractually Required Contribution	(470,775.00)	(432,243.00)	(399,655.00)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 3,707,832.00	\$ 3,565,899.00	\$ 3,166,720.00
Contributions as a Percentage of Authority's Covered-Employee Payroll	12.70%	12.12%	12.62%

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, 2016

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, 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, 2016

	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	\$ 19,267,645.00					\$ 19,267,645.00
Connection Fees	2,235,022.01					2,235,022.01
Other Operating Revenues	528,035.10				\$ 4,074.21	532,109.31
	22,030,702.11	\$ -	\$ -	\$ -	4,074.21	22,034,776.32
Operating Expenses:						
Administration:						
Salaries and Wages	790,909.65					790,909.65
Fringe Benefits	516,463.02					516,463.02
Other Expenses	896,235.43					896,235.43
Cost of Providing Service:						
Salaries and Wages	3,420,224.57					3,420,224.57
Fringe Benefits	2,003,120.28					2,003,120.28
Other Expenses	6,048,133.13					6,048,133.13
Depreciation	5,989,599.12					5,989,599.12
	19,664,685.20	-	-	-	-	19,664,685.20
Operating Income	2,366,016.91	-	-	-	4,074.21	2,370,091.12
Non-operating Revenue (Expenses):						
Investment Income	94,133.99	129.58	29,171.58	9,011.99		132,447.14
Interest on Debt	53,686.30		(426,919.79)			(373,233.49)
Loss on Disposal of Capital Assets	(5,229.24)					(5,229.24)
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	(447,716.00)					(447,716.00)
Net Income (Loss) Before Transfers or Contributions	2,060,891.96	129.58	(397,748.21)	9,011.99	4,074.21	1,676,359.53
Transfers	(2,275,685.13)	(3,051.09)	397,748.21	1,880,988.01		
Capital Contributions	1,597,149.80					1,597,149.80
Increase (Decrease) in Net Position	1,382,356.63	(2,921.51)	-	1,890,000.00	4,074.21	3,273,509.33
Net Position - Beginning	93,783,219.16	215,583.04	-	5,530,000.00	48,264.28	99,577,066.48
Net Position - Ending:						
Net Investment in Capital Assets	\$ 89,463,918.30					\$ 89,463,918.30
Restricted	3,512,698.75	\$ 212,661.53		\$ 7,420,000.00	\$ 52,338.49	11,197,698.77
Unrestricted	2,188,958.74					2,188,958.74

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Cash Receipts and Disbursements

For the Fiscal Year Ended June 30, 2016

	Operating and <u>General</u>	Debt Service <u>Reserve</u>	Debt <u>Service</u>	Restricted Renewal and <u>Replacement</u>	Unemployment <u>Compensation</u>	<u>Total</u>
Cash, Cash Equivalents and Investments:						
Balance July 1, 2015	\$ 14,425,763.72	\$ 259,763.04	\$ 1,969,387.41	\$ 5,746,187.55	\$ 4,958.78	\$ 22,406,060.50
Receipts:						
Investment Income	72,476.33	129.58	25,539.01	9,203.12		107,348.04
Consumer Accounts Receivable	19,104,818.71					19,104,818.71
Prepaid Rents	108,552.10					108,552.10
Deferred Revenue	578,523.47					578,523.47
Escrow Deposits	357,213.55					357,213.55
Notes Receivable on Line Extensions	4,760.61					4,760.61
Other Income	725,166.15					725,166.15
Transfers In	77.14		2,369,819.29	4,106,978.41		6,476,874.84
Total Cash and Investments Available	35,377,351.78	259,892.62	4,364,745.71	9,862,369.08	4,958.78	49,869,317.97
Disbursements:						
Budgetary	12,902,669.06				2,755.00	12,905,424.06
Prepaid Expenses	94,808.26					94,808.26
Refund of Deferred Revenue	169,696.09					169,696.09
Loan Principal			1,963,147.56			1,963,147.56
Interest on Debt			444,627.77			444,627.77
Capital Assets				2,833,067.39		2,833,067.39
Construction in Progress				1,096,788.06		1,096,788.06
Retainage				62,327.83		62,327.83
Accounts Payable	914,736.58			152,634.34		1,067,370.92
Escrow Disbursements	186,709.26					186,709.26
Transfers Out	6,476,797.70	77.14				6,476,874.84
Total Disbursements	20,745,416.95	77.14	2,407,775.33	4,144,817.62	2,755.00	27,300,842.04
Cash, Cash Equivalents and Investments:						
Balance June 30, 2016	\$ 14,631,934.83	\$ 259,815.48	\$ 1,956,970.38	\$ 5,717,551.46	\$ 2,203.78	\$ 22,568,475.93
Analysis of Balance June 30, 2016						
Cash and Cash Equivalents	\$ 6,801,116.97	\$ 46,722.95			\$ 2,203.78	\$ 6,850,043.70
Investments	7,830,817.89	213,092.53	\$ 1,956,970.38	\$ 5,717,551.43		15,718,432.23
	\$ 14,631,934.86	\$ 259,815.48	\$ 1,956,970.38	\$ 5,717,551.43	\$ 2,203.78	\$ 22,568,475.93

