

**MOUNT LAUREL TOWNSHIP
MUNICIPAL UTILITY AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEARS ENDING
JUNE 30, 2011 and 2010**



MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
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**MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
ROSTER OF OFFICIALS
As of June 30, 2011**

MEMBERS

Irwin Edelson
James Misselwitz
Frederick Braun
Elwood Knight
Geraldine Nardello

POSITION

Chairman
Vice-Chairman
Secretary
Boardmember
Boardmember

OTHER OFFICIALS

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

Executive Director
Finance Director
Consulting Engineer
Solicitor
Trustee

**MOUNT LAUREL TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY**

PART I

FINANCIAL SECTION

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2011 and 2010**

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of net assets of the Mount Laurel Township Municipal Utilities Authority, State of New Jersey, a component unit of the Township of Mount Laurel, as of June 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the fiscal years then ended. These financial statements are the responsibility of the Mount Laurel Township Municipal Utilities Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 Governmental Auditing Standards, issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Local Finance Board, 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Mount Laurel Township Municipal Utilities Authority as of June 30, 2011 and 2010 and the respective changes in financial position and cash flows for the fiscal years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 27, 2011 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is not a required part of the financial statements. In addition, the supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of State Financial Assistance and the supplementary schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
October 27, 2011

**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**

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

We have audited the financial statements of the Mount Laurel Township Municipal Utilities Authority, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated October 27, 2011. We conducted our audit 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 Local Finance Board, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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 that are required to be reported under Government Auditing Standards, and audit requirements as prescribed by the Local Finance Board, Department of Community Affairs, State of New Jersey.

This report is intended solely for the information and use of the management of the Authority and the Local Finance Board, Department of Community Affairs, State of New Jersey and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
October 27, 2011

Management's Discussion and Analysis (MD&A)

GOING GREEN

In 2010, the Authority constructed a half megawatt solar electric generating facility at its Ramblewood Parkway location. The solar facility generates enough electricity each year to power a potable water well and sanitary sewer pump station at this location. The 2 ½ acre facility is comprised of 2,254 solar panels and two inverters, and is capable of generating enough electricity to supply 130 homes annually. As an economic benefit, this solar facility results in the elimination of approximately \$100,000 in annual electric expense currently being billed by PSE&G. Financing for the solar facility was obtained through the NJ Environmental Infrastructure Trust, with 50% of the \$3.6 million project loan forgiven as part of the American Recovery and Reinvestment Act (ARRA). The electrical generation capacity of this facility has also been registered with the NJ Clean Energy Program, allowing the Authority to sell solar renewable energy credits (SRECs) based on the amount of energy produced. In combination with the elimination of electricity costs, ARRA loan forgiveness and SREC program incentives will result in an estimated 8 year payback for the project. The expected life of the solar voltaic system is more than 20 years.



FINANCIAL HIGHLIGHTS

Management believes the financial position of the Authority remains strong. According to its bond covenants, the Authority is required to generate revenues that, after deducting operating expenses, are at least equal to 110% of its annual debt service. This is referred to as cover. For fiscal year (FY) 2011, the Authority generated a 146% cover. Key financial highlights for the Authority's FY2011 include:

- Service charges increased dramatically over FY2010, as very hot summers in 2010 and 2011 drove up water demand for irrigation and domestic consumption. Connection fee income decreased significantly during the same period. Other operating revenues increased by over \$300,000 compared to FY2010, due to the Authority beginning the sale of its SRECs (see Going Green, above). Overall, total operating revenues increased by nearly \$1.9 million compared to FY2010.
- Consumer accounts receivable of \$3.67 million exceeded FY2010 consumer accounts receivable of \$3.36 million.

FINANCIAL HIGHLIGHTS (CONT'D)

- Interest earnings declined to \$224,500, down from \$604,600 in FY2010.
- Total liabilities decreased from \$44.80 million in FY2010 to \$40.20 million in FY2011.
- At year-end, total assets were \$144.02 million, which exceeded liabilities of \$40.20 million. The resultant net assets at year-end were \$103.82 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The comparative statements of revenues, expenses and changes in net assets 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 were \$144,020,953.18 on June 30, 2011. Total assets, total liabilities and total net assets are detailed below.

Mount Laurel MUA			
Net Assets			
As of June 30,			
	2011	<u>2010</u>	<u>2009</u>
Current Assets	\$ 26,708,665.15	\$ 27,286,917.41	\$ 27,064,709.38
Capital Assets	116,761,281.53	119,519,897.11	117,841,286.27
Other Assets	551,006.50	616,829.27	601,393.01
Total Assets	144,020,953.18	147,423,643.79	145,507,388.66
Current Liabilities	8,431,447.75	8,948,040.83	10,132,132.81
Long-Term Liabilities	31,772,753.54	35,854,675.20	36,157,388.04
Total Liabilities	40,204,201.29	44,802,716.03	46,289,520.85
Net Assets			
Invested in capital assets, net of related debt	82,444,031.23	81,962,801.33	78,930,553.59
Restricted	7,468,436.59	5,455,436.99	8,030,080.04
Unrestricted	13,904,284.07	15,202,689.44	12,257,234.18
Total Net Assets	\$ 103,816,751.89	\$ 102,620,927.76	\$ 99,217,867.81

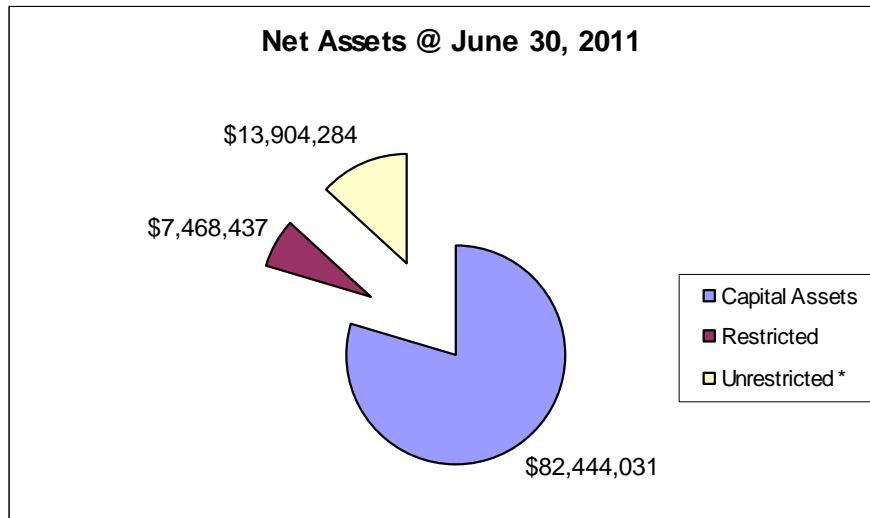
The Authority realized operating income of \$1,852,960.62 for the current year. When combined with a loss from non-operating activities, the Authority’s income before capital contributions was \$621,339.53. During fiscal year 2011, the Authority received capital contributions in the amount of \$574,484.60. The combined effect resulted in the Authority’s net assets increasing by \$1,195,824.13. Major components of this activity follow.

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

Mount Laurel MUA
Revenues, Expenses and Net Assets
As of June 30,

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating Revenues			
Service Charges	\$ 18,386,217.74	\$ 16,608,910.73	\$ 16,559,304.06
Connection fees	286,187.56	508,826.25	748,007.33
Other operating revenues	603,364.42	279,609.04	427,518.52
	<u>19,275,769.72</u>	<u>17,397,346.02</u>	<u>17,734,829.91</u>
Operating Expenses	11,957,631.77	11,969,815.52	12,711,138.24
Depreciation expense	5,465,177.33	5,101,214.79	4,934,891.69
Operating Income (Loss)	<u>1,852,960.62</u>	<u>326,315.71</u>	<u>88,799.98</u>
Non-operating Revenues (Expenses)			
Investment Income	224,535.64	604,569.52	1,395,254.84
Interest on debt	(986,149.91)	(1,067,044.08)	(1,273,827.93)
Amortization of bond issue costs	(65,822.77)	(69,245.74)	(60,539.20)
Loss on disposal of capital assets	(4,184.05)		(335,369.61)
Contribution to Mount Laurel Township	<u>(400,000.00)</u>	<u>(400,000.00)</u>	
Income (Loss) Before Contributions	621,339.53	(605,404.59)	(185,681.92)
Capital Contributions	<u>574,484.60</u>	<u>3,704,430.41</u>	<u>4,420,919.35</u>
Increase (Decrease) in Net Assets	1,195,824.13	3,099,025.82	4,235,237.43
Net Assets – July 1 (Previously reported)	---	99,217,867.81	94,982,630.38
Prior period adjustment (see Note 2)	<u>---</u>	<u>304,034.13</u>	<u>---</u>
Net Assets - July 1 (Restated)	102,620,927.76	99,521,901.94	94,982,630.38
Change in Net Assets	<u>1,195,824.13</u>	<u>3,099,025.82</u>	<u>4,235,237.43</u>
Net Assets – June 30	<u>\$ 103,816,751.89</u>	<u>\$ 102,620,927.76</u>	<u>\$ 99,217,867.81</u>

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



* In calendar year 2003, the Authority began planning the annual use of a portion of its unrestricted net assets in the form of a rate stabilization fund. As a result, subsequent rate increases to the Authority's customers have been lower than they otherwise would have been. Unrestricted Net Assets are also used as the funding source for that portion of the Authority's capital program not funded by debt issuance.

Service charges increased significantly when compared to the previous year. Because of very hot summer seasons in 2010 and 2011, water demand from the Authority's service area rose sharply. Nearly 195 million gallons of additional water were delivered to service in FY2011 compared to FY2010. A rate increase also went into effect with the February 2011 monthly billings. The overall mix of the Authority's billing base remains well diversified with residential users comprising the vast majority of its customers. There remains a stable and growing segment of the billing base made up of residential, commercial, public and industrial customers. The rate structure is stable and includes rate increases to be implemented with each year's February billings through 2013.

Connection fee revenue amounted to nearly \$286,200, a substantial drop from fiscal year 2010 revenues of \$508,800. This was an ongoing indicator of the overall economy, as developers either slowed down or scaled back their activities. 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 liabilities until tie in is completed. When this occurs, the Authority releases a notice to Mount Laurel township that a certificate of occupancy can be issued. At this point, the Authority establishes a new billing account, reduces the liability and recognizes connection fee income. Although a resurgent economy will improve this portion of the Authority's revenue stream, the township of Mount Laurel is approaching build out within the next several years. To that end, the Authority has had a long term fiscal model in place for many years that plans for annually reducing dependency on connection fee revenues. This has served the Authority well.

Interest income declined dramatically compared to fiscal year 2010. Interest rates remained low throughout the year. Tumbling interest rates impacted all funds and investments, generating lower earnings for money market funds and cash balances in the Authority's bank accounts. The Authority continued its investment philosophy of buying high quality, low risk instruments such as Ginnie Maes, which experienced increases in value as markets weakened, and investors shifted their focus to more stable investments.

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

Overall, the Authority's fiscal activity yielded desirable results for the year. Three major sources of revenue generated an aggregate increase of \$1,878,400 over the previous year. Of these sources, service charges were \$1.78 million higher in FY2011, as explained previously in this MD&A. Other operating revenues increased by over \$320,000, largely a result of the sale of SRECs. Reduced revenues from connection fees were the only negative within these revenue sources, falling \$222,600 short of FY2010 amounts. The reasons for the downturn in connection fees have been previously addressed in this MD&A. Regarding expenses, the Authority continued its aggressive pursuit of reducing / containing costs. Total operating expenses, net of depreciation, decreased for the third straight year. Since FY2008 (July 2007 – June 2008), the Authority has reduced operating expenses by \$1.55 million, or 12%. The more significant changes in revenues and expenses are described in more detail below.

Mount Laurel continues to be a desirable location for residential and commercial development. The make up 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 24 hotels within the township, providing the third highest number of rooms in the state, behind Atlantic City and Newark. There is no particular emphasis or imbalance in the type of business enterprises within the commercial sector. Industrial users comprise a miniscule portion of the Authority's billing base.

As the original budget for fiscal year 2011 was formulated prior to April 2010, certain actual events during the year necessitated amending the budget. The Authority approved this budget amendment in June 2011. Following is a narrative addressing the more significant amendments, and how those amendments compare to actual operating results for the current year.

Service charges, including fire services, were originally budgeted at \$16.74 million but were amended to \$18.10 million. The primary reason for this was a dramatic increase in the amount of water delivered to service during the fiscal year. This was primarily the result of very hot summers on 2010 and 2011, which led to increased water demand for irrigation and domestic use. The Authority delivered nearly 195 million more gallons of water to service in FY2011 compared to FY2010. Actual service charge revenue for the year amounted to \$18.39 million.

The original budget for investment income was amended from \$599,600 to \$260,100. This line item is traditionally budgeted very conservatively. Interest markets can fluctuate significantly throughout the course of a fiscal year, thereby having a significant effect on results. Although large fluctuations did not occur during the year, the original budget was formulated based on the belief that interest rates would rebound and improve throughout the year. Also, the Authority changed its banking relationship during the year. Its former bank gave notice that they would be abandoning their long time government banking model, which used compensating balances to offset bank service charges and pay interest to the Authority. Because of these factors, the budget line had to be amended downward. Actual interest income for the year totaled \$224,500.

OPERATING EXPENSES

The Authority's operating expenses for fiscal year 2011 (net of depreciation) were essentially unchanged compared to FY2010, dropping by \$12,000. This marks the third straight year operating expenses have been reduced. In the aggregate, over \$1.55 million in expenses were reduced during that period of time. Discussion follows on select line items during FY2011.

