

**WILLINGBORO
MUNICIPAL UTILITIES AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2014 and 2013**



WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

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WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Roster of Officials
As of December 31, 2014

Members

Christopher P. Walker
Jacqueline Jennings
Eddie Campbell, Jr
Dennis W. Reiter
T. Wayne Scott
Clayton Sills
Webster Evans

Position

Chairman
Vice-Chairman
Commissioner
Commissioner
Commissioner
Alternate Commissioner
Alternate Commissioner

Other Officials

Andrew Weber
Joseph Jacobs
Michael A. Armstrong, Esq.
L. Russell Trice, P.E.
 of Richard A. Alaimo Associates
Nicholas Talvacchia, Esq.
 of Cooper Levenson
TD Bank
CEB LLC
Jeremy Ostow
 of DeCotiis, FitzPatrick & Cole, LLP
James Mackie

Interim Executive Director
Treasurer
Secretary

Consulting Engineer

Solicitor
Trustee for Bondholders
Insurance Broker

Bond Counsel
Director of Operations and
Maintenance

**WILLINGBORO MUNICIPAL
UTILITIES AUTHORITY**

PART I

FINANCIAL SECTION

**FOR THE YEARS ENDED
DECEMBER 31, 2014 and 2013**

INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of
The Willingboro Municipal Utilities Authority
Willingboro, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Willingboro Municipal Utilities Authority, in the County of Burlington, State of New Jersey, a component unit of the Township of Willingboro (Authority), as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Willingboro Municipal Utilities Authority, in the County of Burlington, State of New Jersey as of December 31, 2014 and 2013, and the changes in its financial position and its cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress for the OPEB plan as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements. The Schedule of Expenditures of State Financial Assistance, as required by State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary schedules as listed in the table of contents and the Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, and the Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 29, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
July 29, 2015

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

INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of
The Willingboro Municipal Utilities Authority
Willingboro, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Willingboro Municipal Utilities Authority, in the County of Burlington, State of New Jersey, a component unit of the Township of Willingboro, (Authority), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 29, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be a material weakness.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as finding no. 2014-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying Schedule of Findings and Questioned Costs as findings No. 2014-002, 2014-003 and 2014-004.

The Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
July 29, 2015

Willingboro Municipal Utilities Authority Management's Discussion and Analysis For the Years Ending December 31, 2014 and 2013

The Willingboro Municipal Utilities Authority (the Authority) is a municipal utility providing water and wastewater services to Willingboro Township and portions of Westampton Township. Additionally, the Authority has long term contracts with the Edgewater Park Sewerage Authority to provide wastewater treatment and with the Townships of Mount Laurel and Evesham for the provision of up to 5 million gallons per day (gpd) of potable water.

This section of the Authority's annual financial report provides a discussion and analysis of the utility's financial performance for the years ending December 31, 2014 and 2013. The annual financial report consists of three parts; the independent auditor's reports, the financial statements (including supplemental schedules) and the required supplementary information, which includes the management's discussion and analysis of the Authority's finances (this section). In order to fully comprehend the Authority's financial position all three sections of the annual financial report must be reviewed and considered.

FINANCIAL HIGHLIGHTS

Statement of Net Position

Total 2014 net position increased by \$166,064.34 over 2013. This increase was due primarily to the Authority's rate increase effective January 1, 2014.

During 2013 and 2014, the Authority expended over 4 million dollars for capital additions. These additions consisted primarily of well upgrades, replacement of the pump stations at Lake Drive and Beechnut Lane, trickling filter walkway grating and digester cleaning and repairs.

Total assets at the end of 2014 equaled \$51,316,705.41. \$36,901,185.21 of the total was comprised of capital assets.

The Authority's debt ratio has increased from .318 at the end of 2013 to .334 at the end of 2014. This is a result of the 2014 NJEIT Loans being issued.

Statement of Revenues, Expenses and Changes in Net Assets

In 2014, the Authority generated operating income of \$1,015,541.50, a decrease of \$357,852.23 when compared to 2013. The decrease is due primarily to an increase in cost of providing service salaries (\$193,129.51) and cost of providing service other expense (250,308.20).

Both sewer and water rates were increased in 2013. Minimum quarterly rates increased to \$97 (sewer \$48 and water \$49 per quarter).

Growth in new connections had all but ceased since 2009, but in 2012 & 2013 connection fee revenue grew substantially due the construction of a new apartment complex.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The comparative statements of net position (Exhibit A) include all of the Authority's assets and liabilities. The comparative statements of revenues, expenses and changes in net position (Exhibit B) provide a breakdown of the various areas of revenues and expenses encountered during the fiscal year.

The statements of cash flows (Exhibit C) 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.

ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS

Overall, the Authority's finances in 2014 showed improvement over the past several years, operating revenues and operating expenses increased. The investment in the Authority's infrastructure continued through 2014, which is why the Authority continues to experience significant major repairs costs.

The table below compares the percent change in revenues and appropriations from one year to the next over the past five years.

Operating Fund Trends Percent Change from Year to Year Over the Last 5 Years

	2009- 2010	2010- 2011	2011- 2012	2012- 2013	2013- 2014	Average % Change	CY Difference
Water Operating Revenues	26.10%	5.20%	3.26%	10.68%	-1.57%	8.73%	-10.31%
Water Operating Expenses	-4.01%	6.17%	3.53%	5.69%	6.66%	3.61%	3.05%
Sewer Operating Revenues	-4.45%	3.18%	0.98%	3.85%	3.76%	1.46%	2.30%
Sewer Operating Expenses	-10.37%	12.23%	12.00%	3.61%	2.93%	4.08%	-1.15%

Since 2009 budgeted revenues of the Authority increased approximately, \$2,100,000 while the cost of service (exclusive of depreciation) has decreased by approximately \$1,026,000. The primary reasons for this reduction in operating expenses have been reductions in the cost of electricity, insurance and chemicals. Employee related costs continue to be the largest component of the operating budget. Increases in salaries, health insurance and pension are expected to rise ahead of the rate of inflation and will continue to have a significant impact upon the Authority's overall financial position.

The amount of the Authority's total liabilities increased in 2014 by \$3,004,433.88 as compared to 2013.

The Authority continues to produce an operating surplus and has one of the lowest combined sewer and water rates in southern New Jersey.

There are significant challenges ahead for the Authority to find new sources of revenue, raise rates, continue to attempt to reduce operating expenses and continue to invest in its aging infrastructure. The Authority's infrastructure continues to age and the need to invest more funds in the infrastructure will become more and more pressing. Most of the funding for a more aggressive capital program will likely need to be generated through rate increases or the issuance of bonds. Over the past several years, the Authority has conducted an extensive evaluation of its existing infrastructure and has adopted a plan to address its improvement.

ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS (CONT'D)

Exhibit A
Comparative Statements of Net Position
As of December 31, 2014, 2013 and 2012

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assets			
Current Assets			
Unrestricted Assets	\$ 7,303,919.04	\$ 8,786,390.18	\$ 7,907,667.06
Restricted Assets	7,111,601.16	4,036,403.20	4,412,790.70
Capital Assets	36,901,185.21	35,180,074.21	36,190,448.76
Total Assets	<u>\$ 51,316,705.41</u>	<u>\$ 48,002,867.59</u>	<u>\$ 48,510,906.52</u>
Deferred Outflows of Resources			
Deferred Loss on Refunding	<u>\$ 202,213.09</u>	<u>\$ 345,552.69</u>	<u>\$ 415,800.70</u>
Liabilities			
Current Liabilities	\$ 3,357,977.60	\$ 2,525,362.22	\$ 2,477,005.12
Long-Term Liabilities	16,807,910.58	14,636,092.08	15,862,889.19
Total Liabilities	<u>\$ 20,165,888.18</u>	<u>\$ 17,161,454.30</u>	<u>\$ 18,339,894.31</u>
Net Position			
Net Investment in Capital Assets	\$ 21,200,674.88	\$ 20,394,380.64	\$ 20,169,128.66
Restricted	6,181,797.33	6,033,135.53	5,913,660.01
Unrestricted	3,970,558.11	4,759,449.81	4,504,024.24
Total Net Position	<u>\$ 31,353,030.32</u>	<u>\$ 31,186,965.98</u>	<u>\$ 30,586,812.91</u>

ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS (CONT'D)

Exhibit B

Comparative Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2014, 2013 and 2012

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Revenues			
Service Charges	\$ 7,619,586.68	\$ 7,308,018.79	\$ 6,602,723.70
Intergovernmental Service Agreements	1,621,093.42	1,817,819.87	1,928,380.76
Connection Fees	477,038.56	526,480.00	485,880.44
Other Operating Revenue	826,116.21	803,042.57	711,248.38
Total Operating Revenue	10,543,834.87	10,455,361.23	9,728,233.28
Operating Expenses			
Administration	1,487,979.32	1,497,543.26	1,478,732.42
Cost of Providing Services	5,472,281.33	4,924,652.40	4,739,103.81
Major Repairs	313,453.67	480,066.38	338,864.79
Depreciation	2,254,579.05	2,179,705.46	2,117,014.78
Total Operating Expenses	9,528,293.37	9,081,967.50	8,673,715.80
Net Non-Operating Expenses	(908,301.16)	(773,240.66)	(908,931.11)
Capital Contributions	58,824.00	-	-
Change in Net Position	166,064.34	600,153.07	145,586.37
Net Position - Beginning	31,186,965.98	30,586,812.91	30,441,226.54
Net Position - Ending	\$ 31,353,030.32	\$ 31,186,965.98	\$ 30,586,812.91

BUDGET VARIANCES

The budgetary basis total excess revenues over expenses were \$160,043.78.

The largest sewer revenue variation was in connection fees and amounted to \$287,104.96 more than the budget projected. This variance was due to an apartment complex connecting sooner than expected.

The largest water revenue variation was in residential and commercial service fees which had an unfavorable variance of \$230,532.29. This variance was primarily due to lower usage than expected during 2014.

The largest sewer expenditure variation was in sludge disposal fees, which amounted to \$59,422.46 more than the budget projected. This was primarily due to more waste and an increase in disposal fees.

The largest water expenditure variation was \$133,841.92 less in electricity than the budget projected. This can be attributed to a lower than expected rate increase in electricity costs.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

SEWER

The proposed five-year Capital Programs for the Sewer Department total \$11,657,000.00. The major line items making up a portion of the Sewer Capital Budget are:

1. Replacement of Piping
2. Equipment & Valves
3. Treatment Plant Improvements

WATER

The proposed five-year Capital Programs for the Water Department total \$17,328,000.00. The major line items making up a portion of the Water Capital Budget are:

1. Purchase of Land
2. Replacement of Piping
3. Equipment & Valves
4. Water Well & Tank Rehabilitation

EVENTS SUBSEQUENT TO 2014 AUDIT

The Authority has entered into two loan agreements with the New Jersey Environmental Infrastructure Trust. The first loan agreement, totaling \$1,666,180.00, is in support of the sewer projects listed above. The second loan agreement, totaling \$985,657.00, is in support of the water projects listed above.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide its customers, investors, clients and creditors, with an 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 Andrew Weber, Executive Director, Willingboro Municipal Utilities Authority, 433 John F. Kennedy Way, Willingboro, New Jersey 08046. You may also visit our web site www.wmua.info

BASIC FINANCIAL STATEMENTS

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position

As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 3,196,982.63	\$ 6,857,936.84
Investments	1,902,679.09	346,863.48
Service Fees Receivable	1,256,866.56	788,431.73
Intergovernmental Service Agreements Receivable	424,167.20	411,907.60
Other Accounts Receivable	157,950.08	13,316.01
Investment Income Receivable	13.86	13.59
Inventory	365,259.62	367,920.93
	<hr/>	<hr/>
Total Unrestricted Assets	7,303,919.04	8,786,390.18
Restricted Assets:		
Cash and Cash Equivalents	280,182.83	275,356.13
Investments	3,559,885.11	3,756,459.87
NJ EIT Loan Receivable	3,266,945.00	
Investment Income Receivable	4,588.22	4,587.20
	<hr/>	<hr/>
Total Restricted Assets	7,111,601.16	4,036,403.20
	<hr/>	<hr/>
Total Current Assets	14,415,520.20	12,822,793.38
Capital Assets:		
Construction in Progress	3,925,733.28	717,850.83
Completed (net of depreciation)	32,975,451.93	34,462,223.38
	<hr/>	<hr/>
Total Capital Assets	36,901,185.21	35,180,074.21
	<hr/>	<hr/>
Total Assets	51,316,705.41	48,002,867.59
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	202,213.09	345,552.69
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(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position