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenues, Expenses and Changes in Net Position by Department
For the Fiscal Year Ended June 30, 2016

	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total</u>
Operating Revenues:			
Service Charges	\$ 9,411,449.73	\$ 9,856,195.27	\$ 19,267,645.00
Connection Fees	661,794.42	1,573,227.59	2,235,022.01
Other Operating Revenues	352,068.07	180,041.24	532,109.31
	<u>10,425,312.22</u>	<u>11,609,464.10</u>	<u>22,034,776.32</u>
Operating Expenses:			
Administration:			
Salaries and Wages	395,454.83	395,454.82	790,909.65
Fringe Benefits	258,231.51	258,231.51	516,463.02
Other Expenses	437,451.24	458,784.19	896,235.43
Cost of Service:			
Salaries and Wages	1,437,228.97	1,982,995.60	3,420,224.57
Fringe Benefits	812,024.39	1,191,095.89	2,003,120.28
Other Expenses	3,129,712.88	2,918,420.25	6,048,133.13
Depreciation	3,007,297.91	2,982,301.21	5,989,599.12
	<u>9,477,401.73</u>	<u>10,187,283.47</u>	<u>19,664,685.20</u>
Operating Income	947,910.49	1,422,180.63	2,370,091.12
Non-operating Revenue (Expenses):			
Investment Income	73,529.06	58,918.08	132,447.14
Interest on Debt	(322,025.94)	(51,207.55)	(373,233.49)
Loss on Disposal of Capital Assets	(2,733.81)	(2,495.43)	(5,229.24)
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(75,000.00)	(372,716.00)	(447,716.00)
Income Before Contributions	621,679.80	1,054,679.73	1,676,359.53
Capital Contributions	890,878.80	706,271.00	1,597,149.80
Increase in Net Position	1,512,558.60	1,760,950.73	3,273,509.33
Net Position - Beginning	38,893,993.55	60,683,072.93	99,577,066.48
Net Position - Ending	<u>\$ 40,406,552.15</u>	<u>\$ 62,444,023.66</u>	<u>\$ 102,850,575.81</u>
Net Position:			
Net Investment in Capital Assets Restricted for	\$ 39,026,999.70	\$ 50,436,918.60	\$ 89,463,918.30
Bond Resolution Covenants	3,537,527.41	7,607,832.87	11,145,360.28
Unemployment Compensation	26,169.24	26,169.25	52,338.49
Unrestricted	(2,184,144.20)	4,373,102.94	2,188,958.74
	<u>\$ 40,406,552.15</u>	<u>\$ 62,444,023.66</u>	<u>\$ 102,850,575.81</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, 2016