Salaries and Wages expense was reduced by over \$175,000 in FY2011. Unionized and non union employees received no wage increases in FY2011. In FY2010, the Authority was obligated to honor a mid year wage contractual wage increase for unionized personnel, while no increases were received by non union employees. Another factor contributing to the control of this expense was a continued hiring freeze, resulting in the work load of departing personnel being absorbed through attrition. In addition, the Authority continued strict adherence to a policy of no overtime work except in cases of extreme need or emergency. The current year's expense for this line item totaled \$3.67 million, compared with last year's \$3.85 million. Originally, the budget for this expense was set at \$3.786 million, amended to \$3.784 million, indicating that actual expense through the year remained largely as expected.

Fringe Benefits exceeded the prior year by \$183,900. Two major fringe benefit line items, the Public Employee's Retirement System (PERS) and Group Medical Insurance account for the majority of this increase. The Authority's PERS contribution increased over the prior year by \$88,900. This contribution is determined by the state of New Jersey. The Authority moved its group medical insurance to the New Jersey State Health Benefits Plan (SHBP) in order to avoid a significant renewal premium with its existing carrier late in FY2010, but still paid 10% more in premiums with the new CY2011 SHBP rates. This resulted in an increase of nearly \$88,000 compared to FY2010.

Electricity costs decreased in the current year, falling from \$1.39 million in fiscal year 2010 to \$1.17 million in FY2011. During the year, fewer significant storm events and prolonged wet periods were encountered than in FY2010, when increased volume at pump stations and treatment plants forced pumps to run longer than normal. As a result, the Authority realized major cost savings while operating its pumps less. The Authority has installed sophisticated process control computers to regulate energy consumption at its plant facilities, variable frequency drives and more efficient pumps, and exercises dozens of emergency generators on a regular basis. A well run preventive maintenance schedule keeps generators in excellent, efficient condition. Load banking equipment, which identifies problems early, is also used. When scheduled and where possible, replacement vehicles are being purchased with a strong emphasis on fuel economy. Meanwhile, the Authority continues to strive for energy efficiency while searching for ways to decrease its energy costs. In May 2010, the Authority entered into a two year, third party supply contract for its electricity needs. This contract was expected to reduce electric costs by approximately \$140,000 per year. With a full year of savings under this contract in FY2011, those expectations were realized. In June, 2010, the Authority began operating under solar power at its Ramblewood Parkway facility. The Authority's overall electric expense at this facility dropped by approximately \$25,000 in FY2011.

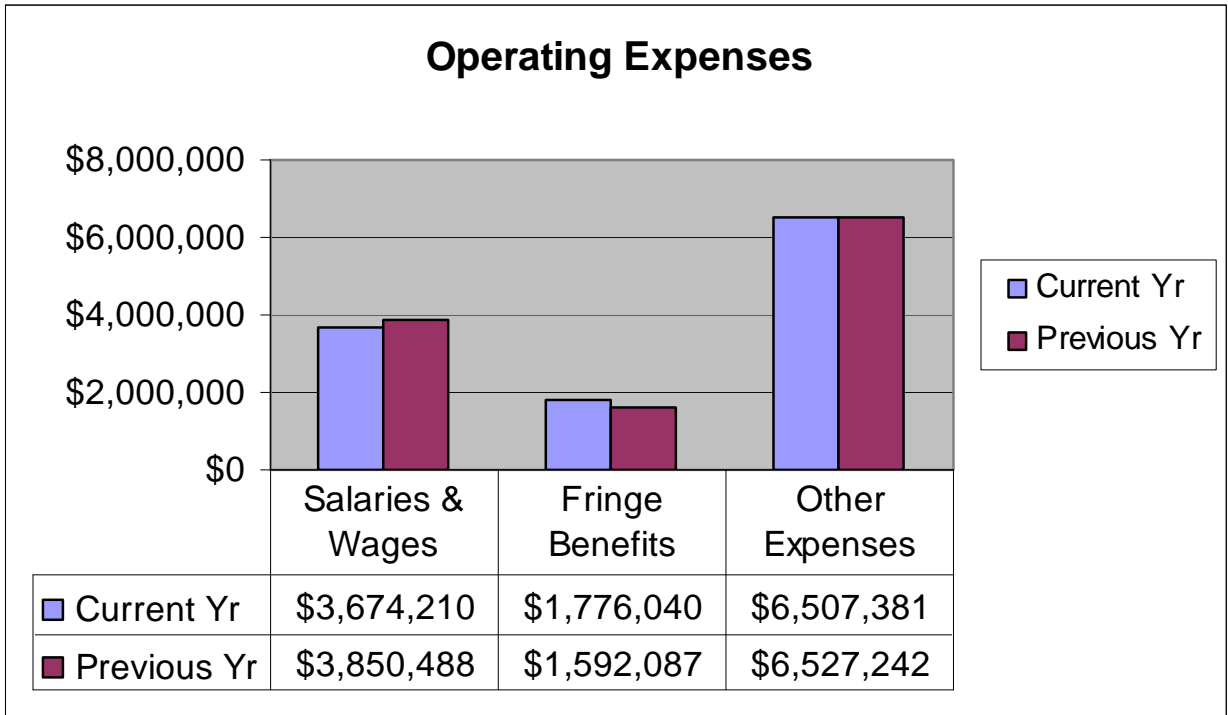
OPERATING EXPENSES (CONT'D)

The purchase of water from outside purveyors increased dramatically in FY2011. As noted previously in this MD&A, very hot summers in 2010 and 2011 resulted in the Authority delivering nearly 195 million more gallons of water to service. The New Jersey Department of Environmental Protection has restricted the Authority to a withdrawal of water from the Potomac-Raritan-Magothy Aquifer equal to the demand of the township in 1980. However, because the Authority serves a township that has experienced explosive growth over the decades, it is forced to purchase more and more of its water from other water purveyors. During the current fiscal year, approximately 60% (about 960 million gallons) of Mount Laurel's water demand was purchased from these purveyors. Last year these purveyors provided 50% (about 700 million gallons) of Mount Laurel's water supply. These factors required an increase of \$175,900 in this budget line item, to \$2.76 million. Actual expenses were \$2.42 million, up \$484,800 when compared to FY2010. The Authority continues to seek alternative, less expensive ways to provide water to its service area.

Chemical expense overall decreased significantly when compared to the prior year. Total actual costs were \$486,200 compared to \$585,100; a decrease of \$98,900. The majority of this was due to a decrease in the purchase of odor control chemicals. The Authority has been actively seeking ways to reduce its cost for this type of chemical without negatively impacting its infrastructure. While continuing the use of hydrogen peroxide, a less expensive chemical, bioxide, was introduced into the system during the previous fiscal year. The Authority's operational staff worked exhaustively to fine tune feed rates of bioxide and has found a better balance of these two chemicals, which has allowed it to reduce the overall purchase of peroxide. For its labors, the Authority was rewarded with a reduction of over \$87,600 in the purchase of odor control chemicals. The Authority expects bioxide to produce less corrosive gases in sanitary pipes, pump stations and its treatment plant. We will continue to monitor the use of these chemicals, as caution must be taken to prevent altering the characteristics of sewage to such an extent as to have a negative impact on the treatment process. Caustic Soda expense increased by nearly \$23,000 due to two factors; treatment of 110 million gallons of additional water recovered from the Authority's Aquifer Storage and Recovery well accounted for the majority of the increase. Also, natural fluctuations in the pH levels of the Authority's raw water resulted in higher caustic soda usage. Year over year changes in fiscal year end chemical inventory valuations account for the remaining difference in this line item.

Bio-Solids expense decreased \$21,200 compared to the prior year, from \$560,700 to \$539,500. Nearly 6,900 tons of bio-solids were removed from the Authority's Hartford Road Water Pollution Control Facility during the fiscal year, down from 7,000 tons during the previous period. Hauling and tipping fees for this 100 fewer tons / 16 dumpsters constitute the decrease in expense.

OPERATING EXPENSES (CONT'D)



CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Authority has constructed a half megawatt solar electric generating facility at its Ramblewood Parkway location. The solar facility will generate enough electricity each year to power a potable water well and sanitary sewer pump station at this location. The 2 ½ acre facility is comprised of 2,254 solar panels and two inverters and is capable of generating enough electricity to supply 130 homes annually. Financing for the solar facility was obtained through the NJ Environmental Infrastructure Trust, with 50% of the \$3.6 million project loan forgiven as part of the American Recovery and Reinvestment Act (ARRA). The electrical generation capacity of this facility has also been registered with the NJ Clean Energy Program, allowing the Authority to sell solar renewable energy credits (SRECs) based on the amount of energy produced. In combination with the elimination of electricity costs, ARRA loan forgiveness and SREC program incentives will result in an estimated 8 year payback for the project. The expected life of the solar voltaic system is more than 20 years.

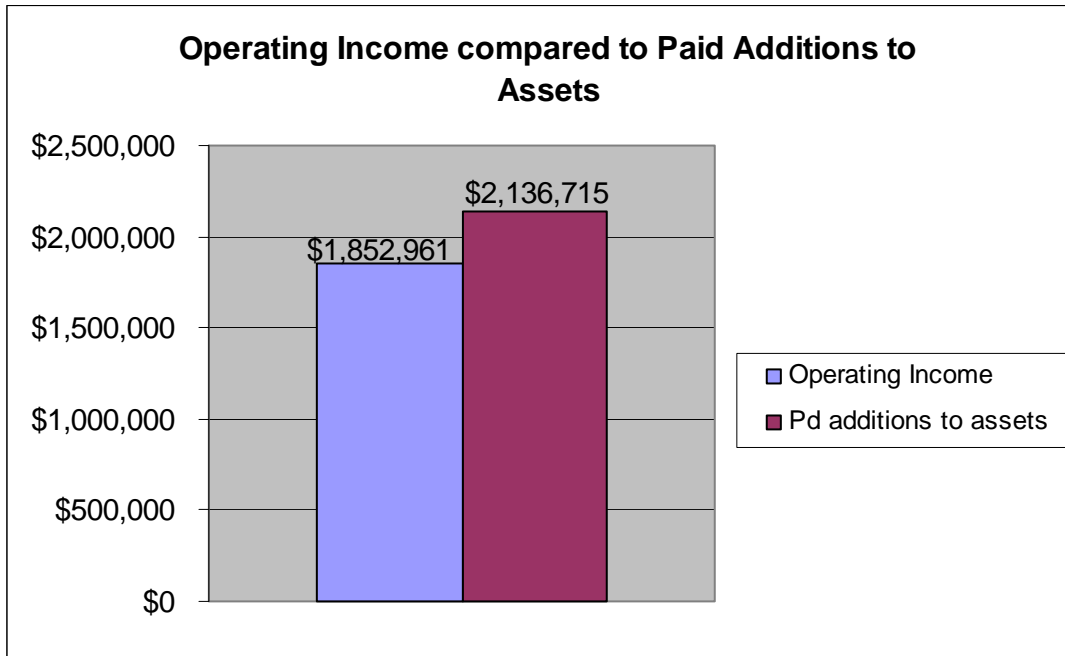
During the current year, the Authority disbursed \$2.13 million for capital assets. By including retainage and other pre / post year adjustments, the more significant capital additions were as follows:

<u>Asset</u>	<u>Amount disbursed</u>
Photovoltaic Solar Installation	\$ 118,929
Meter Reading Hand Held Equipment & Charges	\$ 14,908
Hydrant Replacement	\$ 6,791
Meter Change Out Program	\$ 86,621
Water Storage Tank Rehab – Commerce Parkway	\$ 7,429

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

<u>Asset</u>	<u>Amount disbursed</u>
Redevelopment Wells & Rehab Pumps @ Well #7	\$ 166,394
Water System Meter Analysis & Correction	\$ 9,169
Watermain Replacement – Sumac Ct., Ashby Ct., Union Mill Rd/ Malvern Ct.	\$ 136,878
Power Equipment for Vehicle Maintenance Department	\$ 7,854
Parker Creek Outfall Line Rehab (Sewer)	\$ 12,509
Replacement of HVAC System @ HRWPCF	\$ 9,508
Rebuild RAS Pumps 1, 2, & 3	\$ 8,315
Replace/Rehab/Reline Sewer Main Ramblewood & Devonshire	\$ 641,994
Belt Filter Press Polymer System Replacement	\$ 16,995
Valve Replacement for Willingboro Interconnection	\$ 24,924
ASR Well # 7 SCADA System Installation	\$ 58,918
Building Upgrade Well # 3	\$ 54,288
Televising of Sewer Mains	\$ 34,867
Watermain Replacement – Buckingham Way	\$ 19,371
Watermain Replacement – Carlisle Court	\$ 180,563
Elbo Lane WTP – Chlorine Contact Chamber Repair	\$ 305,871
Parker Creek Watermain Replacement	\$ 71,226
Analyze Pumping Characteristics of Pumping Stations	\$ 14,424
Rehab Pumping Stations Response to Study	\$ 51,433
Rebuild Motors / Pumps at Pumping Stations	\$ 21,099
Power Winch for Tricia Meadows, Laurel Ponds Bridlewood Pumping Stations	\$ 6,535
Replace Pump # 1 at Birchfield Pumping Station	\$ 21,410
Replace Bearings for Belt Filter Press #3 at HRWPCF	\$ 6,643

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



The above chart demonstrates the Authority’s commitment to keeping its systems and infrastructures current and well maintained. The Authority continues to maintain a proactive maintenance philosophy of its capital facilities. Additionally, we remain committed to an aggressive capital program. Our five-year capital plan calls for the expenditure of \$17,588,450 with \$3,336,150 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 Assets (including reserves for renewal and replacement)	\$ 17,563,450	\$ 3,331,150
Debt Authorization	\$ 25,000	\$ 5,000

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

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

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

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

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

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

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

LOOKING FORWARD

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

The Authority was previously named as a defendant in a landfill lawsuit (known as BEMS). A settlement agreement has been reached which requires the Authority to make five annual installment payments of \$9,147.20. The first of these is due in 2011.

