MOUNT LAUREL TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY

REPORT OF AUDIT

WITH
SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEARS ENDED
JUNE 30, 2017 and 2016

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Table of Contents

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Roster of Officials
As of June 30, 2017

MEMBERS	POSITION
Christopher Smith	Chairman
John Francescone	Vice Chairman
Cheryl Coco-Capri	Secretary
Elwood Knight	Member
Geraldine Nardello	Member
OTHER OFFICIALS	
Pamela J. Carolan	Executive Director
David R. Wiest	Finance Director
L. Russell Trice	Consulting Engineer
Kelly Grant, Esq.	Solicitor
Bank of New York	Trustee

MOUNT LAUREL TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY

PART I

FINANCIAL SECTION

FOR THE FISCAL YEARS ENDED
JUNE 30, 2017 and 2016

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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, 2017 and 2016 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Mount Laurel Township Municipal Utilities Authority, in the County of Burlington, State of New Jersey as of June 30, 2017 and 2016, 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, 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 and schedules 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 31, 2017 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 31, 2017

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Mount Laurel Township Municipal Utilities Authority, in the County of Burlington, State of New Jersey, a component unit of the Township of Mount Laurel, (Authority), as of and for the fiscal year ended June 30, 2017, 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 31, 2017.

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 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.

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Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
October 31, 2017

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 2017 (FY17, July 2016 – June 2017), the Authority generated a 187% cover. Key financial highlights for FY17 include:

- Total assets of $136.81 million remained relatively the same when compared to FY16, with a slight increase of $54,300 (0.04%). Total liabilities increased significantly, driven by the recognition of additional long-term pension liabilities (as described later in this MD&A).
- Service charges rose marginally, increasing slightly over $105,000 compared to those of FY16. Connection fees decreased substantially, finishing $1.9 million lower than FY16. In total, operating and non-operating expenses outpaced operating and non-operating revenues by $1.6 million in FY17. When offset by $400,000 of infrastructure installed by developers then turned over to the Authority for lifetime operating and maintenance, the Authority's Net Position decreased by $1.2 million in FY17.

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.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

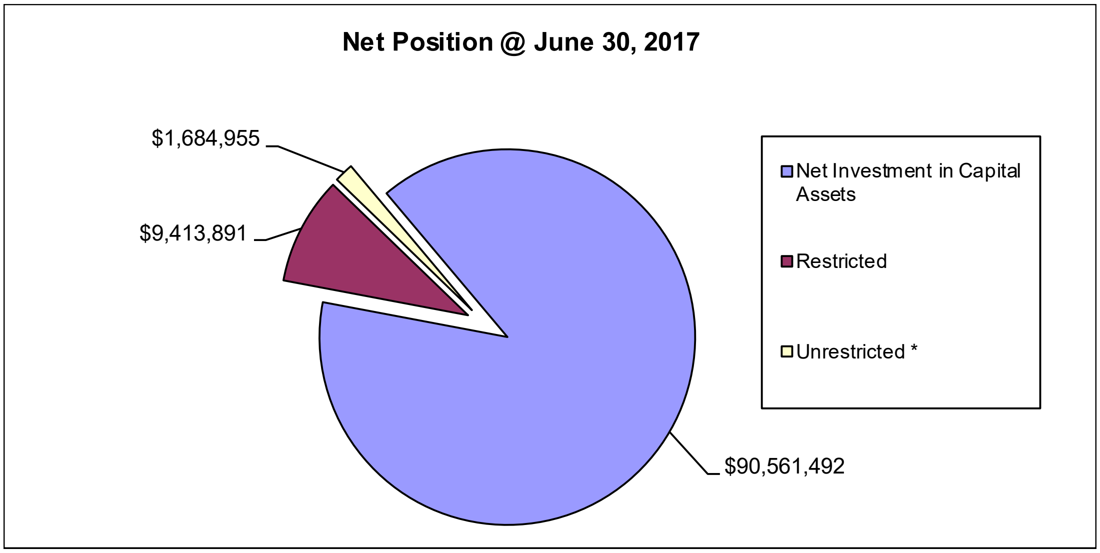
FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

The Authority's total assets as of June 30, 2017 were $136,812,784.90. 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,

	2017	2016	2015
Current Assets	$ 28,004,244.48	$ 27,064,836.44	$ 26,974,714.83
Capital Assets	108,808,540.42	109,693,640.21	109,710,007.93
Total Assets	**136,812,784.90**	**136,758,476.65**	**136,684,722.76**
Total Deferred Inflows of Resources	**5,349,251.33**	**2,307,030.50**	**797,113.66**
Current Liabilities	5,217,044.80	4,946,044.30	4,595,893.37
Long-Term Liabilities	31,785,668.75	29,167,523.84	28,971,358.24
Total Liabilities	**37,002,713.55**	**34,113,568.14**	**33,567,251.61**
Total Deferred Inflows of Resources	**3,498,984.49**	**2,101,363.20**	**4,337,518.33**
Net Position			
Net Investment in Capital Assets	90,561,491.62	89,463,918.30	87,699,945.38
Restricted	9,413,891.31	11,197,698.77	9,279,271.07
Unrestricted	1,684,955.26	2,188,958.74	2,597,850.03
Total Net Position	**$ 101,660,338.19**	**$ 102,850,575.81**	**$ 99,577,066.48**

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

The Authority realized an operating loss of $1,181,708.97 for the current year. When offset by a loss from non-operating activities, the Authority's loss before capital contributions was $1,591,265.12. During FY17, the Authority received capital contributions in the amount of $401,027.50. 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, the developer transfers ownership of the new infrastructure 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 decreasing by $1,190,237.62. Major components of this activity follow.

Service charges increased modestly in FY17 when compared to the previous year. The 0.5% increase in revenues was due to an additional 59 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)

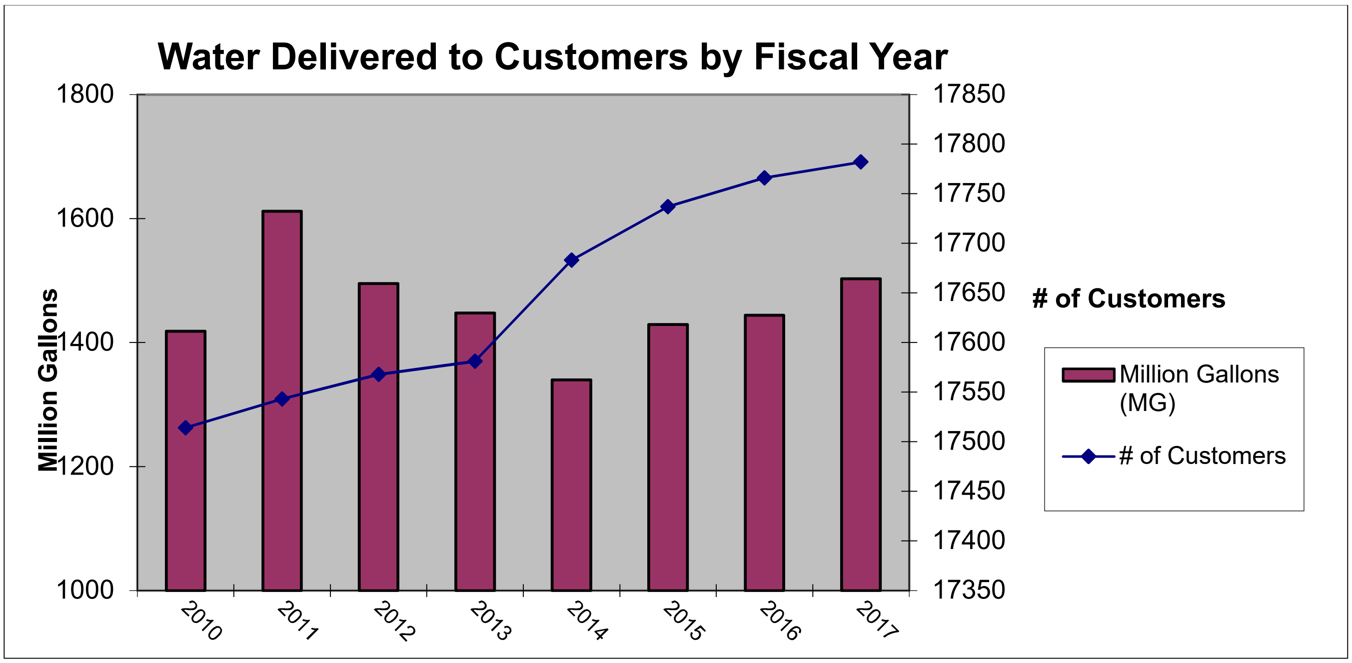
Mount Laurel MUA
Revenues, Expenses and Net Position
for the Fiscal Years Ended June 30,

	2017	2016	2015
Utility Service Charges	$ 19,230,637.31	$ 19,125,618.43	$ 18,771,411.62
Connection Fees	291,794.54	2,235,022.01	832,265.76
Other Operating Revenues	637,853.28	674,135.88	653,704.38
Total operating revenues	**20,160,285.13**	**22,034,776.32**	**20,257,381.76**
Operating Expenses	15,414,949.96	13,675,086.08	12,813,251.64
Depreciation expense	5,927,044.14	5,989,599.12	5,896,500.36
Operating Income	**(1,181,708.97)**	**2,370,091.12**	**1,547,629.76**
Non-operating Revenues (Expenses)			
Investment Income	105,600.44	132,447.14	37,342.67
Interest on debt	(332,309.85)	(373,233.49)	(411,253.73)
Loss on disposal of capital assets	9,256.19	(5,229.24)	(4,828.22)
Insurance Proceeds	181,967.07		
Contribution to Mount Laurel Township	(374,070.00)	(447,716.00)	(498,892.00)
Income before contributions	**(1,591,265.12)**	**1,676,359.53**	**669,998.48**
Capital contributions	401,027.50	1,597,149.80	104,776.50
Increase in Net Position	**(1,190,237.62)**	**3,273,509.33**	**774,774.98**
Net Position - July 1	102,850,575.81	99,577,066.48	98,802,291.50
Change in Net Position	(1,190,237.62)	3,273,509.33	774,774.98
Net Position - June 30	**$ 101,660,338.19**	**$ 102,850,575.81**	**$ 99,577,066.48**

Investment income decreased by approximately $27,000. During FY17, the Authority increased its holdings in money market accounts and is ready to purchase more attractive, higher yielding investments when opportunities present themselves. This has a negative impact on investment income as money market accounts yield less than other investments. Also, a negative market value adjustment was recorded at June 30, 2017 on some investments. It should be noted that market value adjustments, whether positive or negative, tend to ultimately have negligible impact on the Authority. This is because their true impact has more significance when investment instruments are sold before maturity, when market value influences the selling price. Since the Authority tends to hold investments until they mature, rather than sell them prior to maturity, fluctuations in market values ultimately have no meaningful impact on the Authority.

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

Connection fee revenues saw a substantial decrease when compared to the previous fiscal year. This was the result of fewer (or smaller) projects connecting to the Authority's infrastructure in FY17 when compared to FY16, thereby decreasing that component of 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. The Authority then 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 approach has served the Authority well.



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 negative results for the year. Operating revenues generated an aggregate of $20.16 million, down $1.87 million (approximately 8.5%) from FY16. Connection fee revenues accounted for virtually all of this downturn, falling off by over $1.9 million. FY16 saw 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 contribute heavily to this revenue source. FY17 revenues were modest in comparison, as there were very few large projects tied in. As noted earlier, service charges increased by a mere 0.5%, contributing an additional $105,000 when compared to FY16. The Authority's operating expense (including depreciation) increased by approximately $1.68 million (8.5%) compared to FY16. The more significant changes in revenues and expenses are described in more detail below.

As the original budget for FY17 was formulated prior to April 2016, certain actual events during the year necessitated amending the budget. The Authority approved this budget amendment in June 2017. 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 $17.45 million but were amended to $18.13 million. This increase was due to an upturn in water delivered to service during FY17. 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 $19.23 million.

Connection fee revenue was amended significantly downward, from $1.42 million to $289,000. This $1.1 million reduction was due to originally budgeted projects that either tied in prior to the start of FY17, partially tied in or ultimately did not tie in at all during FY17. For example, $293,000 was anticipated for Roger's Walk properties in FY17, but the buildings associated with those fees tied in before FY17 began. The same is true for Laurel Green Phase II and its $97,000 of anticipated revenue. Other budgeted projects only partially tied in, including 7000 Midlantic Drive ($318,000 remaining), Hampton Inn ($236,600 remaining) and Bread of Life Cemetery ($38,100 remaining). Finally, Walmart ($139,100) was under construction at the end of FY17, so this connection fee revenue will not be realized until FY18. In the end, actual connection fee revenue realized for FY17 was $291,800.

Sunrise Over the Ramblewood Parkway Solar Array

OPERATING REVENUES & EXPENSES (CONT'D)

Other Operating Revenues decreased by $36,200 compared to FY16 levels. The single largest factor for this was decreased market rate prices for the Solar Renewable Energy Credits (SREC) generated at the Authority's Ramblewood Parkway solar farm. At the beginning of FY17, the market price for a single SREC was approximately $275. At the end of FY17, it was approximately $225. Although market prices move up and down continually, this difference of $50 per unit, applied to the approximately 700 SREC generated during a typical year, resulted in about $35,000 less revenue being recorded.

The Authority's operating expenses of $15.41 million (excluding depreciation) in FY17 were $1.74 million higher than in FY16. This was largely due to a few significant operational events during the year, which are described more fully below.

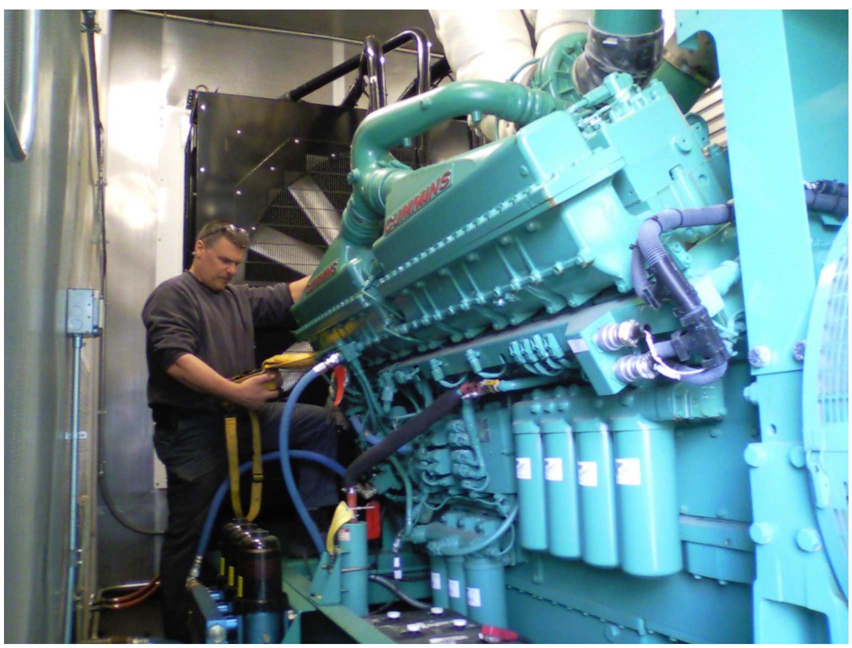
Salaries and Wages expense increased by $188,900 in FY17. More than half of this amount (approximately $103,000) was due to hourly rate increases established in the Collective Bargaining Agreement and normal, annual wage adjustments for the non-union staff. Additionally, the Authority's sewer department experienced staffing shortages throughout most of FY17, resulting in more overtime pay while the normal duties and functions of straight time employees were performed. Finally, operational matters such as sewer force main breaks, around the clock monitoring of station alarms due to equipment failure (on a few occasions), and fabrication of equipment and plant components by the Authority's staff mechanics all resulted in an increase in overtime wages. Expense for all salaries and wages totaled $4.40 million, compared with last year's $4.211 million. The budget for this expense was originally set at $4.394 million but was amended to $4.466 million in response to actual costs such as those described above.