	<u>Adopted Budget</u>	<u>Transfers/ Modifications</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues:					
Service Charges	\$7,575,000.00	\$ 546,100.00	\$8,121,100.00	\$8,152,947.06	\$ 31,847.06
Connection Fees	849,600.00	(454,600.00)	395,000.00	661,794.42	266,794.42
Other Operating Revenues	1,537,550.00	26,250.00	1,563,800.00	1,533,384.82	(30,415.18)
Total Operating Revenues	9,962,150.00	117,750.00	10,079,900.00	10,348,126.30	268,226.30
Non-Operating Revenues:					
Investment Income	79,720.00	9,480.00	89,200.00	73,529.06	(15,670.94)
Other Non-Operating Revenues	12,500.00	(6,500.00)	6,000.00	77,185.92	71,185.92
Total Anticipated Revenues	10,054,370.00	120,730.00	10,175,100.00	10,498,841.28	323,741.28
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Office Salaries	393,400.00	9,600.00	403,000.00	390,316.43	12,683.57
Board Members' Salaries	5,150.00		5,150.00	5,138.40	11.60
Total Salaries and Wages	398,550.00	9,600.00	408,150.00	395,454.83	12,695.17
Fringe Benefits	227,204.00	(18,554.00)	208,650.00	222,229.29	(13,579.29)
Other Expenses:					
Legal Fees	20,000.00	5,000.00	25,000.00	32,763.97	(7,763.97)
Engineer Fees	25,000.00	(5,100.00)	19,900.00	23,137.80	(3,237.80)
Audit Fees / Financial Services	26,500.00	(3,800.00)	22,700.00	19,250.00	3,450.00
Professional and Consulting Fees	1,000.00	(500.00)	500.00		500.00
Printing / Billing Expense	48,250.00	1,850.00	50,100.00	55,179.87	(5,079.87)
Computer Expense	100,000.00	(25,750.00)	74,250.00	73,559.49	690.51
Office Supplies	8,900.00	(400.00)	8,500.00	8,274.29	225.71
Postage Expense	4,000.00	2,300.00	6,300.00	6,541.77	(241.77)
Public Education / Information	6,250.00	(3,250.00)	3,000.00	3,194.37	(194.37)
Telephone	14,000.00	3,800.00	17,800.00	17,899.69	(99.69)
Administrative Ground Maintenance	9,350.00	12,150.00	21,500.00	19,983.40	1,516.60
Janitorial, Cleaning and Pest	8,350.00	900.00	9,250.00	8,492.17	757.83
Dues, Pubs. & Subscriptions	4,800.00	200.00	5,000.00	5,105.11	(105.11)
Tuition, Seminars and Conferences	3,750.00	450.00	4,200.00	3,938.50	261.50
Office Equipment	2,250.00	(50.00)	2,200.00	2,151.16	48.84
Office Equipment - Maintenance	2,750.00	750.00	3,500.00	3,757.08	(257.08)
Miscellaneous - Administration	7,500.00	6,700.00	14,200.00	46,021.89	(31,821.89)
Newspaper Publication	3,300.00	(800.00)	2,500.00	2,302.07	197.93
Trustee Fees	70,000.00	(11,800.00)	58,200.00	29,312.25	28,887.75
Insurance	88,400.00	(7,900.00)	80,500.00	76,586.36	3,913.64
Total Other Expenses	454,350.00	(25,250.00)	429,100.00	437,451.24	(8,351.24)
Total Administration	1,080,104.00	(34,204.00)	1,045,900.00	1,055,135.36	(9,235.36)