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.

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Assets

As of June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 7,009,748.42	\$ 9,457,986.39
Investments	6,737,574.17	3,821,413.93
Consumer Accounts Receivable, Net of Allowance for Doubtful Accounts of \$3,677.89 in 2011 and \$3,366.66 in 2010	3,674,215.60	3,363,649.05
Accrued Investment Income Receivable	11,251.08	12,596.70
Intergovernmental Accounts Receivable, Net of Allowance for Doubtful Accounts of \$68,793.87 in 2011 and \$44,463.85 in 2010	131,482.35	121,586.28
Inventory	390,916.26	304,034.13
Other Accounts Receivable	226,919.66	163,545.82
Prepaid Expenses	81,801.92	58,704.59
	<hr/>	<hr/>
Total Unrestricted Assets	18,263,909.46	17,303,516.89
Restricted Assets:		
Cash	14,192.41	14,176.77
Investments	7,512,212.60	5,353,319.35
Accrued Investment Income Receivable	29,565.65	23,046.53
NJ EIT Loan Receivable	805,278.00	4,504,517.00
Notes Receivable, Less Allowance for Doubtful Accounts of \$22,575.14 in 2011 and \$22,575.14 in 2010	83,507.03	88,340.87
	<hr/>	<hr/>
Total Restricted Assets	8,444,755.69	9,983,400.52
	<hr/>	<hr/>
Total Current Assets	26,708,665.15	27,286,917.41
Noncurrent Assets:		
Property, Plant and Equipment:		
Completed (Net of Accumulated Depreciation)	111,162,536.56	114,817,507.75
Construction in Progress	5,598,744.97	4,702,389.36
	<hr/>	<hr/>
Total Property, Plant and Equipment	116,761,281.53	119,519,897.11
Other Assets:		
Unamortized Bond Issuance Costs	551,006.50	616,829.27
	<hr/>	<hr/>
Total Noncurrent Assets	117,312,288.03	120,136,726.38
	<hr/>	<hr/>
Total Assets	144,020,953.18	147,423,643.79
	<hr/>	<hr/>

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MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Assets

As of June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 906,355.79	\$ 749,566.43
Prepaid Rents	86,442.22	87,588.16
Deferred Revenue	2,302,516.40	2,351,229.86
Developer's Deposits	379,539.17	422,390.91
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	3,674,853.58	3,610,775.36
Current Liabilities Payable from Restricted Assets:		
Accounts Payable	248,745.64	993,364.50
Retainage	30,517.72	76,389.47
Revenue Bonds Payable--Current Portion	1,240,000.00	1,185,000.00
NJ EIT Loans--Current Portion	2,857,943.76	2,676,030.57
Accrued Interest Payable	379,387.05	406,480.93
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	4,756,594.17	5,337,265.47
Long-term Liabilities:		
Compensated Absences	476,425.86	490,330.69
Revenue Bonds Payable	786,680.88	2,005,834.65
NJ EIT Loans Payable	30,509,646.80	33,358,509.86
	<hr/>	<hr/>
Total Long-Term Liabilities	31,772,753.54	35,854,675.20
	<hr/>	<hr/>
Total Liabilities	40,204,201.29	44,802,716.03
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	82,444,031.23	81,962,801.33
Restricted:		
Bond Resolution Covenants	7,418,732.44	5,411,325.46
State Unemployment Compensation	49,704.15	44,111.53
Unrestricted	13,904,284.07	15,202,689.44
	<hr/>	<hr/>
Total Net Assets	<u>\$ 103,816,751.89</u>	<u>\$ 102,620,927.76</u>

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 Assets
 For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues:		
Utility Service Charges	\$ 18,386,217.74	\$ 16,608,910.73
Connection Fees	286,187.56	508,826.25
Other Operating Revenues	603,364.42	279,609.04
	<u>19,275,769.72</u>	<u>17,397,346.02</u>
Operating Expenses:		
Administration:		
Salaries and Wages	1,015,232.05	1,025,929.81
Fringe Benefits	688,492.28	589,859.70
Other Expenses	670,262.86	681,302.02
Cost of Providing Services:		
Salaries and Wages	2,658,977.75	2,824,557.72
Fringe Benefits	1,087,548.06	1,002,226.74
Other Expenses	5,837,118.77	5,845,939.53
Depreciation	5,465,177.33	5,101,214.79
	<u>17,422,809.10</u>	<u>17,071,030.31</u>
Operating Income	1,852,960.62	326,315.71
Non-operating Revenue (Expenses):		
Investment Income	224,535.64	604,569.52
Interest on Debt	(986,149.91)	(1,067,044.08)
Amortization of Bond Issue Costs	(65,822.77)	(69,245.74)
Loss on Disposal of Capital Assets	(4,184.05)	
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(400,000.00)	(400,000.00)
Income (Loss) Before Contributions	621,339.53	(605,404.59)
Capital Contributions	574,484.60	3,704,430.41
Increase in Net Assets	<u>1,195,824.13</u>	<u>3,099,025.82</u>
Net Assets July 1 (Previously Reported)	---	99,217,867.81
Prior Period Adjustment (Note 2)	---	304,034.13
Net Assets July 1 Restated	<u>102,620,927.76</u>	<u>99,521,901.94</u>
Net Assets June 30	<u>\$ 103,816,751.89</u>	<u>\$ 102,620,927.76</u>

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

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 18,311,979.35	\$ 16,188,779.11
Payments to Suppliers	(6,460,571.73)	(6,973,443.59)
Payments to Employees	(5,464,154.97)	(5,456,876.47)
Other Operating Receipts	487,242.77	(105,102.99)
Net Cash Provided by Operating Activities	<u>6,874,495.42</u>	<u>3,653,356.06</u>
Cash Flows from Noncapital Financing Activities:		
Notes Receivable on Line Extensions	<u>4,833.84</u>	<u>4,885.28</u>
Net Cash Provided by Noncapital Financing Activities	<u>4,833.84</u>	<u>4,885.28</u>
Cash Flows from Capital and Related Financing Activities:		
Received from NJ EIT	3,699,239.00	2,405,655.00
Retainage	(69,076.57)	(28,832.85)
Debt Issue Costs		(84,682.00)
Bond Principal	(1,185,000.00)	(1,155,000.00)
Loan Principal	(2,676,030.57)	(2,576,401.95)
Capital Acquisitions	(2,857,675.24)	(5,198,947.55)
Loan Refunding		(288,766.02)
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1	(400,000.00)	(400,000.00)
Interest on Debt	(983,316.86)	(1,066,607.52)
Net Cash Used in Capital and Related Financing Activities	<u>(4,471,860.24)</u>	<u>(8,393,582.89)</u>
Cash Flows from Investing Activities:		
Change in Investments	(5,075,053.49)	4,843,648.05
Investment Income	219,362.14	633,662.58
Net Cash Provided by (Used in) Investing Activities	<u>(4,855,691.35)</u>	<u>5,477,310.63</u>
Net Increase (Decrease) in Cash	<u>(2,448,222.33)</u>	<u>741,969.08</u>
Cash and Cash Equivalents, July 1	<u>9,472,163.16</u>	<u>8,730,194.08</u>
Cash and Cash Equivalents, June 30	<u>\$ 7,023,940.83</u>	<u>\$ 9,472,163.16</u>

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MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Reconciliation of Operating Income to Net Cash Provided		
by Operating Activities:		
Operating Income	\$ 1,852,960.62	\$ 326,315.71
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation Expense	5,465,177.33	5,101,214.79
Changes in Assets and Liabilities:		
(Increase) Decrease in Consumer Accounts Receivable	(310,566.55)	(451,976.05)
(Increase) Decrease in Intergovernmental Accounts Receivable	(9,896.07)	64,760.09
(Increase) Decrease in Inventory	(86,882.13)	
(Increase) Decrease in Other Accounts Receivable	(63,373.84)	(116,386.33)
(Increase) Decrease in Prepaid Expenses	(23,097.33)	72,033.08
Increase (Decrease) in Unrestricted Accounts Payable	156,789.36	(525,519.86)
Increase (Decrease) in Prepaid Rents	(1,145.94)	11,801.87
Increase (Decrease) in Deferred Revenue	(48,713.46)	(553,543.78)
Increase (Decrease) in Developers' Deposits	(42,851.74)	(268,325.70)
Increase (Decrease) in Compensated Absences	(13,904.83)	(7,017.76)
	<hr/>	<hr/>
Total Adjustments	5,021,534.80	3,327,040.35
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	\$ 6,874,495.42	\$ 3,653,356.06
	<hr/> <hr/>	<hr/> <hr/>

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

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Notes to Financial Statements
For The Fiscal Year Ended June 30, 2011 And 2010

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

The Mount Laurel Township Municipal Utilities Authority (the "Authority") is a public body corporate and politic of the State of New Jersey and was created by an ordinance adopted December 6, 1965 by the Township Committee of the Township of Mount Laurel in the County of Burlington, New Jersey (the "Township") under the Municipal Utilities Authority Law, R.S. 4:14B-1 et seq., of the State of New Jersey. The comparative financial statements include the operations for which the Authority exercises oversight responsibility.

The Authority provides water distribution and sewerage collection services to substantially all the area constituting the Township. The Authority commenced operations in 1970 and since then has acquired existing water distribution and sewage collection system owned by private concerns and has undertaken various construction projects to upgrade and expand the system.

The Authority consists of five members, who are appointed by resolution of the Township Committee for five-year terms. The daily operations of the Authority are managed by the Executive Director.

Component Unit

The Authority is a component unit of the Township as described in Governmental Accounting Standards Board Statement No. 14 because of a service agreement (See Note 2 Stewardship, Compliance and Accountability--Debt Service Agreement) between the Authority and the Township. These financial statements would be either blended or discreetly presented as part of the Township's financial statements if the Township reported using generally accepted accounting principles applicable to governmental entities.

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 assets (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, liabilities, net assets, revenues and expenditures.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Basis of Accounting**

Enterprise funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned; their expenses are recognized when they are incurred. 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.

Governmental Accounting Standards Board - Statement No. 20

The Authority is required to follow all statements of the GASB. GASB Statement No. 20 was issued to give guidance in determining generally accepted accounting principles, generally accepted in the United States of America for governmental proprietary funds. It provides that all proprietary fund activities follow all Financial Accounting Standards Board ("FASB") Statements issued prior to November 30, 1989, unless they conflict with GASB standards. It also provides that the governmental unit must elect whether to follow FASB Statements issued after that date.

The Authority has elected not to follow any FASB pronouncements issued after November 30, 1989.

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, amortization of bond issue costs, bond discounts and deferred loss on defeasance are not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Statement of Revenues, Expenses and Changes in Net Assets. 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 on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at market value.

Local units are required by N.J.S.A. 40A:5-14 to annually adopt a cash management plan and must deposit its funds pursuant to that plan. The cash management plan includes a designation of a depository or depositories as defined in section 1 of P.L. 1970, c.236 (C. 17.9-41). 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)**Cash, Cash Equivalents and Investments (Cont'd)**

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.

The cash management plan adopted by the Authority requires it to deposit funds in public depositories protected from loss under the provisions of GUDPA.

Inventory

Inventory consists principally of chemicals for the treatment of water, sewage and sludge and materials used for the repair and replacement of underground infrastructure. The Authority has determined that the inventories are material and are recorded in the financial statements at cost basis.

Property, Plant and Equipment

Property, Plant and Equipment primarily consists 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 Property, Plant and Equipment.

Expenditures are capitalized when they meet the following requirements:

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

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

Depreciation

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Bond Issuance Costs, Bond Discount, Bond Premium and Deferred Loss on Refunding**

Bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Bond discounts, premiums and loss on defeasance are deferred and amortized over the life of the bonds using the effective interest method. Bond discounts, premiums and loss on defeasance are presented as a reduction of the face amount of the revenue bonds and loans payable whereas issuance costs are recorded as other assets.

Net Assets

Net assets comprise the various earnings from operating income, non-operating revenues, expenses, and capital contributions. Net assets are classified in the following three components:

Invested in Capital Assets, net of Related Debt - This component of net assets 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted - This component of net assets consists of external constraints imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restricts the use of net assets.

Unrestricted - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." This component includes net assets that may be allocated for specific purposes by the Authority.

Income Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from facility charges (i.e., water and sewerage usage revenues) and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities.

Operating expenses include expenses associated with the operation, maintenance and repair of the water and sewer operations and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt, contribution to Township and major non-recurring repairs.

Use of Estimates

Management of the Authority has made certain estimates and assumptions relating to the reporting of assets, liabilities and revenues and expenses to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results may differ from those estimates.

Note 2: PRIOR PERIOD RESTATEMENT

Prior Year Adjustment - Correction of an Error – During the current year it was discovered that the value of the inventory maintained by the Authority is material to the financial statements. Previously the inventory was determined to be immaterial and was not recorded in the financial statements. As discussed in Note 1, inventory consists of chemicals and materials used to replace and repair underground infrastructure. The total value of the inventory at June 30, 2010 was \$304,034.13.