Repairs of Primary Force Main on Elbo Lane

OPERATING REVENUES & EXPENSES (CONT'D)

Fringe Benefits exceeded the prior year by $913,700; an increase of slightly over 36%. The overwhelming majority of this significant increase was an adjustment to the Authority's Public Employees Retirement System (PERS) pension expense. This adjustment, required by a Government Accounting Standards Board statement (GASB68), requires that the Authority recognize its proportionate liability for long term PERS benefits. To satisfy that requirement, the Authority was obligated to record its FY17 PERS expense at $1.66 million, more than double the $826,100 expense for FY16. This accounts for over 90% of the increase in fringe benefits. The remaining increase is due to factors such as an increase in FICA expense ($12,800) mainly associated with the salaries and wages line item (discussed previously), an increase of $11,800 in unemployment expense, along with very modest increases in group health insurance and Workers Compensation. It should be noted that the combined costs for group health insurance and Workers Compensation exceeded FY16 costs by only $26,200, or less than 2%.

Electricity costs remained stable in the current year, increasing a minuscule $2,600 (0.25%). The Authority renewed its 3rd party electric supply contract in October 2015 as recommended by its energy consultants; the contract ends in October 2019 and continues to work in the Authority's favor. 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. In FY17, participation in this program produced $48,500 in payments back to the Authority. 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.



Routine Standby/Emergency Generator Maintenance

OPERATING REVENUES & EXPENSES (CONT'D)

The total volume of water delivered to customers in FY17 was 4% higher than FY16, which is considered negligible. The New Jersey Department of Environmental Protection has restricted the quantity of water that the Authority can withdraw from its wells drilled in the Potomac-Raritan-Magothy Aquifer (Critical Area #2). The amount of water that the Authority can produce annually equals the volume utilized for the Township in 1980. However, because the Township that has experienced explosive growth subsequent to 1980, it is forced to purchase more and more of its water from other water purveyors.

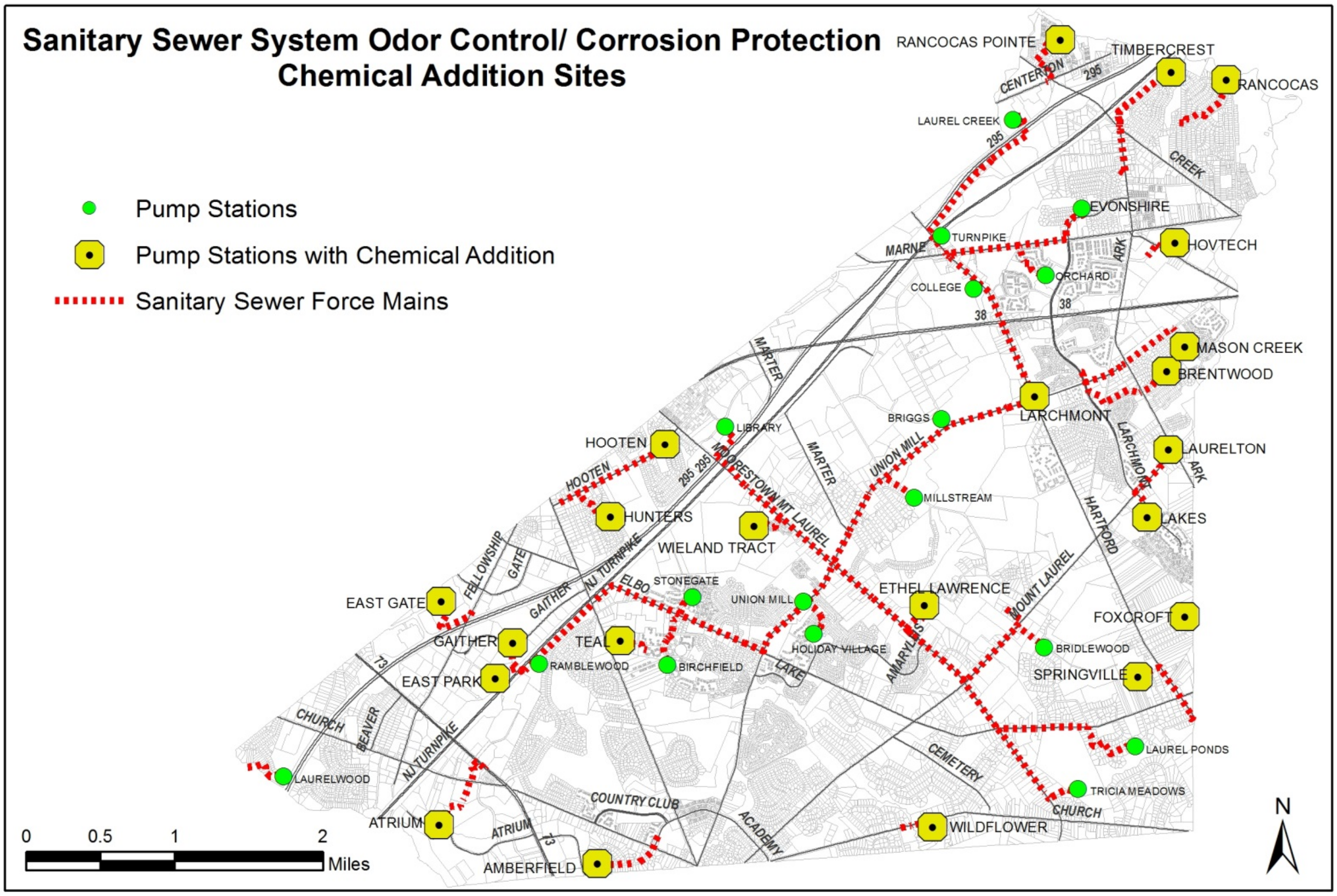
The total cost of purchased water from these outside purveyors increased by nearly $290,039 (13%) in FY 17. This change was due to the regulatory requirement to secure additional contracted volumes in order to accommodate mandated affordable housing units. In addition, both water supply providers increased water rates.

The cost related to the disposal of bio-solids (sludge) at the Hartford Rd Wastewater Treatment Facility decreased by $123,000 (16%) during FY17. This spending was reduced in FY17 as the renewal work that occurred in FY16 on one of our two secondary clarifiers was completed. During this fiscal year, the facility operations returned to more normal levels.

Biosolids Thickener Tank

OPERATING REVENUES & EXPENSES (CONT'D)

Chemical expense increased considerably when compared to FY16. Actual costs were $743,000 in FY17 compared to $665,000; an increase of $78,000. The Authority's chemical usage in its sewer utility accounted for $70,000 of this increase, mainly for odor control chemicals. Although we were able to slightly decrease chemical use within the collection system, a more direct control of dosage based on wastewater treatment plant operating conditions resulted in a significant increase in the use of plant pretreatment odor control chemicals at Larchmont PS. We continue to develop procedures to gain better control of this process to reduce cost while meeting operational needs.

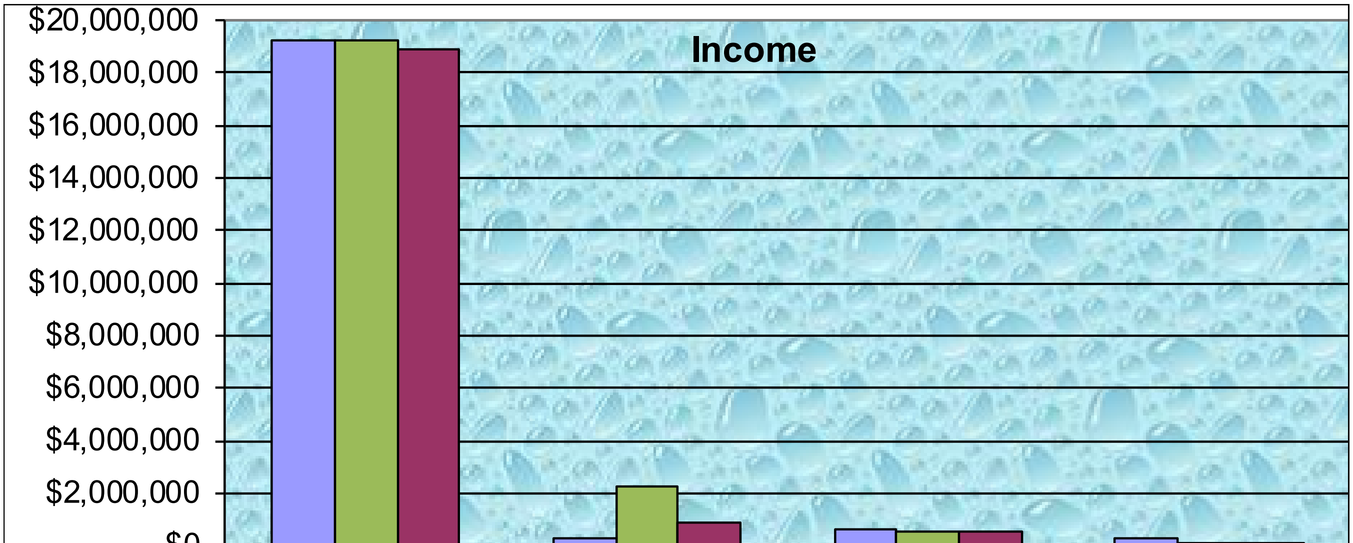


Interest expense in FY17 dropped by $40,900. As outstanding principal balances get paid down and bond issues approach expiration, a greater portion of each debt service payment goes toward remaining principal balances. Inversely, a lesser portion of each debt service payment goes toward interest expense. Early in FY17, the Authority made the final debt service payments on a 1996 bond issue and did not take on any new debt during the year.

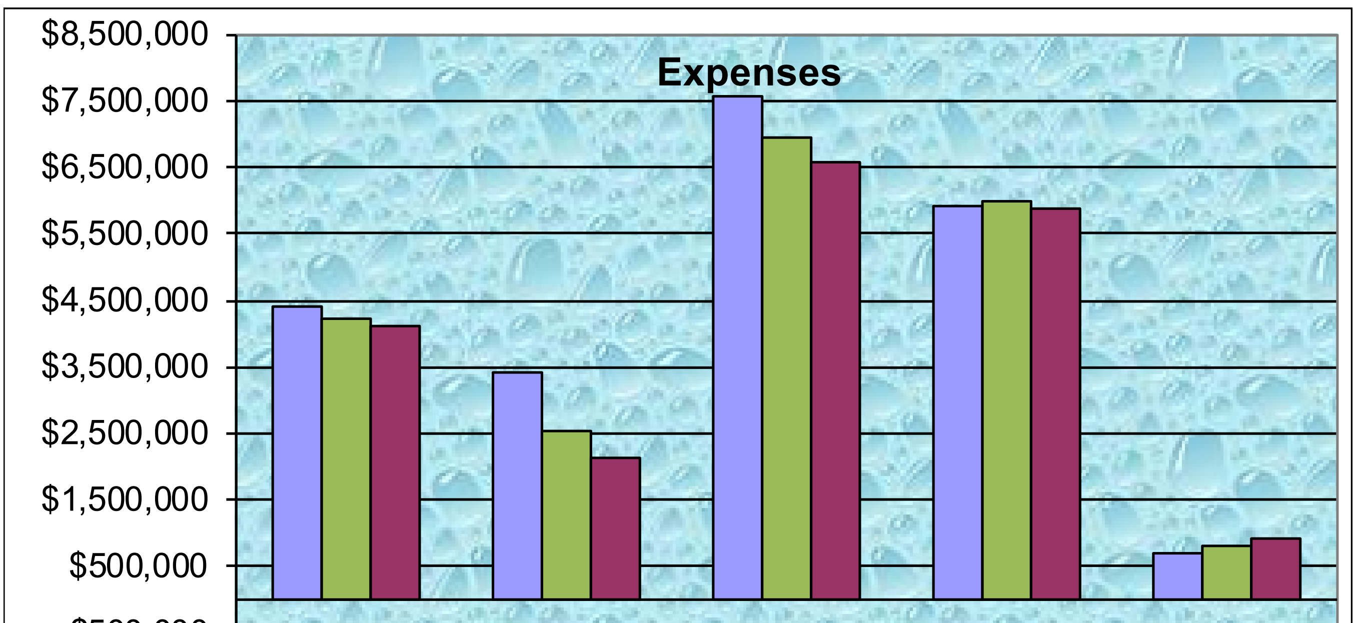
The Authority contributed $374,070 to Mount Laurel Township, the eighth straight year a contribution has been made. This amount was determined in accordance with N.J.S.A. 40A:5A-12.1. With this contribution, the Authority has now given a total of $3,871,068 to the Township.

OPERATING REVENUES & EXPENSES (CONT'D)

Graphical representations showing revenues and expenses for the three fiscal years of 2015, 2016 and 2017 follow.