As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 411,238.85	\$ 379,007.18
Unearned Revenue	590,946.16	179,278.24
Overpaid Consumer Accounts Receivable	92,333.79	81,432.11
Developer's Deposits	84,657.58	87,092.80
	<hr/>	<hr/>
Total Current Liabilities Payable from Current Assets	1,179,176.38	726,810.33
Current Liabilities Payable from Restricted Assets:		
Accrued Interest Payable	204,972.69	240,655.30
Accounts Payable	669,302.70	125,765.58
Retainage Payable	56,370.86	5,148.94
Current Portion of Loans Payable	628,154.97	425,999.90
Current Portion of Bonds Payable	620,000.00	900,000.00
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	2,178,801.22	1,697,569.72
	<hr/>	<hr/>
Total Current Liabilities	3,357,977.60	2,424,380.05
Long-term Liabilities:		
Compensated Absences Payable	364,249.17	408,165.44
OPEB Liability	351,346.00	289,363.80
Other Liabilities	93,904.54	100,982.17
Loans Payable	10,207,445.52	6,566,771.46
Bonds Payable	5,790,965.35	7,371,791.38
	<hr/>	<hr/>
Total Long-Term Liabilities	16,807,910.58	14,737,074.25
	<hr/>	<hr/>
Total Liabilities	20,165,888.18	17,161,454.30
NET POSITION		
Net Investment in Capital Assets	21,200,674.88	20,394,380.64
Restricted for:		
Bond Resolution Covenants	5,988,719.74	5,844,054.74
Unemployment Compensation	193,077.59	189,080.79
Unrestricted	3,970,558.11	4,759,449.81
	<hr/>	<hr/>
Total Net Position	\$ 31,353,030.32	\$ 31,186,965.98

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

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For The Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Service Fees	\$ 7,619,586.68	\$ 7,308,018.79
Intergovernmental Service Agreements	1,621,093.42	1,817,819.87
Connection Fees	477,038.56	526,480.00
Other Operating Revenues	826,116.21	803,042.57
Total Operating Revenues	10,543,834.87	10,455,361.23
Operating Expenses:		
Administration:		
Salaries and Wages	558,028.29	632,932.29
Fringe Benefits	334,563.65	323,937.18
Other Expenses	595,387.38	540,673.79
Total Administration	1,487,979.32	1,497,543.26
Cost of Providing Service:		
Salaries and Wages	2,056,709.03	1,863,579.52
Fringe Benefits	1,154,876.97	1,050,685.75
Other Expenses	2,260,695.33	2,010,387.13
Total Cost of Providing Service	5,472,281.33	4,924,652.40
Major Repairs	313,453.67	480,066.38
Depreciation	2,254,579.05	2,179,705.46
Total Operating Expenses	9,528,293.37	9,081,967.50
Operating Income	1,015,541.50	1,373,393.73
Non-operating Income (Expenses):		
Investment Income	21,247.65	11,133.85
Net Unemployment Activity	3,804.31	3,721.92
Debt Issue Costs	(55,429.80)	
Interest Expense	(577,923.32)	(588,096.43)
Contribution to Willingboro Township Per N.J.S.A. 40A:5A-1	(300,000.00)	(200,000.00)
Income Before Contributions	107,240.34	600,153.07
Contributed Capital	58,824.00	-
Increase in Net Position	166,064.34	600,153.07
Net Position - Beginning	31,186,965.98	30,586,812.91
Net Position - Ending	\$ 31,353,030.32	\$ 31,186,965.98

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

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Cash Flows
For The Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows Provided by (Used in) Operating Activities:		
Receipts from Customers and Users	\$ 9,182,555.27	\$ 9,204,352.82
Payments to Employees	(4,086,112.01)	(3,770,438.24)
Payments to Suppliers	(3,145,424.10)	(2,884,825.29)
Other Operating Receipts	1,158,520.70	1,269,122.64
Net Cash Provided by Operating Activities	<u>3,109,539.86</u>	<u>3,818,211.93</u>
Cash Flows Provided by (Used in) Noncapital Financing Activities:		
Planning Escrow Activity	1,267.85	(33,590.67)
Cash Flows Provided by (Used in) Capital and Related Financing Activities :		
Capital Acquisitions	(3,322,107.01)	(1,188,661.41)
Unemployment Activity	3,804.31	3,721.92
Retainage Payable		(24,505.05)
Contribution to Willingboro Township Per N.J.S.A. 40A:5A-1	(300,000.00)	(200,000.00)
NJEIT Drawdowns	1,030,541.00	
Debt Issue Costs	(55,429.80)	
Premium on NJEIT Loans	81,257.80	
Debt Service Principal	(2,395,914.67)	(1,285,547.05)
Debt Service Interest	(471,092.36)	(538,770.00)
Net Cash Used in Capital and Related Financing Activities	<u>(5,428,940.73)</u>	<u>(3,233,761.59)</u>
Cash Flows Provided by (Used in) Investing Activities:		
Investment Income	54,256.36	45,815.00
Unrealized Losses	(33,010.00)	(34,690.00)
Purchases of Investments	(5,210,501.04)	
Proceeds from Sales of Investments	3,851,260.19	863,741.27
Net Cash Provided by (Used in) Investing Activities	<u>(1,337,994.49)</u>	<u>874,866.27</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,656,127.51)	1,425,725.94
Cash and Cash Equivalents - Beginning	7,133,292.97	5,707,567.03
Cash and Cash Equivalents - Ending	<u>\$ 3,477,165.46</u>	<u>\$ 7,133,292.97</u>
Cash Flows from Operating Activities:		
Operating Income	\$ 1,015,541.50	\$ 1,373,393.73
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	2,254,579.05	2,179,705.46
Change in Assets and Liabilities:		
Service Fees Receivable	(468,434.83)	(64,371.54)
Intergovernmental Service Fees Receivable	(12,259.60)	98,253.24
Other Accounts Receivable	(144,634.07)	7,477.24
Inventory	2,661.31	18,298.96
Accounts Payable	28,528.60	60,125.88
OPEB Expense	61,982.20	56,059.70
Unearned Revenue	411,667.92	36,581.73
Compensated Absences	(43,916.27)	44,636.80
Overpaid Consumer Accounts Receivable	10,901.68	8,050.73
Other Liabilities	(7,077.63)	
Net Cash Provided by Operating Activities	<u>\$ 3,109,539.86</u>	<u>\$ 3,818,211.93</u>

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Willingboro Municipal Utilities Authority (the "Authority") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Reporting Entity

The Authority is a public body corporate and politic of the State of New Jersey and was originally created as a sewerage authority by an ordinance adopted on December 3, 1956 by the governing body of the Township of Willingboro (the "Township"), pursuant to the Sewerage Authority Law, Chapter 138 of the Laws of 1946, as amended. By Ordinance of the governing body of the Township adopted October 7, 1957, the Authority was reorganized as a municipal utilities authority pursuant to the Municipal and County Utilities Authorities Law.

The Authority was created for the purpose of constructing, maintaining and operating water supply and distribution and sewerage collection and treatment facilities for the relief of waters in, bordering or entering the areas within the territorial boundaries of the Township from pollution or threatened pollution and for the improvement of conditions affecting the public health.

The Authority currently provides water supply and sewerage collection and treatment service to all residences and businesses within the Township and a portion of Westampton Township. The Authority also provides bulk water to Mt. Laurel Township and sewerage treatment service to Edgewater Park Township.

Component Unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units and is a component unit of the Township of Willingboro.

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

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The transactions of the Authority are divided into two separate activities (water and sewer) within the enterprise fund type. Each activity is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenditures.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Water and sewer service charges are recognized as revenue when services are provided. Connection fees are collected in advance and, accordingly, the Authority defers these revenues until the municipality issues a release for certificate of occupancy and determines that water distribution and sewage collection services are being provided to the properties.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current year and to adopt not later than the beginning of the Authority's 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets and Budgetary Accounting (Cont'd)**

The legal level of budgetary control is established at the detail shown on the Statement of Revenues, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended.

The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. The Act was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

Inventory

Inventory is recorded at cost and consists principally of spare parts for the infrastructure and chemicals for the treatment of water and sewerage. The Authority has determined that the inventories are material and are recorded in the financial statements

Prepaid Expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the applicable balance sheet date.

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

Capital Assets primarily consists of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased prior to January 1, 1994 are stated at estimated cost. Assets purchased since are stated at actual cost.

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Costs incurred during construction of an asset are recorded as construction in progress. In the year that the project is completed, these costs are transferred to Capital assets. Interest costs incurred during construction are not capitalized into the cost of the asset.

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$5,400 or more
- 2) Useful life of more than one year
- 3) Asset is not affected by consumption

Depreciation

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

	<u>Years</u>
Buildings	30-40
Major Moveable Equipment	7-20
Vehicles	8-15
Infrastructure	25

Depreciation is calculated as of the month of acquisition.

Bond Discounts / Bond Premiums

Bond discounts / bond premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in a systematic and rational method, from the issue date to maturity as a component of interest expense. Bond discounts / bond premiums are presented as an adjustment of the face amount on the bonds.

Deferred Loss on Refunding

Deferred loss on refunding arising, from the issuance of the revenue refunding bonds, is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

Deferred Revenue

Deferred revenue arises when resources associated with revenue transactions are received or reported as a receivable before the period when resources are required to be used or when use is first permitted in which enabling legislation includes time requirements.

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

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Unearned Revenue

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

Net Position

In accordance with the provisions of GASB Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", the Authority has classified its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets." This component includes net position that may be allocated for specific purposes by the Board.

Income Taxes

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

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from water treatment and sewer collection facilities (e.g., water and sewer rents and connection fees) 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 treatment and sewer collection systems and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt.

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

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

Recently Issued and Adopted Accounting Pronouncements

During the year ended December 31, 2014, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. GASBS 67 is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2013. The Authority does not administer any state or local pension plans; therefore, the adoption of GASBS 67 does not have any impact on the Authority's financial statements.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASBS 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for periods beginning after December 15, 2013. The adoption of GASBS 69 does not have any impact on the Authority's financial statements.

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASBS 70 is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement is effective for periods beginning after June 15, 2013. The adoption of GASBS 70 does not have any impact on the Authority's financial statements.

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

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASBS 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. In addition, this Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements and expects the impact to be material.

In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements and expects the impact to be material when considered in conjunction with the adoption of Statement No. 68.

Note 2: RECLASSIFICATION OF PRIOR YEAR LIABILITIES

For the year ended December 31, 2013, a payable in the amount of \$100,982.17 was classified as a current liability. It has been reclassified as a long term liability under the category of other liabilities.

Note 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**Compliance with Finance Related Legal and Contractual Provisions**

Management of the Authority is unaware of any material violations of finance related legal and contractual provisions.

Senior Bond Resolution

The Authority is subject to the provisions and restrictions of the General Bond Resolution adopted June 17, 1986 and Supplemental Resolutions adopted April 11 and May 5, 1991, October 15 and November 12, 1996, September 15 and October 1, 1998, March 20 and March 28, 2001 and August 20, 2002 (collectively the "Bond Resolution"). A summary of the activities of each account created by the Bond Resolution is covered below.

Revenue Account - All money collected by the Authority for service charges or from any other source for operating, maintaining or repairing the system is deposited in this account. The Trustee, on the first day of each month, shall make payments into the other accounts to satisfy bond resolution or operating requirements.

Operating Account - The balance on deposit must be equal to at least 50% of the annual appropriation for operating expenses. At December 31, 2014, the balance in the operating account does not meet the requirements of the Bond Resolution; however, cash in the General Fund account has been dedicated to fulfilling this requirement.

Note 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)**Senior Bond Resolution (Cont'd)**

Bond Service Account - The balance on deposit must be sufficient to enable the Trustee to withdraw amounts equal to interest due on bonds, principal amount maturing on bonds and sinking fund installments when such payments are required. At December 31, 2014, the balance in the bond service account meets the requirements of the Bond Resolution.

Bond Reserve Account - The amount of funds on deposit must be maintained at a level equal to the Maximum Debt Service to insure funds are available for payment of Debt Service. At December 31, 2014, the balance in the bond reserve account meets the requirements of the Bond Resolution.

Renewal and Replacement Account - These funds are maintained for reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements or maintenance items of a type not recurring annually. At December 31, 2014, the balance in the renewal and replacement account meets the requirements of the Bond Resolution.

General Account - All excess funds of the Authority are recorded in the general account. If the Authority is not in default in the payment of bond principal or interest and all fund requirements are satisfied, the Authority may use the excess funds for any lawful purpose.

Debt Service Coverage

Section 709 of the Senior Bond Resolution requires certain ratios of Net Revenues to Debt Service. Compliance with this covenant is calculated as follows:

	<u>2014</u>	<u>2013</u>
Net Revenues:		
Operating Income (Exhibit B)	\$ 1,015,541.50	\$ 1,373,393.73
Add: Depreciation Expense	2,254,579.05	2,179,705.46
Major Repairs & Other Expenses	313,453.67	480,066.38
OPEB Obligation	61,982.20	56,059.70
Interest Revenue	21,247.65	11,133.85
	<u>\$ 3,666,804.07</u>	<u>\$ 4,100,359.12</u>
Total Net Revenues		
Senior Bonds Debt Service		
Interest Charges (Schedule 10)	\$ 435,409.75	\$ 519,342.13
Bond Principal	2,395,914.67	1,285,547.05
	<u>\$ 2,831,324.42</u>	<u>\$ 1,804,889.18</u>
Total Senior Bond Debt Service:		
	<u>\$ 2,831,324.42</u>	<u>\$ 1,804,889.18</u>
Net Revenues	<u>\$3,666,804.07</u>	<u>\$4,100,359.12</u>
	<u>2,831,324.42</u>	<u>1,804,889.18</u>
	<u>129.51%</u>	<u>227.18%</u>

This ratio meets the required debt service coverage of 100% for the Series J Revenue Bonds.