The restatement is detailed below:

	<u>Inventory</u>	<u>Net Assets</u>
Balance June 30, 2009 (Previously Reported)	---	\$ 99,217,867.81
Prior Period Adjustment	<u>\$ 304,034.13</u>	<u>304,034.13</u>
Balance June 30, 2009 (Restated)	<u>\$ 304,034.13</u>	<u>\$ 99,521,901.94</u>

Note 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**Compliance with finance related legal and contractual provisions**

The Authority has no 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 Series A, Series 2003, and the New Jersey Wastewater Treatment Trust and Environmental Infrastructure Trust loans. The balance on June 30, 2011 does meet the requirements of the Bond Resolution as amended by the Authority.

Debt Service Reserve Account - The cash balance required to be maintained in this account equals the largest remaining annual debt service requirement on the NJ Environmental Infrastructure Trust Loans, Series 2000 and 2008. Additionally, the Authority purchased surety coverage for the 2003 Series A and Series B Bonds and NJ Wastewater Treatment Trust Loans, Series 1994, 1996, 1998, 2005 and 2007 in the amount of the largest remaining annual debt service requirement of each series. The total required balance for the debt service reserve as of June 30, 2011 is \$4,832,579.29. After applying the Authority's surety bonds in the amount of \$4,619,856.85, the minimum required cash balance is \$212,722.44. This account, if necessary, will make up any deficiencies in the debt service account. The balance on June 30, 2011 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 \$4,000,000.00 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 \$4,000,509.26, which does meet the engineer's certified balance as of June 30, 2011.

Note 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)**Utility System Revenue Bonds (Cont'd)**

General Account - In the event all other accounts have been maintained to their maximum extent, then transfers are made to the general account. The Trustee, at the request of the Authority, may use the general account to pay the cost of capital additions, to purchase or redeem bonds of any series, to pay the cost of extraordinary repairs, renewals and replacements of the utility system, to repay subordinated loans, to make payment to the Township of amounts due under the service contract (see below), or for any other lawful purpose, as described in the Utility System Revenue Bond Resolution.

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

Debt Service Coverage

The computation of sufficiency of revenues for the fiscal years ended June 30, 2011 and 2010 as defined by the Utility System Revenue Bond Resolution is as follows:

	<u>2011</u>	<u>2010</u>
Operating Revenues:		
Utility Service Charges	\$ 18,386,217.74	\$ 16,608,910.73
Connection Fees	286,187.56	508,826.25
Investment and Miscellaneous Income	<u>827,900.06</u>	<u>884,178.56</u>
Total Revenues	<u>19,500,305.36</u>	<u>18,001,915.54</u>
Operating Expenses:		
Cost of Providing Services	9,583,644.58	9,672,723.99
Administrative	2,373,987.19	2,297,091.53
Other Operating Expenses	<u>400,000.00</u>	<u>400,000.00</u>
Total Operating Expenses	<u>12,357,631.77</u>	<u>12,369,815.52</u>
Excess of Revenues	7,142,673.59	5,632,100.02
110% of Current Fiscal Year's		
Annual Debt Service Requirement	<u>5,365,413.24</u>	<u>5,310,434.73</u>
Sufficiency of Revenues	<u>\$ 1,777,260.35</u>	<u>\$ 321,665.29</u>

Subordinated Bond Resolution

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

Note 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)**Debt Service Agreements**

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

Note 4: DETAIL NOTES – ASSETS**Cash and Cash Equivalents**

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority's formal policy regarding custodial credit risk is the same as described in Note 1, N.J.S.A. 17:9-41 et seq. and included in its cash management plan. The plan 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.

As of June 30, 2011, the Authority's bank balances of \$5,841,370.48 were exposed to custodial credit risk as follows:

Insured	\$ 462,994.38
Uninsured and collateralized with securities held by pledging financial institutions	<u>5,378,376.10</u>
	<u>\$ 5,841,370.48</u>

New Jersey Cash Management Fund - During the year, the Authority participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2011, the Authority's deposits with the New Jersey Cash Management Fund were \$1,140,612.55.

Investments

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. Of the Authority's \$14,249,786.77 investments in money market funds, Government National Mortgage Association Bonds and Notes (GNMA), Federal National Mortgage Association Bonds and Notes (FNMA), US Treasury Bills and municipal bonds, all \$14,249,786.77 is held by the counterparty, not in the name of the Authority.

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

Note 4: DETAIL NOTES – ASSETS (CONT'D)**Investments (Cont'd)**

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

Concentration of Credit Risk – The Authority does not place a limit on the amount that may be invested in any one issuer. All of the Authority's investments are either in money market funds, FNMA's, GNMA's, U.S. Treasury securities or municipal bonds.

As of June 30, 2011, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value</u>
US Treasury Bill	8/11/2011	AAA	\$ 3,499,930.00
Avondale AZ	7/1/2012	AA3	102,129.00
Irvington Twp NJ	7/15/2012	AA3	111,241.80
Avondale AZ	7/1/2013	AA3	208,634.00
Trenton NJ Refunding Bond	12/1/2013	A1	131,772.50
Illinois State Pension Bond	6/1/2015	A1	513,540.00
Perth Amboy NJ Refunding Bond	9/1/2015	A1	40,195.60
FNMA	12/1/2018	AA	26,858.47
NJ Higher Education Assistance Authority Student Loan Revenue Bond	12/1/2022	AA3	113,783.30
Port Authority of NY & NJ Revenue Bond	12/15/2022	AA2	30,531.90
FNMA	4/1/2023	AA	228,659.93
FNMA	4/1/2023	AA	223,606.87
GNMA	8/15/2025	AA	857.16
GNMA	8/15/2025	AA	10,480.42
NJ Higher Education Assistance Authority Student Loan Revenue Bond	12/1/2025		136,058.40
GNMA	2/20/2026	AA	982.87
GNMA	5/20/2026	AA	986.53
GNMA	7/20/2026	AA	708.41
GNMA	4/15/2027	AA	2,343.52
GNMA	8/20/2028	AA	730.21
GNMA	9/15/2028	AA	2,635.91
GNMA	11/15/2028	AA	5,134.24
GNMA	11/20/2028	AA	1,553.72
GNMA	12/20/2031	AA	3,167.12
GNMA	3/20/2032	AA	1,221.24
GNMA	5/20/2032	AA	11,019.67
GNMA	7/15/2032	AA	13,310.73
GNMA	10/20/2032	AA	4,254.53
GNMA	4/15/2033	AA	51,756.56
GNMA	7/20/2033	AA	42,772.49
GNMA	9/20/2033	AA	31,871.74
GNMA	12/20/2033	AA	30,501.78
GNMA	1/20/2034	AA	18,553.71
GNMA	5/15/2034	AA	79,793.65
GNMA	5/20/2034	AA	83,849.84
GNMA	3/20/2035	AA	410,625.63
Governmental Money Market Funds	On Demand	AAA	8,073,733.32
			<u>\$ 14,249,786.77</u>

Note 4: DETAIL NOTES - ASSETS (CONT'D)**Notes Receivable**

The Authority records the loans made to homeowners from the Line Extension account as Notes Receivable. The loans are extended for periods ranging from 5 to 30 years and bear interest rates from 5% to 7%. The principal balance due to the Authority as of June 30, 2011 was \$106,082.17 and \$110,916.01 for June 30, 2010. 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 \$22,575.14 for both years.

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:

<u>Fiscal Year Ended June 30</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2011	\$564,965.71	\$18,186,798.74	\$18,075,339.96	96.39%
2010	664,849.53	16,056,598.73	16,156,482.55	96.62%
2009	490,561.79	16,559,304.06	16,684,694.30	97.86%
2008	436,727.48	16,312,471.05	16,251,116.76	97.03%
2007	431,125.38	14,860,059.78	14,860,457.60	97.18%

Capital Contributions

During the year the Authority received capital contributions in the amount in the amount of \$379,152.20 for the Water Department and \$195,332.40 for the Sewer Department. The developer contributions consist of sewer and water infrastructure installed at the developer's expense and turned over to the Authority upon completion of construction.

Note 4: DETAIL NOTES - ASSETS (CONT'D)**Property, Plant and Equipment**

During the fiscal year ended June 30, 2011, the following changes in Property, Plant and Equipment occurred:

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2011</u>
Land	\$ 91,805.43			\$ 91,805.43
Building	12,373,634.92	\$ 50,957.80		12,424,592.72
Utility Plant & Other Infrastructure	175,361,640.35	1,532,197.99		176,893,838.34
Furniture	224,054.49		\$ 1,342.21	222,712.28
Computer & Office Equipment	503,143.11	31,633.54	36,440.62	498,336.03
Telecommunication Equipment	109,233.52	54,226.00		163,459.52
Machinery & Equipment	1,850,265.87	140,344.77	4,676.05	1,985,934.59
Vehicles	1,407,579.23	5,030.09		1,412,609.32
Construction In Progress	4,702,389.36	896,355.61		5,598,744.97
	<u>196,623,746.28</u>	<u>2,710,745.80</u>	<u>42,458.88</u>	<u>199,292,033.20</u>
Less: Accumulated Depreciation	<u>77,103,849.17</u>	<u>5,465,177.33</u>	<u>38,274.83</u>	<u>82,530,751.67</u>
	<u>\$119,519,897.11</u>	<u>\$ (2,754,431.53)</u>	<u>\$ 4,184.05</u>	<u>\$116,761,281.53</u>

Note 5: DETAIL NOTES - LIABILITIES**Compensated Absences**

Authority employees may accumulate unused sick days with no restrictions. Employees are compensated for accumulated sick leave upon retirement or resignation at the lesser of accumulated days up to 30 days or 30% of accumulated time. A maximum of ten vacation days not used during the year may be carried forward for one year. Upon separation from the Authority, the employee will be paid for all accrued vacation time at their current hourly rate. The accrued liability for accumulated sick leave and vacation time at June 30, 2011 is estimated at \$476,425.86 and at June 30, 2010 is estimated at \$490,330.69.

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

The Authority contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System (PERS), which was established as of January 1, 1955 and is administered by the New Jersey Division of Pensions and Benefits. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B. The 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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Authority is billed annually for its normal contribution plus any accrued liability.

The Authority's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Paid by Authority</u>
2011	\$163,030	\$217,028	\$380,058	\$380,058
2010	147,395	143,816	291,211	291,211
2009	103,131	119,284	222,415	222,415

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, 2011, the accrued liability to the PERS for the program was \$27,255 payable in 23 annual installments of \$1,185.00.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Other Post Employment Benefits**

Plan Description - The Authority contributes to the New Jersey State Health Benefits Program (“the SHBP”), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy - P.L. 1987, c.384 of P.L. 1990, c.6 required the Public Employees’ Retirement System (PERS), to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for postemployment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State’s contribution rate is based on the *annual required contribution (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from an Authority with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

Revenue Bonds Payable

All outstanding bonds issued by the Authority are secured under a Utility System Revenue Bond Resolution dated July 21, 1992 (Note 3), under which substantially all rents, revenues, receipts, fees and other charges or income received or accrued by the Authority are pledged. Subsequent supplemental bond resolutions were adopted authorizing the issuance of the Utility System Revenue Refunding Bonds, Series 1992A and the Utility System Revenue Bonds, Series 1994A and Utility System Revenue Bonds, 2003 Series A and B.

Series 2003A Bonds were issued in the amount of \$2,580,000 for the purposes of currently refunding \$2,495,000 of the 1994A Bonds maturing July 1, 2004 through July 1, 2014 and carry interest rates ranging between 2% and 3%. Series 2003B Bonds, issued in the amount of \$7,135,000, are federally taxable bonds that were issued in order to currently refund \$7,180,000 of the 1992A Bonds maturing Jan 1 and July 1 in the years 2004 through 2008. Series 2003 Bonds carry interest rates ranging from 1.5% to 4.4% and mature in 2012.

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

A summary of maturities on the 2003 Revenue Bonds Payable at June 30, 2011 is as follows:

<u>Bond Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,240,000.00	\$ 49,977.51	\$ 1,289,977.51
2013	275,000.00	21,356.26	296,356.26
2014	265,000.00	12,915.63	277,915.63
2015	<u>270,000.00</u>	<u>4,387.50</u>	<u>274,387.50</u>
	2,050,000.00	<u>\$ 88,636.90</u>	<u>\$ 2,138,636.90</u>
Less: Current Maturities	1,240,000.00		
Discount on Bonds	156.22		
Deferred Loss on Refunding	<u>23,162.90</u>		
Long-Term Portion	<u>\$ 786,680.88</u>		

New Jersey Environmental Infrastructure Trust and Wastewater Treatment Trust Loans

On March 3, 2010, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (NJEIT) totaling \$1,282,000 for the replacement of pipe linings and manhole rehabilitations. The first part of the loan award for \$962,000.00 is interest free. The \$320,000 portion carries interest rates ranging from 3.00% to 5.00%. Principal payments are payable semiannually with the final payment due in 2029.

On December 12, 2009, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (NJEIT) totaling \$2,244,600.00 for the completion of a solar power array that generates power for a sewer pumping station and a groundwater well. This project also included a Federal ARRA grant of \$2,219,200. The ARRA funds do not require repayment and were recorded as a capital contribution in the financial statements. The first part of the loan award for \$1,109,600 is interest free. The \$1,135,000 portion carries interest rates ranging from 2.00% to 5.00%. Principal payments are payable semiannually with the final payment due in 2029.

On December 4, 2008, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (NJEIT) totaling \$1,710,727.00 for the completion of the new groundwater treatment plant and the purchase & upgrade of new administration facilities. The first part of the loan award for \$1,677,183.00 is interest free. The \$33,544.00 portion carries an interest rate of 1.13% and was paid off in full in the year of issuance. Principal payments are payable semiannually with the final payment due in 2028.

