

STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
DIVISION OF LOCAL GOVERNMENT SERVICES
BUREAU OF AUTHORITY REGULATION
TRENTON, N.J.

Mount Laurel Municipal Utilities Authority
CERTIFICATION OF AMENDED 2017-2018 BUDGET
(Period July. 1, 2017 to June. 30, 2018)

Resolution No 6493 adopted on July 12, 2018

It is hereby certified that the amendment attached hereto complies with the requirements of law, and approval is given pursuant to N.J.A.C. 5:31-2.8.

Department of Community Affairs
Division of Local Government Services
Paul D. Ewert, CPA, RMA
Supervising Municipal Finance Auditor

By Paul D. Ewert CPA, RMA
For: Timothy J. Cunningham, Director
July 23, 2018

Attachments

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Resolution No 2018-07-83

RESOLUTION ADOPTING AMENDED BUDGET FOR FISCAL YEAR 2018

WHEREAS, the Mount Laurel Township Municipal Utilities Authority has adopted the Fiscal Year 2018 Authority Budget on May 18, 2017 and

WHEREAS, the Mount Laurel Township Municipal Utilities Authority finds it necessary to adopt an amended Fiscal Year 2018 Authority Budget, as follows:

	<u>From</u>	<u>To</u>
<u>Anticipated Revenue:</u>		
<u>Operating Revenues:</u>		
Service Charges	\$18,318,100	\$17,521,619
Connection fees	\$1,814,900	\$730,454
Other Operating revenue	\$1,588,800	\$1,626,882
Non-Operating Revenues	\$385,260	\$592,486
Total Anticipated Revenues	\$22,107,060	\$20,471,441
<u>Budgeted Appropriations:</u>		
<u>Operating Appropriations:</u>		
Administration – Personnel		
Salaries & Wages	\$789,100	\$857,750
Fringe Benefits	\$436,500	\$423,534
Administration – Other	\$777,475	\$861,950
Cost of Providing Services – Personnel		
Salaries & Wages	\$3,658,200	\$3,589,600
Fringe Benefits	\$2,041,700	\$1,792,903
Cost of Providing Services – Other	\$6,828,650	\$6,278,330
Total Principal Payments on Debt Service	\$1,794,021	\$1,794,021
<u>Non-Operating Appropriations</u>	\$6,360,448	\$5,452,387
Total Appropriations & Accum. Deficit	\$22,686,094	\$21,050,475
Unrestricted Net Assets Utilized:		
Municipality/County Appropriation	\$380,257	\$380,257
Other	\$198,777	\$198,777
Total net appropriations	\$22,107,060	\$20,471,441

NOW, THEREFORE BE IT RESOLVED, by the Commissioners of the Mount Laurel Township Municipal Utilities Authority that the Fiscal Year 2018 adopted Budget is hereby amended as detailed above, and

BE IT FURTHER RESOLVED, that the Board's secretary is hereby directed to submit a copy of this resolution to the Director of Local Government Services for adoption as part of the Authority's Fiscal Year 2018 budget.

MOUNT LAUREL TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY

By: Cheryl Coco Capri
Cheryl Coco-Capri, Chairwoman

Attest:

Elwood Knight
Elwood Knight, Secretary

July 19, 2018

Governing Body

Recorded Vote

Member:	<u>Aye</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Christopher Smith	✓			
John Francesone	✓			
Cheryl Coco-Capri	✓			
Elwood Knight	✓			
Geraldine Nardello	✓			

This Resolution was adopted at a meeting of the Mount Laurel Township Municipal Utilities Authority held on July 19, 2018.

SUMMARY-Amended

Mount Laurel Township Municipal Utilities Authority
For the Period July 1, 2017 to June 30, 2018