Note 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)**Junior Lien Bond Resolution**

The Authority is further subject to the provisions and restrictions of the Junior Lien Bond Resolution adopted August 18, 2009 (the "Junior Lien Resolution"). Section 402 of the Junior Lien 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 Junior Lien Bond authorized under the Junior Lien Resolution. However, the obligation of the Authority to apply revenues or other funds to the payment of principal and interest on the Junior Lien 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 4: DETAIL NOTES - ASSETS**Cash and Cash Equivalents**

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2014 and 2013, the Authority's bank balances were exposed to custodial credit risk as follows:

	<u>2014</u>	<u>2013</u>
Insured by Federal Deposit Insurance Corporation	\$ 500,000.00	\$ 500,000.00
Uninsured and Collateralized with Securities Held by Pledging Financial Institutions	3,413,219.91	6,698,910.66
Total	<u>\$ 3,913,219.91</u>	<u>\$ 7,198,910.66</u>

Investments

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's \$5,462,564.20 as of December 31, 2014 and \$4,103,323.35 as of December 31, 2013 investments in treasury obligations and money market funds are held in the name of the Authority.

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

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 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 treasury obligations or money market funds.

As of December 31, 2014 and 2013, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Maturity</u>	<u>Credit Rating</u>	<u>Fair Value</u> <u>December 31, 2014</u>	<u>Fair Value</u> <u>December 31, 2013</u>
Governmental Money Market	Demand	AAA	\$ 4,916,354.20	\$ 3,524,103.35
U.S. Treasury Bond	5/15/2016	N/A	546,210.00	579,220.00
			<u>\$ 5,462,564.20</u>	<u>\$ 4,103,323.35</u>

Service Fees

The following is a three-year comparison of service charge billings and collections for all types of accounts maintained by the Authority:

<u>Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2014	\$ 788,431.73	\$ 7,619,586.68	\$ 7,151,151.85	85.05%
2013	724,060.19	7,308,018.79	7,243,647.25	90.18%
2012	689,819.59	7,168,662.75	7,134,422.15	90.79%

Note 4: DETAIL NOTES – ASSETS (CONT'D)**Capital Assets**

During the year ended December 31, 2014 and 2013, the following changes in Capital Assets occurred:

	Balance Jan. 1, 2014	Additions	Transfers	Deletions	Balance Dec. 31, 2014
Land	\$ 1,254,200.00				\$ 1,254,200.00
Construction in Progress	717,850.83	\$ 3,975,690.05	\$(767,807.60)		3,925,733.28
Total Capital Assets not being Depreciated	1,972,050.83	3,975,690.05	(767,807.60)	\$ -	5,179,933.28
Buildings	28,409,314.76		200,475.80		28,609,790.56
Major Moveable Equipment	508,114.11				508,114.11
Vehicles	842,362.88		19,641.50		862,004.38
Infrastructure	39,343,930.29		547,690.30		39,891,620.59
Total Historical Cost	71,075,772.87	3,975,690.05	-	-	75,051,462.92
Less Accumulated Depreciation	35,895,698.66	2,254,579.05	-	-	38,150,277.71
Capital Assets, Net	\$ 35,180,074.21	\$ 1,721,111.00	\$ -	\$ -	\$ 36,901,185.21
	Balance Jan. 1, 2013	Additions	Transfers	Deletions	Balance Dec. 31, 2013
Land	\$ 1,254,200.00				\$ 1,254,200.00
Construction in Progress	124,517.51	\$ 1,169,330.91	\$(575,997.59)		717,850.83
Total Capital Assets not being Depreciated	1,378,717.51	1,169,330.91	(575,997.59)	\$ -	1,972,050.83
Buildings	28,020,871.03		388,443.73		28,409,314.76
Major Moveable Equipment	472,092.96		42,420.15	6,399.00	508,114.11
Vehicles	853,633.44			11,270.56	842,362.88
Infrastructure	39,228,928.22		145,133.71	30,131.64	39,343,930.29
Total Historical Cost	69,954,243.16	1,169,330.91	-	47,801.20	71,075,772.87
Less Accumulated Depreciation	33,763,794.40	2,179,705.46	-	47,801.20	35,895,698.66
Capital Assets, Net	\$ 36,190,448.76	\$ (1,010,374.55)	\$ -	\$ -	\$ 35,180,074.21

Note 5: DETAIL NOTES – DEFERRED OUTFLOWS OF RESOURCES**Deferred Loss on Refunding**

In 2005, the Authority advanced refunded \$2,515,000.00 of the Series 1998G and \$6,470,000.00 of the Series 2001I Bonds. The Authority issued \$9,555,000.00 of Water-Sewer Revenue Refunding Bonds, Series 2005 J Bonds to provide resources to purchase U.S. government securities that were placed in irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds were considered to be defeased and the liability was removed from the financial statements. The refunded bonds were fully called on January 1, 2010.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$484,631.31. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations over the life of the refunding bonds using the straight line method. The advance refunding was undertaken to reduce total debt payments over 17 years by 464,399.75 and to obtain a present value economic gain of \$358,216.53.

The deferred outflow of resources for the deferred loss on refunding at December 31, 2014 and 2013 were \$202,213.09 and \$345,552.69, respectively.

Note 6: 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 one-half of their then current hourly rate of pay times the number of days accumulated, up to a maximum of \$15,000. 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 then current hourly rate. The accrued liability for accumulated sick leave and vacation time at December 31, 2014 and 2013 is estimated at \$364,249.17 and \$408,165.44, respectively.

Retirement Systems

The Authority contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. 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

Note 6: DETAIL NOTES – LIABILITIES (CONT'D)

Public Employees' Retirement System - The PERS was established as of January 1, 1955. 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 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, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. 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, the 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. These contributions, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Paid by Authority</u>
2014	\$ 46,887.00	\$ 188,815.00	\$ 235,702.00	\$ 235,702.00
2013	78,881.00	156,933.00	235,814.00	235,814.00
2012	86,229.00	144,790.00	231,019.00	231,019.00

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Willingboro Municipal Utilities Authority.

Postemployment Benefits Other Than Pension

The Authority provides reimbursement of Medicare B premiums to employees that have retired from the Authority in addition to benefits provided through the State Pension Fund. The reimbursement for Medicare Part B deduction and the amount of the benefit is established by the Authority. GASB Statement 45 requires that accrued liabilities associated with the reimbursement of Medicare Part B deduction to retirees be recorded on the Authority's financial statements.

The State Pension Fund provides health benefits through the State Health Benefit Plan which is a cost-sharing multiple-employer defined benefit postemployment healthcare plan. As a result, GASB Statement 45 requires that the actuarial accrued liability for employee benefits are recorded as an obligation of the State Health Benefit Plan and not the Authority.

State Health Benefit Plan

Plan Description - The Authority contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan, administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

Note 6: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pension (Cont'd)****State Health Benefit Plan (Cont'd)**

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/.

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Authority on a monthly basis. The Authority contributions to SHBP for the years ended December 31, 2014, 2013, and 2012, were \$211,113.81, \$259,947.46 and \$216,535.54 respectively, which equaled the required contributions for each year. There were approximately 14 retirees, 9 retiree spouses and 4 dependents at December 31, 2014.

Authority's Plan – Medicare B Reimbursement

Plan Description - The Authority also provides Medicare Part B reimbursement to retirees and their covered dependents. The reimbursements are administered by the Authority; therefore, payments are made directly by the Authority to the retirees.

Funding Policy - The Authority presently funds these post-employment benefit costs on a "pay-as-you-go" basis. The Authority's contributions to the plan for the years ended December 31, 2014, 2013, and 2012, were \$15,105.60 \$10,909.30 and \$7,176.30, respectively, which equaled the required contributions each year. There were approximately 9 retirees and 3 retiree spouses receiving this benefit at December 31, 2014.

Annual OPEB Cost and Net OPEB Obligation - The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (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) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the Authority Plan, and changes in the Authority's net OPEB obligation to the Plan.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Normal cost	\$ 17,574.00	\$ 22,624.00	\$ 22,624.00
Amortization Payment	66,455.00	46,694.00	46,694.00
Annual required contribution (expense)	84,029.00	69,318.00	69,318.00
Interest on Net OPEB obligation	13,021.00	5,625.00	5,625.00
Adjustment to ARC	(19,962.20)	(7,974.00)	(7,974.00)
Annual OPEB Cost	77,087.80	66,969.00	66,969.00
Contributions Made	(15,105.60)	(10,909.30)	(7,176.30)
Net OPEB obligation - beginning of year	289,363.80	233,304.10	173,511.40
Net OPEB obligation - end of year	<u>\$ 351,346.00</u>	<u>\$ 289,363.80</u>	<u>\$ 233,304.10</u>

Note 6: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pension (Cont'd)****Authority's Plan – Medicare B Reimbursement (Cont'd)**

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>OPEB Cost Contributed</u>	<u>OPEB Obligation</u>
2014	\$ 84,029.00	17.98%	\$ 351,346.00
2013	69,318.00	15.74%	289,363.80
2012	69,318.00	10.35%	233,304.10

Funded Status and Funding Progress - As of January 1, 2014, the most recent actuarial valuation date, the Authority's Plan was 0% funded. The actuarial accrued liability for benefits was \$963,296.00, and the actuarial value of plan assets was \$0.00, resulting in an unfunded actuarial accrued liability (UAAL) of \$963,296.00. (For additional information, please refer to the "Required Supplementary Information Schedule of Funding Progress for Health Benefits Plan" shown at the end of the footnote section.) Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The actuarial assumptions included the following: a discount rate of 4.5% on future benefit costs; turnover rate of 32.152% starting at age 25 decreasing to a rate of 0% at age 60; and lastly, the actual number of future retirees with dependents is used to determine dependent coverage. The remaining amortization period at December 31, 2014, was twenty-four years.

Note 6: DETAIL NOTES – LIABILITIES (CONT'D)**Revenue Bonds and Loans Payable - 2002 I, 2005 J, NJEIT 2008 K and NJEIT Junior Lien Series 2010 & 2014**

The Revenue Bonds Series 2002 I and 2005 J are direct obligations of the Authority. The Bonds are secured by a pledge on the Revenues derived by the Authority from the operation of its water supply and distribution facilities and its sewerage treatment facilities. The Bonds are further secured by the limited Service Agreement between the Authority and the Township (See Note 7).

The 2002 Series I Bonds were issued to provide funds to refund portions of the Authority's 1994 Series E Bonds and 1996 Series F Bonds and to pay for the cost of issuance. The Bonds were originally issued for \$7,605,000 and carry interest rates ranging from 2.5% to 4.0% with a final maturity in 2017. The Authority defeased the remaining payments on the Series I Bonds in 2014.

The 2005 Series J Bonds were issued to advance refund the callable maturities of the Authority's 1998 Series G Bonds and the 2001 Series H Bonds and to pay certain costs related to the issuance of the Series J Bonds. The Bonds were originally issued for \$9,555,000 and carry interest rates ranging from 2.5% to 4.0% with a final maturity in 2021.

On November 9, 2008, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Series 2008 K Bonds") totaling \$4,428,000 for the completion of emergency repairs to a sewer main. The first part of the loan award for \$2,198,000 is interest free. The \$2,230,000 portion carries interest rates that range from 5% to 5.5% with a final maturity in 2028.

On March 10, 2010, the Authority closed on four loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Junior Lien Series 2010") totaling \$4,787,982 for the completion of a micro-turbine facility, the installation of solar electric generating systems and the replacement of water main (the "2010 Project"). The total cost of the 2010 Project was \$9,533,946 and was financed with an interim loan of \$9,491,928.00 from the New Jersey Environmental Infrastructure Trust. Proceeds from the loan were used to retire the interim loan. In addition, the Authority received principal forgiveness under the federal government's American Resource and Recovery Act in the amount of \$4,745,964. Two parts of the loan award for \$2,372,982 are interest free. The remaining \$2,415,000 portion carries interest rates of 2.0% with a final maturity in 2029.

On May 24, 2014, the Authority closed on four loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Junior Lien Series 2014") totaling \$4,297,486.00 for Painting 1 MG Ground Storage Tank, Replacement of Lake Drive & Beechnut Lane Pump Station, Well 9 Electrical Upgrades, Trickling Filter Walkway Grating, Digester Cleaning and Repairs, and for the purchase of new water meters (the "2014 Project"). Two parts of the loan award for \$3,242,486.00 are interest free. The remaining \$1,055,000.00 portion carries interest rates that range from 3.0% to 5.5% with a final maturity in 2033.