On November 11, 2007, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (NJEIT) totaling \$3,500,000.00 for the completion of the new groundwater treatment plant. The first part of the loan award for \$865,000.00 is interest free. The \$2,635,000.00 portion carries interest rates that range from 3.4% to 5%. Principal and interest are payable semiannually with the final payment due in 2027.

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

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.

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

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

The remaining maturities on these loans are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Interest</u> <u>Free Loan</u> <u>Principal</u>	<u>Loan</u> <u>Principal</u>	<u>Total</u> <u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,305,443.76	\$ 1,552,500.00	\$ 2,857,943.76	\$ 841,302.48	\$ 3,699,246.24
2013	1,308,327.04	1,629,500.00	2,937,827.04	766,912.93	3,704,739.97
2014	1,306,990.81	1,697,363.73	3,004,354.54	686,944.96	3,691,299.50
2015	988,386.57	979,071.60	1,967,458.17	556,699.74	2,524,157.91
2016	985,342.16	1,013,365.71	1,998,707.87	510,369.28	2,509,077.15
2017-2021	4,396,611.35	4,884,989.94	9,281,601.29	1,906,823.88	11,188,425.17
2022-2026	4,189,974.05	5,530,000.00	9,719,974.05	790,387.52	10,510,361.57
2027-2030	701,338.17	800,000.00	1,501,338.17	50,775.00	1,552,113.17
	<u>\$ 15,182,413.91</u>	<u>\$ 18,086,790.98</u>	<u>\$ 33,269,204.89</u>	<u>\$ 6,110,215.79</u>	<u>\$ 39,379,420.68</u>
			Less: Deferred Loss on Refunding	\$ 26,399.86	
			Premium on Loan	(124,785.53)	
			Current Maturities	<u>2,857,943.76</u>	
			Long-Term Portion	<u>\$ 30,509,646.80</u>	

Note 6: DETAIL NOTES - FUND EQUITY**Net Assets Appropriated**

The Authority ended the year with a balance in unrestricted net assets of \$13,904,284.07; however, \$806,662.00 has been appropriated and included as support in the water utility budget for the year ending June 30, 2012.

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 2011 the agreement yielded total water purchases from Willingboro of \$1,530,246.41 of which \$367,318.90 was passed through to Evesham. In 2010 the total water purchased from Willingboro was \$633,837.77, of which \$262,526.27 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 500,000,000 gallons in fiscal year 2011. Beginning October 1, 2011 the Authority committed to purchase a minimum of 550,000,000 gallons in fiscal year 2012. NJAWC owns and operates all constructed facilities. The Authority paid \$1,254,289.07 and \$1,561,151.89 to NJAWC in 2011 and 2010, 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 \$276,410.00 and \$274,260.47 to the CCMUA in 2011 and 2010, respectively.

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

The Authority had several outstanding or planned construction projects as of June 30, 2011. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Total Project</u>	<u>Total Expended</u>	<u>Commitment Remaining</u>
Replace and Rehab of Sewer Lines	\$ 639,122.95	\$ 604,227.02	\$ 34,895.93
Sewer Main Video Services	44,320.00	36,953.12	7,366.88
Water Main Replacement	82,640.00	79,140.00	3,500.00
Total	<u>\$ 766,082.95</u>	<u>\$ 720,320.14</u>	<u>\$ 45,762.81</u>

Note 9: 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 10: LITIGATION

The Authority is a defendant in several other 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.

SUPPLEMENTARY SCHEDULES

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Combining Schedule of Revenue, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2011

	Operating & General	Restricted			Unemployment Compensation	Total
		Debt Service Reserve	Debt Service	Renewal and Replacement		
Operating Revenues:						
Utility Service Charges	\$ 18,386,217.74					\$ 18,386,217.74
Connection Fees	286,187.56					286,187.56
Other Operating Revenues	597,787.44				\$ 5,576.98	603,364.42
	19,270,192.74	---	---	---	5,576.98	19,275,769.72
Operating Expenses:						
Administration:						
Salaries and Wages	1,015,232.05					1,015,232.05
Fringe Benefits	688,492.28					688,492.28
Other Expenses	670,262.86					670,262.86
Cost of Providing Service:						
Salaries and Wages	2,658,977.75					2,658,977.75
Fringe Benefits	1,087,548.06					1,087,548.06
Other Expenses	5,837,118.77					5,837,118.77
Depreciation	5,465,177.33					5,465,177.33
	17,422,809.10	---	---	---		17,422,809.10
Operating Income	1,847,383.64	---	---	---	5,576.98	1,852,960.62
Non-operating Revenue (Expenses):						
Investment Income	85,365.78	\$ 33.69	\$ 105,929.55	\$ 33,190.98	15.64	224,535.64
Interest on Debt	(29,926.93)		(956,222.98)			(986,149.91)
Amortization of Bond Issue Costs	(65,822.77)					(65,822.77)
Loss on Disposal of Capital Assets	(4,184.05)					(4,184.05)
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	(400,000.00)					(400,000.00)
Net Income (Loss) Before Transfers or Contributions	1,432,815.67	33.69	(850,293.43)	33,190.98	5,592.62	621,339.53
Transfers	(2,800,450.74)	(6,651.71)	850,293.43	1,956,809.02		
Capital Contributions	574,484.60					574,484.60
Increase (Decrease) in Net Assets	(793,150.47)	(6,618.02)	---	1,990,000.00	5,592.62	1,195,824.13
Net Assets July 1 Restated	100,347,475.77	219,340.46	---	2,010,000.00	44,111.53	102,620,927.76
Net Assets June 30:						
Invested in Capital Assets, Net of Related Debt	\$ 82,444,031.23					\$ 82,444,031.23
Restricted	3,206,010.00	\$ 212,722.44	---	\$ 4,000,000.00	\$ 49,704.15	7,468,436.59
Unrestricted	13,904,284.07					13,904,284.07

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Cash Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2011

	Operating and General	Restricted			Unemployment Compensation	Total
		Debt Service Reserve	Debt Service	Renewal and Replacement		
Cash, Cash Equivalents and Investments:						
Balance July 1, 2010	\$ 13,279,400.32	\$ 219,617.90	\$ 3,124,684.30	\$ 2,009,017.15	\$ 14,176.77	\$ 18,646,896.44
Receipts:						
Investment Income	86,711.40	33.69	98,349.45	34,251.96	15.64	219,362.14
Consumer Accounts Receivable	17,987,751.80					17,987,751.80
Prepaid Rents	86,442.22					86,442.22
Deferred Revenue	237,474.10					237,474.10
Transfers In			4,920,008.67	4,814,915.39		9,734,924.06
Escrow Deposits	116,444.58					116,444.58
NJ EIT Receivable	3,699,239.00					3,699,239.00
Notes Receivable on Line Extensions	4,833.84					4,833.84
Intergovernmental Accounts Receivable	348,862.53					348,862.53
Other Income	539,990.58					539,990.58
Total Cash and Investments Available	36,387,150.37	219,651.59	8,143,042.42	6,858,184.50	14,192.41	51,622,221.29
Disbursements:						
Budgetary	11,468,717.10					11,468,717.10
Prepaid Expenses	81,801.92					81,801.92
Intergovernmental Accounts Receivable	383,088.62					383,088.62
Bond Principal			1,185,000.00			1,185,000.00
Loan Principal			2,676,030.57			2,676,030.57
Interest on Debt			983,316.86			983,316.86
Transfers Out	9,728,280.82	6,643.24				9,734,924.06
Capital Assets				1,864,310.74		1,864,310.74
Retainage	69,076.57					69,076.57
Accounts Payable	749,566.43			993,364.50		1,742,930.93
Escrow Disbursements	159,296.32					159,296.32
Total Disbursements	22,639,827.78	6,643.24	4,844,347.43	2,857,675.24	---	30,348,493.69
Cash, Cash Equivalents and Investments:						
Balance June 30, 2011	\$ 13,747,322.59	\$ 213,008.35	\$ 3,298,694.99	\$ 4,000,509.26	\$ 14,192.41	\$ 21,273,727.60
Analysis of Balance June 30, 2011						
Cash and Cash Equivalents	\$ 7,009,748.42				\$ 14,192.41	\$ 7,023,940.83
Investments	6,737,574.17	\$ 213,008.35	\$ 3,298,694.99	\$ 4,000,509.26		14,249,786.77
	\$ 13,747,322.59	\$ 213,008.35	\$ 3,298,694.99	\$ 4,000,509.26	\$ 14,192.41	\$ 21,273,727.60

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenues, Expenses and Changes in Net Assets by Department
 For the Fiscal Year Ended June 30, 2011

	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total</u>
Operating Revenues:			
Service Charges	\$ 9,284,450.22	\$ 9,101,767.52	\$ 18,386,217.74
Connection Fees	136,780.90	149,406.66	286,187.56
Other Operating Revenues	301,682.21	301,682.21	603,364.42
	<u>9,722,913.33</u>	<u>9,552,856.39</u>	<u>19,275,769.72</u>
Operating Expenses:			
Administration:			
Salaries and Wages	507,616.02	507,616.03	1,015,232.05
Fringe Benefits	344,246.14	344,246.14	688,492.28
Other Expenses	326,410.83	343,852.04	670,262.86
Cost of Service:			
Salaries and Wages	982,918.27	1,676,059.48	2,658,977.75
Fringe Benefits	425,645.13	661,902.93	1,087,548.06
Other Expenses	3,436,492.06	2,400,626.71	5,837,118.77
Depreciation	2,744,700.96	2,720,476.37	5,465,177.33
	<u>8,768,029.41</u>	<u>8,654,779.70</u>	<u>17,422,809.10</u>
Operating Income	954,883.93	898,076.70	1,852,960.62
Non-operating Revenue (Expenses):			
Investment Income	113,803.11	110,732.53	224,535.64
Interest on Debt	(642,552.25)	(343,597.66)	(986,149.91)
Amortization of Bond Issue Costs	(41,704.60)	(24,118.17)	(65,822.77)
Loss on Disposal of Capital Assets	(2,092.03)	(2,092.03)	(4,184.05)
Contribution to Mount Laurel Township Per N.J.S.A. 40A:5A-1		(400,000.00)	(400,000.00)
Income Before Contributions	382,338.16	239,001.37	621,339.53
Capital Contributions	379,152.20	195,332.40	574,484.60
Increase in Net Assets	761,490.36	434,333.77	1,195,824.13
Net Assets July 1 Restated	<u>40,911,826.73</u>	<u>61,709,101.03</u>	<u>102,620,927.76</u>
Net Assets June 30	<u>\$ 41,673,317.09</u>	<u>\$ 62,143,434.80</u>	<u>\$ 103,816,751.89</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt Restricted for	\$ 34,624,656.56	\$ 47,819,374.67	\$ 82,444,031.23
Bond Resolution Covenants	3,883,995.74	3,534,736.70	7,418,732.44
Unemployment Compensation	24,852.07	24,852.08	49,704.15
Unrestricted	3,139,812.72	10,764,471.35	13,904,284.07
	<u>\$ 41,673,317.09</u>	<u>\$ 62,143,434.80</u>	<u>\$ 103,816,751.89</u>

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Water Department Operations -- Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget by Department--Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Adopted Budget	Transfers/ Modifications	Amended Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:					
Service Charges	\$ 8,087,500.00	\$ 1,003,885.00	\$ 9,091,385.00	\$ 9,284,450.22	\$ 193,065.22
Connection Fees	57,015.00	43,185.00	100,200.00	136,780.90	36,580.90
Other Operating Revenues	201,400.00	51,500.00	252,900.00	301,682.21	48,782.21
Total Operating Revenues	8,345,915.00	1,098,570.00	9,444,485.00	9,722,913.33	278,428.33
Non-Operating Revenues:					
Investment Income	292,300.00	(165,400.00)	126,900.00	113,803.11	(13,096.89)
Other Non-Operating Revenues	6,000.00		6,000.00		(6,000.00)
Total Anticipated Revenues	8,644,215.00	933,170.00	9,577,385.00	9,836,716.44	259,331.44
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Office Salaries	508,700.00	4,050.00	512,750.00	502,484.32	10,265.68
Board Members' Salaries	5,150.00		5,150.00	5,131.70	18.30
Total Salaries and Wages	513,850.00	4,050.00	517,900.00	507,616.02	10,283.98
Fringe Benefits	233,780.00	(4,800.00)	228,980.00	344,246.14	(115,266.14)
Other Expenses:					
Legal Fees	42,000.00	(14,900.00)	27,100.00	19,501.88	7,598.12
Engineer Fees	20,340.00	(5,340.00)	15,000.00	15,247.37	(247.37)
Audit Fees / Financial Services	31,500.00	(2,000.00)	29,500.00	30,204.37	(704.37)
Professional and Consulting Fees	1,500.00	(1,500.00)		-	
Printing Expense	9,835.00	(1,835.00)	8,000.00	8,212.93	(212.93)
Billing Expense	41,523.00	(2,523.00)	39,000.00	38,149.84	850.16
Computer Expense	40,478.00	872.00	41,350.00	41,460.86	(110.86)
Office Supplies	7,377.00	323.00	7,700.00	6,947.81	752.19
Postage Expense	4,275.00	(575.00)	3,700.00	3,711.42	(11.42)
Public Education / Information	7,065.00	(3,715.00)	3,350.00	4,329.50	(979.50)
Rent Expense (Annex)	15,900.00		15,900.00	14,575.00	1,325.00
Telephone	14,685.00	10,315.00	25,000.00	24,741.00	259.00
Administrative Ground Maintenance	7,554.00	3,946.00	11,500.00	10,564.80	935.20
Janitorial, Cleaning and Pest	6,920.00	480.00	7,400.00	2,912.24	4,487.76
Dues, pubs, subscr. (Admin)	5,000.00	(600.00)	4,400.00	4,519.25	(119.25)
Tuition, Seminars and Conferences	2,700.00	(900.00)	1,800.00	1,755.50	44.50
Office Equipment	500.00		500.00	708.11	(208.11)
Office Equipment - Maintenance	850.00	350.00	1,200.00	1,154.31	45.69
Miscellaneous - Administration	3,745.00	5,255.00	9,000.00	7,470.71	1,529.29
Newspaper Publication	2,808.00	(1,208.00)	1,600.00	1,521.87	78.13
Trustee Fees	57,100.00	1,400.00	58,500.00	68,325.89	(9,825.89)
Insurance	5,079.00	(279.00)	4,800.00	8,075.54	(3,275.54)
Total Other Expenses	328,734.00	(12,434.00)	316,300.00	314,090.20	2,209.80
Total Administration	1,076,364.00	(13,184.00)	1,063,180.00	1,165,952.36	(102,772.36)