(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, 2016

	<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	\$ 1,395,600.00	\$ -	\$ 1,395,600.00	\$ 1,437,228.97	\$ (41,628.97)
Fringe Benefits	767,996.00	(54,546.00)	713,450.00	687,415.67	26,034.33
Other Expenses:					
Electric Power	334,000.00	52,600.00	386,600.00	337,018.45	49,581.55
Telephone	15,800.00	(1,250.00)	14,550.00	14,479.08	70.92
Repairs and Maintenance	224,900.00	19,025.00	243,925.00	228,171.52	15,753.48
Fuel for Heating and Generators	28,000.00	(6,150.00)	21,850.00	22,000.69	(150.69)
Chemicals	278,900.00	(164,200.00)	114,700.00	127,107.96	(12,407.96)
Supplies - Tools & Equipment	8,000.00	200.00	8,200.00	7,101.67	1,098.33
Supplies	10,350.00	3,950.00	14,300.00	13,849.37	450.63
Vehicles - Fuel and Maintenance	75,500.00	(40,300.00)	35,200.00	37,188.79	(1,988.79)
State of New Jersey Fees	41,600.00	6,500.00	48,100.00	41,789.23	6,310.77
Employee License Renewals	1,300.00		1,300.00	1,135.00	165.00
Purchase of Water NJAWC	1,500,000.00	(195,000.00)	1,305,000.00	1,302,155.80	2,844.20
Purchase of Water WMUA	1,182,000.00	(252,000.00)	930,000.00	855,673.88	74,326.12
Lab Expenses	40,000.00	(9,000.00)	31,000.00	29,120.86	1,879.14
Water Meters and Materials	5,750.00	(2,900.00)	2,850.00	53,112.35	(50,262.35)
Communications Expense	10,740.00	260.00	11,000.00	10,842.94	157.06
Uniforms Rental and Purchase	11,600.00	2,300.00	13,900.00	13,138.40	761.60
Membership Dues and Publications	2,000.00	500.00	2,500.00	1,907.50	592.50
Safety Expense	13,800.00	5,500.00	19,300.00	18,866.49	433.51
Tuition, Seminars and Conferences	12,000.00	(9,500.00)	2,500.00	2,204.00	296.00
Miscellaneous	8,550.00	5,650.00	14,200.00	12,848.90	1,351.10
Total Other Expenses	3,804,790.00	(583,815.00)	3,220,975.00	3,129,712.88	91,262.12
Total Cost of Service	5,968,386.00	(638,361.00)	5,330,025.00	5,254,357.52	75,667.48
Principal Payments on Debt Service in Lieu of Depreciation	1,485,589.00	-	1,485,589.00	1,469,947.74	15,641.26
Total Operating Appropriations	8,534,079.00	(672,565.00)	7,861,514.00	7,779,440.62	82,073.38
Non-Operating Appropriations:					
Interest on Debt	425,539.00		425,539.00	379,853.11	45,685.89
Operations & Maintenance Reserve		793,295.00	793,295.00		793,295.00
Renewal & Replacement Reserve	1,094,752.00		1,094,752.00		1,094,752.00
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	75,000.00		75,000.00	75,000.00	
Total Operating, Principal Payments and and Non-Operating Appropriations	10,129,370.00	120,730.00	10,250,100.00	8,234,293.73	2,015,806.27
Unreserved Net Position Utilized to Balance Budget	75,000.00	-	75,000.00	-	75,000.00
Net Total Appropriations	10,054,370.00	120,730.00	10,175,100.00	8,234,293.73	1,940,806.27
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	\$ -	\$ -	\$ -	\$ 2,264,547.55	\$ 2,264,547.55

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, 2016

	<u>Adopted Budget</u>	<u>Transfers/ Modifications</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues:					
Service Charges	\$ 9,597,400.00	\$ 162,100.00	\$ 9,759,500.00	\$ 9,856,195.27	\$ 96,695.27
Connection Fees	1,679,300.00	(473,800.00)	1,205,500.00	1,573,227.59	367,727.59
Other Operating Revenues	75,250.00	28,000.00	103,250.00	90,816.29	(12,433.71)
Total Operating Revenues	11,351,950.00	(283,700.00)	11,068,250.00	11,520,239.15	451,989.15
Non-Operating Revenues:					
Investment Income	87,280.00	6,620.00	93,900.00	58,918.08	(34,981.92)
Other Non-Operating Revenues	12,500.00	8,750.00	21,250.00	89,224.95	67,974.95
Total Anticipated Revenues	11,451,730.00	(268,330.00)	11,183,400.00	11,668,382.18	484,982.18
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Office Salaries	393,500.00	9,600.00	403,100.00	390,316.42	12,783.58
Board Members' Salaries	5,150.00		5,150.00	5,138.40	11.60
Total Salaries and Wages	398,650.00	9,600.00	408,250.00	395,454.82	12,795.18
Fringe Benefits	219,232.00	(5,332.00)	213,900.00	222,229.29	(8,329.29)
Other Expenses:					
Legal Fees	20,000.00	5,000.00	25,000.00	32,763.97	(7,763.97)
Engineer Fees	25,000.00	(5,100.00)	19,900.00	23,137.80	(3,237.80)
Audit Fees / Financial Services	26,500.00	(3,800.00)	22,700.00	19,250.00	3,450.00
Professional and Consulting Fees	1,000.00	(500.00)	500.00		500.00
Printing / Billing Expense	64,250.00	(3,050.00)	61,200.00	55,179.86	6,020.14
Computer Expense	96,500.00	(19,750.00)	76,750.00	75,599.90	1,150.10
Office Supplies	8,000.00	100.00	8,100.00	7,302.45	797.55
Postage Expense	4,000.00	2,300.00	6,300.00	6,541.76	(241.76)
Public Education / Information	6,250.00	(3,250.00)	3,000.00	3,194.36	(194.36)
Telephone	14,000.00	3,900.00	17,900.00	17,899.68	0.32
Administrative Ground Maintenance	20,000.00	(10,000.00)	10,000.00	7,301.00	2,699.00
Janitorial, Cleaning and Pest	9,100.00	1,150.00	10,250.00	9,300.59	949.41
Dues, Pubs. & Subscriptions	4,800.00	200.00	5,000.00	5,105.11	(105.11)
Tuition, Seminars and Conferences	3,750.00	450.00	4,200.00	3,938.50	261.50
Office Equipment	2,750.00	50.00	2,800.00	2,578.17	221.83
Office Equipment - Maintenance	3,650.00	(1,000.00)	2,650.00	2,667.01	(17.01)
Miscellaneous - Administration	7,500.00	8,700.00	16,200.00	46,021.89	(29,821.89)
Newspaper Publication	3,300.00	(800.00)	2,500.00	2,302.07	197.93
Trustee Fees	70,000.00	(32,950.00)	37,050.00	29,312.25	7,737.75
Insurance	130,200.00	(17,450.00)	112,750.00	109,387.82	3,362.18
Total Other Expenses	520,550.00	(75,800.00)	444,750.00	458,784.19	(14,034.19)
Total Administration	1,138,432.00	(71,532.00)	1,066,900.00	1,076,468.30	(9,568.30)