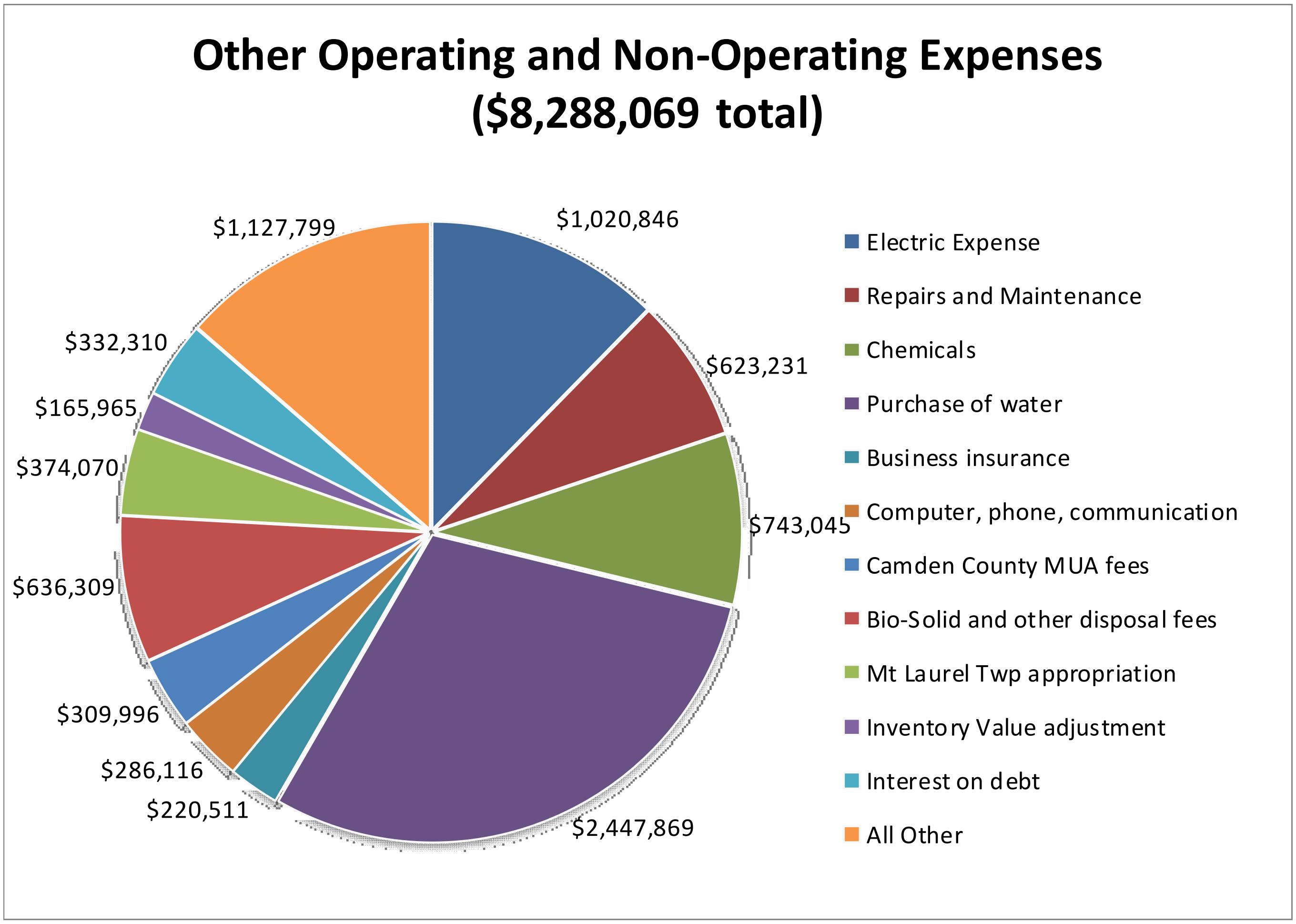


	Utility Service Charges	Connection Fees	Other Operating	Non Operating
2017	$19,230,637	$291,795	$637,853	$296,824
2016	$19,267,645	$2,235,022	$532,109	$132,447
2015	$18,924,465	$832,266	$500,651	$37,343



	Salaries & Wages	Fringe Benefits	Other Operating	Depreciation	Non Operating
2017	$4,400,022	$3,433,239	$7,581,689	$5,927,044	$706,380
2016	$4,211,134	$2,519,583	$6,944,369	$5,989,599	$826,179
2015	$4,101,800	$2,136,100	$6,575,351	$5,896,500	$914,974

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 within the next 20 years in order to continue providing safe water to the public. In addition, the 2016 American Society of Civil Engineers Infrastructure Report Card estimated that New Jersey's water and wastewater infrastructure needs billions of dollars of improvements in the next 20-30 years (for more information see https://www.infrastructurereportcard.org/state-item/new-jersey/). These are significant dollars by any measure, and point out the fact that water and wastewater infrastructure is extremely expensive to build and maintain. Particularly worth noting is the fact that many of the capital assets owned by an Authority are quite often underground or otherwise out of view from the vast majority of the public. Underground piping, pumping stations, valves, water and sewer mains, interconnections, control panels, computers, and many other appurtenances and components continue to do their jobs around the clock, without being seen. Above ground, many capital assets are placed in unobtrusive settings, such as fenced areas concealed with natural plantings, remote locations, business or industrial parks, etc.

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

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.

Because the Authority has invested nearly $223 million in its infrastructure, and keeping in mind the staggering estimated amounts mentioned above, 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 including estimated replacement values. 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 and funding processes to anticipate the timing and scope of future capital projects.

During FY17, the Authority recorded $5.060 million for capital assets. By including retainage and other pre / post year adjustments, the capital additions due to renewal and replacement were as follows:

Asset	Amount Disbursed in FY17
Supervisor Control and Data Acquisition Systems: **Upgrade Water & Sewer SCADA Systems	$92,689
Hartford Road Wastewater Treatment Facility:	
Rehab Dewatered Sludge Pump	$53,589
Rehab UV3000-Ballast, Lamps, & Sleeves	$33,082
Rehab Motors & Sharpen Cutters-Influent Comminutors	$36,920
Clean Sludge Thickener Tank	$33,456
Rehab UV4000-Ballast, Lamps, & Sleeves	$21,174
Repair Grit Snail Unit	$20,993
Replace Magnetic Flow Meter-RAS	$15,346
Replace ATS Monitoring System-Generator Fuel Tank	$13,990
Rehab Primary Sludge Pump #2	$12,000
Replace Safety Disconnect-Orbal Aerator	$11,902
Replace Alarm Receiver	$10,955
Replace Drive Unit-Primary Clarifier #2	$10,918
Repair Main Entrance Gate	$10,148

Asset

Hartford Road Wastewater Treatment Facility (cont'd):	Disbursed in FY17
Replace Comminutor-Sludge Transfer	$9,325
Replace/Repair/Rehab Orbal Motors	$9,090
Replace Swivel Joint-Belt Filter Press Dumpster Bay	$8,300
Paving and Drainage Upgrades	$7,714
Replace Hydrants-Utility Water/Wastewater Reuse System	$7,188
Replace Valves	$7,132
Replace Effluent Compositor	$6,654
Replace Pump # 2-Site Pump Station	$5,961
Replace Flow Meter-Utility Water/Wastewater Reuse System	$5,921
Replace Life Rings and Fire Hose Cabinets	$3,962
Replace Level Control Transducer-Sludge Thickener	$3,744
Rehab Heater-Press Building	$3,400
Rehab Sludge Transfer Pump	$2,445
Replace Pump-Biosolids Polymer System	$2,316
Pipe & Cable Locator	$1,974
Replace Secondary Side Transformer-Primary Clarifier	$1,525
Replace Control Room Furniture	$1,427
**Replace Motor Gear Boxes-Orbal Aerators	$121,705
**Rehab Slide Gates-UV4000 Disinfection System	$108,289
** Rehab of Site Pump Station	$100,683
**Convert Old Warehouse Building to Vehicle Storage	$16,016
**Rehab-Secondary Clarifier #2 (PFC#2)(Design)	$8,818
**Clarifier Fall Protection Study	$5,243

A Belt Filter Press at Hartford WPCF (Biosolids Dewatering)

** Multi-Year Project Completed this Fiscal Year*

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

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

Asset	Disbursed in FY17
Sanitary Sewer Pump Stations:	
Rebuild Motors, Pumps & Impeller Replacement Various PS	$59,109
Electrical Upgrade & Replace Generator-East Park PS	$34,900
Replace Pumps-Ramblewood PS	$28,520

Pump Replacement at a Sanitary Sewer Pump Station

PS Evals (Bridlewood, East Gate II, Laurel Ponds & Turnpike)	$16,198
Replace Transducers for Various PS	$9,156
Site Improvement-Orchard PS	$8,770
Replace Pump #2-Brentwood PS	$8,534
Site Improvements/Landscaping PS (Hooten, Foxcroft, & Stonegate)	$5,100
Replace Barscreen & Rail System Hunter PS	$4,689
Replace Barscreen & Ladder-Holiday Village East PS	$4,015
Replace Electric Winches on Various PS	$3,700
Electrical Upgrade-Laurelwood PS	$2,289
Replace Heat Pump-Gaither PS	$1,655
**Paint PS (College, Amberfield, Holiday Village East & Stonegate)	$90,896
** Electrical Upgrade & Level Controls-East Park PS	$48,308
** Electrical Upgrade & Level Contols-Turnpike PS	$48,308
** Upgrade Atrium PS (Design)	$29,319
** Upgrade Devonshire PS (Design)	$21,656
**Electrical Upgrade & Level Controls-Birchfield PS	$11,902
**Electrical Upgrade & Level Controls-Timbercrest PS	$11,902
Sanitary Sewer Force Main Repair and Replacement:	
* Replace Hunters FM & Install Country Lane Water Main (Combo Project)	$27,531
Primary Force Main-Elbo Lane Curve	$198,500
Corrosion Protection Study of Primary & Secondary Force Mains	$29,267
** Primary Force Main-Hartford Road (Rt. 38 to Union Mill)	$451,700
** Connection Replacement Hartford Rd & Marne Hwy FM (design)	$23,194

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

Asset	Disbursed in FY17
Sanitary Sewage Collection System:	
Replace/Line Various Gravity Sewer Mains	$193,528
Grout Sanitary Sewer Main-Ramblewood Parkway	$16,905
TV & Clean Sanitary Sewer Mains	$12,269
I & I Control: Replace Manhole Sewer Castings & Lids	$5,865
Elbo Lane Water Treatment Plant:	
Replace Turbine Pump Seals	$20,897
Replace Control Panels & Disconnects	$10,540
Rehab Kitchen Area	$8,512
Paint Interior Walls	$6,900
Roof Restoration-Generator Building	$5,156
Rehab Tile Flooring	$2,404
Replace Kitchen Appliances	$2,126
** Rehab HVAC	$5,884
Water Main Replacements:	
* Replace Hunters FM & Install Country Lane Water Main (Combo Project)	see above
* Lincoln Drive & Liberty Road	$65,859
* Fleetwood Road	$17,317
Replace Fire Hydrants	$23,116
Fostertown Road	$12,448
**South Saint Andrews Drive & Grant Road	$539,787
**Saint David Drive	$407,302
**Wharton Road	$8,726

Water Main Replacement on Saint David Drive

** Multi-Year Project Completed this Fiscal Year*
*** Project Continuing into Subsequent Year(s)*

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

Asset	Disbursed in FY17
Wells and Booster Stations:	
Replace/Rehab/Repair-Well # 3	$88,965
Replace Automatic Transfer Switch-Willingboro Booster Station	$12,000
Replace VFD-Well # 4	$9,235
Replace Motor-Church Street Booster Station	$8,561
Replace 2 Valves-Willingboro Booster Station	$8,257
Replace AC Unit Well # 6	$2,143
Water Meter Reading:	
Replace Meter Reading Hand Held Equipment	$27,552
**Meter Change Out Program	$207,665

New Jetter Truck – for Wastewater Collection System Maintenance/Cleaning

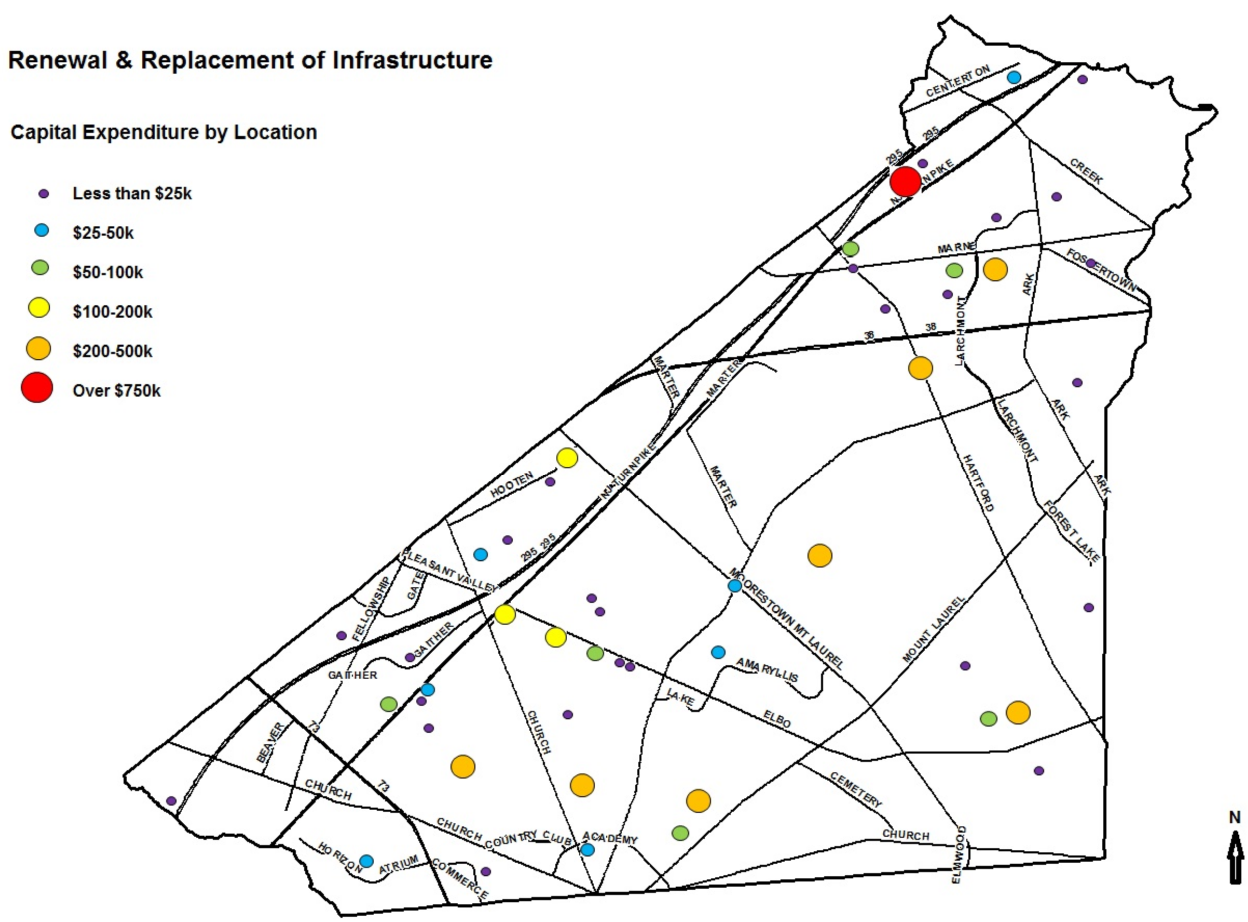
Asset	Disbursed in FY17
Vehicles:	
Replace Jetter Truck-Vehicle 67	$393,262
Replace CCTV Truck-Vehicle 43	$304,516
Replace Parts, Hoses & Repairs-Vehicle 42	$32,728
Replace Vehicle 60	$31,812
Replace Vehicle 57	$30,160
Replace Vehicle 72	$14,959
Replace Vehicle 75	$14,959
Replace Trailer-Load Banking Unit	$3,779
Replace Crane Outrigger-Vehicle 55	$1,154