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Water Department Operations -- Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget by Department--Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	<u>Adopted Budget</u>	<u>Transfers/ Modifications</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Appropriations (Cont'd):					
Cost of Service:					
Salaries and Wages	\$ 1,197,600.00	\$ (60,900.00)	\$ 1,136,700.00	\$ 982,918.27	\$ 153,781.73
Fringe Benefits	545,000.00	(42,430.00)	502,570.00	425,645.13	76,924.87
Other Expenses:					
Electric Power	432,250.00	(101,750.00)	330,500.00	367,131.81	(36,631.81)
Telephone	31,650.00	(13,900.00)	17,750.00	18,115.93	(365.93)
Repairs and Maintenance	190,600.00	(7,500.00)	183,100.00	180,378.73	2,721.27
Fuel for Heating and Generators	33,650.00	450.00	34,100.00	29,764.63	4,335.37
Chemicals	158,000.00	28,900.00	186,900.00	177,074.57	9,825.43
Supplies - Tools & Equipment	4,250.00	400.00	4,650.00	4,729.72	(79.72)
Supplies	6,200.00	450.00	6,650.00	8,564.77	(1,914.77)
Vehicles - Fuel and Maintenance	53,000.00	3,800.00	56,800.00	62,637.57	(5,837.57)
State of New Jersey Fees	42,400.00	4,450.00	46,850.00	29,830.62	17,019.38
Employee license renewals	900.00	50.00	950.00	912.00	38.00
Purchase of Water NJAWC	1,667,600.00	(204,800.00)	1,462,800.00	1,254,289.07	208,510.93
Purchase of Water WMUA	914,800.00	380,700.00	1,295,500.00	1,162,927.51	132,572.49
Lab Expenses	37,200.00	(500.00)	36,700.00	30,849.96	5,850.04
Water Meters and Materials	6,500.00	(1,500.00)	5,000.00	2,960.68	2,039.32
Communications Expense	3,450.00	650.00	4,100.00	4,004.26	95.74
Uniforms Rental and Purchase	10,500.00	900.00	11,400.00	11,205.14	194.86
Membership Dues and Publications	2,300.00	(200.00)	2,100.00	1,961.97	138.03
Safety Expense	10,025.00	(2,275.00)	7,750.00	7,773.04	(23.04)
Tuition, Seminars and Conferences	7,500.00	(900.00)	6,600.00	6,145.13	454.87
Insurance	79,571.00	(4,371.00)	75,200.00	58,651.50	16,548.50
Miscellaneous	4,300.00	11,100.00	15,400.00	16,583.45	(1,183.45)
Total Other Expenses	3,696,646.00	94,154.00	3,790,800.00	3,436,492.06	354,307.94
Total Cost of Service	5,439,246.00	(9,176.00)	5,430,070.00	4,845,055.46	585,014.54
Total Operating Appropriations	6,515,610.00	(22,360.00)	6,493,250.00	6,011,007.82	482,242.18
Principal Payments on Debt Service in Lieu of Depreciation	1,863,289.00	---	1,863,289.00	1,845,087.43	18,201.57
Non-Operating Appropriations:					
Transfer to Other Reserves	882,575.00		882,575.00		882,575.00
Interest on Debt	621,024.00		621,024.00	642,231.80	(21,207.80)
Total Operating, Principal Payments and and Non-Operating Appropriations	9,882,498.00	(22,360.00)	9,860,138.00	8,498,327.05	1,361,810.95
Unreserved Net Assets Utilized to Balance Budget	1,238,283.00	(955,530.00)	282,753.00	---	282,753.00
Net Total Appropriations	8,644,215.00	933,170.00	9,577,385.00	8,498,327.05	1,079,057.95
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	---	---	---	\$ 1,338,389.39	\$ 1,338,389.39

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, 2011

	Adopted Budget	Transfers/ Modifications	Amended Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:					
Service Charges	\$ 8,653,600.00	\$ 359,107.00	\$ 9,012,707.00	\$ 9,101,767.52	\$ 89,060.52
Connection Fees	233,530.00	(102,230.00)	131,300.00	149,406.66	18,106.66
Other Operating Revenues	6,000.00	43,800.00	49,800.00	301,682.21	251,882.21
Total Operating Revenues	8,893,130.00	300,677.00	9,193,807.00	9,552,856.39	359,049.39
Non-Operating Revenues:					
Investment Income	307,300.00	(174,100.00)	133,200.00	110,732.53	(22,467.47)
Total Anticipated Revenues	9,200,430.00	126,577.00	9,327,007.00	9,663,588.92	336,581.92
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Office Salaries	508,700.00	4,050.00	512,750.00	502,484.33	10,265.67
Board Members' Salaries	5,150.00		5,150.00	5,131.70	18.30
Total Salaries and Wages	513,850.00	4,050.00	517,900.00	507,616.03	10,283.97
Fringe Benefits	272,030.00	(15,330.00)	256,700.00	344,246.14	(87,546.14)
Other Expenses:					
Legal Fees	42,000.00	(14,900.00)	27,100.00	19,501.88	7,598.12
Engineer Fees	20,340.00	(5,340.00)	15,000.00	15,247.38	(247.38)
Audit Fees / Financial Services	31,500.00	(2,000.00)	29,500.00	30,204.38	(704.38)
Professional and Consulting Fees	1,500.00	(1,500.00)		-	
Printing Expense	9,835.00	(1,835.00)	8,000.00	8,212.94	(212.94)
Billing Expense	41,523.00	(2,523.00)	39,000.00	38,149.85	850.15
Computer Expense	38,778.00	3,272.00	42,050.00	42,234.96	(184.96)
Office Supplies	6,637.00	163.00	6,800.00	6,086.07	713.93
Postage Expense	4,275.00	(575.00)	3,700.00	3,711.42	(11.42)
Public Education / Information	7,065.00	(3,715.00)	3,350.00	4,329.50	(979.50)
Rent Expense (Annex)	15,900.00		15,900.00	14,575.00	1,325.00
Telephone	14,685.00	10,315.00	25,000.00	24,741.01	258.99
Administrative Ground Maintenance	23,454.00	9,046.00	32,500.00	26,698.56	5,801.44
Janitorial, Cleaning and Pest	8,470.00	(970.00)	7,500.00	4,132.26	3,367.74
Dues, pubs, subscr. (Admin)	5,000.00	(600.00)	4,400.00	4,519.25	(119.25)
Tuition, Seminars and Conferences	2,700.00	(900.00)	1,800.00	1,755.50	44.50
Office Equipment	1,000.00		1,000.00	883.10	116.90
Office Equipment - Maintenance	850.00	350.00	1,200.00	1,154.31	45.69
Miscellaneous - Administration	3,745.00	5,255.00	9,000.00	7,470.72	1,529.28
Newspaper Publication	2,808.00	(1,208.00)	1,600.00	1,521.87	78.13
Trustee Fees	70,400.00	1,100.00	71,500.00	68,325.90	3,174.10
Insurance	7,479.00	(279.00)	7,200.00	8,075.55	(875.55)
Total Other Expenses	359,944.00	(6,844.00)	353,100.00	331,531.41	21,568.59
Total Administration	1,145,824.00	(18,124.00)	1,127,700.00	1,183,393.58	(55,693.58)

(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, 2011

	Adopted Budget	Transfers/ Modifications	Amended Budget	Actual	Variance Favorable (Unfavorable)
Operating Appropriations (Cont'd):					
Cost of Service:					
Salaries and Wages	\$ 1,560,800.00	\$ 51,100.00	\$ 1,611,900.00	\$ 1,676,059.48	\$ (64,159.48)
Fringe Benefits	826,250.00	(27,300.00)	798,950.00	661,902.93	137,047.07
Other Expenses:					
Electric Power	855,950.00	(28,050.00)	827,900.00	800,388.85	27,511.15
Telephone	37,250.00	3,550.00	40,800.00	41,078.02	(278.02)
Repairs and Maintenance	160,600.00	(9,600.00)	151,000.00	121,291.80	29,708.20
Fuel for Heating and Generators	35,850.00	150.00	36,000.00	32,392.75	3,607.25
Chemicals	438,000.00	(111,900.00)	326,100.00	309,086.20	17,013.80
Supplies - Tools & Equipment	10,100.00	(1,050.00)	9,050.00	8,776.79	273.21
Supplies	14,550.00	1,850.00	16,400.00	16,626.00	(226.00)
Vehicles - Fuel and Maintenance	62,000.00	14,300.00	76,300.00	61,847.88	14,452.12
State of New Jersey Fees	30,700.00	3,350.00	34,050.00	33,952.36	97.64
Employee license renewals	2,400.00	(800.00)	1,600.00	1,594.00	6.00
Sewage Treatment - CCMUA	274,000.00	2,500.00	276,500.00	276,410.00	90.00
Bio-Solids and Other Disposal	552,600.00	(13,100.00)	539,500.00	539,533.58	(33.58)
Lab Expenses	30,000.00	(4,300.00)	25,700.00	23,897.73	1,802.27
Water Meters and Materials	5,500.00	(3,500.00)	2,000.00	(2,981.75)	4,981.75
Communications Expense	6,550.00	(1,550.00)	5,000.00	5,078.06	(78.06)
Uniforms Rental and Purchase	19,300.00	1,100.00	20,400.00	19,591.69	808.31
Membership Dues and Publications	1,000.00	(200.00)	800.00	720.98	79.02
Safety Expense	17,435.00	(185.00)	17,250.00	16,407.64	842.36
Tuition, Seminars and Conferences	6,000.00	(1,500.00)	4,500.00	4,410.53	89.47
Insurance	117,171.00	(4,371.00)	112,800.00	74,935.78	37,864.22
Miscellaneous	2,500.00	13,700.00	16,200.00	15,587.82	612.18
Total Other Expenses	2,679,456.00	(139,606.00)	2,539,850.00	2,400,626.71	139,223.29
Total Cost of Service	5,066,506.00	(115,806.00)	4,950,700.00	4,738,589.12	212,110.88
Total Operating Appropriations	6,212,330.00	(133,930.00)	6,078,400.00	5,921,982.70	156,417.30
Principal Payments on Debt Service in Lieu of Depreciation	2,098,964.00	---	2,098,964.00	2,015,943.14	83,020.86
Non-Operating Appropriations:					
Interest on Debt	386,851.00		386,851.00	313,991.18	72,859.82
Transfer to Other Reserves	793,420.00		793,420.00		793,420.00
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1		400,000.00	400,000.00	400,000.00	
Total Operating, Principal Payments and and Non-Operating Appropriations	9,491,565.00	266,070.00	9,757,635.00	8,651,917.02	1,105,717.98
Unreserved Net Assets Utilized to Balance Budget	291,135.00	139,493.00	430,628.00	---	430,628.00
Net Total Appropriations	9,200,430.00	126,577.00	9,327,007.00	8,651,917.02	675,089.98
Excess Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	---	---	---	\$ 1,011,671.90	\$ 1,011,671.90

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedules of Anticipated Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget by Department--Budgetary Basis
For the Fiscal Year Ended June 30, 2011

Reconciliation to Operating Income

Excess Anticipated Revenues Over Expenses and Other Costs		
Schedule 4 - Water Department	\$ 1,338,389.39	
Schedule 5 - Sewer Department	<u>1,011,671.90</u>	
		\$ 2,350,061.29
Add:		
Debt Service Principal Payments	3,861,030.57	
Interest on Debt	956,222.98	
Contribution to Mt. Laurel Township Per N.J.S.A. 40A:5A-1	<u>400,000.00</u>	
		<u>5,217,253.55</u>
		7,567,314.84
Less:		
Investment Income	224,535.64	
Change in Allowance for Doubtful Accounts	24,641.25	
Depreciation	<u>5,465,177.33</u>	
		<u>5,714,354.22</u>
Operating Income (Exhibit B)		<u><u>\$ 1,852,960.62</u></u>

Reconciliation of Actual Expenditures

Cash Disbursements	\$ 11,468,717.10
Accounts Payable	906,355.79
Increase in Inventory	(86,882.13)
Decrease in Compensated Absences Payable	(13,904.83)
Prepaid Expenses Applied	58,704.59
Bond Principal	3,861,030.57
Interest on Debt	<u>956,222.98</u>
	<u><u>\$ 17,150,244.07</u></u>

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Consumer Accounts Receivable
 For the Fiscal Year Ended June 30, 2011

Balance July 1, 2010		\$ 3,367,015.71
Add:		
Rental Charges		<u>18,386,217.74</u>
		21,753,233.45
Less:		
Collections	\$ 17,987,751.80	
Prepaid Applied	<u>87,588.16</u>	
		<u>18,075,339.96</u>
Balance June 30, 2011		<u><u>\$ 3,677,893.49</u></u>