Note 6: DETAIL NOTES – LIABILITIES (CONT'D)**Revenue Bonds and Loans Payable - Series 2002 I, 2005 J, NJEIT 2008 K and NJEIT Junior Lien Series 2010 & 2014 (Cont'd)****Maturities of the Series 2005 J:**

Bond Year	Principal	Rates	Interest	Total
2015	\$ 620,000.00	3.75%	\$ 242,825.00	\$ 862,825.00
2016	645,000.00	4.00%	218,300.00	863,300.00
2017	675,000.00	4.00%	191,900.00	866,900.00
2018	1,045,000.00	4.00%	157,500.00	1,202,500.00
2019	1,095,000.00	4.00%	114,700.00	1,209,700.00
2020	1,140,000.00	4.00%	70,000.00	1,210,000.00
2021	1,180,000.00	4.00%	23,600.00	1,203,600.00
	<u>6,400,000.00</u>		<u>\$ 1,018,825.00</u>	<u>\$ 7,418,825.00</u>
Current Maturities	(620,000.00)			
Premium on Bonds	<u>10,965.35</u>			
Long-Term Portion	<u>\$ 5,790,965.35</u>			

Maturities of the Series NJEIT 2008 K and NJEIT Junior Lien Series 2010 & 2014:

Year Ending December 31,	Interest Free Loan Principal	Loan Principal	Total Principal	Rates	Interest	Total
2015	\$ 403,154.97	\$ 225,000.00	\$ 628,154.97	3.00% - 5.00%	\$ 188,231.26	\$ 413,231.26
2016	403,456.87	235,000.00	638,456.87	3.00% - 5.00%	177,681.26	412,681.26
2017	403,607.81	250,000.00	653,607.81	5.00%	166,731.26	416,731.26
2018	403,607.81	260,000.00	663,607.81	5.00%	154,231.26	414,231.26
2019	403,456.87	270,000.00	673,456.87	4.00% - 5.25%	141,231.26	411,231.26
2020-2024	2,024,590.26	1,575,000.00	3,599,590.26	3.00% - 5.50%	494,456.30	2,069,456.30
2025-2029	1,912,979.12	1,035,000.00	2,947,979.12	3.00% - 5.00%	161,056.30	1,196,056.30
2030-2033	659,488.98	290,000.00	949,488.98	3.00% - 3.25%	23,081.28	313,081.28
	<u>\$6,614,342.69</u>	<u>\$4,140,000.00</u>	10,754,342.69		<u>\$1,506,700.18</u>	<u>\$5,646,700.18</u>
Current Maturities			(628,154.97)			
Premium on Bonds			<u>81,257.80</u>			
Long-Term Portion			<u>\$ 10,207,445.52</u>			

Note 7: DETAIL NOTES – NET POSITION**Net Position Appropriated**

As of December 31, 2014, the Authority had an unrestricted net position balance of \$3,970,558.11, which included an unrestricted water deficit of \$20,850.12. The Authority's 2015 budget, which was formulated prior to year end, appropriated unrestricted net position of \$100,000.00 for its water operating budget and \$200,000.00 for its sewer operating budget.

As of December 31, 2013, the Authority had an unrestricted net position balance of \$4,759,449.81, which included an unrestricted water deficit of \$323,211.13. The Authority's 2014 budget, which was formulated prior to year end, appropriated unrestricted net position of \$100,000.00 for its water operating budget, \$100,000.00 for its water capital budget, \$100,000.00 for its sewer operating budget, and \$530,000.00 for its sewer capital budget.

Note 8: INTERGOVERNMENTAL AGREEMENTS**Major Customer**

The Authority derives a significant portion of its total service fees from Mount Laurel Township Municipal Utilities Authority (MLTMUA). Since the charges are based upon the flow from the system, the Authority's revenues are subject to large fluctuations from this customer. A comparison of billings is shown below:

<u>Year</u>	<u>MLTMUA Water Billings</u>	<u>Total Water Billings</u>	<u>Percentage</u>
2014	\$ 884,236.52	\$ 4,868,704.23	18.16%
2013	1,097,544.03	4,904,773.74	22.38%
2012	1,239,417.41	4,450,987.01	27.85%

Edgewater Park Agreement

The Authority entered into a forty year agreement with Edgewater Park Sewerage Authority on December 4, 1965, in which the Authority agreed to accept for appropriate treatment and disposal through its facilities, the sewage and industrial waste collected in Edgewater Park Township. In exchange, Edgewater Park Sewerage Authority annually pays to the Authority:

- a) Residential Accounts – An amount equal to that charged to Willingboro Township residents less \$4.50.
- b) Commercial Accounts – The same per gallon charge currently billed to a Willingboro Township commercial customer.

The Authorities continue to operate under to original agreement.

Mount Laurel Service Agreement

The Authority, the Mount Laurel Township Municipal Utilities Authority (MLTMUA), and the Evesham Municipal Utilities Authority (EMUA) signed an agreement dated April 19, 1989 for the purchase and sale of potable water. The Authority sells bulk water to MLTMUA, which in turn sells a portion to EMUA.

Under the agreement the Authority must make available 5 million gallons per day and the MLTMUA must purchase a minimum of 67.5 million gallons per annual quarter. The charge imposed by the Authority is based on metered flow at the lowest prevailing Authority potable water service charge, plus 25%.

The agreement was made for an initial term of five years and is automatically renewed for five year terms unless written notice is given at least two years prior to the end of the then existing term by any of the principals to the agreement.

Note 8: INTERGOVERNMENTAL AGREEMENTS (CONT'D)**Township of Willingboro Service Agreement**

A Service Agreement was entered into on June 15, 1990 between the Authority and the Township. Under the Service Agreement, the Township agrees to pay any shortfall the Authority may encounter in making payments for either Operating Expenses and/or Debt Service (Annual Charges).

The purpose of this agreement is to grant temporary relief to the Authority should it experience difficulty in meeting its obligations. The agreement calls for the Township to be reimbursed for any Annual Charges paid by the Township when the Authority's operations permit. Ultimately, all Operating Expenses and Debt Service of the Authority are borne by revenues of the system.

Note 9: COMMITMENTS AND CONTINGENCIES**Commitments**

The Authority had several outstanding or planned construction projects as of December 31, 2014. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Awarded</u>	<u>Commitment Remaining</u>
Lining of Windsor Interceptor	\$ 273,005.50	\$ 20,707.44
Painting Ground Storage Tank	500,023.79	10,800.16
Replacement of Lake Drive & Beechnut Lane PS	793,281.00	281,963.06
Well 9 Electrical Upgrade	64,150.00	49,624.90
Trickling Filter Walkway Grating / Digester Cleaning & Repairs	<u>2,158,107.99</u>	<u>727,856.71</u>
	<u>\$ 3,788,568.28</u>	<u>\$1,090,952.27</u>

Litigation

The Authority is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Authority, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 10: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 11: 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 12: CHANGE ORDERS

During the year ended December 31, 2014, the Authority amended contracts by approving the following change orders that resulted in the total amount of change orders executed for these projects to exceed the originally awarded contract price by more than 20 percent:

<u>Contract No.</u>	<u>Project Description</u>
2013-5A	Digester Cleaning and Repair and Trickling Filter Walkway Grating

N.J.A.C. 5:30-11.3 (a) 9 and 10 states that the total number of change orders executed for a particular contract shall not cause the originally awarded contract price to be exceeded by more than twenty percent unless otherwise authorized, and that if proposed change orders do exceed that twenty percent limitation, no work shall be performed or purchases made until the procedures of N.J.A.C. 5:30-11.9 have been completed.

N.J.A.C. 5:30-11.9 delineates the required procedures for change orders, which exceed the twenty percent limitation. The Authority has not complied with all provisions of N.J.A.C. 5:30-11.9.

Note 13: SUBSEQUENT EVENTS

Subsequent to December 31, 2014, the Authority authorized additional Loans through the New Jersey Environmental Infrastructure Trust as follows:

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
2015 NJEIT Clean Water Project	May 28, 2015	\$ 1,666,180.00
2015 NJEIT Drinking Water Project	May 28, 2015	<u>985,657.00</u>
		<u>\$ 2,651,837.00</u>

REQUIRED SUPPLEMENTARY INFORMATION

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of Funding Progress for the OPEB Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability - (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
1/1/2014	\$ -	\$ 963,296.00	\$ 963,296.00	0 %	N/A	N/A
7/1/2010	-	760,589.00	760,589.00	0 %	N/A	N/A

Schedule RSI-2

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of Employer Contributions to the OPEB Plan

<u>Year Ended December 31,</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
2014	\$ 84,029.00	17.98%
2013	69,318.00	15.74%
2012	69,318.00	10.35%

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Note to Required Supplementary Information
For the Year Ended December 31, 2014

Other Postemployment Benefits

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	January 1, 2014
Actuarial Cost Method	Projected Unit Credit Method
Amortization Method	Closed, Level Dollar Method
Remaining Amortization Period	24 years
Asset Valuation Method	N/A
Actuarial Assumptions:	
Investment Rate of Return	4.5%
Rate of Medicare Part B Inflation	4.5%

For determining the GASB ARC, the rate of employer contributions to the Willingboro Municipal Utilities Authority Plan is composed of the Normal Cost plus amortization of the Unfunded Actuarial Liability. The Normal Cost is a portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method. The Actuarial Liability is that portion of the Present Value of Projected Benefits that will not be paid by Future Employer Normal Costs or active employee contributions. The difference between this liability and the funds accumulated as of the same date is the Unfunded Actuarial Liability.

SUPPLEMENTARY SCHEDULES

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Combining Schedule of Revenue, Expenses and Changes in Net Position
Restricted and Unrestricted Accounts
For the Year Ended December 31, 2014

	Unrestricted		Restricted				Totals
	Operating	General	Bond Reserve	Bond Service	Renewal and Replacement	Unemployment Compensation	
Operating Revenues:							
Service Fees	\$ 7,619,586.68						\$ 7,619,586.68
Intergovernmental Service Agreements	1,621,093.42						1,621,093.42
Connection Fees	477,038.56						477,038.56
Other Operating Revenues	826,116.21						826,116.21
Total Operating Revenues	10,543,834.87	\$ -	\$ -	\$ -	\$ -	\$ -	10,543,834.87
Operating Expenses:							
Administration:							
Salaries and Wages	558,028.29						558,028.29
Employee Benefits	334,563.65						334,563.65
Other Expenses	595,387.38						595,387.38
Cost of Providing Service:							
Salaries and Wages	2,056,709.03						2,056,709.03
Employee Benefits	1,154,876.97						1,154,876.97
Other Expenses	2,260,695.33						2,260,695.33
Major Repairs		313,453.67					313,453.67
Depreciation		2,254,579.05					2,254,579.05
Total Operating Expenses	6,960,260.65	2,568,032.72	-	-	-	-	9,528,293.37
Operating Income (Loss)	3,583,574.22	(2,568,032.72)					1,015,541.50
Non-operating Revenue (Expenses):							
Investment Income	8,590.04	58.76	3,301.53	6,704.49	2,400.34	192.49	21,247.65
Net Unemployment Activity						3,804.31	3,804.31
Debt Issue Costs		(55,429.80)					(55,429.80)
Bond Interest		(142,513.57)		(435,409.75)			(577,923.32)
Contribution to Willingboro Township		(300,000.00)					(300,000.00)
Income (Loss) Before Transfers and Contributions	3,592,164.26	(3,065,917.33)	3,301.53	(428,705.26)	2,400.34	3,996.80	107,240.34
Transfers	(3,506,323.26)	3,083,319.87	(3,301.53)	428,705.26	(2,400.34)		-
Capital Contributions	58,824.00						58,824.00
Change in Net Position	144,665.00	17,402.54	-	-	-	3,996.80	166,064.34
Net Position - Beginning	3,331,218.00	25,153,830.45	1,512,836.74	-	1,000,000.00	189,080.79	31,186,965.98
Net Position - Ending:							
Net Investment in Capital Assets		\$ 21,200,674.88					\$ 21,200,674.88
Restricted	\$ 3,475,883.00		\$ 1,512,836.74	\$ -	\$ 1,000,000.00	\$ 193,077.59	6,181,797.33
Unrestricted		3,970,558.11					3,970,558.11

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenues, Expenses and Changes in Fund Net Position by Department
 For the Year Ended December 31, 2014