** Multi-Year Project Completed this Fiscal Year*
*** Project Continuing into Subsequent Year(s)*

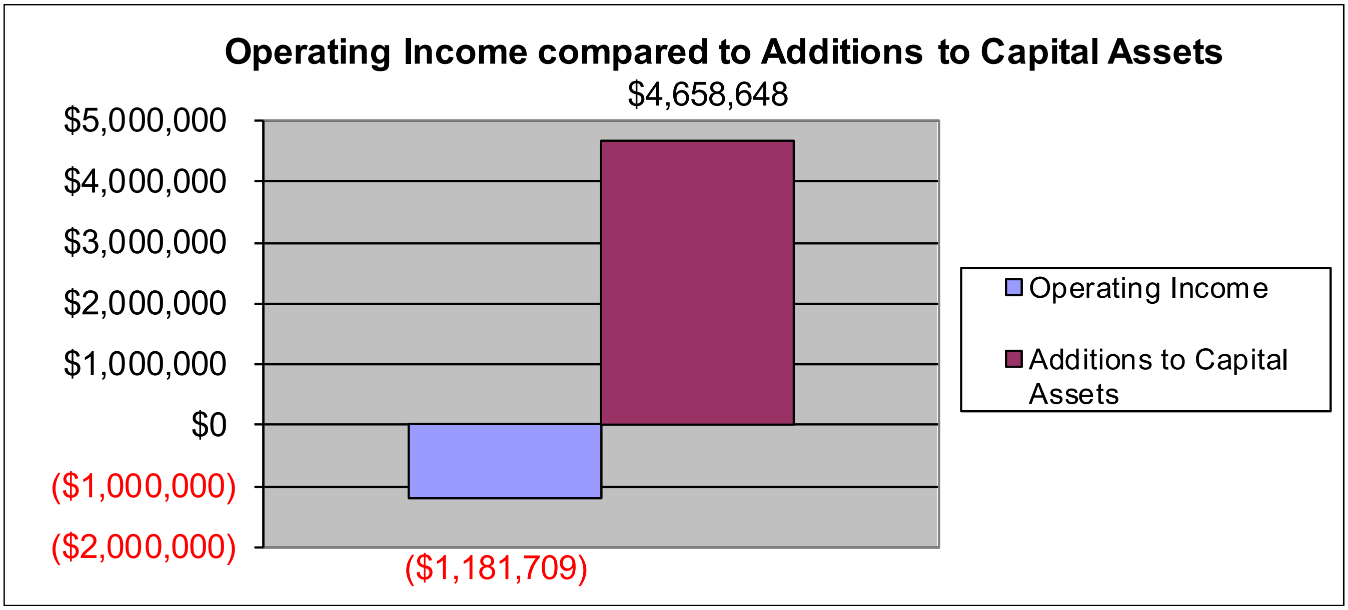
ASSET MGMT, CAPITAL ASSET, AND LONG-TERM DEBT (CONT'D)

Asset	Disbursed in FY17
Miscellaneous:	
Replace UPS Units	$16,124
Upgrade HVAC-Engineering Building	$14,635
Zero Turn Lawn Mower	$8,196
Automotive Scanner and Equipment	$5,488
Upgrade HVAC-Admin Building	$5,280
Records Retention Shelving	$5,211
Replace Confined Space Entry Gas Detectors	$5,065
Rigid Pipe Threader	$4,492
AED Units	$3,895
Diagnostic Equipment-Hydraulic Flow Tester	$3,679
Combihammer Hilti Gun & Bits	$1,886
True Chrome HD II Microscope Camera	$1,614
Oil Lube System Pump Reel Kit	$1,539
20-Ton Adjustable Vehicle Support Stands	$1,448
**Analysis/Survey Clearing Water & Sewer Easements	$10,305

** Multi-Year Project Completed this Fiscal Year*
*** Project Continuing into Subsequent Year(s)*



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



The above chart demonstrates the Authority's ongoing and unwavering commitment to keeping its systems and infrastructures current and well maintained. To provide a more expanded time frame, the Authority has made $35.93 million of paid additions to its assets over the ten fiscal years of 2008 through 2017. $27.83 million of these paid additions were provided by available cash reserves, which were planned for and accumulated over many years for the specific purpose of paying for capital projects on a "pay as you go" basis. The source of these funds is the "Unrestricted" portion of the Authority's Net Position (see earlier chart). During the same ten-year period of FY08 through FY17, the Authority's aggregate Operating Income has totaled $10.29 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 ten 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.

FY 2017 Water Main Replacement Project – Saint Andrews Court

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

Our five-year capital plan calls for the expenditure of $38,120,500 with $9,431,100 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)	$ 19,578,500	$ 4,691,100
Debt Authorization	$ 18,542,000	$ 4,740,000

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

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

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

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

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

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

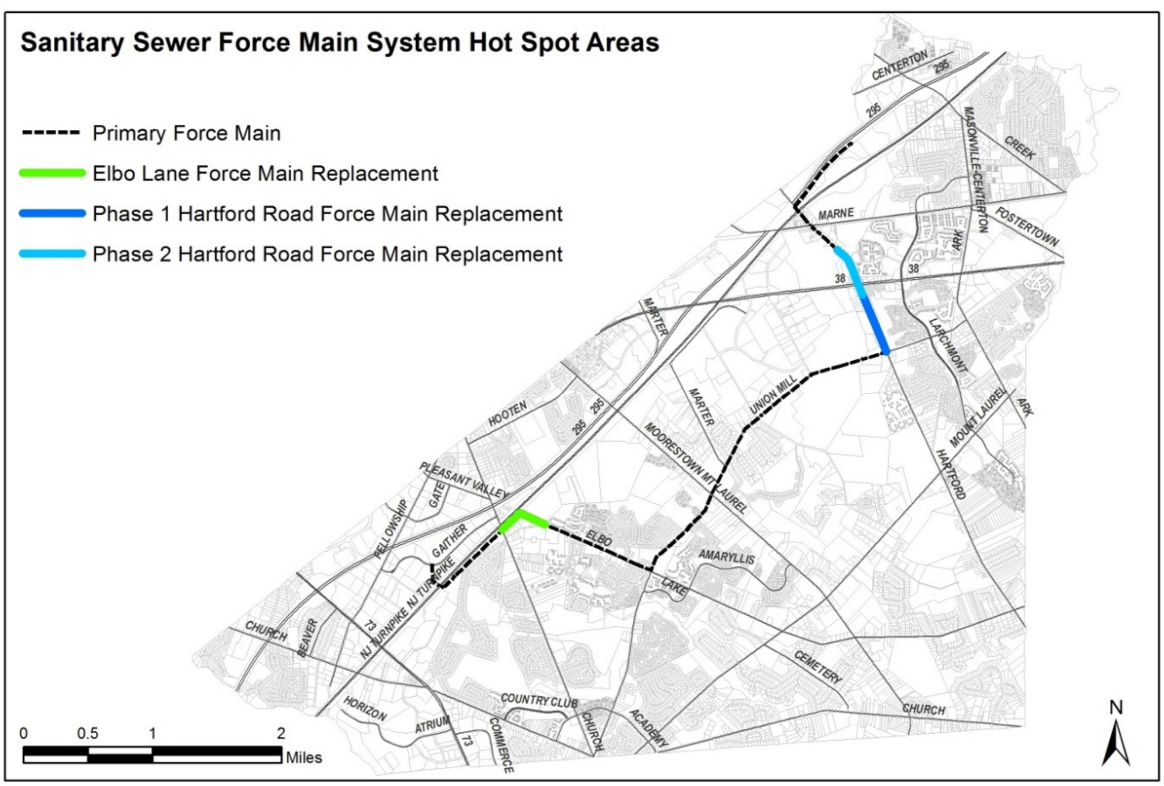
In December 2009, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust totaling $2,244,600 for the completion of a solar energy array that generates power for a sewer pumping station and a groundwater well. $1,109,600 of this loan is at a zero percent interest rate.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

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

LOOKING FORWARD

The Authority continues to pursue and investigate alternative sources of water to meet user demand. Currently, the Authority must purchase from outside water purveyors in order to make up the difference between its user demand and its permitted withdrawal from its supply wells. 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 approximately 45 year old main due to sections of it prematurely reaching the end of their 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 (CONT'D)

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.

The Authority included replacement of phases 1 & 2 of the Hartford Road force main in our FY18 budget after the board approved $7 million for the replacement project. Results from additional corrosion control studies indicate that Phase 1 of the Hartford Road project remains a top priority; a $2,561,111.00 contract was awarded on May 18, 2017 for construction. 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 by the Elbo Lane replacement project. Although this work is moving forward we cannot rule out the fact that additional leaks are likely to occur on these sections of pipe before they are replaced.

The Authority intended to use NJEIT's emergency financing program for Hartford Road Phase 1; however, NJEIT program requirements, such as requiring installation of the replacement pipe in the same trench as the existing pipe, precluded participation. Therefore, Authority will use the "Unrestricted" portion of the Authority's Net Position for initial funding, with a private borrowing for the Hartford Road Phase 1 force main project. The Authority plans to issue debt via the NJEIT for the Elbo Lane and Hartford Road Phase 2 force main replacement projects.

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, 2017 and 2016

	2017	2016
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	$ 11,441,941.55	$ 10,144,011.30
Investments	4,788,878.20	4,487,923.56
Consumer Accounts Receivable, Net of Allowance for Doubtful Accounts of $3,786.67 in 2017 and 2016	3,644,739.79	3,830,800.92
Accrued Investment Income Receivable	28,746.43	26,847.97
Intergovernmental Accounts Receivable	54,083.00	70,402.78
Inventory	233,849.54	397,341.85
Other Accounts Receivable	50,669.27	32,272.50
Prepaid Expenses	88,804.28	94,808.26
Total Unrestricted Assets	20,331,712.06	19,084,409.14
Restricted Assets:		
Cash and Cash Equivalents	7,480,605.28	7,768,989.64
Investments	128,255.16	167,551.43
Accrued Investment Income Receivable	31,525.73	8,401.21
Notes Receivable, Less Allowance for Doubtful Accounts of $40,190.91 in 2017 and 2016	32,146.25	35,485.02
Total Restricted Assets	7,672,532.42	7,980,427.30
Total Current Assets	28,004,244.48	27,064,836.44
Noncurrent Assets:		
Capital Assets:		
Completed (Net of Accumulated Depreciation)	106,805,805.95	108,233,688.26
Construction in Progress	2,002,734.47	1,459,951.95
Total Capital Assets	108,808,540.42	109,693,640.21
Total Assets	136,812,784.90	136,758,476.65
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Defeasance of Loans	44,169.33	49,690.50
Related to Pensions	5,305,082.00	2,257,340.00
Total Deferred Outflows of Resources	5,349,251.33	2,307,030.50

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Net Position
As of June 30, 2017 and 2016

	2017	2016
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable		
Related to Pensions	$ 480,725.00	$ 470,775.00
Other	1,213,124.88	777,149.60
Prepaid Rents	166,222.34	108,552.10
Current Portion of Compensated Absences	49,797.24	
Developer's Deposits	878,523.95	956,063.44
Total Current Liabilities Payable from Unrestricted Assets	2,788,393.41	2,312,540.14
Current Liabilities Payable from Restricted Assets:		
Accounts Payable	490,116.25	419,596.37
Retainage	40,146.34	31,859.02
NJ EIT Loans--Current Portion	1,740,886.79	2,007,794.01
Accrued Interest Payable	157,502.01	174,254.76
Total Current Liabilities Payable from Restricted Assets	2,428,651.39	2,633,504.16
Long-term Liabilities:		
Compensated Absences	474,847.02	515,809.35
Net Pension Liability	15,694,765.00	11,286,065.00
NJ EIT Loans Payable	15,616,056.73	17,365,649.49
Total Long-Term Liabilities	31,785,668.75	29,167,523.84
Total Liabilities	37,002,713.55	34,113,568.14
DEFERRED INFLOWS OF RESOURCES		
Deferred Gain on Defeasance of Loans	404,012.02	454,513.52
Deferred Revenue	3,094,972.47	1,465,391.68
Related to Pensions		181,458.00
Total Deferred Inflows of Resources	3,498,984.49	2,101,363.20
NET POSITION		
Net Investment in Capital Assets	90,561,491.62	89,463,918.30
Restricted:		
Bond Resolution Covenants	9,369,126.76	11,145,360.28
State Unemployment Compensation	44,764.55	52,338.49
Unrestricted	1,684,955.26	2,188,958.74
Total Net Position	$ 101,660,338.19	$ 102,850,575.81

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, 2017 and 2016

	2017	2016
Operating Revenues:		
Utility Service Charges	$ 19,230,637.31	$ 19,125,618.43
Connection Fees	291,794.54	2,235,022.01
Other Operating Revenues	637,853.28	674,135.88
	20,160,285.13	22,034,776.32
Operating Expenses:		
Administration:		
Salaries and Wages	742,032.46	790,909.65
Fringe Benefits	747,260.60	516,463.02
Other Expenses	878,992.18	896,235.43
Cost of Providing Services:		
Salaries and Wages	3,657,989.75	3,420,224.57
Fringe Benefits	2,685,978.50	2,003,120.28
Other Expenses	6,702,696.47	6,048,133.13
Depreciation	5,927,044.14	5,989,599.12
	21,341,994.10	19,664,685.20
Operating Income (Loss)	(1,181,708.97)	2,370,091.12
Non-operating Revenue (Expenses):		
Investment Income	105,600.44	132,447.14
Interest on Debt	(332,309.85)	(373,233.49)
Gain (Loss) on Disposal of Capital Assets	9,256.19	(5,229.24)
Insurance Proceeds	181,967.07	
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(374,070.00)	(447,716.00)
Income (Loss) Before Capital Contributions	(1,591,265.12)	1,676,359.53
Capital Contributions	401,027.50	1,597,149.80
Increase (Decrease) in Net Position	(1,190,237.62)	3,273,509.33
Net Position - Beginning	102,850,575.81	99,577,066.48
Net Position - Ending	$ 101,660,338.19	$ 102,850,575.81