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Prepaid Expenses
 For the Fiscal Year Ended June 30, 2011

Balance July 1, 2010		\$ 58,704.59
Add:		
Disbursements Fiscal Year 2011		<u>81,801.92</u>
		140,506.51
Less:		
Charged to Operations Fiscal Year 2011		<u>58,704.59</u>
Balance June 30, 2011		<u><u>\$ 81,801.92</u></u>

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Environmental Infrastructure Trust Receivable
 For the Fiscal Year Ended June 30, 2011

Balance July 1, 2010	\$ 4,504,517.00
Less:	
Received	<u>3,699,239.00</u>
Balance June 30, 2011	<u>\$ 805,278.00</u>
Analysis of Balance:	
Unreimbursed Expenditures	<u>\$ 805,278.00</u>

Schedule 9

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Accrued Investment Income Receivable
 For the Fiscal Year Ended June 30, 2011

	<u>Balance July 1, 2010</u>	<u>Investment Income</u>	<u>Received</u>	<u>Balance June 30, 2011</u>
Unrestricted Accounts				
Operating and General Accounts	\$ 12,596.70	\$ 85,365.78	\$ 86,711.40	\$ 11,251.08
Restricted Accounts:				
Debt Service Reserve Account		33.69	33.69	
Debt Service Account	19,151.28	105,929.55	98,349.45	26,731.38
Renewal and Replacement Account	3,895.25	33,190.98	34,251.96	2,834.27
State Unemployment Compensation		15.64	15.64	
	<u>23,046.53</u>	<u>139,169.86</u>	<u>132,650.74</u>	<u>29,565.65</u>
Total Investment Income	<u>\$ 35,643.23</u>	<u>\$ 224,535.64</u>	<u>\$ 219,362.14</u>	<u>\$ 40,816.73</u>
Water Department:	\$ 12,459.26	\$ 113,803.11	\$ 82,140.87	\$ 12,923.58
Sewer Department:	<u>23,183.97</u>	<u>110,732.53</u>	<u>137,221.27</u>	<u>27,893.15</u>
	<u>\$ 35,643.23</u>	<u>\$ 224,535.64</u>	<u>\$ 219,362.14</u>	<u>\$ 40,816.73</u>

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Analysis of Property, Plant and Equipment - Completed
 For the Fiscal Year Ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Land	\$ 91,805.43			\$ 91,805.43
Buildings	12,373,634.92	\$ 50,957.80		12,424,592.72
Utility Plant and Other Infrastructure	175,361,640.35	1,532,197.99		176,893,838.34
Furniture	224,054.49		\$ 1,342.21	222,712.28
Computer and Office Equipment	503,143.11	31,633.54	36,440.62	498,336.03
Telecommunication Equipment	109,233.52	54,226.00		163,459.52
Machinery and Equipment	1,850,265.87	140,344.77	4,676.05	1,985,934.59
Vehicles	1,407,579.23	5,030.09		1,412,609.32
	<u>191,921,356.92</u>	<u>1,814,390.19</u>	<u>42,458.88</u>	<u>193,693,288.23</u>
Less: Accumulated Depreciation	<u>77,103,849.17</u>	<u>5,465,177.33</u>	<u>38,274.83</u>	<u>82,530,751.67</u>
	<u>\$ 114,817,507.75</u>	<u>\$(3,650,787.14)</u>	<u>\$ 4,184.05</u>	<u>\$ 111,162,536.56</u>
Capital Contributions		\$ 574,484.60		
Transferred from CIP		957,713.39		
Disbursed		<u>282,192.20</u>		
		<u>\$ 1,814,390.19</u>		

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Analysis of Construction in Progress
 For the Fiscal Year Ended June 30, 2011

Balance July 1, 2010		\$ 4,702,389.36
Add:		
Disbursed	\$ 1,582,118.54	
Retainage	23,204.82	
Accounts Payable	<u>248,745.64</u>	
		<u>1,854,069.00</u>
		6,556,458.36
Less:		
Transferred to Completed		<u>957,713.39</u>
Balance June 30, 2011		<u>\$ 5,598,744.97</u>

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Deferred Revenue (Connection Fees)
 For the Fiscal Year Ended June 30, 2011

Balance July 1, 2010	\$ 2,351,229.86
Add:	
Receipts	<u>237,474.10</u>
	2,588,703.96
Less:	
Realized as Revenue	<u>286,187.56</u>
Balance June 30, 2011	<u><u>\$ 2,302,516.40</u></u>
Analysis of Balance	
Water Connection Fees	\$ 961,521.59
Sewer Connection Fees	<u>1,340,994.81</u>
Balance June 30, 2011	<u><u>\$ 2,302,516.40</u></u>

Schedule 13

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Analysis of Accrued Interest Payable
 For the Fiscal Year Ended June 30, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance July 1, 2010	\$ 279,236.32	\$ 127,244.61	\$ 406,480.93
Increased by:			
Accrued	<u>642,231.80</u>	<u>313,991.18</u>	<u>956,222.98</u>
	921,468.12	441,235.79	1,362,703.91
Decreased by:			
Cash Disbursed	<u>646,951.29</u>	<u>336,365.57</u>	<u>983,316.86</u>
Balance June 30, 2011	<u><u>\$ 274,516.83</u></u>	<u><u>\$ 104,870.22</u></u>	<u><u>\$ 379,387.05</u></u>
Analysis of Interest Expense:			
Accrued	\$ 642,231.80	\$ 313,991.18	\$ 956,222.98
Amortization of Loan Premium	(8,705.96)		(8,705.96)
Deferred Amount on Refunding	8,965.94	29,527.28	38,493.22
Discount on Bonds	<u>60.47</u>	<u>79.20</u>	<u>139.67</u>
Total Interest Expense	<u><u>\$ 642,552.25</u></u>	<u><u>\$ 343,597.66</u></u>	<u><u>\$ 986,149.91</u></u>

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Bonds Payable
For the Fiscal Year Ended June 30, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2010	Paid	Balance June 30, 2011
			Date	Amount				
Utility System Revenue Bonds, 2003 Series A	5-15-03	\$ 2,580,000	7/1/11	\$ 245,000.00	3.000%	\$ 1,265,000.00	\$ 235,000.00	\$ 1,030,000.00
			7/1/12	250,000.00	3.000%			
			7/1/13	265,000.00	3.125%			
			7/1/14	270,000.00	3.250%			
				<u>1,030,000.00</u>				
Utility System Revenue Bonds, 2003 Series B	5-15-03	7,135,000	7/1/11	995,000.00	3.000%	1,970,000.00	950,000.00	1,020,000.00
			7/1/12	25,000.00	3.000%			
				<u>1,020,000.00</u>				
						<u>\$ 3,235,000.00</u>	<u>\$ 1,185,000.00</u>	2,050,000.00
								Less: Discount on Bonds (156.22)
								Less: Deferred Loss on Refunding (23,162.90)
								<u>\$ 2,026,680.88</u>

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of New Jersey Environmental Infrastructure Trust Loans
 For the Fiscal Year Ended June 30, 2011

Purpose	Date of Issue	Original Issue	Loan Principal Payments		Interest Rate	Balance July 1, 2010	Paid	Balance June 30, 2011	
			Outstanding June 30, 2011	Date					
New Jersey Wastewater Treatment Fund Loan, Series 1994 (Non-Interest Bearing)	11-10-94	\$ 5,686,185.00	09/01/11	\$ 27,180.11					
			03/01/12	293,886.52					
			09/01/12	18,678.84					
			03/01/13	302,289.18					
			09/01/13	9,638.76					
			03/01/14	312,031.26					
				<u>963,704.67</u>			\$ 1,285,790.23	\$ 322,085.56	\$ 963,704.67
New Jersey Wastewater Treatment Trust Loan, Series 1996 (Interest Bearing)	11-1-96	2,480,000.00	08/01/11	155,000.00	5.250%				
			08/01/12	160,000.00	5.250%				
			08/01/13	170,000.00	5.250%				
			08/01/14	180,000.00	5.250%				
			08/01/15	185,000.00	5.250%				
			08/01/16	195,000.00	5.250%				
				<u>1,045,000.00</u>			1,190,000.00	145,000.00	1,045,000.00
New Jersey Wastewater Treatment Fund Loan, Series 1996 (Non-Interest Bearing)	11-1-96	1,911,294.00	08/01/11	85,791.26					
			02/01/12	10,986.59					
			08/01/12	86,229.19					
			02/01/13	9,011.48					
			08/01/13	88,956.74					
			02/01/14	6,912.91					
			08/01/14	91,560.84					
			02/01/15	4,690.91					
			08/01/15	91,690.16					
			02/01/16	2,407.18					
			08/01/16	97,769.93					
				<u>576,007.19</u>			671,785.73	95,778.54	576,007.19

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of New Jersey Environmental Infrastructure Trust Loans
 For the Fiscal Year Ended June 30, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2011</u>		<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Paid</u>	<u>Balance June 30, 2011</u>
			<u>Date</u>	<u>Amount</u>				
New Jersey Wastewater Treatment Trust Loan, Series 1998 (Interest Bearing)	4-30-98	\$ 9,160,000.00	03/01/12	\$ 702,500.00	4.67%			
			03/01/13	734,500.00	4.75%			
			03/01/14	772,500.00	4.82%			
				<u>2,209,500.00</u>				
						\$ 2,883,500.00	\$ 674,000.00	\$ 2,209,500.00
New Jersey Environmental Infrastructure Fund Loan, Series 2000 (Non-Interest Bearing)	10-15-00	939,000.00	08/01/11	38,227.39				
			02/01/12	8,792.56				
			08/01/12	40,700.23				
			02/01/13	7,994.86				
			08/01/13	39,902.54				
			02/01/14	7,197.17				
			08/01/14	42,295.61				
			02/01/15	6,319.71				
			08/01/15	41,418.15				
			02/01/16	5,420.31				
			08/01/16	43,709.52				
			02/01/17	4,439.15				
			08/01/17	42,728.36				
			02/01/18	3,434.06				
08/01/18	<u>234.34</u>							
			<u>332,813.96</u>			381,269.75	48,455.79	332,813.96
New Jersey Environmental Infrastructure Trust Loan, Series 2000 (Interest Bearing)	10-15-00	900,000.00	08/01/11	45,000.00	5.000%			
			08/01/12	50,000.00	5.000%			
			08/01/13	34,863.73	5.000%			
			08/01/14	39,071.60	5.000%			
			08/01/15	38,365.71	4.955%			
			08/01/16	42,279.88	4.955%			
			08/01/17	41,392.92	4.685%			
			08/01/18	45,109.26	4.700%			
			08/01/19	48,722.89	4.685%			
			08/01/20	<u>47,484.99</u>	4.650%			
			<u>432,290.98</u>			477,290.98	45,000.00	432,290.98

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of New Jersey Environmental Infrastructure Trust Loans
 For the Fiscal Year Ended June 30, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2011</u>		<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Paid</u>	<u>Balance June 30, 2011</u>
			<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2005 (Non-Interest Bearing)	11-10-05	\$ 11,477,246.00	08/01/11	\$ 462,685.24				
			02/01/12	138,906.87				
			08/01/12	473,748.19				
			02/01/13	130,535.83				
			08/01/13	481,167.89				
			02/01/14	121,770.02				
			08/01/14	491,362.06				
			02/01/15	112,530.23				
			08/01/15	501,071.16				
			02/01/16	104,759.41				
			08/01/16	505,932.93				
			02/01/17	96,735.94				
			08/01/17	513,700.20				
			02/01/18	88,396.65				
			08/01/18	524,320.89				
			02/01/19	79,133.26				
			08/01/19	530,848.24				
			02/01/20	69,534.32				
			08/01/20	543,367.43				
			02/01/21	58,873.08				
			08/01/21	551,655.07				
			02/01/22	48,093.47				
			08/01/22	562,982.50				
			02/01/23	36,830.27				
			08/01/23	573,837.42				
02/01/24	25,083.24							
08/01/24	584,197.44							
02/01/25	12,852.62							
08/01/25	600,401.61							
				<u>9,025,313.48</u>		\$ 9,629,751.23	\$ 604,437.75	\$ 9,025,313.48

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of New Jersey Environmental Infrastructure Trust Loans
 For the Fiscal Year Ended June 30, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2011</u>		<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Paid</u>	<u>Balance June 30, 2011</u>						
			<u>Date</u>	<u>Amount</u>										
New Jersey Environmental Infrastructure Trust Loan, Series 2005 (Interest Bearing)	11-10-05	\$ 12,295,000.00	08/01/11	\$ 500,000.00	5.000%	\$ 10,975,000.00	\$ 480,000.00	\$ 10,495,000.00						
			08/01/12	530,000.00	5.000%									
			08/01/13	555,000.00	5.000%									
			08/01/14	585,000.00	5.000%									
			08/01/15	615,000.00	4.000%									
			08/01/16	635,000.00	4.000%									
			08/01/17	660,000.00	4.000%									
			08/01/18	690,000.00	4.250%									
			08/01/19	715,000.00	4.250%									
			08/01/20	750,000.00	4.500%									
			08/01/21	780,000.00	4.375%									
			08/01/22	815,000.00	4.375%									
			08/01/23	850,000.00	4.375%									
			08/01/24	885,000.00	4.375%									
			08/01/25	930,000.00	4.375%									
										10,495,000.00				
			New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Non-Interest Bearing)	11-08-07	865,000.00				08/01/11	32,869.68				
02/01/12	11,075.98													
08/01/12	33,401.23													
02/01/13	10,696.45													
08/01/13	34,084.81													
02/01/14	10,287.15													
08/01/14	34,738.62													
02/01/15	9,847.03													
08/01/15	34,298.49													
02/01/16	9,235.74													
08/01/16	34,750.31													
02/01/17	8,597.88													
08/01/17	36,238.66													
02/01/18	7,906.86													
08/01/18	36,610.75													
02/01/19	7,189.26													
08/01/19	36,956.26													
02/01/20	6,593.92													
08/01/20	37,424.03													