	FY 2018 Proposed Budget						FY 2018 Adopted Budget	\$ Increase (Decrease) Proposed vs. Adopted	% Increase (Decrease) Proposed vs. Adopted	
	Water Utility	Sewer Utility	N/A	N/A	N/A	N/A	Total All Operations	Total All Operations	All Operations	All Operations
REVENUES										
Total Operating Revenues	\$ 9,626,509	\$ 10,252,446	\$ -	\$ -	\$ -	\$ -	\$ 19,878,955	\$ 21,721,800	\$ (1,842,845)	-8.5%
Total Non-Operating Revenues	295,543	296,943	-	-	-	-	592,486	385,260	207,226	53.8%
Total Anticipated Revenues	9,922,052	10,549,389	-	-	-	-	20,471,441	22,107,060	(1,635,619)	-7.4%
APPROPRIATIONS										
Total Administration	1,052,730	1,090,504	-	-	-	-	2,143,234	2,003,075	140,159	7.0%
Total Cost of Providing Services	5,532,445	6,128,388	-	-	-	-	11,660,833	12,528,550	(867,717)	-6.9%
Total Principal Payments on Debt Service in Lieu of Depreciation	1,540,777	253,244	-	-	-	-	1,794,021	1,794,021	-	0.0%
Total Operating Appropriations	8,125,952	7,472,136	-	-	-	-	15,598,088	16,325,646	(727,558)	-4.5%
Total Interest Payments on Debt	359,792	30,035	-	-	-	-	389,827	389,827	-	0.0%
Total Other Non-Operating Appropriations	1,635,085	3,427,475	-	-	-	-	5,062,560	5,970,621	(908,061)	-15.2%
Total Non-Operating Appropriations	1,994,877	3,457,510	-	-	-	-	5,452,387	6,360,448	(908,061)	-14.3%
Accumulated Deficit	-	-	-	-	-	-	-	-	-	#DIV/0!
Total Appropriations and Accumulated Deficit	10,120,829	10,929,646	-	-	-	-	21,050,475	22,686,094	(1,635,619)	-7.2%
Less: Total Unrestricted Net Position Utilized	198,777	380,257	-	-	-	-	579,034	579,034	-	0.0%
Net Total Appropriations	9,922,052	10,549,389	-	-	-	-	20,471,441	22,107,060	(1,635,619)	-7.4%
ANTICIPATED SURPLUS (DEFICIT)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!

Amended Revenue Schedule

Mount Laurel Township Municipal Utilities Authority
 For the Period July 1, 2017 to June 30, 2018

	FY 2018 Proposed Budget						FY 2018 Adopted Budget			
	Water Utility	Sewer Utility	N/A	N/A	N/A	N/A	Total All Operations	Total All Operations	All Operations	All Operations
								\$ Increase (Decrease) Proposed vs. Adopted	% Increase (Decrease) Proposed vs. Adopted	
OPERATING REVENUES										
<i>Service Charges</i>										
Residential	4816288	6399336					\$ 11,215,624	\$ 11,894,198	\$ (678,574)	-5.7%
Business/Commercial	2894211	3229862					6,124,073	6,083,423	40,650	0.7%
Industrial							-	-	-	#DIV/0!
Intergovernmental	89608	92314					181,922	340,479	(158,557)	-46.6%
Other							-	-	-	#DIV/0!
Total Service Charges	7,800,107	9,721,512					17,521,619	18,318,100	(796,481)	-4.3%
<i>Connection Fees</i>										
Residential	6066	15336					21,402	57,700	(36,298)	-62.9%
Business/Commercial	254954	454098					709,052	1,757,200	(1,048,148)	-59.6%
Industrial							-	-	-	#DIV/0!
Intergovernmental							-	-	-	#DIV/0!
Other							-	-	-	#DIV/0!
Total Connection Fees	261,020	469,434					730,454	1,814,900	(1,084,446)	-59.8%
<i>Parking Fees</i>										
Meters							-	-	-	#DIV/0!
Permits							-	-	-	#DIV/0!
Fines/Penalties							-	-	-	#DIV/0!
Other							-	-	-	#DIV/0!
Total Parking Fees							-	-	-	#DIV/0!
<i>Other Operating Revenues (List)</i>										
Hydrants/Fire Services	1338722						1,338,722	1,290,000	48,722	3.8%
Tower Rental	165160						165,160	175,300	(10,140)	-5.8%
Solar Renewable Energy Credits	61500	61500					123,000	123,500	(500)	-0.4%
Type in (Grant, Other Rev)							-	-	-	#DIV/0!
Type in (Grant, Other Rev)							-	-	-	#DIV/0!
Type in (Grant, Other Rev)							-	-	-	#DIV/0!
Type in (Grant, Other Rev)							-	-	-	#DIV/0!
Type in (Grant, Other Rev)							-	-	-	#DIV/0!
Type in (Grant, Other Rev)							-	-	-	#DIV/0!
Type in (Grant, Other Rev)							-	-	-	#DIV/0!
Total Other Revenue	1,565,382	61,500					1,626,882	1,588,800	38,082	2.4%
Total Operating Revenues	9,626,509	10,252,446					19,878,955	21,721,800	(1,842,845)	-8.5%
NON-OPERATING REVENUES										
<i>Other Non-Operating Revenues (List)</i>										
Miscellaneous	120,100	103,500					223,600	61,210	162,390	265.3%
Type in							-	-	-	#DIV/0!
Type in							-	-	-	#DIV/0!
Type in							-	-	-	#DIV/0!
Type in							-	-	-	#DIV/0!
Type in							-	-	-	#DIV/0!
Total Other Non-Operating Revenue	120,100	103,500					223,600	61,210	162,390	265.3%
<i>Interest on Investments & Deposits (List)</i>										
Investments	99,443	99,443					198,886	148,800	50,086	33.7%
Penalties	76,000	94,000					170,000	175,250	(5,250)	-3.0%
Other							-	-	-	#DIV/0!
Total Interest	175,443	193,443					368,886	324,050	44,836	13.8%
Total Non-Operating Revenues	295,543	296,943					592,486	385,260	207,226	53.8%
TOTAL ANTICIPATED REVENUES	\$ 9,922,052	\$ 10,549,389	\$ -	\$ -	\$ -	\$ -	\$ 20,471,441	\$ 22,107,060	\$ (1,635,619)	-7.4%