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, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Receipts from Customers and Users	$ 21,395,744.01	$ 19,622,198.19
Payments to Suppliers	(6,976,217.08)	(7,074,303.95)
Payments to Employees	(6,634,976.40)	(6,392,948.95)
Other Operating Receipts	558,236.80	895,670.44
Net Cash Provided by Operating Activities	8,342,787.33	7,050,615.73
Cash Flows from Noncapital Financing Activities:		
Notes Receivable on Line Extensions	3,338.77	4,760.61
Net Cash Provided by Noncapital Financing Activities	3,338.77	4,760.61
Cash Flows from Capital and Related Financing Activities:		
Retainage	(31,859.02)	(62,327.83)
Principal Paid on Loans	(2,007,794.01)	(1,963,147.56)
Acquisitions of Capital Assets	(4,547,981.48)	(4,082,489.79)
Cash Received for Sale of Disposed Assets	26,987.04	
Insurance Proceeds	181,967.07	
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(374,070.00)	(447,716.00)
Interest on Debt	(402,748.90)	(444,627.77)
Net Cash Used in Capital and Related Financing Activities	(7,155,499.30)	(7,000,308.95)
Cash Flows from Investing Activities:		
Investment Income Received	80,577.46	107,348.04
Short Term Gains (Loss)	(925,898.08)	(1,676,401.66)
Proceeds from Sale of Investments	168,675.46	4,086,970.29
Payments for Investments	495,564.25	(3,914,037.62)
Net Cash Used in Investing Activities	(181,080.91)	(1,396,120.95)
Net Increase (Decrease) in Cash and Cash Equivalents	1,009,545.89	(1,341,053.56)
Cash and Cash Equivalents, July 1	17,913,000.94	19,254,054.50
Cash and Cash Equivalents, June 30	$ 18,922,546.83	$ 17,913,000.94

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2017 and 2016

	2017	2016
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	$ (1,181,708.97)	$ 2,370,091.12
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation Expense	5,927,044.14	5,989,599.12
Pension Liability Expense - GASB 68	1,189,450.00	334,548.00
Changes in Assets and Liabilities:		
(Increase) Decrease in Consumer Accounts Receivable	186,061.13	(69,544.12)
(Increase) Decrease in Intergovernmental Accounts Receivable	16,319.78	198,661.14
(Increase) Decrease in Inventory	163,492.31	(8,968.05)
(Increase) Decrease in Other Accounts Receivable	(18,396.77)	(5,604.30)
(Increase) Decrease in Prepaid Expenses	6,003.98	(21,912.36)
Increase (Decrease) in Unrestricted Accounts Payable	435,975.28	(99,054.98)
Increase (Decrease) in Prepaid Rents	57,670.24	15,269.93
Increase (Decrease) in Deferred Revenue	1,629,580.79	(1,826,194.63)
Increase (Decrease) in Developers' Deposits	(77,539.49)	170,504.29
Increase (Decrease) in Compensated Absences	8,834.91	3,220.57
Total Adjustments	9,524,496.30	4,680,524.61
Net Cash Provided by Operating Activities	$ 8,342,787.33	$ 7,050,615.73

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

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, GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, and GASB Statement No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit 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: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)</u>

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

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

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

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 Governmental Unit Deposit Protection Act. 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.

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

Inventory

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

Prepaid Expenses

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

Capital Assets

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

Costs incurred for construction projects are recorded as construction in progress. In the year that the project is completed, these costs are transferred to capital assets. Interest costs incurred during construction are not capitalized into the cost of the asset.

Expenditures are capitalized when they meet the following requirements:

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

Depreciation

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

	Years
Buildings	40
Utility Plant and Other Infrastructure	40
Furniture	5 - 15
Computer and Office Equipment	5 – 15
Telecommunication Equipment	5 – 15
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 comparative statements of net position. The following deferred outflows of resources are reported in the Authority's comparative 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: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)</u>

Deferred Inflows of Resources

The Authority's comparative 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 periods. The following deferred inflows of resources are reported in the Authority's comparative 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.

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.

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

Net Position (Cont'd)

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.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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.

Accounting 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.

Impact of Recently Issued Accounting Policies

Recently Issued and Adopted Accounting Pronouncements

For the fiscal year ended June 30, 2017, the Authority adopted Governmental Accounting Standards Board (GASB) 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 adoption this Statement had no impact on the Authority's financial statements.

Also, the Authority adopted GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The adoption this Statement had no impact on the Authority's financial statements.

Additionally, the Authority adopted GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The adoption this Statement had no impact on the Authority's financial statements.

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

Impact of Recently Issued Accounting Policies (Cont'd)

Recently Issued and Adopted Accounting Pronouncements (Cont'd)

Next, the Authority adopted GASB 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 adoption this Statement had no impact on the Authority's financial statements.

Lastly, the Authority adopted GASB Statement No. 82, *Pension Issues and 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 adoption this Statement had no impact on the Authority's financial statements.

Recently Issued Accounting Pronouncements

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

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 will become effective for the Authority in the fiscal year ending June 30, 2018. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement will become effective for the Authority in the fiscal year ending June 30, 2018. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.Agovernment that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The Statement will become effective for the Authority in the fiscal year ending June 30, 2019. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the Authority in the fiscal year ending June 30, 2020. Management does not expect this Statement will have an impact on the financial statements.

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

Impact of Recently Issued Accounting Policies (Cont'd)

Recently Issued Accounting Pronouncements (Cont'd)

Statement No. 85, *Omnibus 2017.* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The Statement will become effective for the Authority in the fiscal year ending June 30, 2018. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 86, *Certain Debt Extinguishment Issues.* The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The Statement will become effective for the Authority in the fiscal year ending June 30, 2018. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement will become effective for the Authority in the fiscal year ending June 30, 2021. 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, 2017 meets the requirements of the Bond Resolution as amended by the Authority.

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

Utility System Revenue Bonds (Cont'd)

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 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.

The total debt service reserve balance is $213,092.53. The total required balance for the debt service reserve as of June 30, 2017 is $1,996,275.67. After deducting the Authority's surety bonds, the minimum required cash balance is $186,220.51. The balance on June 30, 2017 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 $5,550,000.00 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 $5,678,255.16, which does meet the engineer's certified balance as of June 30, 2017. During the fiscal year, the Authority adopted a resolution decreasing the minimum balance to $5,480,000.00 beginning July 1, 2017 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.

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

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

Debt Service Coverage

The computation of sufficiency of revenues for the fiscal years ended June 30, 2017 and 2016 as defined by the Utility System Revenue Bond Resolution Section 713(b) is as follows:

	2017	2016
Operating Revenues:		
Utility Service Charges	$ 19,230,637.31	$ 19,267,645.00
Connection Fees	291,794.54	2,235,022.01
Investment and Miscellaneous Income	743,453.72	664,556.45
Total Revenues	20,265,885.57	22,167,223.46
Operating Expenses:		
Cost of Providing Services	13,046,664.72	11,471,477.98
Administrative	2,368,285.24	2,203,608.10
Contribution to Mount Laurel Township	374,070.00	447,716.00
Total Operating Expenses	15,789,019.96	14,122,802.08
Excess of Revenues	4,476,865.61	8,044,421.38
110% of Current Fiscal Year's Annual Debt Service Requirement	2,633,169.18	2,629,074.09
Sufficiency of Revenues	$ 1,843,696.43	$ 5,415,347.29

Subordinated Bond Resolution

The Authority is further subject to the provisions and restrictions of the Subordinated Bond Resolution adopted July 16, 2009. Section 512 of the Subordinated Bond Resolution creates a direct and special obligation on the Authority where the full faith and credit of the Authority is pledged to the payment of principal and interest on the Subordinated Bonds authorized under the Subordinated Bond Resolution. However, the obligation of the Authority to apply revenues or other funds to the payment of principal and interest on the Subordinated Bonds is subject to prior obligation of the Authority to apply such revenues or other funds to the payment of operating expenses. The pledge of revenues and other such funds is subordinate to the provisions of the Senior Bond Resolution and the lien and pledge created by the Senior Bond Resolution. The 2009A, 2009B, and 2010 NJEIT loans are subject to the subordinated bond resolution.

Debt Service Agreements

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

Note 3: DETAIL NOTES – ASSETS

Cash and Cash Equivalents

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first $250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below.

As of June 30, 2017 and 2016, the Authority's bank balances were insured or exposed to custodial credit risk as follows:

	June 30,	
	2017	2016
Insured by FDIC	$ 777,275.15	$ 1,012,892.59
Insured by GUDPA	16,500,057.48	15,222,227.76
Uninsured and Uncollateralized	597,127.28	693,233.52
Total	$ 17,874,459.91	$ 16,928,353.87

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, 2017 and 2016, the Authority's deposits with the New Jersey Cash Management Fund were $1,152,345.21 and $1,146,001.16, respectively.

Investments

New Jersey authorities are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey authorities. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or other obligations of the local unit or units within which the Authority is located, bonds or other obligations approved by the Division of Investment in the Department of Treasury for investment by authorities, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. The Authority has no investment policy that would further limit its investment choices.

Note 3: <u>DETAIL NOTES – ASSETS (CONT'D)</u>

Investments (Cont'd)

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 $1,737,009.50 and $1,741,977.75 as of June 30, 2017 and 2016, respectively. Additionally, the Authority has several certificates of deposits (CD's) that are covered under GUDPA insurance. The Authority has GUDPA insured investments of $752,675.00 and $763,017.37 as of June 30, 2017 and 2016, respectively. 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 $2,427,448.86 as of June 30, 2017 and $2,150,479.87 as of June 30, 2016, consist of 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.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority's investment policies place no limit on the amount the Authority may invest in any one issuer. More than 5.0% of the Authority's investments are in short-term investments. These investments represent 8.25% of the Authority's total investments as of June 30, 2017. The Authority's investment policies place no limit on the amount the Authority may invest in any one issuer. All of the Authority's investments are either in CD's, SREC's, FNMA's, FHLB's, GNMA's, or state and municipal bonds.

As of June 30, 2017 and 2016, the Authority had the following investments and maturities:

Investment	Credit Rating	Maturities	Fair Value Hierarchy Level	Fair Value June 30, 2017	Fair Value June 30, 2016
Sallie Mae Bank CD	NR	8/29/2017	Level 1	$ 245,325.85	$ 246,928.15
BMW Bank North America CD	NR	8/30/2018	Level 1	248,568.45	250,000.00
American Express Bank CD	NR	12/24/2018	Level 1	250,000.00	250,000.00
Goldman Sachs Bank USA CD	NR	1/6/2020	Level 1	250,000.00	250,000.00
Capital One Bank USA NA CD	NR	10/7/2020	Level 1	243,115.20	245,049.60
JP Morgan Chase Bank NA CD	NR	12/16/2020	Level 1		250,000.00
JP Morgan Chase Bank NA CD	NR	1/21/2021	Level 1	250,000.00	
HSBC Bank USA NA CD	NR	12/30/2020	Level 1	250,000.00	250,000.00
FDIC Insured Investments				$ 1,737,009.50	$ 1,741,977.75
BMW Bank North America CD	NR	8/30/2018	Level 1		$ 509.87
American Express Bank CD	NR	12/24/2018	Level 1	$ 590.00	2,265.00
Wells Fargo Bank NA CD	NR	6/11/2019	Level 1	500,395.00	503,265.00
Goldman Sachs Bank USA CD	NR	1/6/2020	Level 1	1,845.00	4,082.50
JP Morgan Chase Bank NA CD	NR	12/16/2020	Level 1	249,510.00	300.00
HSBC Bank USA NA CD	NR	12/30/2020	Level 1	312.50	1,685.00
JP Morgan Chase Bank NA CD	NR	1/21/2021	Level 1	22.50	250,910.00
GUDPA Insured Investments				$ 752,675.00	$ 763,017.37

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

Investments (Cont'd)

Concentration of Credit Risk (Cont'd) - As of June 30, 2017 and 2016, the Authority had the following investments and maturities:

Investment	Credit Rating	Maturities	Fair Value Hierarchy Level	Fair Value June 30, 2017	Fair Value June 30, 2016
NJ Higher Education Assistance Authority Student Loan Revenue Bond	AA3	7/1/2016	Level 1		$ 30,000.00
NJ Higher Education Assistance Authority Student Loan Revenue Bond	AA3	7/3/2017	Level 1	$ 25,000.00	
Riverview Gardens	AA+	4/1/2018	Level 1	35,713.65	36,836.45
Federal National Mortgage Association	AA+	12/1/2018	Level 1	1,275.97	3,064.30
New York NY Suser G 1	AA2	3/1/2019	Level 1	245,896.95	254,575.50
Cumberland County NJ IMPT	AA-	4/15/2020	Level 1	468,661.60	491,233.60
Connecticut St SPL Tax	AA3	11/1/2020	Level 1	10,522.50	10,973.00
New York NJ City	AA1	11/1/2020	Level 1	107,063.00	109,789.00
Federal Farm Credit Bank	AAA	8/17/2022	Level 1	239,952.50	
Federal Home Loan Mortgage Corp.	AAA	1/29/2021	Level 1		300,000.00
Virginia CLLG Bldg Authority	AA1	2/1/2021	Level 1	31,581.60	32,891.40
New York St Urban Development	AA1	3/15/2021	Level 1	163,483.50	170,829.00
NJ Higher Education Assistance Authority Student Loan Revenue Bond	AA3	12/1/2022	Level 1	76,054.30	100,445.40
Federal National Mortgage Association	AA+	4/25/2023	Level 1	31,221.42	24,906.07
Federal Home Loan Mortgage Corp.	AAA	8/23/2023	Level 1	511,690.40	24,355.68
Government National Mortgage Association	AAA	8/15/2025	Level 1	334.84	605.65
NJ Higher Education Assistance Authority Student Loan Revenue Bond	AA3	12/1/2025	Level 1	93,552.70	125,876.30
St. Louis MO Airport Refunding	A2	7/1/2026	Level 1	130,014.30	134,696.90
Government National Mortgage Association	AAA	4/15/2027	Level 1	954.41	1,032.25
Government National Mortgage Association	AAA	7/20/2033	Level 1	11,104.73	13,613.10
Government National Mortgage Association	AAA	9/20/2033	Level 1	8,528.57	10,426.54
Government National Mortgage Association	AAA	12/20/2033	Level 1	7,496.63	9,427.71
Government National Mortgage Association	AAA	1/20/2034	Level 1	4,458.63	5,476.92
Government National Mortgage Association	AAA	5/15/2034	Level 1	34,640.02	44,909.95
Government National Mortgage Association	AAA	3/20/2035	Level 1	88,660.64	113,126.07
Solar Renewable Energy Credits	NR	Demand	Level 1	99,586.00	101,389.08
Uninsured Investments				$ 2,427,448.86	$ 2,150,479.87
Total Investments				$ 4,917,133.36	$ 4,655,474.99

* Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Level 3 inputs are unobservable inputs for the asset; they should be used only when the relevant Level 1 and Level 2 inputs are unavailable.

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. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, The Authority does not have a formal investment 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 other counterparty to an investment will not fulfill its obligations. As stated in note 1, investments are purchased in accordance with N.J.S.A. 40A:5-15.1. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority has no investment policy that would further limit its exposure to credit risk.

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 8.95%. The principal balance due to the Authority as of June 30, 2017 was $72,337.16 and $75,675.93 as of June 30, 2016. 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, 2017 and June 30, 2016.