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of New Jersey Environmental Infrastructure Trust Loans
 For the Fiscal Year Ended June 30, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2011</u>		<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Paid</u>	<u>Balance June 30, 2011</u>			
			<u>Date</u>	<u>Amount</u>							
New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Non-Interest Bearing) (Cont'd)	11-08-07	\$ 865,000.00	02/01/21	\$ 5,977.32							
			08/01/21	38,933.64							
			02/01/22	5,153.41							
			08/01/22	39,172.84							
			02/01/23	4,302.92							
			08/01/23	40,448.57							
			02/01/24	3,534.83							
			08/01/24	40,743.58							
			02/01/25	2,697.63							
			08/01/25	42,032.60							
			02/01/26	1,812.59							
			08/01/26	42,210.67							
			02/01/27	903.64							
			08/01/27	43,428.11							
							<u>744,155.46</u>		\$ 788,074.54	\$ 43,919.08	\$ 744,155.46
			New Jersey Environmental Infrastructure Trust Loan, Series 2007 (Interest Bearing)	11-08-07	2,635,000.00	08/01/11	100,000.00	5.000%			
						08/01/12	105,000.00	3.400%			
08/01/13	110,000.00	3.500%									
08/01/14	115,000.00	3.600%									
08/01/15	115,000.00	5.000%									
08/01/16	120,000.00	5.000%									
08/01/17	130,000.00	5.000%									
08/01/18	135,000.00	5.000%									
08/01/19	140,000.00	4.000%									
08/01/20	145,000.00	4.000%									
08/01/21	155,000.00	5.000%									
08/01/22	160,000.00	5.000%									
08/01/23	170,000.00	4.250%									
08/01/24	175,000.00	4.500%									
08/01/25	185,000.00	4.500%									
08/01/26	190,000.00	4.500%									
08/01/27	200,000.00	4.250%									
				<u>2,450,000.00</u>		2,545,000.00	95,000.00	2,450,000.00			

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of New Jersey Environmental Infrastructure Trust Loans
 For the Fiscal Year Ended June 30, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2011</u>		<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Paid</u>	<u>Balance June 30, 2011</u>
			<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Non-Interest Bearing)	12/4/08	\$ 1,677,183.00	08/01/11	\$ 43,005.00				
			02/01/12	43,005.00				
			08/01/12	43,005.00				
			02/01/13	43,005.00				
			08/01/13	43,005.00				
			02/01/14	43,005.00				
			08/01/14	43,005.00				
			02/01/15	43,005.00				
			08/01/15	43,005.00				
			02/01/16	43,005.00				
			08/01/16	43,005.00				
			02/01/17	43,005.00				
			08/01/17	43,005.00				
			02/01/18	43,005.00				
			08/01/18	43,005.00				
			02/01/19	43,005.00				
			08/01/19	43,005.00				
			02/01/20	43,005.00				
			08/01/20	43,005.00				
			02/01/21	43,005.00				
			08/01/21	43,005.00				
			02/01/22	43,005.00				
			08/01/22	43,005.00				
			02/01/23	43,005.00				
			08/01/23	43,005.00				
			02/01/24	43,005.00				
			08/01/24	43,005.00				
			02/01/25	43,005.00				
			08/01/25	43,005.00				
			02/01/26	43,005.00				
08/01/26	43,005.00							
02/01/27	43,005.00							
08/01/27	43,005.00							
02/01/28	43,000.00							
08/01/28	42,998.00							
				1,505,163.00		\$ 1,591,173.00	\$ 86,010.00	\$ 1,505,163.00

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of New Jersey Environmental Infrastructure Trust Loans
 For the Fiscal Year Ended June 30, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments Outstanding June 30, 2011</u>		<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Paid</u>	<u>Balance June 30, 2011</u>
			<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2009A (Non-Interest Bearing)	12/2/09	\$ 1,109,600.00	08/01/11	\$ 38,933.33				
			02/01/12	19,466.66				
			08/01/12	38,933.33				
			02/01/13	19,466.66				
			08/01/13	38,933.33				
			02/01/14	19,466.66				
			08/01/14	38,933.33				
			02/01/15	19,466.66				
			08/01/15	38,933.33				
			02/01/16	19,466.66				
			08/01/16	38,933.33				
			02/01/17	19,466.66				
			08/01/17	38,933.33				
			02/01/18	19,466.66				
			08/01/18	38,933.33				
			02/01/19	19,466.66				
			08/01/19	38,933.33				
			02/01/20	19,466.66				
			08/01/20	38,933.33				
			02/01/21	19,466.66				
			08/01/21	38,933.33				
			02/01/22	19,466.66				
			08/01/22	38,933.33				
			02/01/23	19,466.66				
			08/01/23	38,933.33				
			02/01/24	19,466.66				
			08/01/24	38,933.33				
			02/01/25	19,466.66				
			08/01/25	38,933.33				
			02/01/26	19,466.66				
08/01/26	38,933.33							
02/01/27	19,466.66							
08/01/27	38,933.33							
02/01/28	19,466.66							
08/01/28	38,933.33							
02/01/29	19,466.66							
08/01/29	38,933.52							
				<u>1,090,133.34</u>		\$ 1,109,600.00	\$ 19,466.66	\$ 1,090,133.34

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of New Jersey Environmental Infrastructure Trust Loans
 For the Fiscal Year Ended June 30, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments</u>			<u>Balance July 1, 2010</u>	<u>Paid</u>	<u>Balance June 30, 2011</u>
			<u>Outstanding June 30, 2011</u>	<u>Date</u>	<u>Amount</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2009B (Interest Bearing)	12/2/09	\$ 1,135,000.00	08/01/11	\$ 40,000.00	2.000%	\$ 1,135,000.00		\$ 1,135,000.00
			08/01/12	40,000.00	3.000%			
			08/01/13	45,000.00	5.000%			
			08/01/14	45,000.00	5.000%			
			08/01/15	45,000.00	5.000%			
			08/01/16	50,000.00	5.000%			
			08/01/17	50,000.00	5.000%			
			08/01/18	55,000.00	5.000%			
			08/01/19	55,000.00	4.000%			
			08/01/20	60,000.00	4.000%			
			08/01/21	60,000.00	4.000%			
			08/01/22	65,000.00	3.500%			
			08/01/23	65,000.00	4.000%			
			08/01/24	70,000.00	4.000%			
			08/01/25	70,000.00	3.750%			
			08/01/26	75,000.00	4.000%			
			08/01/27	80,000.00	4.000%			
			08/01/28	80,000.00	4.000%			
			08/01/29	85,000.00	4.000%			
New Jersey Environmental Infrastructure Trust Loan, Series 2010 (Non-Interest Bearing)	3/10/10	962,000.00	08/01/11	33,754.38				
			02/01/12	16,877.19				
			08/01/12	33,754.38				
			02/01/13	16,877.19				
			08/01/13	33,754.38				
			02/01/14	16,877.19				
			08/01/14	33,754.38				
			02/01/15	16,877.19				
			08/01/15	33,754.38				
			02/01/16	16,877.19				
			08/01/16	33,754.38				
			02/01/17	16,877.19				
			08/01/17	33,754.38				
			02/01/18	16,877.19				
			08/01/18	33,754.38				

(Continued)

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of New Jersey Environmental Infrastructure Trust Loans
 For the Fiscal Year Ended June 30, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments</u>		<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Paid</u>	<u>Balance June 30, 2011</u>
			<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2010 (Non-Interest Bearing) (Cont'd)	3/10/10	\$ 962,000.00	02/01/19	\$ 16,877.19		\$ 962,000.00	\$ 16,877.19	\$ 945,122.81
			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	16,877.19				
			08/01/24	33,754.38				
			02/01/25	16,877.19				
			08/01/25	33,754.38				
			02/01/26	16,877.19				
			08/01/26	33,754.38				
			02/01/27	16,877.19				
			08/01/27	33,754.38				
			02/01/28	16,877.19				
			08/01/28	33,754.38				
02/01/29	16,877.19							
08/01/29	33,754.55							
			<u>945,122.81</u>					
New Jersey Environmental Infrastructure Trust Loan, Series 2010 (Interest Bearing)	3/10/10	320,000.00	08/01/11	10,000.00	4.000%			
			08/01/12	10,000.00	5.000%			
			08/01/13	10,000.00	5.000%			
			08/01/14	15,000.00	5.000%			
			08/01/15	15,000.00	5.000%			
			08/01/16	15,000.00	5.000%			
			08/01/17	15,000.00	5.000%			
			08/01/18	15,000.00	5.000%			
			08/01/19	15,000.00	4.000%			
			08/01/20	15,000.00	5.000%			
			08/01/21	15,000.00	3.000%			
			08/01/22	20,000.00	4.000%			

(Continued)

**MOUNT LAUREL TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY**

PART II

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
STATE OF NEW JERSEY CIRCULAR 04-04-OMB**

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

We have audited Mount Laurel Township Municipal Utilities Authority's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on the Authority's major state program for the fiscal year ended June 30, 2011. The Authority's major state program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major state program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standard issued by the Comptroller General of the United States; the audit requirements as prescribed by the Local Finance Board, Department of Community Affairs, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133, and State of New Jersey Circular 04-04-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Mount Laurel Township Municipal Utilities Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, Mount Laurel Township Municipal Utilities Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

Management of the Mount Laurel Township Municipal Utilities Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to its state program. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the management of the Mount Laurel Township Municipal Utilities Authority and the Local Finance Board, Department of Community Affairs, State of New Jersey and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
October 27, 2011

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 Schedule of Expenditures of State Financial Assistance
 For the Fiscal Year Ended June 30, 2011

State Grantor/ Program Title	State GMIS Number	Program or Award Amount	Match	Grant Period		July 1, 2010		Cash Received	Expenditures	June 30, 2011	
				From	To	Deferred Revenue	(Accounts Receivable)			Deferred Revenue	(Accounts Receivable)
State Department of Environmental Protection											
Division of Water Quality:											
Environmental Infrastructure Trust	W0324001-005-1	\$3,500,000.00	N/A	03/18/05	Open		\$ (101,245.00)	\$ 101,245.00			
Environmental Infrastructure Trust	W0324001-005-2	1,710,727.00	N/A	03/18/05	Open		(260,145.00)	260,145.00			
Environmental Infrastructure Trust	S340943-03	2,219,200.00	N/A	10/26/09	Open	\$ 1,070,160.00	(2,219,200.00)	1,807,946.00	\$ 658,906.00	\$411,254.00	\$(411,254.00)
Environmental Infrastructure Trust	S340943-05	1,283,000.00	N/A	03/29/10	Open	1,051,044.00	(1,051,044.00)	657,020.00	657,020.00	394,024.00	(394,024.00)
Total						\$ 2,121,204.00	\$(3,631,634.00)	\$ 2,826,356.00	\$ 1,315,926.00	\$805,278.00	\$(805,278.00)

The accompanying Notes to Financial Statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Schedules of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2011

Note 1: **GENERAL**

The accompanying schedule of expenditures of state financial assistance presents the activity of all state financial assistance programs of the Mount Laurel Township Municipal Utilities Authority. The Authority is defined in Note 1 to the Authority's Notes to Financial Statements. All state financial assistance received directly from state agencies, as well as state financial assistance passed through other government agencies, are included on the schedule of expenditures of state financial assistance.

Note 2: **BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of state financial assistance is presented using the accrual basis of accounting. This basis of accounting is described in Note 1 to the Authority's financial statements.

Note 3: **RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule agrees with amounts reported in the Authority's financial statements.

Note 4: **RELATIONSHIP TO STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedule agrees with the amounts reported in the related state financial reports.

Note 5: **MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs

**MOUNT LAUREL TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY**

PART III

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over compliance:

Material weaknesses identified? ___ yes ___ X ___ no

Were significant deficiencies identified that were not considered to be a material weakness? ___ yes ___ X ___ none reported

Noncompliance material to financial statements noted? ___ yes ___ X ___ no

State Financial Assistance

Internal control over compliance:

Material weaknesses identified? ___ yes ___ X ___ no

Were reportable conditions identified that were not considered to be material weaknesses? ___ yes ___ X ___ none reported

Type of auditor's report on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a)) or New Jersey Circular 04-04-OMB? ___ yes ___ X ___ no

Identification of major programs:

Table with 2 columns: GMIS Numbers and Name of State Program. Rows include W0324001-005 (New Jersey Department of Environmental Protection), S340943-03 (Division of Water Quality), and Environmental Infrastructure Trust.

Dollar threshold used to determine Type A programs \$300,000.00

Auditee qualified as low-risk auditee? ___ x ___ yes ___ ___ no ___ ___ n/a

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section 2- Schedule of Financial Statement Findings

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 Local Finance Board, Department of Community Affairs, State of New Jersey.

None

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section 3- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

None

MOUNT LAUREL TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Summary Schedule of Prior Year Reportable Conditions
And Other Findings As Prepared By Management

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

None

35400

APPRECIATION

I express my appreciation for the courtesies extended and assistance rendered to me during the course of this audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Registered Municipal Accountant