Current Year Adopted Revenue Schedule

Mount Laurel Township Municipal Utilities Authority

FY 2018 Adopted Budget

	Water Utility	Sewer Utility	N/A	N/A	N/A	N/A	Total All Operations
OPERATING REVENUES							
<i>Service Charges</i>							
Residential	\$ 5,443,564	\$ 6,450,634					\$ 11,894,198
Business/Commercial	2,651,657	3,431,766					6,083,423
Industrial							-
Intergovernmental	182,479	158,000					340,479
Other							-
Total Service Charges	8,277,700	10,040,400	-	-	-	-	18,318,100
<i>Connection Fees</i>							
Residential	24,300	33,400					57,700
Business/Commercial	749,400	1,007,800					1,757,200
Industrial							-
Intergovernmental							-
Other							-
Total Connection Fees	773,700	1,041,200	-	-	-	-	1,814,900
<i>Parking Fees</i>							
Meters							-
Permits							-
Fines/Penalties							-
Other							-
Total Parking Fees	-	-	-	-	-	-	-
<i>Other Operating Revenues (List)</i>							
Hydrants/Fire Services	1290000						1,290,000
Tower Rental	175300						175,300
Solar Renewable Energy Credits	61750	61,750					123,500
Other Revenue 4							-
Type in (Grant, Other Rev)							-
Type in (Grant, Other Rev)							-
Type in (Grant, Other Rev)							-
Type in (Grant, Other Rev)							-
Type in (Grant, Other Rev)							-
Type in (Grant, Other Rev)							-
Type in (Grant, Other Rev)							-
Total Other Revenue	1,527,050	61,750	-	-	-	-	1,588,800
Total Operating Revenues	10,578,450	11,143,350	-	-	-	-	21,721,800
NON-OPERATING REVENUES							
<i>Other Non-Operating Revenues (List)</i>							
Miscellaneous	30,035	31,175					61,210
Type in							-
Type in							-
Type in							-
Type in							-
Type in							-
Total Other Non-Operating Revenues	30,035	31,175	-	-	-	-	61,210
<i>Interest on Investments & Deposits</i>							
Investments	74,400	74,400					148,800
Penalties	83,000	92,250					175,250
Other							-
Total Interest	157,400	166,650	-	-	-	-	324,050
Total Non-Operating Revenues	187,435	197,825	-	-	-	-	385,260
TOTAL ANTICIPATED REVENUES	\$ 10,765,885	\$ 11,341,175	\$ -	\$ -	\$ -	\$ -	\$ 22,107,060

Appropriations Schedule

Mount Laurel Township Municipal Utilities Authority
 For the Period July 1, 2017 to June 30, 2018