Service Fees

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

Fiscal Year Ended June 30,	Beginning Balance	Billings	Total Collections	Percentage of Collections
2017	$ 916,509.59	$ 19,401,010.98	$ 19,587,072.11	96.40%
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%

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, 2017, the Authority received $177,867.50 for the Water Department and $223,160.00 for the Sewer Department. 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.

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

Capital Assets

During the fiscal year ended June 30, 2017, the following changes in capital assets occurred:

	Balance July 1, 2016	Additions	Transfers & Deletions	Balance June 30, 2017
Capital Assets not being Depreciated				
Land	$ 136,259.25	$ -	$ 44,453.82	$ 91,805.43
Capital Assets being Depreciated				
Buildings	14,341,153.20	48,115.03		14,389,268.23
Utility Plant and Other Infrastructure	196,528,463.53	3,132,631.70		199,661,095.23
Furniture	233,302.48			233,302.48
Computer and Office Equipment	839,423.42	55,471.80	63,592.59	831,302.63
Telecommunication Equipment	158,502.84			158,502.84
Machinery and Equipment	4,657,171.17	455,993.66	150,499.43	4,962,665.40
Vehicles	1,885,362.73	824,680.49	312,826.44	2,397,216.78
Total Capital Assets being Depreciated	218,643,379.37	4,516,892.68	526,918.46	222,633,353.59
Total Capital Assets	218,779,638.62	4,516,892.68	571,372.28	222,725,159.02
Less: Accumulated Depreciation	110,545,950.36	5,927,044.14	553,641.43	115,919,353.07
Capital Assets, Net	$108,233,688.26	$ (1,410,151.46)	$ 17,730.85	$106,805,805.95

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

Capital Assets

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

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
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 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, 2017, the following changes occurred in long-term obligations:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Debt Payable:					
New Jersey Infrastructure					
Trust Loans	$19,292,187.80		$(2,007,794.01)	$17,284,393.79	$1,740,886.79
Issuance Premiums	81,255.70		(8,705.97)	72,549.73	
Total Debt Payable	19,373,443.50	$ -	(2,016,499.98)	17,356,943.52	1,740,886.79
Other Liabilities					
Net Pension Liability	11,286,065.00	6,666,040.00	(2,257,340.00)	15,694,765.00	
Compensated Absences	515,809.35	55,910.14	(47,075.23)	524,644.26	49,797.24
Total Other Liabilities	11,801,874.35	6,721,950.14	(2,304,415.23)	16,219,409.26	49,797.24
Total Long Term Liabilities	$31,175,317.85	$6,721,950.14	$(4,320,915.21)	$33,576,352.78	$1,790,684.03

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	3,132,805.00	(923,360.00)	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	3,196,456.69	(983,791.02)	11,801,874.45	-
Total Long Term Liabilities	$30,934,505.80	$3,196,456.69	$(2,955,644.54)	$31,175,317.95	$2,007,794.01

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, 2017 is estimated at $524,644.26 and at June 30, 2016 is estimated at $515,809.35.

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

Net Pension Liability

For details on the net pension liability, see the Pension Plans section below. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Pension Plans

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

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 Teachers' Pension and Annuity Fund (TPAF) or Public Employees' Retirement System (PERS) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in State Police Retirement System (SPRS) or Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least $5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, 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 ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

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

Pension Plans (Cont'd)

Vesting and Benefit Provisions (Cont'd)

Public Employees' Retirement System (Cont'd) - The following represents the membership tiers for PERS:

Tier	Definition
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 21, 2010
4	Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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 seven years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. 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 amount, which includes the normal cost and unfunded accrued liability.

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

Pension Plans (Cont'd)

Contributions (Cont'd)

Public Employees' Retirement System (Cont'd) - The Authority's contractually required contribution rate for the fiscal years ended June 30, 2017 and 2016 was 13.16% and 12.85% of the Authority's covered payroll. These amounts were actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the fiscal year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the Authority's contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was $470,775.00, and was paid on April 1, 2017. Based on the PERS measurement date of June 30, 2015, the Authority's contractually required contribution to the pension plan for the fiscal year ended June 30, 2016 was $432,243.00, which was paid on April 1, 2016. Employee contributions to the Plan during the fiscal year ended June 30, 2017 and 2016 were $263,710.83 and $258,639.71, respectively.

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 contributes 3% of the employees' base salary, for each pay period, 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, 2017 and 2016, there were no employees participating in DCRP.

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

The following information relates only to the Public Employees' Retirement System ("PERS"), which is a cost-sharing multiple-employer defined benefit pension plan.

At June 30, 2017, the Authority reported a liability of $15,694,765.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2016. 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. For the June 30, 2016 measurement date, the Authority's proportion was 0.0529921847%, which was an increase of 0.0027156917% from its proportion measured as of June 30, 2015.

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. For the June 30, 2015 measurement date, the Authority's proportion was .0502764930%, which was an increase of .0017973576% from its proportion measured as of June 30, 2014.

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

Pension Plans (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

For the fiscal years ended June 30, 2017 and 2016, the Authority recognized pension expense of $1,660,198.00 and $826,134.00, respectively. These amounts were based on the plan's June 30, 2016 and 2015 measurement dates, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2017 and 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	June 30, 2017 Measurement Date June 30, 2016		June 30, 2016 Measurement Date June 30, 2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 291,875.00	$ -	$ 269,246.00	$ -
Changes of Assumptions	3,251,117.00	-	1,212,033.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	598,456.00	-	-	181,458.00
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	682,909.00	-	305,286.00	-
Authority Contributions Subsequent to the Measurement Date	480,725.00	-	470,775.00	-
	$ 5,305,082.00	$ -	$ 2,257,340.00	$ 181,458.00

The deferred outflows of resources related to pensions totaling $480,725.00 and $470,775.00 will be included as a reduction of the net pension liability in the fiscal years ended June 30, 2018 and 2017, respectively.

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

Pension Plans (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (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 June 30,	
2018	$ 1,094,195.00
2019	1,094,195.00
2020	1,242,014.00
2021	1,049,901.00
2022	344,052.00
	$ 4,824,357.00

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
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
June 30, 2016	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
June 30, 2016	5.57	5.57

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

Pension Plans (Cont'd)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 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, 2016 and 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date June 30, 2016	Measurement Date June 30, 2015
Inflation	3.08%	3.04%
Salary Increases:		
2012-2021		2.15% - 4.40% Based on Age
Through 2026	1.65% - 4.15% Based on Age	
Thereafter	2.65% - 5.15% Based on Age	3.15% - 5.40% Based on Age
Investment Rate of Return	7.65%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2008 - June 30, 2011

For the June 30, 2016 measurement date, pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. Mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For the June 30, 2015 measurement date, 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)

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016 and 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, 2016 and 2015 are summarized in the following table:

	Measurement Date June 30, 2016		Measurement Date June 30, 2015	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad U.S. Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds / Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex U.S.	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%
	100.00%		100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015 measurement dates, respectively. The respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.65% and 7.90%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. 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 2034 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 for PERS, 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, the plans measurement date, calculated using a discount rate of 3.98%, 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 (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Authority's Proportionate Share of the Net Pension Liability	$ 19,232,103.00	$ 15,694,765.00	$ 12,774,386.00

The following presents the Authority's proportionate share of the net pension liability at June 30, 2015, the plans measurement date, 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	$ 14,027,198.00	$ 11,286,065.00	$ 8,987,919.00

Pension Plan Fiduciary Net Position

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 respective fiduciary net position of the PERS and additions to/deductions from PERS's respective fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, 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. For additional information about PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions.

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, 2017, the accrued liability to the PERS for the program was estimated to be $15,624.00 payable over the next 17 years. The June 30, 2017 annual installment was $1,525.00.

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 $2,653,000.00 portion carries interest rates that range from 3.4% to 5%. Principal and interest are payable semiannually with the final payment due in 2027.

On November 10, 2005, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (NJEIT) totaling $23,772,246.00 for the construction of a new groundwater treatment plant. These proceeds were also used to refund the interim financing obtained through the NJEIT in fiscal year 2005 as a precursor to the Trust's permanent financing program. The first part of the loan award for $11,477,246.00 is interest free. The $12,295,000.00 portion carries interest rates that range from 4% to 5%. Principal and interest are payable semiannually with the final payment due in 2025. In 2013, the NJEIT partially refunded their 2005 bonds and as a result, the authority received a $606,018.02 principal reduction in their loan.

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:

Fiscal Year Ending June 30	Interest Free Loan Principal	Loan Principal	Total Principal	Interest	Total
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	838,877.15	952,217.32	1,791,094.47	211,979.99	2,003,074.46
2023-2027	3,429,002.46	4,417,451.59	7,846,454.05	447,915.20	8,294,369.25
2028-2030	328,164.61	270,000.00	598,164.61	8,650.00	606,814.61
	$ 8,005,678.35	$ 9,278,715.44	17,284,393.79	$1,900,933.86	$19,185,327.65
		Current Maturities	(1,740,886.79)		
		Premium	72,549.73		
		Long-Term Portion	$15,616,056.73		

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 2017, the agreement yielded total water purchases from Willingboro of $1,002,354.52 of which $284,754.52 was passed through to Evesham. In 2016, the total water purchased from Willingboro was $1,116,835.16 of which $261,161.28 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 $1,606,177.39 and $1,302,155.80 to NJAWC in 2017 and 2016, 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 $309,996.40 and $301,836.35 to the CCMUA in 2017 and 2016, respectively.

Note 8: COMMITMENTS

Construction Contracts

The Authority had several outstanding or planned construction projects as of June 30, 2017. These projects are evidenced by contractual commitments with contractors and include:

Project	Total Project	Total Expended	Commitment Remaining
Hartford Road WPCF & Elbo Lane WTP SCADA System Improvements	$ 791,328.00	$ 656,979.44	$ 134,348.56
Wharton Rd Water Main Replacement	155,874.00	129,930.36	25,943.64
East Park & Turnpike Level Control Upgrades	240,484.07	208,914.51	31,569.56
UV Disinfection Equipment	142,669.00	135,386.02	7,282.98
Saint David Water Main Replacement	416,373.62	366,546.54	49,827.08
Grant Road & St. Andrews Drive Water Main Replacement	667,155.00	437,162.32	229,992.68
Hartford Road WPCF Pump Station Upgrade	368,200.00	10,780.00	357,420.00
Pump Station Painting	92,000.00		92,000.00
Hartford Road Force Main Phase One	2,561,111.00	21,606.06	2,539,504.94
Total	$ 5,435,194.69	$ 1,967,305.25	$ 3,467,889.44

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.

Note 11: CONTINGENCIES

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.

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 Four Plan Years

	Measurement Date Ending June 30,			
	2016	**2015**	**2014**	**2013**
Authority's Proportion of the Net Pension Liability	0.0529921847%	0.0502764930%	0.0484791354%	0.0483289809%
Authority's Proportionate Share of the Net Pension Liability	$ 15,694,765.00	$ 11,286,065.00	$ 9,076,620.00	$ 9,236,629.00
Authority's Covered Payroll (Plan Measurement Period)	$ 3,617,844.00	$ 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 Covered Payroll	433.82%	326.78%	286.63%	278.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	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 Four Fiscal Years

	Fiscal Year Ended June 30,			
	2017	**2016**	**2015**	**2014**
Contractually Required Contribution	$ 480,725.00	$ 470,775.00	$ 432,243.00	$ 399,655.00
Contributions in Relation to the Contractually Required Contribution	(480,725.00)	(470,775.00)	(432,243.00)	(399,655.00)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Authority's Covered Payroll (Fiscal Year)	$ 3,653,110.00	$ 3,663,452.00	$ 3,565,899.00	$ 3,363,458.00
Contributions as a Percentage of Authority's Covered Payroll	13.16%	12.85%	12.12%	11.88%

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

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Required Supplementary Information
For The Fiscal Year Ended June 30, 2017

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at $118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at $265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

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, 2017

		Restricted				
	Operating & General	Debt Service Reserve	Debt Service	Renewal and Replacement	Unemployment Compensation	Total
Operating Revenues:						
Utility Service Charges	$ 19,230,637.31					$ 19,230,637.31
Connection Fees	291,794.54					291,794.54
Other Operating Revenues	630,973.22				$ 6,880.06	637,853.28
	20,153,405.07	$ -	$ -	$ -	6,880.06	20,160,285.13
Operating Expenses:						
Administration:						
Salaries and Wages	742,032.46					742,032.46
Fringe Benefits	732,806.60				14,454.00	747,260.60
Other Expenses	878,992.18					878,992.18
Cost of Providing Service:						
Salaries and Wages	3,657,989.75					3,657,989.75
Fringe Benefits	2,685,978.50					2,685,978.50
Other Expenses	6,702,696.47					6,702,696.47
Depreciation	5,927,044.14					5,927,044.14
	21,327,540.10	-	-	-	14,454.00	21,341,994.10
Operating Loss	(1,174,135.03)	-	-	-	(7,573.94)	(1,181,708.97)
Non-operating Revenue (Expenses):						
Investment Income	54,040.70	670.85	33,691.05	17,197.84		105,600.44
Interest on Debt	53,686.30		(385,996.15)			(332,309.85)
Gain on Disposal of Capital Assets	9,256.19					9,256.19
Insurance Proceeds	181,967.07					181,967.07
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	(374,070.00)					(374,070.00)
Net Income (Loss) Before Transfers or Contributions	(1,249,254.77)	670.85	(352,305.10)	17,197.84	(7,573.94)	(1,591,265.12)
Transfers	1,562,004.61	(27,111.87)	352,305.10	(1,887,197.84)		
Capital Contributions	401,027.50					401,027.50
Increase (Decrease) in Net Position	713,777.34	(26,441.02)	-	(1,870,000.00)	(7,573.94)	(1,190,237.62)
Net Position - Beginning	95,165,575.79	212,661.53	-	7,420,000.00	52,338.49	102,850,575.81
Net Position - Ending:						
Net Investment in Capital Assets	$ 90,561,491.62					$ 90,561,491.62
Restricted	3,632,906.25	$ 186,220.51		$ 5,550,000.00	$ 44,764.55	9,413,891.31
Unrestricted	1,684,955.26					1,684,955.26

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Cash Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017