(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, 2016

	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	\$ 2,075,000.00	\$ (101,000.00)	\$ 1,974,000.00	\$ 1,982,995.60	\$ (8,995.60)
Fringe Benefits	1,076,468.00	(42,068.00)	1,034,400.00	1,014,629.05	19,770.95
Other Expenses:					
Electric Power	872,500.00	(136,600.00)	735,900.00	681,181.340	54,718.66
Telephone	33,290.00	(3,140.00)	30,150.00	30,014.980	135.02
Repairs and Maintenance	175,500.00	492,750.00	668,250.00	344,416.800	323,833.20
Fuel for Heating and Generators	45,000.00	(28,800.00)	16,200.00	16,687.710	(487.71)
Chemicals	329,300.00	206,400.00	535,700.00	537,927.370	(2,227.37)
Supplies - Tools & Equipment	9,000.00	1,400.00	10,400.00	9,649.700	750.30
Supplies	22,800.00	7,600.00	30,400.00	28,369.990	2,030.01
Vehicles - Fuel and Maintenance	80,500.00	(31,300.00)	49,200.00	52,162.650	(2,962.65)
State of New Jersey Fees	33,400.00	9,600.00	43,000.00	42,587.440	412.56
Employee License Renewals	2,500.00	(300.00)	2,200.00	2,192.480	7.52
Sewage Treatment - CCMUA	293,000.00	9,000.00	302,000.00	301,836.350	163.65
Bio-Solids and Other Disposal	584,300.00	154,000.00	738,300.00	759,331.880	(21,031.88)
Lab Expenses	32,000.00	(7,000.00)	25,000.00	25,042.580	(42.58)
Water Meters and Materials	7,150.00	(4,250.00)	2,900.00		2,900.00
Communications Expense	9,800.00	11,400.00	21,200.00	21,808.420	(608.42)
Uniforms Rental and Purchase	17,700.00	2,300.00	20,000.00	19,529.300	470.70
Membership Dues and Publications	750.00	150.00	900.00	750.000	150.00
Safety Expense	25,000.00	(500.00)	24,500.00	24,875.450	(375.45)
Tuition, Seminars and Conferences	20,500.00	(12,500.00)	8,000.00	8,037.200	(37.20)
Miscellaneous	9,315.00	4,385.00	13,700.00	12,018.610	1,681.39
Total Other Expenses	2,603,305.00	674,595.00	3,277,900.00	2,918,420.25	359,479.75
Total Cost of Service	5,754,773.00	531,527.00	6,286,300.00	5,916,044.90	370,255.10
Principal Payments on Debt Service in Lieu of Depreciation	561,118.00	-	561,118.00	493,199.82	67,918.18
Total Operating Appropriations	7,454,323.00	459,995.00	7,914,318.00	7,485,713.02	428,604.98
Non-Operating Appropriations:					
Interest on Debt	66,105.00		66,105.00	47,066.68	19,038.32
Renewal & Replacement Reserve	3,931,302.00		3,931,302.00		3,931,302.00
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	372,716.00		372,716.00	372,716.00	
Total Operating, Principal Payments and and Non-Operating Appropriations	11,824,446.00	459,995.00	12,284,441.00	7,905,495.70	4,378,945.30
Unreserved Net Position Utilized to Balance Budget	372,716.00	728,325.00	1,101,041.00	-	1,101,041.00
Net Total Appropriations	11,451,730.00	(268,330.00)	11,183,400.00	7,905,495.70	3,277,904.30
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	\$ -	\$ -	\$ -	\$ 3,762,886.48	\$ 3,762,886.48