	<u>Sewer</u>	<u>Water Treatment</u>	<u>Total</u>
Operating Revenues:			
Service Fees	\$ 3,635,118.97	\$ 3,984,467.71	\$ 7,619,586.68
Intergovernmental Service Agreements	736,856.90	884,236.52	1,621,093.42
Connection Fees	287,104.96	189,933.60	477,038.56
Other Operating Revenues	259,494.48	566,621.73	826,116.21
	<u>4,918,575.31</u>	<u>5,625,259.56</u>	<u>10,543,834.87</u>
Operating Expenses:			
Administration:			
Salaries and Wages	279,014.15	279,014.15	558,028.29
Fringe Benefits	167,281.83	167,281.83	334,563.65
Other Expenses	297,693.69	297,693.69	595,387.38
Total Administration	<u>743,989.66</u>	<u>743,989.66</u>	<u>1,487,979.32</u>
Cost of Providing Service:			
Salaries and Wages	816,067.99	1,240,641.04	2,056,709.03
Fringe Benefits	493,847.90	661,029.07	1,154,876.97
Other Expenses	1,127,485.11	1,133,210.22	2,260,695.33
Total Cost of Providing Service	<u>2,437,401.00</u>	<u>3,034,880.33</u>	<u>5,472,281.33</u>
Major Repairs and Other Expenses	111,594.51	201,859.16	313,453.67
Depreciation	1,084,623.55	1,169,955.50	2,254,579.05
Total Operating Expenses	<u>4,377,608.72</u>	<u>5,150,684.65</u>	<u>9,528,293.37</u>
Operating Income	<u>540,966.59</u>	<u>474,574.91</u>	<u>1,015,541.50</u>
Non-operating Income (Expenses):			
Investment Income	10,610.90	10,636.75	21,247.65
Net Unemployment Activity	1,902.16	1,902.16	3,804.31
Debt Issue Costs	(40,011.00)	(15,418.80)	(55,429.80)
Interest Expense	(256,003.36)	(321,919.96)	(577,923.32)
Contribution to Willingboro Township	(150,000.00)	(150,000.00)	(300,000.00)
Income (Loss) Before Contributions	107,465.29	(224.95)	107,240.34
Contributed Capital	<u>58,824.00</u>	-	<u>58,824.00</u>
Increase (Decrease) in Net Position	<u>166,289.29</u>	<u>(224.95)</u>	<u>166,064.34</u>
Net Position - Beginning	<u>14,748,179.04</u>	<u>16,438,786.94</u>	<u>31,186,965.98</u>
Net Position - Ending	<u>\$ 14,914,468.33</u>	<u>\$ 16,438,561.99</u>	<u>\$ 31,353,030.32</u>
Net Position:			
Net Investment in Capital Assets	\$ 7,775,201.79	\$ 13,425,473.09	\$ 21,200,674.88
Restricted for:			
Bond Resolution Covenants	3,051,319.51	2,937,400.23	5,988,719.74
Unemployment Compensation	96,538.80	96,538.80	193,077.59
Unrestricted (Deficit)	3,991,408.23	(20,850.12)	3,970,558.11
	<u>\$ 14,914,468.33</u>	<u>\$ 16,438,561.99</u>	<u>\$ 31,353,030.32</u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Cash Receipts and Cash Disbursements
 For the Year Ended December 31, 2014

	Unrestricted		Restricted				Total
	Operating Accounts	General	Bond Reserve	Bond Service	Renewal and Replacement	Other	
Cash, Cash Equivalents and Investments January 1, 2014	\$ 6,857,936.84	\$ 346,863.48	\$ 1,592,057.00	\$ 1,164,402.87	\$ 1,000,000.00	\$ 275,356.13	\$ 11,236,616.32
Receipts:							
User Charges and Fees	7,069,719.74						7,069,719.74
Intergovernmental Service Agreements Receivable	1,608,833.82						1,608,833.82
Rent Overpayments	92,333.79						92,333.79
Other Accounts Receivable	681,482.14						681,482.14
Connection Fees	477,038.56						477,038.56
Investment Income (Including Unrealized Losses)	8,488.59	58.48	3,302.96	6,702.95	2,399.43	293.95	21,246.36
Developer's Escrow Deposits						73,398.27	73,398.27
Premium on NJEIT Loans	81,257.80						81,257.80
NJ EIT Drawdowns	1,030,541.00						1,030,541.00
Unearned Revenue	411,667.92						411,667.92
Net Unemployment Activity						3,804.31	3,804.31
Transfers In	2,876.62	2,474,213.77		2,729,525.83			5,206,616.22
Total Cash and Investments Available	18,322,176.82	2,821,135.73	1,595,359.96	3,900,631.65	1,002,399.43	352,852.66	27,994,556.25
Disbursements:							
Budgetary Expenses	7,112,664.79			32,786.51			7,145,451.30
Debt Service Principal				2,395,914.67			2,395,914.67
Debt Service Interest				471,092.36			471,092.36
Construction in Progress	3,196,341.43						3,196,341.43
Capital Accounts Payable	125,765.58						125,765.58
Operating Accounts Payable	379,007.18						379,007.18
Developer's Escrow Expenses						72,130.42	72,130.42
Other Liabilities	7,077.63						7,077.63
Cost of Issuance	55,429.80						55,429.80
Transfers Out	4,248,907.78	918,456.64	36,312.96		2,399.43	539.41	5,206,616.22
Total Disbursements	15,125,194.19	918,456.64	36,312.96	2,899,793.54	2,399.43	72,669.83	19,054,826.59
Cash, Cash Equivalents and Investments December 31, 2014	\$ 3,196,982.63	\$ 1,902,679.09	\$ 1,559,047.00	\$ 1,000,838.11	\$ 1,000,000.00	\$ 280,182.83	\$ 8,939,729.66
<u>Analysis of Balance December 31, 2014</u>							
Cash and Cash Equivalents	\$ 3,196,982.63					\$ 280,182.83	\$ 3,477,165.46
Investments:							
Governmental Mutual Funds		\$ 1,902,679.09	\$ 1,012,837.00	\$ 1,000,838.11	\$ 1,000,000.00		4,916,354.20
U.S. Treasury Bonds			546,210.00				546,210.00
	\$ 3,196,982.63	\$ 1,902,679.09	\$ 1,559,047.00	\$ 1,000,838.11	\$ 1,000,000.00	\$ 280,182.83	\$ 8,939,729.66

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Sewer Operations -- Revenues, Operating Appropriations,
Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
For the Year Ended December 31, 2014

	Adopted Budget	Actual	Variance Favorable / (Unfavorable)
Operating Revenues:			
Service Fees:			
Residential and Commercial	\$ 3,846,000.00	\$ 3,635,118.97	\$ (210,881.03)
Intergovernmental Service Agreements	725,000.00	736,856.90	11,856.90
Connection Fees	-	287,104.96	287,104.96
Other Operating Revenues:			
Lechate Disposal Fees	14,000.00	5,080.59	(8,919.41)
Laboratory Testing	6,000.00	4,320.00	(1,680.00)
Search Fees	5,000.00	7,245.00	2,245.00
Late Penalties	40,000.00	51,118.31	11,118.31
Miscellaneous Service Fees	61,500.00	19,822.50	(41,677.50)
Miscellaneous Income	11,000.00	171,908.08	160,908.08
	137,500.00	259,494.48	121,994.48
Total Operating Revenues	4,708,500.00	4,918,575.31	210,075.31
Non-Operating Revenues:			
Investment Income	14,500.00	10,610.90	(3,889.10)
Total Budget Revenues	4,723,000.00	4,929,186.21	206,186.21
Operating Appropriations:			
Administration			
Salaries and Wages	312,500.00	279,014.15	33,485.85
Employee Benefits:			
Social Security Tax	25,000.00	22,829.84	2,170.16
Unemployment & Disability Insurance	3,000.00	9,602.32	(6,602.32)
Public Employees Retirement System	35,000.00	30,563.84	4,436.17
Health Insurance	107,500.00	82,025.61	25,474.39
Dental Insurance	8,500.00	5,285.98	3,214.03
Prescription Plan	14,000.00	13,419.39	580.61
Uniforms	250.00	24.75	225.25
OPEB Obligation		3,530.11	(3,530.11)
Total Employee Benefits	193,250.00	167,281.83	25,968.18
Other Expenses:			
Telephone	2,500.00	3,232.93	(732.93)
Electricity	5,500.00	5,062.59	437.41
Gas Heat	1,500.00	1,294.86	205.15
Vehicle, Gasoline	1,500.00	553.55	946.45

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Sewer Operations -- Revenues, Operating Appropriations,
Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
For the Year Ended December 31, 2014

	Adopted Budget	Actual	Variance Favorable / (Unfavorable)
Administration (Cont'd):			
Other Expenses (Cont'd):			
Vehicle, Maintenance	\$ 1,000.00	\$ 146.22	\$ 853.79
Maintenance of Building and Site	3,500.00	2,517.61	982.39
Equipment Maintenance	10,500.00	3,546.67	6,953.34
Insurance	9,500.00	26,366.54	(16,866.54)
Printing	10,000.00	6,448.29	3,551.72
Postage	20,000.00	20,138.98	(138.98)
Miscellaneous Supplies and Expenses	30,000.00	40,008.94	(10,008.94)
Safety Services	2,500.00	33.58	2,466.43
Engineer Fees	32,500.00	45,817.93	(13,317.93)
Legal Fees	32,500.00	55,174.98	(22,674.98)
Information Management	15,000.00	19,592.81	(4,592.81)
Auditor Fees	23,000.00	29,137.25	(6,137.25)
Trustee Fees	13,500.00	9,500.00	4,000.00
Consulting Fees	5,000.00	29,120.00	(24,120.00)
Total Other Expenses	219,500.00	297,693.69	(78,193.69)
Total Administration	725,250.00	743,989.66	(18,739.66)
Cost of Providing Service:			
Salaries and Wages	761,000.00	816,067.99	(55,067.99)
Employee Benefits:			
Social Security Tax	60,000.00	61,974.78	(1,974.78)
Unemployment & Disability Insurance	3,000.00	644.60	2,355.40
Public Employees Retirement System	83,000.00	75,424.64	7,575.36
Health Insurance	236,000.00	254,828.73	(18,828.73)
Dental Insurance	19,500.00	15,548.02	3,951.98
Prescription Plan	54,000.00	55,379.13	(1,379.13)
Uniforms	5,836.00	3,897.80	1,938.20
OPEB Obligation		26,150.20	(26,150.20)
Total Employee Benefits	461,336.00	493,847.90	(32,511.90)
Other Expenses:			
Telephone	8,200.00	12,743.76	(4,543.76)
Electricity	260,000.00	255,967.17	4,032.83
Gas Heat	25,000.00	51,127.48	(26,127.48)
Vehicles, Gasoline	16,000.00	13,313.27	2,686.73
Vehicles, Maintenance	15,000.00	4,985.72	10,014.28
Maintenance of Buildings and Sites	17,000.00	19,439.47	(2,439.47)
Equipment Maintenance	67,000.00	89,187.84	(22,187.84)
Insurance	110,000.00	126,462.19	(16,462.19)
System Maintenance	60,000.00	62,821.73	(2,821.73)
Miscellaneous Supplies and Expenses	36,000.00	41,510.70	(5,510.70)

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WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Sewer Operations -- Revenues, Operating Appropriations,
Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
For the Year Ended December 31, 2014

	Adopted Budget	Actual	Variance Favorable / (Unfavorable)
Cost of Providing Service (Cont'd):			
Other Expenses (Cont'd):			
Chemicals	\$ 92,500.00	\$ 102,156.68	\$ (9,656.68)
Safety Services	6,500.00	4,212.00	2,288.00
Permits and Fees	82,000.00	90,606.74	(8,606.74)
Laboratory Tests and Analyses	25,000.00	20,902.10	4,097.90
Lab Supplies & Expenses	20,000.00	22,625.80	(2,625.80)
Sludge Disposal Fees	150,000.00	209,422.46	(59,422.46)
Total Other Expenses	990,200.00	1,127,485.11	(137,285.11)
Total Cost of Providing Service	2,212,536.00	2,437,401.00	(224,865.00)
Total Principal Payments on Debt in lieu of Depreciation	695,461.00	1,342,584.14	(647,123.14)
Total Operating Appropriations	3,633,247.00	4,523,974.80	(890,727.80)
Non-Operating Appropriations			
Interest on Debt	247,753.00	183,094.91	64,658.09
Renewal and Replacement	812,000.00	111,594.51	700,405.49
Municipal Contributions	100,000.00	150,000.00	(50,000.00)
Other Reserves	30,000.00		30,000.00
Total Non-Operating Appropriations	1,189,753.00	444,689.42	745,063.58
Total Operating, Principal Payments and Non-Operating Appropriations	4,823,000.00	4,968,664.22	(145,664.22)
Unreserved Net Position Utilized to Balance Budget	100,000.00	-	100,000.00
Net Total Appropriations	4,723,000.00	4,968,664.22	(245,664.22)
Excess Expenditures over Revenues	\$ -	\$ (39,478.01)	\$ (39,478.01)
Adjustments to Reconcile to GAAP Basis Change in Net Assets:			
Excess Expenditures over Revenues		\$ (39,478.01)	
Employee Unemployment Compensation Deductions		1,902.16	
Bond Principal		1,342,584.14	
Depreciation Expense		(1,084,623.55)	
Debt Issue Costs		(40,011.00)	
Amortization of Original Issue Discount		(610.93)	
Amortization of Premium on Bonds		310.68	
Amortization of Loss Amount on Refunding		(72,608.20)	
Total GAAP Basis Change in Net Position		\$ 107,465.29	

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Water Treatment Operations -- Revenues, Operating Appropriations,
Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
For the Year Ended December 31, 2014