	FY 2018 Proposed Budget						Total All	FY 2018 Adopted	\$ Increase	% Increase
	Water Utility	Sewer Utility	N/A	N/A	N/A	N/A	Operations	Total All Operations	Proposed vs. Adopted	(Decrease) Proposed vs. Adopted
OPERATING APPROPRIATIONS										
<i>Administration - Personnel</i>										
Salary & Wages	\$ 428,825	\$ 428,925					\$ 857,750	\$ 789,100	\$ 68,650	8.7%
Fringe Benefits	205,655	217,879					423,534	436,500	(12,966)	-3.0%
Total Administration - Personnel	634,480	646,804					1,281,284	1,225,600	55,684	4.5%
<i>Administration - Other (List)</i>										
Computer Expenses	84,325	82,725					167,050	162,150	4,900	3.0%
Other Expenses	290,475	315,425					605,900	518,825	87,075	16.8%
Insurance/Surety Bond Expense	4,700	6,800					11,500	11,500	-	0.0%
Trustee Expenses	35,000	35,000					70,000	80,000	(10,000)	-12.5%
Miscellaneous Administration*	3,750	3,750					7,500	5,000	2,500	50.0%
Total Administration - Other	418,250	443,700					861,950	777,475	84,475	10.9%
Total Administration	1,052,730	1,090,504					2,143,234	2,003,075	140,159	7.0%
<i>Cost of Providing Services - Personnel</i>										
Salary & Wages	1,483,800	2,105,800					3,589,600	3,658,200	(68,600)	-1.9%
Fringe Benefits	729,140	1,063,763					1,792,903	2,041,700	(248,797)	-12.2%
Total COPS - Personnel	2,212,940	3,169,563					5,382,503	5,699,900	(317,397)	-5.6%
<i>Cost of Providing Services - Other (List)</i>										
Purchase of water(water); sludge & CCMUA(s)	2,230,000	989,200					3,219,200	3,678,000	(458,800)	-12.5%
Chemicals	178,210	519,000					697,210	831,500	(134,290)	-16.2%
Electric Power	336,500	691,500					1,028,000	1,035,000	(7,000)	-0.7%
Other Expenses	551,795	742,925					1,294,720	1,245,550	49,170	3.9%
Miscellaneous COPS*	23,000	16,200					39,200	38,600	600	1.6%
Total COPS - Other	3,319,505	2,958,825					6,278,330	6,828,650	(550,320)	-8.1%
Total Cost of Providing Services	5,532,445	6,128,388					11,660,833	12,528,550	(867,717)	-6.9%
Total Principal Payments on Debt Service in Lieu of Depreciation	1,540,777	253,244					1,794,021	1,794,021	-	0.0%
Total Operating Appropriations	8,125,952	7,472,136					15,598,088	16,325,646	(727,558)	-4.5%
NON-OPERATING APPROPRIATIONS										
Total Interest Payments on Debt	359,792	30,035					389,827	389,827	-	0.0%
Operations & Maintenance Reserve	(249,283)	373,018					123,735	1,031,796	(908,061)	-88.0%
Renewal & Replacement Reserve	1,884,368	2,674,200					4,558,568	4,558,568	-	0.0%
Municipality/County Appropriation		380,257					380,257	380,257	-	0.0%
Other Reserves							-	-	-	#DIV/0!
Total Non-Operating Appropriations	1,994,877	3,457,510					5,452,387	6,360,448	(908,061)	-14.3%
TOTAL APPROPRIATIONS	10,120,829	10,929,646					21,050,475	22,686,094	(1,635,619)	-7.2%
ACCUMULATED DEFICIT										
TOTAL APPROPRIATIONS & ACCUMULATED DEFICIT	10,120,829	10,929,646					21,050,475	22,686,094	(1,635,619)	-7.2%
UNRESTRICTED NET POSITION UTILIZED										
Municipality/County Appropriation		380,257					380,257	380,257	-	0.0%
Other	198,777						198,777	198,777	-	0.0%
Total Unrestricted Net Position Utilized	198,777	380,257					579,034	579,034	-	0.0%
TOTAL NET APPROPRIATIONS	\$ 9,922,052	\$ 10,549,389	\$ -	\$ -	\$ -	\$ -	\$ 20,471,441	\$ 22,107,060	\$ (1,635,619)	-7.4%

* Miscellaneous line items may not exceed 5% of total operating appropriations shown below. If amount in miscellaneous is greater than the amount shown below, then the line item must be itemized above.