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, 2016

Reconciliation to Operating Income

Excess Anticipated Revenues Over Expenses and Other Costs		
Schedule 4 - Water Department	\$ 2,264,547.55	
Schedule 5 - Sewer Department	<u>3,762,886.48</u>	
		\$ 6,027,434.03
Add:		
Debt Service Principal Payments	1,963,147.56	
Interest on Debt	426,919.79	
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	<u>447,716.00</u>	
		<u>2,837,783.35</u>
		8,865,217.38
Less:		
Investment Income	132,447.14	
Adjustments as a result of GASB 68	373,080.00	
Depreciation	<u>5,989,599.12</u>	
		<u>6,495,126.26</u>
Operating Income (Exhibit B)		<u><u>\$ 2,370,091.12</u></u>

Reconciliation of Actual Expenditures

Cash Disbursements	\$ 12,905,424.06
Accounts Payable	777,149.60
Increase in Inventory	(8,968.05)
Increase in Compensated Absences Payable	3,220.57
Prepaid Expenses Applied	72,895.90
Bond Principal	1,963,147.56
Interest on Debt	<u>426,919.79</u>
	<u><u>\$ 16,139,789.43</u></u>

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Consumer Accounts Receivable

For the Fiscal Year Ended June 30, 2016

Balance July 1, 2015		\$ 3,765,043.47
Add:		
Service Fees	\$ 18,009,142.33	
Fire Hydrant and Line Service	<u>1,258,502.67</u>	
		<u>19,267,645.00</u>
		23,032,688.47
Less:		
Collections	19,104,818.71	
Prepaid Applied	<u>93,282.17</u>	
		<u>19,198,100.88</u>
Balance June 30, 2016		<u><u>\$ 3,834,587.59</u></u>

Schedule 7

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Prepaid Expenses

For the Fiscal Year Ended June 30, 2016

Balance July 1, 2015	\$ 72,895.90
Add:	
Disbursements Fiscal Year 2016	<u>94,808.26</u>
	167,704.16
Less:	
Charged to Operations Fiscal Year 2016	<u>72,895.90</u>
Balance June 30, 2016	<u><u>\$ 94,808.26</u></u>

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Accrued Investment Income Receivable

For the Fiscal Year Ended June 30, 2016

	<u>Balance July 1, 2015</u>	<u>Investment Income</u>	<u>Received</u>	<u>Balance June 30, 2016</u>
Unrestricted Accounts				
Operating and General Accounts	\$ 5,190.31	\$ 94,133.99	\$ 72,476.33	\$ 26,847.97
Restricted Accounts:				
Debt Service Reserve Account		129.58	129.58	
Debt Service Account	4,139.33	29,171.58	25,539.01	7,771.90
Renewal and Replacement Account	820.44	9,011.99	9,203.12	629.31
	4,959.77	38,313.15	34,871.71	8,401.21
Total Investment Income	\$ 10,150.08	\$ 132,447.14	\$ 107,348.04	\$ 35,249.18
Water Department	\$ 3,916.03	\$ 73,529.06	\$ 46,514.03	\$ 15,448.47
Sewer Department	6,234.05	58,918.08	60,834.01	19,800.71
	\$ 10,150.08	\$ 132,447.14	\$ 107,348.04	\$ 35,249.18