	Adopted Budget	Actual	Variance Favorable / (Unfavorable)
Operating Revenues:			
Service Fees:			
Residential and Commercial	\$ 4,215,000.00	\$ 3,984,467.71	\$ (230,532.29)
Intergovernmental Service Agreements	1,000,000.00	884,236.52	(115,763.48)
Connection Fees	-	189,933.60	189,933.60
Other Operating Revenues:			
Search Fees	5,000.00	7,245.00	2,245.00
Elevated Tank Rentals	220,000.00	269,025.67	49,025.67
Fire Hydrants and Fire Service Lines	92,000.00	92,668.00	668.00
Late Penalties	40,000.00	56,292.36	16,292.36
Miscellaneous Service Fees	65,500.00	112,772.50	47,272.50
Miscellaneous Income	40,250.00	28,618.20	(11,631.80)
	462,750.00	566,621.73	103,871.73
Total Operating Revenues	5,677,750.00	5,625,259.56	(52,490.44)
Non-Operating Revenues:			
Investment Income	14,500.00	10,636.75	(3,863.25)
Total Budget Revenues	5,692,250.00	5,635,896.31	(56,353.69)
Operating Appropriations:			
Administration:			
Salaries and Wages	312,500.00	279,014.15	33,485.85
Employee Benefits:			
Social Security Tax	25,000.00	22,829.84	2,170.16
Temporary Disability Insurance	3,000.00	9,602.32	(6,602.32)
Public Employees Retirement System	35,000.00	30,563.84	4,436.17
Health Insurance	107,500.00	82,025.61	25,474.39
Dental Insurance	8,500.00	5,285.98	3,214.03
Prescription Plan	14,000.00	13,419.39	580.61
Uniforms	250.00	24.75	225.25
OPEB Obligation		3,530.11	(3,530.11)
Total Employee Benefits	193,250.00	167,281.83	25,968.18
Other Expenses:			
Telephone	2,500.00	3,232.93	(732.93)
Electricity	5,500.00	5,062.59	437.41
Gas Heat	1,500.00	1,294.86	205.15
Vehicle, Gasoline	1,500.00	553.55	946.45

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Water Treatment Operations -- Revenues, Operating Appropriations,
Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
For the Year Ended December 31, 2014

	Adopted <u>Budget</u>	<u>Actual</u>	Variance Favorable / (Unfavorable)
Administration (Cont'd):			
Other Expenses (Cont'd):			
Vehicle, Maintenance	\$ 1,000.00	\$ 146.22	\$ 853.79
Maintenance of Building and Site	3,500.00	2,517.61	982.39
Equipment Maintenance	10,500.00	3,546.67	6,953.34
Insurance	9,500.00	26,366.54	(16,866.54)
Printing	10,000.00	6,448.29	3,551.72
Postage	20,000.00	20,138.98	(138.98)
Miscellaneous Supplies and Expenses	30,000.00	40,008.94	(10,008.94)
Safety Services	2,500.00	33.58	2,466.43
Engineer Fees	32,500.00	45,817.93	(13,317.93)
Legal Fees	32,500.00	55,174.98	(22,674.98)
Information Management	15,000.00	19,592.81	(4,592.81)
Auditor Fees	23,000.00	29,137.25	(6,137.25)
Trustee Fees	13,500.00	9,500.00	4,000.00
Consulting Fees	5,000.00	29,120.00	(24,120.00)
	<hr/>	<hr/>	<hr/>
Total Other Expenses	219,500.00	297,693.69	(78,193.69)
	<hr/>	<hr/>	<hr/>
Total Administration	725,250.00	743,989.66	(18,739.66)
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Cost of Providing Service:			
Salaries and Wages	1,129,000.00	1,240,641.04	(111,641.04)
	<hr/>	<hr/>	<hr/>
Employee Benefits:			
Social Security Tax	91,000.00	96,488.98	(5,488.98)
Temporary Disability Insurance	19,000.00	3,970.69	15,029.31
Public Employees Retirement System	115,500.00	98,994.84	16,505.16
Health Insurance	313,000.00	329,017.96	(16,017.96)
Dental Insurance	32,400.00	22,745.28	9,654.72
Prescription Plan	68,000.00	73,700.59	(5,700.59)
Uniforms	10,500.00	7,338.95	3,161.05
OPEB Obligation		28,771.78	(28,771.78)
	<hr/>	<hr/>	<hr/>
Total Employee Benefits	649,400.00	661,029.07	(11,629.07)
	<hr/>	<hr/>	<hr/>
Other Expenses:			
Telephone	19,000.00	20,362.16	(1,362.16)
Electricity	515,000.00	381,158.08	133,841.92
Gas Heat	9,000.00	25,358.70	(16,358.70)
Vehicles, Gasoline	50,000.00	37,917.81	12,082.19
Vehicles, Maintenance	35,000.00	29,479.26	5,520.74
Maintenance of Buildings and Sites	25,000.00	21,202.98	3,797.02
Equipment Maintenance	100,000.00	107,391.81	(7,391.81)
Insurance	155,000.00	180,092.33	(25,092.33)
System Maintenance	10,000.00	5,492.32	4,507.68
Miscellaneous Supplies and Expenses	45,000.00	100,325.12	(55,325.12)

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Water Treatment Operations -- Revenues, Operating Appropriations,
Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
For the Year Ended December 31, 2014

	Adopted Budget	Actual	Variance Favorable / (Unfavorable)
Cost of Providing Service (Cont'd):			
Other Expenses (Cont'd):			
Safety Services	\$ 8,000.00	\$ 12,065.62	\$ (4,065.62)
Chemicals	200,000.00	170,588.87	29,411.13
Laboratory Tests and Analyses	20,000.00	11,144.70	8,855.30
Permits and Fees	30,000.00	28,905.46	1,094.54
Contingencies		1,725.00	(1,725.00)
Total Other Expenses	1,221,000.00	1,133,210.22	87,789.78
Total Cost of Providing Service	2,999,400.00	3,034,880.33	(35,480.33)
Total Principal Payments on Debt in lieu of Depreciation	659,181.00	1,053,330.53	(394,149.53)
Total Operating Appropriations	4,383,831.00	4,832,200.52	(448,369.52)
Non-Operating Appropriations			
Interest on Debt	288,448.00	252,314.84	36,133.16
Renewal and Replacement	750,000.00	201,859.16	548,140.84
Municipal Contributions	100,000.00	150,000.00	(50,000.00)
Other Reserves	269,971.00		269,971.00
Total Non-Operating Appropriations	1,408,419.00	604,174.00	804,245.00
Total Operating, Principal Payments and Non-Operating Appropriations	5,792,250.00	5,436,374.52	355,875.48
Unreserved Net Position Utilized to Balance Budget	100,000.00	-	392,008.64
Net Total Appropriations	5,692,250.00	5,436,374.52	(255,875.48)
Excess Revenues Over Expenditures	\$ -	\$ 199,521.79	\$ 199,521.79
Adjustments to Reconcile to GAAP Basis Net Income:			
Excess Revenues Over Expenditures		\$ 199,521.79	
Employee Unemployment Compensation Deductions		1,902.16	
Bond Principal		1,053,330.53	
Depreciation Expense		(1,169,955.50)	
Debt Issue Costs		(15,418.80)	
Amortization of Premium on Bonds		1,516.87	
Amortization of Original Issue Discount		(390.59)	
Amortization of Deferred Loss on Refunding		(70,731.40)	
Total GAAP Basis Change in Net Position		\$ (224.95)	

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedules of Anticipated Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget by Department--Budgetary Basis
For the Year Ended December 31, 2014

Reconciliation to Operating Income

Revenues Over (Under) Expenses and Other Costs		
Schedule 4 - Sewer Department	\$ (39,478.01)	
Schedule 5 - Water Department	<u>199,521.79</u>	
		\$ 160,043.78
Add:		
Debt Service Principal Payments	2,395,914.67	
Interest on Debt	435,409.75	
Contribution to Willingboro Township Per N.J.S.A. 40A:5A-1	<u>300,000.00</u>	
		<u>3,131,324.42</u>
		3,291,368.20
Less:		
Investment Income	21,247.65	
Depreciation	<u>2,254,579.05</u>	
		<u>2,275,826.70</u>
Operating Income (Exhibit B)		<u><u>\$ 1,015,541.50</u></u>

Reconciliation of Actual Expenditures

Cash Disbursements	\$ 7,145,451.30
OPEB Expense	61,982.20
Accounts Payable	407,535.78
Change in Inventory	2,661.31
Change in Compensated Absences Payable	(43,916.27)
Debt Principal	2,395,914.67
Debt Interest	<u>435,409.75</u>
Total Sewer and Water Budgetary Appropriations	<u><u>\$ 10,405,038.74</u></u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Service Fees Receivable
For the Year Ended December 31, 2014

	<u>Sewer Department</u>	<u>Water Treatment Department</u>	<u>Total</u>
Balance Jan. 1, 2014	\$ 380,986.33	\$ 407,445.40	\$ 788,431.73
Increased by:			
Service Fees	3,635,118.97	3,984,467.71	7,619,586.68
	<hr/> 4,016,105.30	<hr/> 4,391,913.11	<hr/> 8,408,018.41
Decreased by:			
Collections	3,394,958.70	3,674,761.04	7,069,719.74
Overpayments Applied	40,716.05	40,716.06	81,432.11
	<hr/> 3,435,674.75	<hr/> 3,715,477.10	<hr/> 7,151,151.85
Balance Dec. 31, 2014	<hr/> <u>\$ 580,430.55</u>	<hr/> <u>\$ 676,436.01</u>	<hr/> <u>\$ 1,256,866.56</u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Investment Income Receivable

For the Year Ended December 31, 2014

	Balance <u>Jan. 1, 2014</u>	Investment Income <u>Earned</u>	Investment Income <u>Collected</u>	Balance <u>Dec. 31, 2014</u>
Unrestricted Earnings:				
Operating Accounts	\$ 0.05	\$ 8,488.58	\$ 8,488.59	\$ 0.04
General Fund	13.54	58.76	58.48	13.82
	<u>13.59</u>	<u>8,547.34</u>	<u>8,547.07</u>	<u>13.86</u>
Restricted Earnings:				
Bond Reserve Fund	4,574.99	3,301.53	3,302.96	4,573.56
Bond Service Fund	5.79	6,704.49	6,702.95	7.33
Renewal and Replacement Fund	6.42	2,400.34	2,399.43	7.33
Other		293.95	293.95	
	<u>4,587.20</u>	<u>12,700.31</u>	<u>12,699.29</u>	<u>4,588.22</u>
	<u>\$ 4,600.79</u>	<u>\$ 21,247.65</u>	<u>\$ 21,246.36</u>	<u>\$ 4,602.08</u>
Sewer Department	\$ 2,174.04	\$ 10,610.90	\$ 10,610.26	\$ 2,174.69
Water Treatment Department	2,417.90	10,636.75	10,636.10	2,418.54
	<u>\$ 4,591.94</u>	<u>\$ 21,247.65</u>	<u>\$ 21,246.36</u>	<u>\$ 4,593.23</u>
Cash Receipts			\$ 54,256.36	
Unrealized Losses on Investments			<u>(33,010.00)</u>	
			<u>\$ 21,246.36</u>	

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Capital Assets
For the Year Ended December 31, 2014

	Balance Jan. 1, 2014	Additions	Deletions	Balance Dec. 31, 2014
Sewer Department:				
Plant:				
Buildings	\$ 14,556,916.88	\$ 175,234.80		\$ 14,732,151.68
Major Moveable Equipment	138,013.94			138,013.94
Vehicles	265,405.85			265,405.85
Infrastructure	14,466,890.41			14,466,890.41
	<u>29,427,227.08</u>	<u>175,234.80</u>	<u>\$ -</u>	<u>29,602,461.88</u>
Administration:				
Buildings	151,720.25			151,720.25
Major Moveable Equipment	86,476.97			86,476.97
Vehicles	7,130.00			7,130.00
	<u>245,327.22</u>	<u>-</u>	<u>-</u>	<u>245,327.22</u>
Land:				
Plant	578,000.00			578,000.00
Administration	30,000.00			30,000.00
	<u>608,000.00</u>	<u>-</u>	<u>-</u>	<u>608,000.00</u>
Subtotal	30,280,554.30	175,234.80		30,455,789.10
Less Depreciation	<u>16,322,432.52</u>	<u>1,084,623.55</u>		<u>17,407,056.07</u>
	<u>\$ 13,958,121.78</u>	<u>\$ (909,388.75)</u>	<u>\$ -</u>	<u>\$ 13,048,733.03</u>

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Capital Assets
For the Year Ended December 31, 2014