5% of Total Operating Appropriations \$ 406,297.60 \$ 373,606.80 \$ - \$ - \$ - \$ - \$ 779,904.40

Current Year Adopted Appropriations Schedule

Mount Laurel Township Municipal Utilities Authority

FY 2018 Adopted Budget

	Water Utility	Sewer Utility	N/A	N/A	N/A	N/A	Total All Operations
OPERATING APPROPRIATIONS							
<i>Administration - Personnel</i>							
Salary & Wages	\$ 394,500	\$ 394,600					\$ 789,100
Fringe Benefits	226,400	210,100					436,500
Total Administration - Personnel	620,900	604,700	-	-	-	-	1,225,600
<i>Administration - Other (List)</i>							
Computer Expenses	81,075	81,075					162,150
Other Expenses	252,600	266,225					518,825
Insurance/Surety Bond Expense	4,700	6,800					11,500
Trustee Expenses	40,000	40,000					80,000
Miscellaneous Administration*	2,500	2,500					5,000
Total Administration - Other	380,875	396,600	-	-	-	-	777,475
Total Administration	1,001,775	1,001,300	-	-	-	-	2,003,075
<i>Cost of Providing Services - Personnel</i>							
Salary & Wages	1,485,600	2,172,600					3,658,200
Fringe Benefits	851,700	1,190,000					2,041,700
Total COPS - Personnel	2,337,300	3,362,600	-	-	-	-	5,699,900
<i>Cost of Providing Services - Other (List)</i>							
Purchase of water(water) sludge & CCMUA(s)	2,751,000	927,000					3,678,000
Chemicals	135,900	695,600					831,500
Electric Power	374,500	660,500					1,035,000
Other Expenses	549,350	696,200					1,245,550
Miscellaneous COPS*	29,900	8,700					38,600
Total COPS - Other	3,840,650	2,988,000	-	-	-	-	6,828,650
Total Cost of Providing Services	6,177,950	6,350,600	-	-	-	-	12,528,550
Total Principal Payments on Debt Service in Lieu of Depreciation	1,540,777	253,244	-	-	-	-	1,794,021
Total Operating Appropriations	8,720,502	7,605,144	-	-	-	-	16,325,646
NON-OPERATING APPROPRIATIONS							
Total Interest Payments on Debt	359,792	30,035	-	-	-	-	389,827
Operations & Maintenance Reserve	-	1,031,796					1,031,796
Renewal & Replacement Reserve	1,884,368	2,674,200					4,558,568
Municipality/County Appropriation		380,257					380,257
Other Reserves							-
Total Non-Operating Appropriations	2,244,160	4,116,288	-	-	-	-	6,360,448
TOTAL APPROPRIATIONS	10,964,662	11,721,432	-	-	-	-	22,686,094
ACCUMULATED DEFICIT							
TOTAL APPROPRIATIONS & ACCUMULATED DEFICIT	10,964,662	11,721,432	-	-	-	-	22,686,094
UNRESTRICTED NET POSITION UTILIZED							
Municipality/County Appropriation	-	380,257	-	-	-	-	380,257
Other	198,777						198,777
Total Unrestricted Net Position Utilized	198,777	380,257	-	-	-	-	579,034
TOTAL NET APPROPRIATIONS	\$ 10,765,885	\$ 11,341,175	\$ -	\$ -	\$ -	\$ -	\$ 22,107,060

* Miscellaneous line items may not exceed 5% of total operating appropriations shown below. If amount in miscellaneous is greater than the amount shown below, then the line item must be itemized above.

5% of Total Operating Appropriations \$ 436,025.10 \$ 380,257.20 \$ - \$ - \$ - \$ - \$ 816,282.30

To: Pamela J. Carolan, Executive Director
From: David R. Wiest, Finance Director
Date: June 26, 2018
Subject: Fiscal Year 2018 budget amendment

We have completed the amendment of our fiscal year 2018 (FY18) operating budget. Although not required by law, the amendment of the nearly completed fiscal year budget has been an internal routine that allows us to compare the budget to the actual results for the year, anticipate the final few months of fiscal activity, and make appropriate adjustments to the outgoing budget. Enclosed is a printout which shows the budget in a form familiar to the board members. This shows the adopted budget we have been operating under during FY18, the proposed amended FY18 budget and the amended budget's breakdown between our water and sewer utilities.

Significant Amendments:

REVENUES:

In the aggregate, revenues are expected to decrease significantly with the adopted FY18 budget, with an anticipated decrease of \$1.6M. This is a reduction of 7.4%.

User fee revenues are projected to decrease by \$796,000, as water delivered to service in FY18 is expected to total approximately 1,450 mg. If this winds up being the case, we will have delivered about 50mg of water less to our customers than we did in FY17. Water delivered to service during July through October, 2017, the first quarter of FY18, was markedly lower than the same period in the previous fiscal year. The "fair weather" months are our highest revenue months, so this decreased water usage had a greater impact on us. In addition to our revenues being impacted simply because less water was used, they were further impacted because our higher tier water rates were not charged on as much water as expected.