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Analysis of Capital Assets - Completed
For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Land	\$ 136,259.25			\$ 136,259.25
Buildings	14,278,289.03	\$ 62,864.17		14,341,153.20
Utility Plant and Other Infrastructure	192,934,133.94	3,594,329.59		196,528,463.53
Furniture	225,400.04	7,902.44		233,302.48
Computer and Office Equipment	811,802.22	36,969.88	\$ 9,348.68	839,423.42
Telecommunication Equipment	171,603.84		13,101.00	158,502.84
Machinery and Equipment	3,656,001.37	1,002,759.30	1,589.50	4,657,171.17
Vehicles	1,669,883.08	231,417.10	15,937.45	1,885,362.73
	213,883,372.77	4,936,242.48	39,976.63	218,779,638.62
Less: Accumulated Depreciation	104,591,098.63	5,989,599.12	34,747.39	110,545,950.36
	<u>\$ 109,292,274.14</u>	<u>\$ (1,053,356.64)</u>	<u>\$ 5,229.24</u>	<u>\$ 108,233,688.26</u>
Transferred from Construction in Progress		\$ 506,025.29		
Capital Contributions		1,597,149.80		
Disbursed		<u>2,833,067.39</u>		
		<u>\$ 4,936,242.48</u>		

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

Analysis of Construction in Progress
For the Fiscal Year Ended June 30, 2016

Balance July 1, 2015	\$ 417,733.79
Add:	
Disbursed	\$ 1,096,788.06
Retainage	31,859.02
Accounts Payable	<u>419,596.37</u>
	<u>1,548,243.45</u>
	1,965,977.24
Less:	
Transferred to Completed	<u>506,025.29</u>
Balance June 30, 2016	<u>\$ 1,459,951.95</u>

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Deferred Revenue (Connection Fees)

For the Fiscal Year Ended June 30, 2016

Balance July 1, 2015		\$ 3,291,586.31
Add:		
Receipts		<u>578,523.47</u>
		3,870,109.78
Less:		
Refunded	\$ 169,696.09	
Realized as Revenue	<u>2,235,022.01</u>	
		<u>2,404,718.10</u>
Balance June 30, 2016		<u>\$ 1,465,391.68</u>
Analysis of Balance		
Water Connection Fees		\$ 611,230.77
Sewer Connection Fees		<u>854,160.91</u>
Balance June 30, 2016		<u>\$ 1,465,391.68</u>

Schedule 12

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Analysis of Accrued Interest Payable

For the Fiscal Year Ended June 30, 2016

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2015	\$ 176,890.31	\$ 15,072.43	\$ 191,962.74
Increased by:			
Accrued	<u>379,853.11</u>	<u>47,066.68</u>	<u>426,919.79</u>
	556,743.42	62,139.11	618,882.53
Decreased by:			
Cash Disbursed	<u>392,817.84</u>	<u>51,809.93</u>	<u>444,627.77</u>
Balance June 30, 2016	<u>\$ 163,925.58</u>	<u>\$ 10,329.18</u>	<u>\$ 174,254.76</u>
Analysis of Interest Expense:			
Accrued	\$ 379,853.11	\$ 47,066.68	\$ 426,919.79
Amortization of Loan Premium	(8,705.96)		(8,705.96)
Deferred Amount on Refunding	<u>(49,121.21)</u>	<u>4,140.87</u>	<u>(44,980.34)</u>
Total Interest Expense	<u>\$ 322,025.94</u>	<u>\$ 51,207.55</u>	<u>\$ 373,233.49</u>

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Trust Loans
For the Fiscal Year Ended June 30, 2016

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2016</u>		<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Paid</u>	<u>Balance June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>				
New Jersey Wastewater Treatment Trust Loan, Series 1996 (Interest Bearing)	11/01/96	\$ 2,480,000.00	08/01/16	\$ 195,000.00	5.250%	\$ 380,000.00	\$ 185,000.00	\$ 195,000.00
New Jersey Wastewater Treatment Fund Loan, Series 1996 (Non-Interest Bearing)	11/01/96	1,911,294.00	08/01/16	97,769.93		191,867.27	94,097.34	97,769.93
New Jersey Environmental Infrastructure Fund Loan, Series 2000 (Non-Interest Bearing)	10/15/00	939,000.00	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>94,545.43</u>		141,383.89	46,838.46	94,545.43
New Jersey Environmental Infrastructure Trust Loan, Series 2000 (Interest Bearing)	10/15/00	900,000.00	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>224,989.94</u>		263,355.65	38,365.71	224,989.94