	Balance Jan. 1, 2014	Additions	Deletions	Balance Dec. 31, 2014
Water Treatment Department:				
Plant:				
Buildings	\$ 13,548,957.38	\$ 25,241.00		\$ 13,574,198.38
Major Moveable Equipment	197,146.23			197,146.23
Vehicles	562,697.03	19,641.50		582,338.53
Infrastructure	24,877,039.88	547,690.30		25,424,730.18
	<u>39,185,840.52</u>	<u>592,572.80</u>	\$ -	<u>39,778,413.32</u>
Administration:				
Buildings	151,720.25			151,720.25
Major Moveable Equipment	86,476.97			86,476.97
Vehicles	7,130.00			7,130.00
	<u>245,327.22</u>	-	-	<u>245,327.22</u>
Land:				
Plant	616,200.00			616,200.00
Administration	30,000.00			30,000.00
	<u>646,200.00</u>	-	-	<u>646,200.00</u>
Subtotal	40,077,367.74	592,572.80		40,669,940.54
Less Depreciation	<u>19,573,266.14</u>	<u>1,169,955.50</u>		<u>20,743,221.64</u>
	<u>\$ 20,504,101.60</u>	<u>\$ (577,382.70)</u>	\$ -	<u>\$ 19,926,718.90</u>
Recap:				
Capital Assets	\$ 70,357,922.04	\$ 767,807.60	\$ -	\$ 71,125,729.64
Less Depreciation	<u>35,895,698.66</u>	<u>2,254,579.05</u>		<u>38,150,277.71</u>
	<u>\$ 34,462,223.38</u>	<u>\$ (1,486,771.45)</u>	\$ -	<u>\$ 32,975,451.93</u>
Transferred from Construction in Progress		<u>\$ 767,807.60</u>		

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Construction in Progress
For the Year Ended December 31, 2014

Balance Jan. 1, 2014		\$ 717,850.83
Add:		
Disbursed	\$ 3,196,341.43	
Retainage Payable	51,221.92	
Contributed Capital	58,824.00	
Accounts Payable	<u>669,302.70</u>	
		<u>3,975,690.05</u>
		4,693,540.88
Less:		
Transferred to Completed		<u>767,807.60</u>
Balance Dec. 31, 2014		<u><u>\$ 3,925,733.28</u></u>

Schedule 10

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Accrued Interest Payable
For the Year Ended December 31, 2014

	<u>Sewer</u>	<u>Water Treatment</u>	<u>Total</u>
Balance Jan. 1, 2014	\$ 97,247.99	\$ 143,407.32	\$ 240,655.30
Increased by:			
Accrued	<u>183,094.91</u>	<u>252,314.84</u>	<u>435,409.75</u>
	280,342.90	395,722.16	676,065.05
Decreased by:			
Cash Disbursed	<u>200,372.45</u>	<u>270,719.91</u>	<u>471,092.36</u>
Balance Dec. 31, 2014	<u><u>\$ 79,970.45</u></u>	<u><u>\$ 125,002.25</u></u>	<u><u>\$ 204,972.69</u></u>
Analysis of Interest Expense:			
Accrued	\$ 183,094.91	\$ 252,314.84	\$ 435,409.75
Deferred Loss on Refunding	72,608.20	70,731.40	143,339.60
Premium on Bonds	(310.68)	(1,516.87)	(1,827.55)
Discount on Bonds	<u>610.93</u>	<u>390.59</u>	<u>1,001.52</u>
Total Interest Expense	<u><u>\$ 256,003.36</u></u>	<u><u>\$ 321,919.96</u></u>	<u><u>\$ 577,923.32</u></u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds Payable
 For the Year Ended December 31, 2014

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2014	Paid	Balance Dec. 31, 2014
	Date	Amount		Date	Amount			
2002 Series I Water & Sewer Revenue Bonds	10-22-2002	\$ 7,605,000.00				\$ 1,255,000.00	\$ 1,255,000.00	
2005 Series J Water & Sewer Revenue Bonds	3-9-2005	9,555,000.00	3.75%	1-1-2015	\$ 620,000.00			
			4.00%	1-1-2016	645,000.00			
			4.00%	1-1-2017	675,000.00			
			4.00%	1-1-2018	1,045,000.00			
			4.00%	1-1-2019	1,095,000.00			
			4.00%	1-1-2020	1,140,000.00			
			4.00%	1-1-2021	1,180,000.00			
								<u>6,400,000.00</u>
						8,260,000.00	<u>\$ 1,860,000.00</u>	6,400,000.00
Adjustments:								
						(1,001.52)		
						12,792.90		10,965.35
						<u>\$ 8,271,791.38</u>		<u>\$ 6,410,965.35</u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2014

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2014	Issued	Paid	Balance Dec. 31, 2014		
	Date	Amount		Date	Amount						
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Non-Interest Bearing)	11-9-08	\$ 2,198,000.00		2-1-2015	\$ 28,408.59						
				8-1-2015	82,750.21						
				2-1-2016	27,050.05						
				8-1-2016	84,410.65						
				2-1-2017	25,616.03						
				8-1-2017	85,995.61						
				2-1-2018	24,106.54						
				8-1-2018	87,505.10						
				2-1-2019	22,521.58						
				8-1-2019	88,939.12						
				2-1-2020	20,778.12						
				8-1-2020	93,233.62						
				2-1-2021	18,785.59						
				8-1-2021	94,260.07						
				2-1-2022	16,710.04						
				8-1-2022	95,203.50						
				2-1-2023	14,551.47						
				8-1-2023	99,082.89						
				2-1-2024	12,226.86						
				8-1-2024	99,777.25						
				2-1-2025	10,038.10						
				8-1-2025	103,626.45						
				2-1-2026	7,698.39						
	8-1-2026	104,305.72									
	2-1-2027	5,283.21									
	8-1-2027	107,928.50									
	2-1-2028	2,717.08									
	8-1-2028	111,400.53									
					<u>1,574,910.87</u>	\$ 1,688,786.75		\$ 113,875.88	\$ 1,574,910.87		
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Interest Bearing)	11-9-08	2,300,000.00	5.00%	9-1-2015	90,000.00						
			5.00%	9-1-2016	95,000.00						
			5.00%	9-1-2017	100,000.00						
			5.00%	9-1-2018	105,000.00						
			5.25%	9-1-2019	110,000.00						
			5.50%	9-1-2020	120,000.00						

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Loans Payable

For the Year Ended December 31, 2014

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2014	Issued	Paid	Balance Dec. 31, 2014
	Date	Amount		Date	Amount				
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Interest Bearing) (Cont'd)	11-9-08	\$ 2,300,000.00	5.50%	9-1-2021	\$ 125,000.00				
			5.50%	9-1-2022	130,000.00				
			5.50%	9-1-2023	140,000.00				
			5.00%	9-1-2024	145,000.00				
			5.00%	9-1-2025	155,000.00				
			5.00%	9-1-2026	160,000.00				
			5.00%	9-1-2027	170,000.00				
			5.00%	9-1-2028	180,000.00				
					<u>1,825,000.00</u>	\$ 1,915,000.00		\$ 90,000.00	\$ 1,825,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Clean Water (Non-Interest Bearing)	3-10-10	1,753,612.00		2-1-2015	31,314.50				
				8-1-2015	62,629.00				
				2-1-2016	31,314.50				
				8-1-2016	62,629.00				
				2-1-2017	31,314.50				
				8-1-2017	62,629.00				
				2-1-2018	31,314.50				
				8-1-2018	62,629.00				
				2-1-2019	31,314.50				
				8-1-2019	62,629.00				
				2-1-2020	31,314.50				
				8-1-2020	62,629.00				
				2-1-2021	31,314.50				
				8-1-2021	62,629.00				
				2-1-2022	31,314.50				
				8-1-2022	62,629.00				
				2-1-2023	31,314.50				
				8-1-2023	62,629.00				
				2-1-2024	31,314.50				
				8-1-2024	62,629.00				
				2-1-2025	31,314.50				
				8-1-2025	62,629.00				
				2-1-2026	31,314.50				
				8-1-2026	62,629.00				
				2-1-2027	31,314.50				

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Loans Payable
For the Year Ended December 31, 2014

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2014	Issued	Paid	Balance Dec. 31, 2014		
	Date	Amount		Date	Amount						
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Clean Water (Non-Interest Bearing) (Cont'd)	3-10-10	\$ 1,753,612.00		8-1-2027	\$ 62,629.00						
				2-1-2028	31,314.50						
				8-1-2028	62,629.00						
				2-1-2029	31,314.50						
				8-1-2029	62,629.00						
								<u>1,409,152.50</u>	\$ 1,503,096.00	\$ 93,943.50	\$ 1,409,152.50
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Clean Water (Interest Bearing)	3-10-10	1,785,000.00	2.00%	8-1-2015	75,000.00						
			2.00%	8-1-2016	75,000.00						
			2.00%	8-1-2017	80,000.00						
			2.00%	8-1-2018	85,000.00						
			2.00%	8-1-2019	90,000.00						
			2.00%	8-1-2020	95,000.00						
			2.00%	8-1-2021	100,000.00						
			2.00%	8-1-2022	100,000.00						
			2.00%	8-1-2023	105,000.00						
			2.00%	8-1-2024	110,000.00						
			2.00%	8-1-2025	60,000.00						
								<u>975,000.00</u>	1,045,000.00	70,000.00	975,000.00
			New Jersey Environmental Infrastructure Trust Loan, Series 2010 Drinking Water (Non-Interest Bearing)	3-10-10	619,370.00		2-1-2015	11,060.17			
	8-1-2015	22,120.35									
	2-1-2016	11,060.17									
	8-1-2016	22,120.35									
	2-1-2017	11,060.17									
	8-1-2017	22,120.35									
	2-1-2018	11,060.17									
	8-1-2018	22,120.35									
	2-1-2019	11,060.17									
	8-1-2019	22,120.35									
	2-1-2020	11,060.17									

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2014

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2014	Issued	Paid	Balance Dec. 31, 2014
	Date	Amount		Date	Amount				
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Drinking Water (Non-Interest Bearing) (Cont'd)	3-10-10	\$ 619,370.00		8-1-2020	\$ 22,120.35				
				2-1-2021	11,060.17				
				8-1-2021	22,120.35				
				2-1-2022	11,060.17				
				8-1-2022	22,120.35				
				2-1-2023	11,060.17				
				8-1-2023	22,120.35				
				2-1-2024	11,060.17				
				8-1-2024	22,120.35				
				2-1-2025	11,060.17				
				8-1-2025	22,120.35				
				2-1-2026	11,060.17				
				8-1-2026	22,120.35				
				2-1-2027	11,060.17				
				8-1-2027	22,120.35				
				2-1-2028	11,060.17				
				8-1-2028	22,120.35				
				2-1-2029	11,060.17				
				8-1-2029	22,120.64				
					<u>497,708.09</u>	\$ 530,888.61		\$ 33,180.52	\$ 497,708.09
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Drinking Water (Interest Bearing)	3-10-10	630,000.00	2.00%	8-1-2015	25,000.00				
			2.00%	8-1-2016	25,000.00				
			2.00%	8-1-2017	30,000.00				
			2.00%	8-1-2018	30,000.00				
			2.00%	8-1-2019	30,000.00				
			2.00%	8-1-2020	35,000.00				
			2.00%	8-1-2021	35,000.00				
			2.00%	8-1-2022	35,000.00				
			2.00%	8-1-2023	35,000.00				
			2.00%	8-1-2024	5,000.00				
					<u>285,000.00</u>	310,000.00		25,000.00	285,000.00

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Loans Payable
For the Year Ended December 31, 2014

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2014	Issued	Paid	Balance Dec. 31, 2014
	Date	Amount		Date	Amount				
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Clean Water (Non-Interest Bearing)	5-21-14	\$ 2,365,598.00		2-1-2015	\$ 40,094.88				
				8-1-2015	80,189.76				
				2-1-2016	40,094.88				
				8-1-2016	80,189.76				
				2-1-2017	40,094.88				
				8-1-2017	80,189.76				
				2-1-2018	40,094.88				
				8-1-2018	80,189.76				
				2-1-2019	40,094.88				
				8-1-2019	80,189.76				
				2-1-2020	40,094.88				
				8-1-2020	80,189.76				
				2-1-2021	40,094.88				
				8-1-2021	80,189.76				
				2-1-2022	40,094.88				
				8-1-2022	80,189.76				
				2-1-2023	40,094.88				
				8-1-2023	80,189.76				
				2-1-2024	40,094.88				
				8-1-2024	80,189.76				
				2-1-2025	40,094.88				
				8-1-2025	80,189.76				
				2-1-2026	40,094.88				
				8-1-2026	80,189.76				
				2-1-2027	40,094.88				
				8-1-2027	80,189.76				
				2-1-2028	40,094.88				
				8-1-2028	80,189.76				
				2-1-2029	40,094.88				
				8-1-2029	80,189.76				
				2-1-2030	40,094.88				
				8-1-2030	80,189.76				
				2-1-2031	40,094.88				
				8-1-2031	80,189.76				
				2-1-2032	40,094.88				
				8-1-2032	80,189.76				

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Loans Payable
For the Year Ended December 31, 2014