	Operating and General	Restricted Debt Service Reserve	Restricted Debt Service	Restricted Renewal and Replacement	Restricted Unemployment Compensation	Total
Cash, Cash Equivalents and Investments:						
Balance July 1, 2016	$ 14,631,934.86	$ 259,815.48	$ 1,956,970.38	$ 5,717,551.43	$ 2,203.78	$ 22,568,475.93
Receipts:						
Investment Income	52,142.24	670.85	10,425.25	17,339.12		80,577.46
Consumer Accounts Receivable	19,478,520.01					19,478,520.01
Prepaid Rents	166,222.34					166,222.34
Deferred Revenue	1,921,375.33					1,921,375.33
Escrow Deposits	658,176.89					658,176.89
Notes Receivable on Line Extensions	3,338.77					3,338.77
Other Income	458,522.56				6,880.06	465,402.62
Cash Received for Sale of Disposed Assets	26,987.04					26,987.04
Insurance Proceeds	181,967.07					181,967.07
Transfers In	47,121.63		2,158,568.08	4,523,205.11	7,189.94	6,736,084.76
Total Cash and Investments Available	37,626,308.74	260,486.33	4,125,963.71	10,258,095.66	16,273.78	52,287,128.22
Disbursements:						
Budgetary	13,104,855.60				14,454.00	13,119,309.60
Prepaid Expenses	88,804.28					88,804.28
Loan Principal			2,007,794.01			2,007,794.01
Interest on Debt			402,748.90			402,748.90
Capital Assets				2,636,783.29		2,636,783.29
Construction in Progress				1,491,601.82		1,491,601.82
Retainage				31,859.02		31,859.02
Accounts Payable	777,149.60			419,596.37		1,196,745.97
Escrow Disbursements	735,716.38					735,716.38
Transfers Out	6,688,963.13	47,121.63				6,736,084.76
Total Disbursements	21,395,488.99	47,121.63	2,410,542.91	4,579,840.50	14,454.00	28,447,448.03
Cash, Cash Equivalents and Investments:						
Balance June 30, 2017	$ 16,230,819.75	$ 213,364.70	$ 1,715,420.80	$ 5,678,255.16	$ 1,819.78	$ 23,839,680.19
Analysis of Balance June 30, 2017						
Cash and Cash Equivalents	$ 11,441,941.55	$ 213,364.70	$ 1,715,420.80	$ 5,550,000.00	$ 1,819.78	$ 18,922,546.83
Investments	4,788,878.20			128,255.16		4,917,133.36
	$ 16,230,819.75	$ 213,364.70	$ 1,715,420.80	$ 5,678,255.16	$ 1,819.78	$ 23,839,680.19

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenues, Expenses and Changes in Net Position by Department

For the Fiscal Year Ended June 30, 2017

	Water Department	Sewer Department	Total
Operating Revenues:			
Service Charges	$ 9,358,503.73	$ 9,872,133.58	$ 19,230,637.31
Connection Fees	113,286.81	178,507.73	291,794.54
Other Operating Revenues	378,130.96	259,722.32	637,853.28
	9,849,921.50	10,310,363.63	20,160,285.13
Operating Expenses:			
Administration:			
Salaries and Wages	371,016.23	371,016.23	742,032.46
Fringe Benefits	373,630.30	373,630.30	747,260.60
Other Expenses	424,571.06	454,421.12	878,992.18
Cost of Service:			
Salaries and Wages	1,546,731.59	2,111,258.16	3,657,989.75
Fringe Benefits	1,107,889.05	1,578,089.45	2,685,978.50
Other Expenses	3,505,835.49	3,196,860.98	6,702,696.47
Depreciation	2,964,582.45	2,962,461.69	5,927,044.14
	10,294,256.17	11,047,737.93	21,341,994.10
Operating Loss	(444,334.67)	(737,374.30)	(1,181,708.97)
Non-operating Revenue (Expenses):			
Investment Income	61,287.50	44,312.94	105,600.44
Interest on Debt	(287,509.24)	(44,800.61)	(332,309.85)
Gain on Disposal of Capital Assets	4,628.10	4,628.09	9,256.19
Insurance Proceeds		181,967.07	181,967.07
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1		(374,070.00)	(374,070.00)
Loss Before Contributions	(665,928.31)	(925,336.81)	(1,591,265.12)
Capital Contributions	(305,243.50)	706,271.00	401,027.50
Decrease in Net Position	(971,171.81)	(219,065.81)	(1,190,237.62)
Net Position - Beginning	40,406,552.15	62,444,023.66	102,850,575.81
Net Position - Ending	$ 39,435,380.34	$ 62,224,957.85	$ 101,660,338.19
Net Position:			
Net Investment in Capital Assets	$ 39,996,803.22	$ 50,564,688.40	$ 90,561,491.62
Restricted for			
Bond Resolution Covenants	3,860,468.30	5,508,658.46	9,369,126.76
Unemployment Compensation	22,382.27	22,382.28	44,764.55
Unrestricted	(4,444,273.45)	6,129,228.71	1,684,955.26
	$ 39,435,380.34	$ 62,224,957.85	$ 101,660,338.19

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, 2017

	Adopted Budget	Transfers/ Modifications	Amended Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:					
Service Charges	$ 7,696,800.00	$ 467,550.00	$ 8,164,350.00	$ 8,068,971.70	$ (95,378.30)
Connection Fees	577,000.00	(464,000.00)	113,000.00	113,286.81	286.81
Other Operating Revenues	1,473,000.00	54,700.00	1,527,700.00	1,531,072.08	3,372.08
Total Operating Revenues	9,746,800.00	58,250.00	9,805,050.00	9,713,330.59	(91,719.41)
Non-Operating Revenues:					
Investment Income	20,250.00	59,675.00	79,925.00	61,287.50	(18,637.50)
Interest on Delinquents	62,000.00	18,000.00	80,000.00	78,602.10	(1,397.90)
Other Non-Operating Revenues	12,500.00	38,490.00	50,990.00	57,988.81	6,998.81
Total Non-Operating Revenues	94,750.00	116,165.00	210,915.00	197,878.41	(13,036.59)
Total Anticipated Revenues	9,841,550.00	174,415.00	10,015,965.00	9,911,209.00	(104,756.00)
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Office Salaries	398,000.00	11,750.00	409,750.00	365,877.83	43,872.17
Board Members' Salaries	5,150.00		5,150.00	5,138.40	11.60
Total Salaries and Wages	403,150.00	11,750.00	414,900.00	371,016.23	43,883.77
Fringe Benefits	214,024.00	(6,853.00)	207,171.00	254,685.30	(47,514.30)
Other Expenses:					
Legal Fees	20,000.00	11,000.00	31,000.00	32,295.92	(1,295.92)
Engineer Fees	25,000.00	32,400.00	57,400.00	51,313.41	6,086.59
Audit Fees / Financial Services	26,600.00		26,600.00	26,506.25	93.75
Printing / Billing Expense	47,000.00	7,000.00	54,000.00	53,340.18	659.82
Computer Expense	80,500.00	5,700.00	86,200.00	82,744.39	3,455.61
Office Supplies	11,800.00	(2,600.00)	9,200.00	8,039.33	1,160.67
Postage Expense	7,000.00	(3,250.00)	3,750.00	3,088.69	661.31
Public Education / Information	6,250.00		6,250.00	3,620.85	2,629.15
Telephone	17,000.00	3,000.00	20,000.00	18,986.35	1,013.65
Administrative Ground Maintenance	13,500.00	8,500.00	22,000.00	21,262.69	737.31
Janitorial, Cleaning and Pest	10,500.00	(2,150.00)	8,350.00	7,988.58	361.42
Dues, Pubs. & Subscriptions	4,800.00	450.00	5,250.00	6,264.20	(1,014.20)
Tuition, Seminars and Conferences	3,750.00	(750.00)	3,000.00	2,657.05	342.95
Office Equipment	1,500.00	(250.00)	1,250.00	1,960.94	(710.94)
Office Equipment - Maintenance	3,550.00	450.00	4,000.00	3,962.01	37.99
Miscellaneous - Administration	13,100.00	11,150.00	24,250.00	60,018.74	(35,768.74)
Newspaper Publication	3,300.00	(1,000.00)	2,300.00	1,668.86	631.14
Trustee Fees	105,000.00	(70,000.00)	35,000.00	34,314.50	685.50
Insurance	4,335.00	65.00	4,400.00	4,538.12	(138.12)
Total Other Expenses	404,485.00	(285.00)	404,200.00	424,571.06	(20,371.06)
Total Administration	1,021,659.00	4,612.00	1,026,271.00	1,050,272.59	(24,001.59)

(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, 2017

	Adopted Budget	Transfers/ Modifications	Amended Budget	Actual	Variance Favorable (Unfavorable)
Operating Appropriations (Cont'd):					
Cost of Service:					
Salaries and Wages	$ 1,464,100.00	$ 71,300.00	$ 1,535,400.00	$ 1,546,731.59	$ (11,331.59)
Fringe Benefits	777,261.00	2,096.00	779,357.00	691,581.55	87,775.45
Other Expenses:					
Electric Power	377,300.00	(8,900.00)	368,400.00	357,020.79	11,379.21
Telephone	15,800.00	900.00	16,700.00	14,460.42	2,239.58
Repairs and Maintenance	224,900.00	14,450.00	239,350.00	231,551.66	7,798.34
Fuel for Heating and Generators	24,650.00	(3,150.00)	21,500.00	19,525.33	1,974.67
Chemicals	146,200.00	(6,800.00)	139,400.00	135,400.51	3,999.49
Supplies - Tools & Equipment	8,000.00	(1,900.00)	6,100.00	6,591.58	(491.58)
Supplies	8,350.00	150.00	8,500.00	9,076.58	(576.58)
Vehicles - Fuel and Maintenance	60,500.00	(20,650.00)	39,850.00	42,016.38	(2,166.38)
State of New Jersey Fees	41,100.00	1,600.00	42,700.00	46,909.69	(4,209.69)
Employee License Renewals	1,300.00	375.00	1,675.00	1,378.13	296.87
Purchase of Water NJAWC	1,625,900.00	(15,900.00)	1,610,000.00	1,606,177.39	3,822.61
Purchase of Water WMUA	903,600.00	(186,000.00)	717,600.00	841,691.50	(124,091.50)
Lab Expenses	35,000.00	(3,500.00)	31,500.00	34,119.58	(2,619.58)
Water Meters and Materials	11,000.00	(8,500.00)	2,500.00	1,586.50	913.50
Communications Expense	7,000.00	4,500.00	11,500.00	10,952.81	547.19
Uniforms Rental and Purchase	11,200.00	2,000.00	13,200.00	14,083.84	(883.84)
Membership Dues and Publications	2,500.00		2,500.00	1,924.29	575.71
Safety Expense	16,075.00	4,575.00	20,650.00	18,731.15	1,918.85
Tuition, Seminars and Conferences	12,000.00	(7,000.00)	5,000.00	4,883.33	116.67
Insurance	82,365.00	635.00	83,000.00	85,605.47	(2,605.47)
Miscellaneous	9,000.00	13,500.00	22,500.00	22,148.56	351.44
Total Other Expenses	3,623,740.00	(219,615.00)	3,404,125.00	3,505,835.49	(101,710.49)
Total Cost of Service	5,865,101.00	(146,219.00)	5,718,882.00	5,744,148.63	(25,266.63)
Principal Payments on Debt Service in Lieu of Depreciation	1,518,228.00	-	1,518,228.00	1,494,141.46	24,086.54
Total Operating Appropriations	8,404,988.00	(141,607.00)	8,263,381.00	8,288,562.68	(25,181.68)
Non-Operating Appropriations:					
Interest on Debt	393,379.00		393,379.00	345,336.42	48,042.58
Operations & Maintenance Reserve	773,183.00	316,022.00	1,089,205.00		1,089,205.00
Renewal & Replacement Reserve	270,000.00		270,000.00		270,000.00
Total Non-Operating Appropriations	1,436,562.00	316,022.00	1,752,584.00	345,336.42	1,407,247.58
Total Appropriations	9,841,550.00	174,415.00	10,015,965.00	8,633,899.10	1,382,065.90
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	$ -	$ -	$ -	$ 1,277,309.90	$ 1,277,309.90

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, 2017

	Adopted Budget	Transfers/ Modifications	Amended Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:					
Service Charges	$9,755,000.00	$ 209,430.00	$9,964,430.00	$9,872,133.58	$ (92,296.42)
Connection Fees	841,300.00	(665,300.00)	176,000.00	178,507.73	2,507.73
Other Operating Revenues	88,500.00	(20,000.00)	68,500.00	71,986.84	3,486.84
Total Operating Revenues	10,684,800.00	(475,870.00)	10,208,930.00	10,122,628.15	(86,301.85)
Non-Operating Revenues:					
Investment Income	20,500.00	59,425.00	79,925.00	44,312.94	(35,612.06)
Interest on Delinquents	69,500.00	20,500.00	90,000.00	91,771.57	1,771.57
Other Non-Operating Revenues	13,500.00	40,510.00	54,010.00	277,930.98	223,920.98
Total Non-Operating Revenues	103,500.00	120,435.00	223,935.00	414,015.49	190,080.49
Total Anticipated Revenues	10,788,300.00	(355,435.00)	10,432,865.00	10,536,643.64	103,778.64
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Office Salaries	398,000.00	11,750.00	409,750.00	365,877.83	43,872.17
Board Members' Salaries	5,150.00		5,150.00	5,138.40	11.60
Total Salaries and Wages	403,150.00	11,750.00	414,900.00	371,016.23	43,883.77
Fringe Benefits	211,015.00	(754.00)	210,261.00	254,685.30	(44,424.30)
Other Expenses:					
Legal Fees	20,000.00	11,000.00	31,000.00	32,295.91	(1,295.91)
Engineer Fees	25,000.00	32,400.00	57,400.00	51,313.41	6,086.59
Audit Fees / Financial Services	26,600.00		26,600.00	26,506.25	93.75
Printing / Billing Expense	61,400.00	(7,400.00)	54,000.00	53,340.18	659.82
Computer Expense	102,000.00	(19,250.00)	82,750.00	87,942.77	(5,192.77)
Office Supplies	10,750.00	(100.00)	10,650.00	9,413.64	1,236.36
Postage Expense	7,000.00	(3,250.00)	3,750.00	3,088.68	661.32
Public Education / Information	6,250.00		6,250.00	3,620.85	2,629.15
Telephone	17,000.00	3,000.00	20,000.00	18,986.35	1,013.65
Administrative Ground Maintenance	33,000.00	9,750.00	42,750.00	41,231.05	1,518.95
Janitorial, Cleaning and Pest	11,600.00	(1,750.00)	9,850.00	9,410.09	439.91
Dues, Pubs. & Subscriptions	4,800.00	450.00	5,250.00	6,264.20	(1,014.20)
Tuition, Seminars and Conferences	3,750.00	(750.00)	3,000.00	2,657.05	342.95
Office Equipment	1,750.00	350.00	2,100.00	2,150.23	(50.23)
Office Equipment - Maintenance	3,650.00	(400.00)	3,250.00	3,597.45	(347.45)
Miscellaneous - Administration	17,900.00	6,350.00	24,250.00	60,018.74	(35,768.74)
Newspaper Publication	3,300.00	(1,000.00)	2,300.00	1,668.86	631.14
Trustee Fees	67,000.00	(32,000.00)	35,000.00	34,314.50	685.50
Insurance	6,385.00	15.00	6,400.00	6,600.91	(200.91)
Total Other Expenses	429,135.00	(2,585.00)	426,550.00	454,421.12	(27,871.12)
Total Administration	1,043,300.00	8,411.00	1,051,711.00	1,080,122.65	(28,411.65)