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Trust Loans
For the Fiscal Year Ended June 30, 2016

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2016</u>		<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Paid</u>	<u>Balance June 30, 2016</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	08/01/16	\$ 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>6,006,776.58</u>		\$ 6,612,607.15	\$ 605,830.57	\$ 6,006,776.58

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Trust Loans
For the Fiscal Year Ended June 30, 2016

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments</u>		<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Paid</u>	<u>Balance June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Non-Interest Bearing)	11/08/07	\$ 865,000.00	08/01/16	\$ 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>523,620.28</u>		\$ 567,154.51	\$ 43,534.23	\$ 523,620.28
New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Interest Bearing)	11/08/07	2,635,000.00	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, 2016

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2016</u>		<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Paid</u>	<u>Balance June 30, 2016</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>1,905,000.00</u>		\$ 2,020,000.00	\$ 115,000.00	\$ 1,905,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Non-Interest Bearing)	12/4/08	1,677,183.00	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>1,075,113.00</u>		1,161,123.00	86,010.00	1,075,113.00

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Trust Loans
For the Fiscal Year Ended June 30, 2016

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2016</u>		<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Paid</u>	<u>Balance June 30, 2016</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	08/01/16	\$ 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>798,133.39</u>		\$ 856,533.38	\$ 58,399.99	\$ 798,133.39

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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, 2016

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2016</u>		<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Paid</u>	<u>Balance June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2009B (Interest Bearing)	12/2/09	\$ 1,135,000.00	08/01/16	\$ 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>575,000.00</u>		\$ 620,000.00	\$ 45,000.00	\$ 575,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2010 (Non-Interest Bearing)	3/10/10	962,000.00	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>396,696.96</u>		447,328.53	50,631.57	396,696.96

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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, 2016

Purpose	Date of Issue	Original Issue	Loan Principal Payments		Interest Rate	Balance July 1, 2015	Paid	Balance June 30, 2016		
			Outstanding June 30, 2016 Date	Amount						
New Jersey Environmental Infrastructure Trust Loan, Series 2010 (Interest Bearing)	3/10/10	\$ 320,000.00	08/01/16	\$ 15,000.00	5.000%					
			08/01/17	15,000.00	5.000%					
			08/01/18	15,000.00	5.000%					
			08/01/19	15,000.00	4.000%					
			08/01/20	15,000.00	5.000%					
			08/01/21	15,000.00	3.000%					
			08/01/22	20,000.00	4.000%					
			08/01/23	20,000.00	4.000%					
			08/01/24	20,000.00	4.000%					
			08/01/25	20,000.00	4.000%					
			08/01/26	20,000.00	3.500%					
			08/01/27	20,000.00	4.000%					
			08/01/28	25,000.00	4.000%					
			08/01/29	25,000.00	4.000%					
						260,000.00		\$ 275,000.00	\$ 15,000.00	\$ 260,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2013 (Interest Bearing)	11/10/13	12,295,000.00	08/01/16	598,536.91	4.000%					
			08/01/17	617,047.52	4.000%					
			08/01/18	644,857.71	4.250%					
			08/01/19	666,821.98	4.250%					
			08/01/20	697,609.26	4.500%					
			08/01/21	722,217.32	4.375%					
			08/01/22	751,969.81	4.375%					
			08/01/23	781,343.46	4.375%					
			08/01/24	810,388.65	4.375%					
			08/01/25	848,749.67	4.375%					
						7,139,542.29		7,718,981.98	579,439.69	7,139,542.29
								21,255,335.36	\$ 1,963,147.56	19,292,187.80
							Add: Premium	89,961.66	\$ 8,705.96	81,255.70
								\$ 21,345,297.02		\$ 19,373,443.50

**MOUNT LAUREL TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY**

PART II

FINDINGS AND RECOMMENDATIONS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2016

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

None.

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

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

None.

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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