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2014	Issued	Paid	Balance Dec. 31, 2014	
	Date	Amount		Date	Amount					
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Clean Water (Non-Interest Bearing)	5-21-14	\$ 2,365,598.00		2-1-2033	\$ 40,094.88					
				8-1-2033	80,189.84					
							<u>2,285,408.24</u>		\$ 2,365,598.00	\$ 80,189.76
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Clean Water (Interest Bearing)	5-21-14	770,000.00	3.00%	8-1-2015	25,000.00					
			3.00%	8-1-2016	30,000.00					
			5.00%	8-1-2017	30,000.00					
			5.00%	8-1-2018	30,000.00					
			5.00%	8-1-2019	30,000.00					
			5.00%	8-1-2020	35,000.00					
			5.00%	8-1-2021	35,000.00					
			5.00%	8-1-2022	35,000.00					
			5.00%	8-1-2023	40,000.00					
			5.00%	8-1-2024	40,000.00					
			3.00%	8-1-2025	45,000.00					
			3.00%	8-1-2026	45,000.00					
			3.00%	8-1-2027	45,000.00					
			3.00%	8-1-2028	45,000.00					
			3.00%	8-1-2029	50,000.00					
			3.00%	8-1-2030	50,000.00					
			3.00%	8-1-2031	50,000.00					
			3.125%	8-1-2032	55,000.00					
			3.25%	8-1-2033	55,000.00					
					<u>770,000.00</u>		770,000.00		770,000.00	
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Drinking Water (Non-Interest Bearing)	5-21-14	876,888.00		2-1-2015	14,862.50					
				8-1-2015	29,725.01					
				2-1-2016	14,862.50					
				8-1-2016	29,725.01					
				2-1-2017	14,862.50					
				8-1-2017	29,725.01					

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Loans Payable

For the Year Ended December 31, 2014

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2014	Issued	Paid	Balance Dec. 31, 2014
	Date	Amount		Date	Amount				
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Drinking Water (Non-Interest Bearing) (Cont'd)	5-21-14	\$ 876,888.00		2-1-2018	\$ 14,862.50				
				8-1-2018	29,725.01				
				2-1-2019	14,862.50				
				8-1-2019	29,725.01				
				2-1-2020	14,862.50				
				8-1-2020	29,725.01				
				2-1-2021	14,862.50				
				8-1-2021	29,725.01				
				2-1-2022	14,862.50				
				8-1-2022	29,725.01				
				2-1-2023	14,862.50				
				8-1-2023	29,725.01				
				2-1-2024	14,862.50				
				8-1-2024	29,725.01				
				2-1-2025	14,862.50				
				8-1-2025	29,725.01				
				2-1-2026	14,862.50				
				8-1-2026	29,725.01				
				2-1-2027	14,862.50				
				8-1-2027	29,725.01				
				2-1-2028	14,862.50				
				8-1-2028	29,725.01				
				2-1-2029	14,862.50				
				8-1-2029	29,725.01				
				2-1-2030	14,862.50				
				8-1-2030	29,725.01				
				2-1-2031	14,862.50				
				8-1-2031	29,725.01				
				2-1-2032	14,862.50				
				8-1-2032	29,725.01				
				2-1-2033	14,862.50				
				8-1-2033	29,725.31				
					<u>847,162.99</u>		\$ 876,888.00	\$ 29,725.01	\$ 847,162.99

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Loans Payable
For the Year Ended December 31, 2014

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2014	Issued	Paid	Balance Dec. 31, 2014	
	Date	Amount		Date	Amount					
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Drinking Water (Interest Bearing)	5-21-14	\$ 630,000.00	3.00%	8-1-2015	\$ 10,000.00					
			3.00%	8-1-2016	10,000.00					
			5.00%	8-1-2017	10,000.00					
			5.00%	8-1-2018	10,000.00					
			5.00%	8-1-2019	10,000.00					
			5.00%	8-1-2020	15,000.00					
			5.00%	8-1-2021	15,000.00					
			5.00%	8-1-2022	15,000.00					
			5.00%	8-1-2023	15,000.00					
			5.00%	8-1-2024	15,000.00					
			3.00%	8-1-2025	15,000.00					
			3.00%	8-1-2026	15,000.00					
			3.00%	8-1-2027	15,000.00					
			3.00%	8-1-2028	15,000.00					
			3.00%	8-1-2029	20,000.00					
			3.00%	8-1-2030	20,000.00					
			3.00%	8-1-2031	20,000.00					
			3.125%	8-1-2032	20,000.00					
			3.25%	8-1-2033	20,000.00					
					285,000.00		\$ 285,000.00		\$ 285,000.00	
							\$ 6,992,771.36	\$ 4,297,486.00	\$ 535,914.67	10,754,342.69
				Adjustments:						
				Premium on Loans					81,257.80	
									\$ 10,835,600.49	

**WILLINGBORO MUNICIPAL
UTILITIES AUTHORITY**

PART II

SINGLE AUDIT SECTION

FOR THE YEAR ENDED

DECEMBER 31, 2014

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of
The Willingboro Municipal Utilities Authority
Willingboro, New Jersey

Report on Compliance for Each Major State Program

We have audited the Willingboro Municipal Utilities Authority's (Authority) compliance with the types of compliance requirements described in the New Jersey State Grant Compliance Supplement that could have a direct and material effect on the Authority's major state program for the year ended December 31, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major state program based on our audit of the types of compliance requirements referred to above. 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 Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey; and State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, and the State of New Jersey Circular 15-08-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 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 on compliance for the Authority's major state program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major State Program

In our opinion, the Willingboro Municipal Utilities Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with State of New Jersey Circular 15-08-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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
July 29, 2015

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WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2014

<u>State Grantor/ Program Title</u>	<u>State GMIS Number</u>	<u>Program or Award Amount</u>	<u>Match</u>	<u>Grant Period</u>	
				<u>From</u>	<u>To</u>
State Department of Environmental Protection Division of Water Quality: Environmental Infrastructure Trust	N/A	\$4,297,486	N/A		Open

The accompanying Notes to Financial Statements and Notes to Schedule of Expenditures of State Financial Assistance are an integral part of this schedule.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Expenditures of State Financial Assistance
 For the Year Ended December 31, 2014

<u>Balance</u> <u>December 31, 2013</u>	<u>Revenue</u> <u>Recognized</u>	<u>Disbursements</u> <u>or</u> <u>Expenditures</u>	<u>NJ EIT Loan Receivable</u> <u>December 31, 2014</u>		<u>(Memo Only)</u>	
			<u>Unreimbursed</u> <u>Expenditures</u>	<u>Project Funds</u> <u>Balance</u>	<u>Cash</u> <u>Received</u>	<u>Accumulated</u> <u>Expenditures</u>
\$ 326,425.60	\$ 4,297,486.00	\$ 2,726,581.00	\$ 1,996,637.60	\$ 1,270,307.40	\$ 1,030,541.00	\$ 3,053,006.60

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Notes to Schedules of Expenditures of State Financial Assistance
For the Year Ended December 31, 2014

Note 1: GENERAL

The accompanying schedule of expenditures of state financial assistance include state award activity of the Willingboro Municipal Utilities Authority (hereafter referred to as the "Authority"). The Authority is defined in note 1 to the Authority's basic financial statements. All state awards 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. The basis of accounting is described in note 1 to the Authority's basic financial statements.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the Authority's financial reports.

Note 4: RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree 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.

**WILLINGBORO MUNICIPAL
UTILITIES AUTHORITY**

PART III

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED

DECEMBER 31, 2014

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014**

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? x yes no

Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? x yes no

Federal Awards

Not Applicable

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

Dollar threshold used to determine Type A programs \$

Auditee qualified as low-risk auditee? yes no

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014**

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or New Jersey Circular 15-08-OMB? yes no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>N/A</u>	<u>Environmental Infrastructure Trust</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

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

Auditee qualified as low-risk auditee? yes no

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

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 Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Finding No. 2014-001

Criteria or Specific Requirement

Management is required to establish and maintain effective internal controls that will allow management or employees, in the normal course of performing their assigned function, to prevent, or detect and correct misstatements on a timely basis. Also, in accordance with N.J.A.C. 5-30-5.7, all local units are required to have a properly maintained general ledger.

Condition

The Authority did not adhere to its internal control procedures that are designed to reconcile the general ledger with other subsidiary records. These control procedures are documented in the Treasurer's job description.

Context

Numerous journal entries were required to adjust the Authority's general ledger with subsidiary cash reconciliations. Overall, the general ledger was also out of balance.

Effect

Without a properly maintained general ledger system, the immediate and current identification of assets, liabilities, revenues, expenditures and net position cannot be achieved. The number of and material amount of the audit adjustments required to correct the general ledger indicates ineffective controls over the preparation of financial statements and as a result, there's a significant likelihood that the Authority's controls are not effective in detecting material misstatements in the preparation of the financial statements and related disclosures in a timely manner.

Cause

Confusion surrounded the duties listed in the Treasurer's job description and who would be responsible for the listed tasks.

Recommendation

That the Authority follows its internal control procedures to ensure that the general ledger is properly maintained and reconciled to all subsidiary records.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding. In an effort to address this issue, the Authority hired a full time individual as its Director of Finance and will address the matter as part of their corrective action plan.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2014-002

Criteria or Specific Requirement

Per N.J.S.A. 10:4-14, "Each public body shall keep reasonably comprehensible minutes of all its meetings showing the time and place, the members present, the subjects considered, the actions taken, the vote of each member, and any other information required to be shown in the minutes by law, which shall be promptly available to the public."

Condition

The Authority's official Board meeting minutes did not comply with N.J.S.A. 10:4-14 requirements.

Context

We found the following issues while reviewing the Authority's 2014 minutes:

- There were several resolutions that were incomplete.
- Several months of meeting minutes were not prepared in a timely manner.
- There were multiple instances where meeting minutes were not posted to the Authority's website.
- When contracts were awarded, the minutes did not contain the contract award or the contract award amount.

Effect

An accurate, complete permanent record of the Authority meetings was not available and resulted in the late filing of the December 31, 2014 report of audit.

Cause

The minutes were not maintained properly or prepared in a timely manner.

Recommendation

That the Authority's official Board meeting minutes comply with N.J.S.A. 10:4-14 requirements.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2014-003

Criteria or Specific Requirement

The provisions of N.J.S.A. 40A:11 (Local Public Contract Law) and N.J.S.A. 19:44A-20.4 (Pay-to-Play Law) must be followed by the Authority.

Condition

The Authority did not comply with several provisions of N.J.S.A. 40A:11 (Local Public Contract Law) and N.J.S.A. 19:44A-20.4 (Pay-to-Play Law).

Context

We found the following issues during our test of bids and contracts:

- We noted that the contract for Interim Executive Director Services exceeded the bid threshold, but was not properly awarded.
- The Authority was awarding contracts without resolutions or certificate of available funds.
- There were 3 professional service contracts that we tested, where the Authority was unable to provide documentation of the Request for Qualification's received.
- We were unable to locate in the minutes board approval or certificate of available funds for 4 change orders to the same contract.

Effect

Noncompliance with N.J.S.A. 40A:11 and N.J.S.A. 19:44A-20.4

Cause

The Authority has an interlocal service agreement with the Township of Willingboro for qualified purchasing agent services. However, the Authority is not adequately utilizing the agreement.

Recommendation

That the Authority comply with all the provisions of N.J.S.A. 40A:11 (Local Public Contract Law) and N.J.S.A. 19:44A-20.4 (Pay-to-Play Law).

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2014-004

Criteria or Specific Requirement

N.J.A.C. 5:30-11.9 requires that the Authority pass a resolution authorizing the change order exceeding 20% of the original contract, advertise said change order, and report to the Director on an appendix to the Authority's annual budget all change orders that exceeded the 20 percent limitation.

Condition

The Authority did not follow the requirements of N.J.A.C. 5:30-11.9 Procedures for change orders which exceed 20 percent limitation.

Context

We found that for the contract for trickling filter walkway grating and digester cleaning and repairs was awarded on January 15, 2014 in the amount of \$1,662,617.00. There were 7 change orders to the contract totaling \$495,490.99, resulting in a contract increase of 29.8%

Effect

Noncompliance with N.J.A.C. 5:30-11.9.

Cause

This finding is a result of the break down in internal controls over contract change orders.

Recommendation

That the Authority comply with all the provisions of N.J.A.C. 5:30-11.9 Procedures for change orders which exceed 20 percent limitation.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

Section 3- Schedule of Federal Award 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 Federal programs, as required by OMB Circular A-133.

Not Applicable

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2014

Section 4- 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 15-08-OMB.

None

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Summary Schedule of Prior Year Audit Findings
And Recommendations as Prepared by Management

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

FINANCIAL STATEMENT FINDINGS

Finding No. 2013-001

Condition

The Authority did not adhere to its internal control procedures that are designed to reconcile the general ledger with other subsidiary records. These control procedures are documented in the Treasurer's job description.

Current Status

Finding continues to exist. See Finding 2014-001

Finding No. 2013-002

Condition

The Authority's official Board meeting minutes did not comply with N.J.S.A. 10:4-14 requirements.

Current Status

Finding continues to exist. See Finding 2014-002

Finding No. 2013-003

Condition

Several provisions of N.J.S.A. 40A:11 (Local Public Contract Law) and N.J.S.A. 19:44A-20.4 (Pay-to-Play Law) were not followed.

Current Status

Finding continues to exist. See Finding 2014-003

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APPRECIATION

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