Connection fee revenue is expected to decrease by over \$1M, as several large projects that were anticipated to tie in during FY18 have not, in whole or in part. Examples include connection fees for the Hampton Inn on Briggs Road (\$237k), 5000 Midlantic Drive (hotel phase) (316k), Rowan Student Center (\$318k) and NJTPA-TMD2 (\$139k).

Interest income is increasing in FY18, due in large part to two factors:

- Newly purchased investments generated higher yields than the maturing investments they replaced.
- Adopted FY18 budget did not anticipate interest income for investments that were maturing just prior to the FY18 budget year. However, these funds were invested in the beginning of FY18.

Hydrants / Fire Service revenues are increasing due to more commercial accounts than originally budgeted being billed for this type of revenue. Also, an analysis of pre-existing billing accounts resulted in adjustments being made to some, generating more revenue.

Tower Rental / Other Income is increasing by approximately \$150k, which is largely explained by three unexpected events. The most significant of these was the receipt of \$125,000 as full and final consideration for a release and settlement agreement between the Authority and Larchmont Ark Associates, LLC. Secondly, we received a \$10k insurance recovery from a loss of income claim. This claim was made due to the failure of a meter used to calculate energy production at our solar facility for purposes of determining Solar Renewable Energy Credits (SREC). 27 days of unmetered energy generation resulted in the loss of ~60 SREC, with an auction value of \$10k. Finally, a payment of \$2,500 was received as the result of a fine assessed to a developer found to have installed an illegal jumper on a property being built.

EXPENSES:

Overall expenses (excluding depreciation) are expected to decrease by approximately \$725k, or 4.7%. The more significant changes are addressed below.

Salaries expense will remain essentially the same, in total. A decrease of approximately \$68k in our Operations salaries will be offset by an increase of \$68k in our Administrative salaries. This is largely due to how certain employees' salaries were actually expensed compared to how they were budgeted. When budgeting, salaries for many of our supervisory employees are allocated to both Operations and Administrative expense. However, some of these employees were charged off with slightly different allocation percentages through the actual payroll process. While overall salaries meet budget, this created the plus / minus amounts in the Operating and Administrative salary line items.

Repairs and Maintenance expense was increased by \$66k primarily due to an increased number of emergency main break repairs to our water and wastewater systems. Although we have remained aggressive and have planned or completed many of the capital projects to address these issues, these events impact our operating budget and provide insight into future project needs.

Chemical expense is projected to decrease by \$134,000. This is largely due to the decrease in odor control chemicals. The amount of odor control chemicals being used is partly dependent on weather. The warmer the weather, the more chemical is typically used, and conversely. Since winter 2018 was extremely cold, less chemical was used. Additionally, we encountered a low water system demand which reduced the production of water needed at our treatment facility in the past several months.

Sludge Disposal expense is increasing by \$62,000. This is primarily due to operational changes that were made this year at our facility that impacted our overall solids inventory strategy. As we approach the renewal of several treatment processes through our capital budget, these measures will be put in place to ensure our facility will perform as required during these scheduled projects or related emergency events.

Purchase of water (POW) expense is dropping by \$520,000. This line item was impacted by lower than normal system demand, reducing the overall purchase of water. This reduction of projected water purchase specifically impacted the Willingboro MUA supply as the NJAWC supply contract does not permit changes in supply flow. The original POW projections were based on historical demand trends and considered the supply of water during many demand patterns. The current supply pattern is somewhat less than normal historic delivery volumes.

Legal expense is increasing by \$33,500 largely due to unexpected costs arising from the Chase Partners issue and the costs associated with negotiating a separation agreement with an outgoing employee.

Engineering fees are increasing by \$42,000 due to more GIS work/oversight performed by Maser Consulting than budgeted. Maser Consulting has been working toward getting the GIS system to where it should be and will continue to coordinate efforts with MUA personnel in order to move the process forward.

Employee group medical insurance expense will decrease by \$264k. This decrease is due to a few things. First, premium reductions for CY17 and CY18 in the State Health Benefits Plan (SHBP) were realized across all plan options. This was a result of the negotiated health plan design change, occurring during the contract negotiation with the union. The new plan design was significantly less expensive and still afforded good coverage for our employees. The remaining savings are related to census changes, including vacancies and new hires not covered by group health insurance for a period of time at the beginning of their employment.

We will be seeking board passage of an amending resolution at the July 2018 board meeting.