(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, 2017

	Adopted Budget	Transfers/ Modifications	Amended Budget	Actual	Variance Favorable (Unfavorable)
Operating Appropriations (Cont'd):					
Cost of Service:					
Salaries and Wages	$2,124,100.00	$ (23,200.00)	$2,100,900.00	$2,111,258.16	$ (10,358.16)
Fringe Benefits	1,111,790.00	(7,922.00)	1,103,868.00	1,042,836.95	61,031.05
Other Expenses:					
Electric Power	780,200.00	(114,700.00)	665,500.00	663,825.41	1,674.59
Telephone	31,400.00		31,400.00	29,455.44	1,944.56
Repairs and Maintenance	222,000.00	140,000.00	362,000.00	391,679.14	(29,679.14)
Fuel for Heating and Generators	29,500.00	3,500.00	33,000.00	31,600.32	1,399.68
Chemicals	512,900.00	73,350.00	586,250.00	607,644.79	(21,394.79)
Supplies - Tools & Equipment	7,500.00	3,100.00	10,600.00	9,024.70	1,575.30
Supplies	27,500.00	(2,000.00)	25,500.00	18,050.49	7,449.51
Vehicles - Fuel and Maintenance	60,000.00	(4,250.00)	55,750.00	51,619.39	4,130.61
State of New Jersey Fees	64,800.00	10,700.00	75,500.00	41,117.36	34,382.64
Employee License Renewals	2,500.00	375.00	2,875.00	2,294.70	580.30
Sewage Treatment - CCMUA	305,000.00	5,000.00	310,000.00	309,996.40	3.60
Bio-Solids and Other Disposal	588,900.00	38,100.00	627,000.00	636,309.24	(9,309.24)
Lab Expenses	28,000.00	3,000.00	31,000.00	33,125.73	(2,125.73)
Water Meters and Materials	17,600.00	(9,600.00)	8,000.00	(10,776.26)	18,776.26
Communications Expense	10,000.00	12,000.00	22,000.00	22,587.94	(587.94)
Uniforms Rental and Purchase	17,000.00	3,700.00	20,700.00	19,688.68	1,011.32
Membership Dues and Publications	750.00		750.00	730.95	19.05
Safety Expense	27,980.00	(2,475.00)	25,505.00	22,239.98	3,265.02
Tuition, Seminars and Conferences	20,500.00		20,500.00	12,634.86	7,865.14
Insurance	121,315.00	(1,315.00)	120,000.00	123,766.94	(3,766.94)
Miscellaneous	9,500.00	4,500.00	14,000.00	14,279.78	(279.78)
Total Other Expenses	2,884,845.00	162,985.00	3,047,830.00	3,030,895.98	16,934.02
Total Cost of Service	6,120,735.00	131,863.00	6,252,598.00	6,184,991.09	67,606.91
Principal Payments on Debt Service in Lieu of Depreciation	317,376.00	-	317,376.00	513,652.55	(196,276.55)
Total Operating Appropriations	7,481,411.00	140,274.00	7,621,685.00	7,778,766.29	(157,081.29)
Non-Operating Appropriations:					
Interest on Debt	51,513.00		51,513.00	40,659.73	10,853.27
Operations & Maintenance Reserve	5,395,376.00	(495,709.00)	4,899,667.00		4,899,667.00
Renewal & Replacement Reserve	(2,140,000.00)		(2,140,000.00)		(2,140,000.00)
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	374,070.00		374,070.00	374,070.00	
Total Non-Operating Appropriations	3,680,959.00	(495,709.00)	3,185,250.00	414,729.73	2,770,520.27
Total Operating, Principal Payments and and Non-Operating Appropriations	11,162,370.00	(355,435.00)	10,806,935.00	8,193,496.02	2,613,438.98
Unreserved Net Position Utilized to Balance Budget	374,070.00	-	374,070.00	-	374,070.00
Net Total Appropriations	10,788,300.00	(355,435.00)	10,432,865.00	8,193,496.02	2,239,368.98
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	$ -	$ -	$ -	$2,343,147.62	$2,343,147.62

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, 2017

Reconciliation to Operating Income

Excess Anticipated Revenues Over Expenses and Other Costs		
Schedule 4 - Water Department	$ 1,277,309.90	
Schedule 5 - Sewer Department	2,343,147.62	
		$ 3,620,457.52
Add:		
Debt Service Principal Payments	2,007,794.01	
Interest on Debt	385,996.15	
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	374,070.00	
		2,767,860.16
		6,388,317.68
Less:		
Investment Income	105,600.44	
Insurance Proceeds	181,967.07	
Inventory Value Adjustment	165,965.00	
Related to Pensions	1,189,450.00	
Depreciation	5,927,044.14	
		7,570,026.65
Operating Loss (Exhibit B)		$ (1,181,708.97)

Reconciliation of Actual Expenditures

Cash Disbursements	$ 13,119,309.60
Accounts Payable	1,213,124.88
Change in Inventory	(2,472.69)
Change in Compensated Absences Payable	8,834.91
Prepaid Expenses Applied	94,808.26
Bond Principal	2,007,794.01
Interest on Debt	385,996.15
	$ 16,827,395.12

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Consumer Accounts Receivable
For the Fiscal Year Ended June 30, 2017

Balance July 1, 2016		$ 3,834,587.59
Add:		
Service Fees	$ 17,941,105.28	
Fire Hydrant and Line Service	1,289,532.03	
Interest on Delinquent Accounts	170,373.67	
		19,401,010.98
		23,235,598.57
Less:		
Collections	19,478,520.01	
Prepaid Applied	108,552.10	
		19,587,072.11
Balance June 30, 2017		$ 3,648,526.46

Schedule 7

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Prepaid Expenses
For the Fiscal Year Ended June 30, 2017

Balance July 1, 2016	$ 94,808.26
Add:	
Disbursements Fiscal Year 2017	88,804.28
	183,612.54
Less:	
Charged to Operations Fiscal Year 2017	94,808.26
Balance June 30, 2017	$ 88,804.28

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Accrued Investment Income Receivable
For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Investment Income	Received	Balance June 30, 2017
Unrestricted Accounts				
Operating and General Accounts	$ 26,847.97	$ 54,040.70	$ 52,142.24	$ 28,746.43
Restricted Accounts:				
Debt Service Reserve Account		670.85	670.85	
Debt Service Account	7,771.90	33,691.05	10,425.25	31,037.70
Renewal and Replacement Account	629.31	17,197.84	17,339.12	488.03
	8,401.21	51,559.74	28,435.22	31,525.73
Total Investment Income	$ 35,249.18	$ 105,600.44	$ 80,577.46	$ 60,272.16
Water Department	$ 15,448.47	$ 61,287.50	$ 37,322.71	$ 21,445.53
Sewer Department	19,800.71	44,312.94	43,254.75	38,826.63
	$ 35,249.18	$ 105,600.44	$ 80,577.46	$ 60,272.16

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Analysis of Capital Assets - Completed
For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Transfers & Deletions	Balance June 30, 2017
Land	$ 136,259.25		$ 44,453.82	$ 91,805.43
Buildings	14,341,153.20	$ 48,115.03		14,389,268.23
Utility Plant and Other Infrastructure	196,528,463.53	3,132,631.70		199,661,095.23
Furniture	233,302.48			233,302.48
Computer and Office Equipment	839,423.42	55,471.80	63,592.59	831,302.63
Telecommunication Equipment	158,502.84			158,502.84
Machinery and Equipment	4,657,171.17	455,993.66	150,499.43	4,962,665.40
Vehicles	1,885,362.73	824,680.49	312,826.44	2,397,216.78
	218,779,638.62	4,516,892.68	571,372.28	222,725,159.02
Less: Accumulated Depreciation	110,545,950.36	5,927,044.14	553,641.43	115,919,353.07
	$ 108,233,688.26	$ (1,410,151.46)	$ 17,730.85	$ 106,805,805.95
Transferred from Construction in Progress		$ 1,479,081.89		
Capital Contributions		401,027.50		
Disbursed		2,636,783.29		
		$ 4,516,892.68		
Loss on Net Book Value			$ (17,730.85)	
Cash Received for Sale of Disposed Assets			26,987.04	
Gain on Disposal of Capital assets			$ 9,256.19	

Schedule 10

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Analysis of Construction in Progress
For the Fiscal Year Ended June 30, 2017

Balance July 1, 2016		$ 1,459,951.95
Add:		
Disbursed	$ 1,491,601.82	
Retainage	40,146.34	
Accounts Payable	490,116.25	
		2,021,864.41
		3,481,816.36
Less:		
Transferred to Completed		1,479,081.89
Balance June 30, 2017		$ 2,002,734.47

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Deferred Revenue (Connection Fees)
For the Fiscal Year Ended June 30, 2017

Balance July 1, 2016	$ 1,465,391.68
Add:	
Receipts	1,921,375.33
	3,386,767.01
Less:	
Realized as Revenue	291,794.54
Balance June 30, 2017	$ 3,094,972.47
Analysis of Balance	
Water Connection Fees	$ 1,339,029.29
Sewer Connection Fees	1,755,943.18
Balance June 30, 2017	$ 3,094,972.47

Schedule 12

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Analysis of Accrued Interest Payable
For the Fiscal Year Ended June 30, 2017

	Water	Sewer	Total
Balance July 1, 2016	$ 163,925.58	$ 10,329.18	$ 174,254.76
Increased by:			
Accrued	345,336.42	40,659.73	385,996.15
	509,262.00	50,988.91	560,250.91
Decreased by:			
Cash Disbursed	364,583.71	38,165.19	402,748.90
Balance June 30, 2017	$ 144,678.29	$ 12,823.72	$ 157,502.01
Analysis of Interest Expense:			
Accrued	$ 345,336.42	$ 40,659.73	$ 385,996.15
Amortization of Loan Premium	(8,705.97)		(8,705.97)
Deferred Gain (Loss) on Defeasance of Loans	(49,121.21)	4,140.88	(44,980.33)
Total Interest Expense	$ 287,509.24	$ 44,800.61	$ 332,309.85

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Trust Loans
For the Fiscal Year Ended June 30, 2017

Purpose	Date of Issue	Original Issue	Loan Principal Payments Outstanding June 30, 2017 Date	Amount	Interest Rate	Balance July 1, 2016	Paid	Balance June 30, 2017
New Jersey Wastewater Treatment Trust Loan,								
Series 1996 (Interest Bearing)	11/01/96	$ 2,480,000.00				$ 195,000.00	$ 195,000.00	
New Jersey Wastewater Treatment Fund Loan,								
Series 1996 (Non-Interest Bearing)	11/01/96	1,911,294.00				97,769.93	97,769.93	
New Jersey Environmental Infrastructure Fund Loan,								
Series 2000 (Non-Interest Bearing)	10/15/00	939,000.00	08/01/17	$ 42,728.36				
			02/01/18	3,434.06				
			08/01/18	234.34				
				46,396.76		94,545.43	48,148.67	$ 46,396.76
New Jersey Environmental Infrastructure Trust Loan,								
Series 2000 (Interest Bearing)	10/15/00	900,000.00	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%			
				182,710.06		224,989.94	42,279.88	182,710.06
New Jersey Environmental Infrastructure Trust Loan,								
Series 2005 (Non-Interest Bearing)	11/10/05	11,477,246.00	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				

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Trust Loans
For the Fiscal Year Ended June 30, 2017

Purpose	Date of Issue	Original Issue	Loan Principal Payments Outstanding June 30, 2017 Date	Amount	Interest Rate	Balance July 1, 2016	Paid	Balance June 30, 2017
New Jersey Environmental Infrastructure Trust Loan, Series 2005 (Non-Interest Bearing) (Cont'd)	11/10/05	$ 11,477,246.00	02/01/25	$ 12,852.62				
			08/01/25	600,401.61				
				5,404,107.71		$ 6,006,776.58	$ 602,668.87	$ 5,404,107.71
New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Non-Interest Bearing)	11/08/07	865,000.00	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				
				480,272.09		523,620.28	43,348.19	480,272.09
New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Interest Bearing)	11/08/07	2,635,000.00	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, 2017

Purpose	Date of Issue	Original Issue	Loan Principal Payments Outstanding June 30, 2017 Date	Amount	Interest Rate	Balance July 1, 2016	Paid	Balance June 30, 2017
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%			
				1,785,000.00		$ 1,905,000.00	$ 120,000.00	$ 1,785,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Non-Interest Bearing)	12/4/08	1,677,183.00	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				
				989,103.00		1,075,113.00	86,010.00	989,103.00

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MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Trust Loans
For the Fiscal Year Ended June 30, 2017

Purpose	Date of Issue	Original Issue	Loan Principal Payments Outstanding June 30, 2017 Date	Loan Principal Payments Outstanding June 30, 2017 Amount	Interest Rate	Balance July 1, 2016	Paid	Balance June 30, 2017
New Jersey Environmental Infrastructure Trust Loan, Series 2009A (Non-Interest Bearing)	12/2/09	$ 1,109,600.00	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				
				739,733.40		$ 798,133.39	$ 58,399.99	$ 739,733.40

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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, 2017

Purpose	Date of Issue	Original Issue	Loan Principal Payments Outstanding June 30, 2017 Date	Amount	Interest Rate	Balance July 1, 2016	Paid	Balance June 30, 2017
New Jersey Environmental Infrastructure Trust Loan,								
Series 2009B (Interest Bearing)	12/2/09	$ 1,135,000.00	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%			
				525,000.00		$ 575,000.00	$ 50,000.00	$ 525,000.00
New Jersey Environmental Infrastructure Trust Loan,								
Series 2010 (Non-Interest Bearing)	3/10/10	962,000.00	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				
				346,065.39		396,696.96	50,631.57	346,065.39

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Environmental Infrastructure Trust Loans
For the Fiscal Year Ended June 30, 2017

Purpose	Date of Issue	Original Issue	Loan Principal Payments Outstanding June 30, 2017 Date	Loan Principal Payments Outstanding June 30, 2017 Amount	Interest Rate	Balance July 1, 2016	Paid	Balance June 30, 2017
New Jersey Environmental Infrastructure Trust Loan, Series 2010 (Interest Bearing)	3/10/10	$ 320,000.00	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%			
				245,000.00		$ 260,000.00	$ 15,000.00	$ 245,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2013 (Interest Bearing)	11/10/13	12,295,000.00	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%			
				6,541,005.38		7,139,542.29	598,536.91	6,541,005.38
						19,292,187.80	$ 2,007,794.01	17,284,393.79
					Add: Premium	81,255.70	$ 8,705.97	72,549.73
						$ 19,373,443.50		$ 17,356,943.52

Mount Laurel Township Municipal Utilities Authority

Part II

Findings And Recommendations

For The Fiscal Year Ended June 30, 2017

MOUNT LAUREL TOWNSHIP MUNICIPAL UTLITIES AUTHORITY
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2017

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 UTLITIES AUTHORITY
Summary Schedule of Prior Year Findings and Recommendations
As Prepared By Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

None.

35400

APPRECIATION

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants