

**WILLINGBORO  
MUNICIPAL UTILITIES AUTHORITY**

**REPORT OF AUDIT**

**WITH  
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2018 AND 2017**

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
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**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**

Roster of Officials  
As of December 31, 2018

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Members

T. Wayne Scott  
Webster Evans  
Jacqueline Jennings  
Clayton Sills  
Carl Turner  
Charles Green  
Johnson Kolawole

Position

Chairman  
Vice-Chairman  
Commissioner  
Commissioner  
Commissioner  
Alternate Commissioner  
Alternate Commissioner

Other Officials

Andrew Weber  
Diallyo Diggs  
Emmanuel Stuppard  
  
L. Russell Trice, P.E.  
of Richard A. Alaimo Associates  
Michael Riley, Esq.  
of Riley & Riley  
TD Bank, National Association  
CEB LLC  
Parker McCay

Executive Director  
Treasurer  
Director of Operations and  
Maintenance  
  
Consulting Engineer  
  
Solicitor  
Trustee for Bondholders  
Insurance Broker  
Bond Counsel

**WILLINGBORO MUNICIPAL UTILITIES  
AUTHORITY**

**PART I**

**FINANCIAL SECTION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2018 AND 2017**

## **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, 2018 and 2017 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.

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Willingboro Municipal Utilities Authority, in the County of Burlington, State of New Jersey, a component unit of the Township of Willingboro, as of December 31, 2018 and 2017, 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.

### ***Emphasis of Matter***

#### *Adoption of New Accounting Principles*

As discussed in note 1 to the financial statements, during the year ended December 31, 2018, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. Our opinion is not modified with respect to this matter.

#### *Prior Period Restatement*

Because of the implementation of GASB Statement No. 75, the accompanying financial statements as of and for the year ended December 31, 2017 have been restated, as discussed in note 12 to the financial statements. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements.

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

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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
August 28, 2019



**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, 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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 28, 2019. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the adoption of a new accounting principle.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *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 and which is described in the accompanying *Schedule of Findings and Recommendations* as Finding No. 2018-001.

**The Authority's Response to the Finding**

The Authority's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Recommendations*. 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 the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
August 28, 2019

**Willingboro Municipal Utilities Authority  
Management's Discussion and Analysis  
For the Years Ended December 31, 2018 and 2017  
(Unaudited)**

The Willingboro Municipal Utilities Authority (Authority) provides 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 Authority's financial performance for the years ending December 31, 2018 and 2017. The entire annual financial report consists of five parts; Independent Auditor's Reports, the management's discussion and analysis, the basic financial statements, required supplementary information and supplemental schedules.

**FINANCIAL HIGHLIGHTS**

During the year ended December 31, 2018, the Authority was required to implement Governmental Accounting Standard Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. In addition, the notes to the financial statements provide a more thorough discussion of the implementation of GASB 75 and the effects to the financial statements.

**Comparative Statements of Net Position**

During 2017 and 2018, the Authority expended over \$4.7 million dollars for capital additions. These additions consisted primarily of sewer main rehabilitation and Wells 6, 9, 10 and 11 electrical upgrades and for radium removal from Well 5a.

Total assets at the end of 2018 equaled \$58,746,309.52. \$38,779,460.94 of the total was comprised of capital assets.

The Authority's debt ratio has decreased from .334 at the end of 2017 to .306 at the end of 2018. This is a result of the Authority continuing to pay down the principal on its existing debt and not issuing new debt in 2018.

**Comparative Statements of Revenues, Expenses and Changes in Net Position**

In 2018, the Authority generated operating income of \$1,503,363.71, an increase of \$226,533.26 when compared to 2017. The increase is due primarily to an increase in service fee revenues of \$504,570.35. The increase in service fees was mitigated by a decrease in intergovernmental revenues by \$228,082.45.

The water rates increased in 2018, while the sewer rate slightly decreased. The minimum quarterly rate went from \$111.00 (sewer \$54.50 and water \$56.50 per quarter) in 2017 to \$117.00 (sewer \$53.50 and water \$63.50 per quarter) in 2018.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Authority's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America that are promulgated by the Governmental Accounting Standards Board. The Authority is structured as a single enterprise fund with revenues recognized when earned and expenses recognized when incurred. Capital assets, which meet certain criteria, are capitalized and depreciated over their useful lives (with the exception of land and construction in progress). A summary of the Authority's significant accounting policies is described in the "Notes to the Financial Statements" which is included with the audit as described above.

The comparative statements of net position includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources. As the Authority follows the accrual method of accounting, the current year's revenues and expenses are accounted for in the comparative statements of revenues, expenses and changes in net position regardless of when cash is received or paid. Net position – the difference between the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is a measure of the Authority's financial health or position.

**Management's Discussion and Analysis (Cont'd)**  
**(Unaudited)**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)**

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

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

**ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS**

Overall, the Authority's finances in 2018 continue to show improvement over the past several years. Operating revenues increased by \$480,869.46, operating expenses increased by \$254,336.20 (an increase of 2.40%), non-operating expenses decreased by \$216,420.54, non-operating revenues increased by 53,568.59 and the Authority realized contributed capital of \$236,302.00 as a result of loan forgiveness with the issuance of the 2017 NJEIT Loan. These items resulted in the Authority's net position increasing by \$1,380,245.51.

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**

	<b>2013- 2014</b>	<b>2014- 2015</b>	<b>2015- 2016</b>	<b>2016- 2017</b>	<b>2017- 2018</b>	<b>Average % Change</b>	<b>CY Difference</b>
Water Operating Revenues	-1.57%	2.32%	14.67%	-5.52%	5.11%	3.00%	2.11%
Water Operating Expenses	6.66%	1.45%	5.75%	-4.34%	7.53%	3.41%	4.12%
Sewer Operating Revenues	3.76%	7.00%	13.21%	-5.62%	2.89%	4.25%	-1.36%
Sewer Operating Expenses	2.93%	4.87%	9.40%	-2.74%	5.49%	3.99%	1.50%

Since 2012, revenues of the Authority increased by just under \$1,900,000.00 while the cost of service (exclusive of depreciation) has increased by approximately \$860,000.00. 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 decreased in 2018 by \$5,784,456.48 as compared to 2017. This is primarily the result of decreases in the net pension liability and the net OPEB liability.

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, charge appropriate service 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 and the issuance of bonds or loans. 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.

**Management's Discussion and Analysis (Cont'd)**  
**(Unaudited)**

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

**Exhibit A**

Comparative Statements of Net Position  
As of December 31, 2018, 2017 and 2016

	<u>2018</u>	<u>2017</u> (Restated)	<u>2016</u> (Restated)
<b>Assets</b>			
Current Assets			
Unrestricted Assets	\$ 12,070,352.30	\$ 11,007,078.87	\$ 11,097,426.24
Restricted Assets	7,896,496.28	7,933,656.39	4,266,114.29
Capital Assets	38,779,460.94	40,574,839.54	39,964,478.82
<b>Total Assets</b>	<b><u>\$ 58,746,309.52</u></b>	<b><u>\$ 59,515,574.80</u></b>	<b><u>\$ 55,328,019.35</u></b>
<b>Deferred Outflows of Resources</b>	<b><u>\$ 2,996,562.67</u></b>	<b><u>\$ 2,444,614.26</u></b>	<b><u>\$ 2,677,082.56</u></b>
<b>Liabilities</b>			
Current Liabilities			
Unrestricted Liabilities	\$ 1,408,932.08	\$ 1,374,368.55	\$ 1,206,924.51
Restricted Liabilities	2,596,917.70	2,771,065.34	3,660,374.53
Long-Term Liabilities	33,400,373.43	39,045,245.80	38,907,669.02
<b>Total Liabilities</b>	<b><u>\$ 37,406,223.21</u></b>	<b><u>\$ 43,190,679.69</u></b>	<b><u>\$ 43,774,968.06</u></b>
<b>Deferred Inflows of Resources</b>	<b><u>\$ 7,391,037.00</u></b>	<b><u>\$ 3,204,142.90</u></b>	<b><u>\$ 398,913.50</u></b>
<b>Net Position</b>			
Net Investment in Capital Assets	\$ 21,783,402.22	\$ 21,603,817.29	\$ 21,475,106.12
Restricted	6,667,933.02	6,477,560.25	6,440,976.72
Unrestricted (Deficit)	(11,505,723.26)	(12,516,011.07)	(14,084,862.49)
<b>Total Net Position</b>	<b><u>\$ 16,945,611.98</u></b>	<b><u>\$ 15,565,366.47</u></b>	<b><u>\$ 13,831,220.35</u></b>

**Management's Discussion and Analysis (Cont'd)**  
**(Unaudited)**

**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, 2018, 2017 and 2016

	<u>2018</u>	<u>2017</u> <b>(Restated)</b>	<u>2016</u> <b>(Restated)</b>
Operating Revenues			
Service Charges	\$ 9,141,124.56	\$ 8,636,554.21	\$ 8,313,028.56
Intergovernmental Service Agreements	1,721,643.29	1,949,725.74	1,835,396.78
Connection Fees	434,868.18	277,011.12	1,398,564.60
Other Operating Revenue	1,043,203.38	996,678.88	1,011,648.14
<b>Total Operating Revenue</b>	<b><u>12,340,839.41</u></b>	<b><u>11,859,969.95</u></b>	<b><u>12,558,638.08</u></b>
Operating Expenses			
Administration	1,901,151.50	1,856,331.63	1,880,192.92
Cost of Providing Services	5,646,402.32	5,829,720.73	5,630,060.09
Major Repairs	216,214.27	26,421.27	219,827.63
Depreciation	3,073,707.61	2,870,665.87	2,818,053.26
<b>Total Operating Expenses</b>	<b><u>10,837,475.70</u></b>	<b><u>10,583,139.50</u></b>	<b><u>10,548,133.90</u></b>
Non-Operating Income (Expenses)	<b><u>(359,420.20)</u></b>	<b><u>(629,409.33)</u></b>	<b><u>(927,320.05)</u></b>
Contributed Capital	<b><u>236,302.00</u></b>	<b><u>1,086,725.00</u></b>	<b><u>-</u></b>
<b>Change in Net Position</b>	<b><u>1,380,245.51</u></b>	<b><u>1,734,146.12</u></b>	<b><u>1,083,184.13</u></b>
Net Position - Beginning	<b><u>15,565,366.47</u></b>	<b><u>13,831,220.35</u></b>	<b><u>26,079,418.62</u></b>
Net Position - Ending	<b><u>16,945,611.98</u></b>	<b><u>15,565,366.47</u></b>	<b><u>27,162,602.75</u></b>
Restatement	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(13,331,382.40)</u></b>
<b>Net Position - Ending, Restated</b>	<b><u>\$ 16,945,611.98</u></b>	<b><u>\$ 15,565,366.47</u></b>	<b><u>\$ 13,831,220.35</u></b>

## **Management's Discussion and Analysis (Cont'd)** **(Unaudited)**

### **BUDGET VARIANCES**

Total excess revenues over expenses - budgetary basis were \$2,418,584.16.

The largest sewer revenue variation was in residential service charges and amounted to \$148,000.01 less than the budget projected. This variance was due to less sewer usage than expected. The largest water revenue variations were in residential, commercial and intergovernmental service charges and amounted to an unfavorable variance of \$469,664.35 less than the budget projected and other miscellaneous revenues amounted to \$149,803.10 more than the budget projected. These variances were due to less usage than expected and there were more fees from delinquent accounts and shutoff fees than expected.

There were only minimal sewer and water expenditure variations during the year with both administration and cost of service expenditures coming in under budget

### **CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY**

#### **SEWER**

The proposed five-year Capital Program for the Sewer Department totals \$19,421,800.00. The major line items making up a portion of the Sewer Capital Budget are:

1. Collection Equipment
2. Treatment Plant Improvements
3. Admin Software & Equipment
4. Pumps Improvements

#### **WATER**

The proposed five-year Capital Program for the Water Department totals \$33,955,000.00. The major line items making up a portion of the Water Capital Budget are:

1. Replacement of Piping
2. Equipment & Valves
3. Water Plant Upgrades
4. Admin Software & Equipment
5. Replacement of Meters
6. Well & Tank Rehabilitation

The Authority has not experienced any change in its credit rating, nor does it anticipate any. The Authority does not operate under any debt limitations; it is required to receive approval from the Township and the Local Finance Board prior to issuing debt.

### **CONTACTING THE AUTHORITY'S MANAGEMENT**

This financial report is designed to provide Authority 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](http://www.wmua.info)

## **BASIC FINANCIAL STATEMENTS**



**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**

Comparative Statements of Net Position  
As of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u> (Restated)
<b>ASSETS</b>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 9,003,540.13	\$ 8,264,137.28
Investments	407,247.00	145,073.00
Service Fees Receivable	1,812,915.24	1,725,265.00
Intergovernmental Service Agreements Receivable	535,530.30	514,241.75
Other Accounts Receivable	26,720.47	37,392.00
Investment Income Receivable	5,260.70	1,519.25
Inventory	279,138.46	319,450.59
	<hr/>	<hr/>
Total Unrestricted Assets	12,070,352.30	11,007,078.87
Restricted Assets:		
Cash and Cash Equivalents	4,825,359.05	4,866,553.10
NJ EIT Loan Receivable	3,065,069.00	3,065,069.00
Investment Income Receivable	6,068.23	2,034.29
	<hr/>	<hr/>
Total Restricted Assets	7,896,496.28	7,933,656.39
	<hr/>	<hr/>
Total Current Assets	19,966,848.58	18,940,735.26
Capital Assets:		
Construction in Progress	2,468,932.79	3,446,847.53
Completed (net of depreciation)	36,310,528.15	37,127,992.01
	<hr/>	<hr/>
Total Capital Assets	38,779,460.94	40,574,839.54
	<hr/>	<hr/>
Total Assets	58,746,309.52	59,515,574.80
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Refunding	63,749.28	95,623.92
Related to OPEB	1,505,782.39	166,231.34
Related to Pensions	1,427,031.00	2,182,759.00
	<hr/>	<hr/>
Total Deferred Outflows of Resources	2,996,562.67	2,444,614.26

(Continued)

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**

Comparative Statements of Net Position

As of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u> (Restated)
<b>LIABILITIES</b>		
Current Liabilities Payable from		
Unrestricted Assets:		
Accounts Payable	\$ 256,000.48	\$ 347,249.49
Accounts Payable - Related to Pension	282,563.00	290,847.00
Current Portion of Compensated Absences Payable	32,891.29	
Unearned Revenue	706,123.41	682,476.96
Overpaid Consumer Accounts Receivable	131,353.90	53,795.10
	<hr/>	<hr/>
Total Current Liabilities Payable from	1,408,932.08	1,374,368.55
Unrestricted Assets	<hr/>	<hr/>
Current Liabilities Payable from		
Restricted Assets:		
Accrued Interest Payable	165,940.36	170,109.57
Accounts Payable	270,166.45	248,600.15
Retainage Payable	17,555.69	24,801.03
Planning Escrow Deposits	107,324.30	393,310.86
Current Portion of Other Liabilities	86,781.56	86,781.56
Current Portion of Loans Payable	919,149.34	862,462.17
Current Portion of Bonds Payable	1,030,000.00	985,000.00
	<hr/>	<hr/>
Total Current Liabilities Payable	2,596,917.70	2,771,065.34
from Restricted Assets	<hr/>	<hr/>
Total Current Liabilities	4,005,849.78	4,145,433.89
	<hr/>	<hr/>
Long-term Liabilities:		
Compensated Absences Payable	199,367.85	272,348.43
OPEB Liability	11,192,072.00	12,998,942.00
Accrued Liabilities - Related to Pension	141,282.00	145,424.00
Net Pension Liability	5,593,298.00	7,308,401.00
Loans Payable	13,932,340.38	14,867,110.57
Bonds Payable	2,342,013.20	3,453,019.80
	<hr/>	<hr/>
Total Long-Term Liabilities	33,400,373.43	39,045,245.80
	<hr/>	<hr/>
Total Liabilities	37,406,223.21	43,190,679.69
	<hr/>	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Revenue		48,841.90
Related to OPEB	4,790,189.00	1,437,349.00
Related to Pensions	2,600,848.00	1,717,952.00
	<hr/>	<hr/>
Total Deferred Inflows of Resources	7,391,037.00	3,204,142.90
	<hr/>	<hr/>

(Continued)

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Comparative Statements of Net Position  
 As of December 31, 2018 and 2017

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	<u>2018</u>	<u>2017</u> (Restated)
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 21,783,402.22	\$ 21,603,817.29
Restricted for:		
Bond Resolution Covenants	6,472,716.74	6,288,404.24
Unemployment Compensation	195,216.28	189,156.01
Unrestricted (Deficit)	<u>(11,505,723.26)</u>	<u>(12,516,011.07)</u>
 Total Net Position	 <u>\$ 16,945,611.98</u>	 <u>\$ 15,565,366.47</u>

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, 2018 and 2017

	<u>2018</u>	<u>2017</u> (Restated)
Operating Revenues:		
Service Fees	\$ 9,141,124.56	\$ 8,636,554.21
Intergovernmental Service Agreements	1,721,643.29	1,949,725.74
Connection Fees	434,868.18	277,011.12
Other Operating Revenues	1,043,203.38	996,678.88
<b>Total Operating Revenues</b>	<b>12,340,839.41</b>	<b>11,859,969.95</b>
Operating Expenses:		
Administration:		
Salaries and Wages	735,257.84	734,195.09
Fringe Benefits	427,438.00	542,965.12
Other Expenses	738,455.66	579,171.42
<b>Total Administration</b>	<b>1,901,151.50</b>	<b>1,856,331.63</b>
Cost of Providing Service:		
Salaries and Wages	2,050,136.80	2,029,067.61
Fringe Benefits	1,445,335.76	1,832,022.25
Other Expenses	2,150,929.76	1,968,630.87
<b>Total Cost of Providing Service</b>	<b>5,646,402.32</b>	<b>5,829,720.73</b>
Major Repairs	216,214.27	26,421.27
Depreciation	3,073,707.61	2,870,665.87
<b>Total Operating Expenses</b>	<b>10,837,475.70</b>	<b>10,583,139.50</b>
<b>Operating Income</b>	<b>1,503,363.71</b>	<b>1,276,830.45</b>
Non-operating Income (Expenses):		
Investment Income	109,726.33	60,521.84
Net Unemployment Activity	4,364.10	(8,571.93)
Debt Issue Costs		(168,458.80)
Interest Expense	(323,510.63)	(312,900.44)
Contribution to Willingboro Township Per N.J.S.A. 40A:5A-1	(150,000.00)	(200,000.00)
<b>Total Non-operating Income (Expenses)</b>	<b>(359,420.20)</b>	<b>(629,409.33)</b>
<b>Income Before Contributions (Carried Forward)</b>	<b>1,143,943.51</b>	<b>647,421.12</b>

(Continued)

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Comparative Statements of Revenues, Expenses and Changes in Net Position  
 For The Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u> (Restated)
Income Before Contributions (Brought Forward)	\$ 1,143,943.51	\$ 647,421.12
Contributed Capital	<u>236,302.00</u>	<u>1,086,725.00</u>
Change in Net Position	<u>1,380,245.51</u>	<u>1,734,146.12</u>
Net Position - Beginning, as Originally Stated	15,565,366.47	27,162,602.75
Restatement (See Note 12)	<u>-</u>	<u>(13,331,382.40)</u>
Net Position - Beginning, as Restated	15,565,366.47	13,831,220.35
Change in Net Position	<u>1,380,245.51</u>	<u>1,734,146.12</u>
Net Position - Ending	<u>\$ 16,945,611.98</u>	<u>\$ 15,565,366.47</u>

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, 2018 and 2017

	<u>2018</u>	<u>2017</u> (Restated)
Cash Flows From Operating Activities:		
Receipts from Customers and Users	\$ 10,855,034.31	\$ 10,624,635.48
Payments to Employees	(4,580,743.74)	(4,428,485.86)
Payments to Suppliers	(3,156,536.57)	(2,466,349.80)
Other Operating Receipts	1,439,901.19	1,212,269.47
Net Cash Provided by Operating Activities	<u>4,557,655.19</u>	<u>4,942,069.29</u>
Cash Flows From Noncapital Financing Activities:		
Unemployment Activity	4,364.10	(8,571.93)
Contribution to Willingboro Township Per N.J.S.A. 40A:5A-1	(150,000.00)	(200,000.00)
Planning Escrow Activity	(285,986.56)	323,579.60
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(431,622.46)</u>	<u>115,007.67</u>
Cash Flows From Capital and Related Financing Activities :		
Capital Acquisitions	(1,016,186.91)	(4,018,086.14)
Retainage Payable	(11,519.14)	(45,073.87)
NJEIT Drawdowns		1,700,953.80
Debt Issue Costs		(168,458.80)
Debt Service Principal	(1,847,462.17)	(1,388,785.94)
Debt Service Interest	(392,432.65)	(374,331.26)
Net Cash Used in Capital and Related Financing Activities	<u>(3,267,600.87)</u>	<u>(4,293,782.21)</u>
Cash Flows From Investing Activities:		
Investment Income	101,950.94	57,008.28
Generation of Investments (Solar Renewable Energy Credits)	(262,174.00)	(225,623.00)
Proceeds from Sales of Investments		191,475.00
Net Cash Provided by (Used in) Investing Activities	<u>(160,223.06)</u>	<u>22,860.28</u>
Net Increase in Cash and Cash Equivalents	698,208.80	786,155.03
Cash and Cash Equivalents - Beginning	<u>13,130,690.38</u>	<u>12,344,535.35</u>
Cash and Cash Equivalents - Ending	<u>\$ 13,828,899.18</u>	<u>\$ 13,130,690.38</u>

(Continued)

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Comparative Statements of Cash Flows  
 For The Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u> (Restated)
Cash Flows from Operating Activities:		
Operating Income	\$ 1,503,363.71	\$ 1,276,830.45
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	3,073,707.61	2,870,665.87
Pension Liability Expense - GASB 68	(88,905.00)	273,772.00
Other Post Employment Benefits - GASB 75	206,418.95	461,364.66
Change in Assets and Liabilities:		
Service Fees Receivable	(87,650.24)	(4,186.37)
Intergovernmental Service Fees Receivable	(21,288.55)	(17,378.98)
Other Accounts Receivable	10,671.53	(36,414.93)
Inventory	40,312.13	12,669.14
Accounts Payable	(91,249.01)	95,204.62
Unearned Revenue	23,646.45	61,943.94
Overpaid Consumer Accounts Receivable	77,558.80	(2,023.06)
Compensated Absences	(40,089.29)	(25,372.45)
Deferred Revenue	(48,841.90)	(25,005.60)
	<u>\$ 4,557,655.19</u>	<u>\$ 4,942,069.29</u>
Net Cash Provided by Operating Activities	<u>\$ 4,557,655.19</u>	<u>\$ 4,942,069.29</u>

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

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**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*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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, bond and loan premiums and deferred loss on defeasance are not included in the budget appropriations.

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

The legal level of budgetary control is established at the detail shown on the comparative statements of revenues, expenses and changes in net position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority adopted an amending budget resolution during the year.

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

**Cash, Cash Equivalents and Investments**

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

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

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

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

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

Inventory 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 year end. The Authority had no prepaid expenses for the year ended December 31, 2018 and 2017.

**Capital Assets**

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased prior to 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 capital 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 \$5,000 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	10-25

Depreciation is calculated as of the month of acquisition.

**Bond and Loan Premiums**

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

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

The comparative statements of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources: loss on refunding of debt, connection fee funds received prior to providing water and sewer services, defined benefit pension plans and postemployment benefit plans.

**Compensated Absences**

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

**Unearned Revenue**

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

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan (the Plan) and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

**Unrestricted** - This component of net position consists of net position that 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 and money market funds.

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, debt issue costs and contribution to Willingboro Township.

**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.

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

For the year ended December 31, 2018, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The cumulative effect of adopting this Statement totaled \$13,331,382.40, and was recognized as a restatement of the Authority's December 31, 2016, net position on the Comparative Statements of Revenues, Expenses and Changes in Net Position (see note 13).

Also, the Authority adopted GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The adoption of this Statement had no impact on the Authority's financial statements.

Additionally, the Authority adopted Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The adoption of this Statement had no impact on the Authority's financial statements.

Lastly, the Authority adopted Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The adoption of this Statement had no impact on the Authority's financial statements.

**Recently Issued Accounting Pronouncements**

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

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The Statement will become effective for the Authority in the year ending December 31, 2019. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the Authority in the year ending December 31, 2019. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement will become effective for the Authority in the year ending December 31, 2020. Management has not yet determined the impact of this Statement on the financial statements.

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

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement will become effective for the Authority in the year ending December 31, 2019. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. The Statement will become effective for the Authority in the year ending December 31, 2020. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 90, *Major Equity Interests*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement will become effective for the Authority in the year ending December 31, 2019. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Statement will become effective for the Authority in the year ending December 31, 2021. Management has not yet determined the impact of this Statement on the financial statements.

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY****Compliance with Finance Related Legal and Contractual Provisions**

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

**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, 2018, the balance in the operating account meets the requirements of the Bond Resolution.

**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, 2018, the balance in the bond service account meets the requirements of the Bond Resolution.

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)****Senior Bond Resolution (Cont'd)**

**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, 2018, 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, 2018, 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>2018</u>	<u>2017</u>
Net Revenues		
Operating Income (Exhibit B)	\$ 1,503,363.71	\$ 1,276,830.45
Add: Depreciation Expense	3,073,707.61	2,870,665.87
Major Repairs & Other Expenses	216,214.27	26,421.27
GASB 68 and 75	117,513.95	685,925.66
Interest Revenue	109,726.33	60,521.84
	<u>\$ 5,020,525.87</u>	<u>\$ 4,920,365.09</u>
Total Net Revenues		
Senior Bonds Debt Service		
Interest Charges	\$ 206,081.52	\$ 250,584.78
Bond Principal	1,247,845.01	1,197,939.15
	<u>\$ 1,453,926.53</u>	<u>\$ 1,448,523.93</u>
Total Senior Bond Debt Service		
Net Revenues	<u>\$5,020,525.87</u>	<u>\$4,920,365.09</u>
Senior Bonds Debt Service	1,453,926.53	1,448,523.93
	<u>345.31%</u>	<u>339.68%</u>

This ratio meets the required debt service coverage.



**Note 2: 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 3: DETAIL NOTES - ASSETS****Cash and Cash Equivalents**

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

As of December 31, 2018 and 2017, the Authority's bank balances of \$14,173,717.89 and \$13,218,035.10 were exposed to custodial credit risk as follows:

	<u>2018</u>	<u>2017</u>
Insured by FDIC	\$ 500,000.00	\$ 500,000.00
Insured by GUDPA	5,407,308.98	5,127,945.94
Insured and Collateralized	7,840,019.86	6,943,935.36
Uninsured and Uncollateralized	426,389.05	646,153.80
	<hr/>	<hr/>
Total	<u>\$ 14,173,717.89</u>	<u>\$ 13,218,035.10</u>

**Investments**

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

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

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. 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. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority has no investment policy to limit its exposure to custodial credit risk. All of the Authority's \$407,247.00 as of December 31, 2018 and \$145,073.00 as of December 31, 2017 investments in solar renewable energy certificates are held in the name of the Authority.

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority's investment policies place no limit on the amount the Authority may invest in any one issuer. More than 5.0% of the Authority's investments are in short-term investments. These investments represent 100.00% of the Authority's total investments. All of the Authority's investments are in solar renewable energy certificates.

As of December 31, 2018 and 2017, the Authority had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Credit Rating</u>	<u>Fair Value December 31, 2018</u>	<u>Fair Value December 31, 2017</u>
Solar Renewable Energy Credits	Demand	N/A	<u>\$ 407,247.00</u>	<u>\$ 145,073.00</u>

The fair value hierarchy of the above investment is considered to be a level 1 input.

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

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

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

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

**Note 3: DETAIL NOTES – ASSETS (CONT'D)****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>
2018	\$ 1,725,265.00	\$ 9,141,124.56	\$ 9,053,474.32	83.32%
2017	1,721,078.63	8,636,554.21	8,632,367.84	83.34%
2016	1,268,143.14	8,313,028.56	7,860,093.07	82.04%

**Capital Assets**

During the year ended December 31, 2018, the following changes in capital assets occurred:

	<u>Balance Jan. 1, 2018</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2018</u>
Capital Assets not being Depreciated					
Land	\$ 1,254,200.00				\$ 1,254,200.00
Construction in Progress	3,446,847.53	\$ 1,278,329.01	\$ (2,256,243.75)		2,468,932.79
Total Capital Assets not being Depreciated	4,701,047.53	1,278,329.01	(2,256,243.75)	\$ -	3,723,132.79
Capital Assets being Depreciated					
Buildings	33,909,303.12		7,776.00		33,917,079.12
Major Moveable Equipment	1,162,749.08		134,669.35		1,297,418.43
Vehicles	1,014,805.66		421,092.30		1,435,897.96
Infrastructure	45,148,263.14		1,692,706.10		46,840,969.24
Total Capital Assets being Depreciated	81,235,121.00	-	2,256,243.75	-	83,491,364.75
Total Capital Assets	85,936,168.53	1,278,329.01	-	-	87,214,497.54
Less Accumulated Depreciation	45,361,328.99	3,073,707.61	-	-	48,435,036.60
Capital Assets, Net	\$ 40,574,839.54	\$ (1,795,378.60)	\$ -	\$ -	\$ 38,779,460.94

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

During the year ended December 31, 2017, the following changes in capital assets occurred:

	<u>Balance</u> <u>Jan. 1, 2017</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Capital Assets not being Depreciated					
Land	\$ 1,254,200.00				\$ 1,254,200.00
Construction in Progress	5,403,719.99	\$ 3,481,026.59	\$ (5,437,899.05)		3,446,847.53
<b>Total Capital Assets not being Depreciated</b>	<b>6,657,919.99</b>	<b>3,481,026.59</b>	<b>(5,437,899.05)</b>	<b>\$ -</b>	<b>4,701,047.53</b>
Capital Assets being Depreciated					
Buildings	28,654,654.34		5,254,648.78		33,909,303.12
Major Moveable Equipment	1,004,123.81		158,625.27		1,162,749.08
Vehicles	990,180.66		24,625.00		1,014,805.66
Infrastructure	45,148,263.14				45,148,263.14
<b>Total Capital Assets being Depreciated</b>	<b>75,797,221.95</b>	<b>-</b>	<b>5,437,899.05</b>	<b>-</b>	<b>81,235,121.00</b>
<b>Total Capital Assets</b>	<b>82,455,141.94</b>	<b>3,481,026.59</b>	<b>-</b>	<b>-</b>	<b>85,936,168.53</b>
Less Accumulated Depreciation	42,490,663.12	2,870,665.87	-	-	45,361,328.99
<b>Capital Assets, Net</b>	<b>\$ 39,964,478.82</b>	<b>\$ 610,360.72</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,574,839.54</b>

**Note 4: DETAIL NOTES – DEFERRED OUTFLOWS OF RESOURCES****Deferred Loss on Refunding**

In 2016, the Authority refunded \$5,135,000.00 of the Series 2005 J Bonds. The Authority issued \$4,810,000.00 of Water-Sewer Revenue Refunding Bonds, Series 2016 L Bonds to refund the outstanding bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$154,060.67. 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 refunding was undertaken to reduce total debt payments over 5 years by \$352,743.34, and to obtain a present value economic gain of \$278,048.19.

The deferred outflow of resources for the deferred loss on refunding at December 31, 2018 and 2017 was \$63,749.28 and \$95,623.92, respectively.

**Note 5: DETAIL NOTES – LIABILITIES**

During the year ended December 31, 2018, the following changes occurred in long-term obligations:

	<b>(Restated)</b> <b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
	<b>January 1, 2018</b>	<b>Additions</b>	<b>Reductions</b>	<b>December 31, 2018</b>	<b>One Year</b>
Loans Payable					
NJEIT Loans	\$ 15,455,170.69	\$ -	\$ (862,462.17)	\$ 14,592,708.52	\$ 919,149.34
Premium on Loans	274,402.05	-	(15,620.85)	258,781.20	
<b>Total Loans Payable</b>	<b>15,729,572.74</b>	<b>-</b>	<b>(878,083.02)</b>	<b>14,851,489.72</b>	<b>919,149.34</b>
Bonds Payable					
Bonds	4,195,000.00		(985,000.00)	3,210,000.00	1,030,000.00
Premium on Bonds	243,019.80		(81,006.60)	162,013.20	
<b>Total Bonds Payable</b>	<b>4,438,019.80</b>	<b>-</b>	<b>(1,066,006.60)</b>	<b>3,372,013.20</b>	<b>1,030,000.00</b>
Other Liabilities					
Compensated Absences	272,348.43	40,308.06	(80,397.35)	232,259.14	32,891.29
OPEB Liability	12,998,942.00	3,374,106.00	(5,180,976.00)	11,192,072.00	
Other Liabilities					
Accrued Liabilities -					
Related to Pension	145,424.00	141,282.00	(145,424.00)	141,282.00	
Net Pension Liability	7,308,401.00	3,205,643.00	(4,920,746.00)	5,593,298.00	
<b>Total Other Liabilities</b>	<b>20,725,115.43</b>	<b>6,761,339.06</b>	<b>(10,327,543.35)</b>	<b>17,158,911.14</b>	<b>32,891.29</b>
<b>Total Long-Term Liabilities</b>	<b>\$ 40,892,707.97</b>	<b>\$ 6,761,339.06</b>	<b>\$ (12,271,632.97)</b>	<b>\$ 35,382,414.06</b>	<b>\$ 1,982,040.63</b>

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

During the year ended December 31, 2017, the following changes occurred in long-term obligations:

	(Restated) Balance January 1, 2017	Additions	Reductions	(Restated) Balance December 31, 2017	Due Within One Year
Loans Payable					
NJEIT Loans	\$ 11,940,507.63	\$ 4,288,449.00	\$ (773,785.94)	\$ 15,455,170.69	\$ 862,462.17
Premium on Loans	163,422.51	120,571.80	(9,592.26)	274,402.05	
Total Loans Payable	12,103,930.14	4,409,020.80	(783,378.20)	15,729,572.74	862,462.17
Bonds Payable					
Bonds	4,810,000.00		(615,000.00)	4,195,000.00	985,000.00
Premium on Bonds	324,026.40		(81,006.60)	243,019.80	
Total Bonds Payable	5,134,026.40	-	(696,006.60)	4,438,019.80	985,000.00
Other Liabilities					
Compensated Absences	297,720.88	47,050.28	(72,422.73)	272,348.43	
OPEB Liability	13,808,695.00	901,351.00	(1,711,104.00)	12,998,942.00	
Other Liabilities	86,781.56		(86,781.56)		
Accrued Liabilities - Related to Pension	132,479.00	145,424.00	(132,479.00)	145,424.00	
Net Pension Liability	8,833,175.00	2,901,130.00	(4,425,904.00)	7,308,401.00	
Total Other Liabilities	23,158,851.44	3,994,955.28	(6,428,691.29)	20,725,115.43	-
Total Long-Term Liabilities	\$ 40,396,807.98	\$ 8,403,976.08	\$ (7,908,076.09)	\$ 40,892,707.97	\$ 1,847,462.17

**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 \$15,000.00. 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, 2018 and 2017 is estimated at \$232,259.14 and \$272,348.43, respectively.

**Pension Plans**

A substantial number of Authority employees participate in the Public Employees' Retirement System ("PERS"), a defined benefit pension plan, which is administered by the New Jersey Division of Pensions and Benefits ("the Division"). In addition, Authority employees may participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****General Information about the Pension Plans****Plan Descriptions**

**Public Employees' Retirement System** - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

**Vesting and Benefit Provisions**

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

**Tier      Definition**

- |   |  |
|---|--|
| 1 | Members who were enrolled prior to July 1, 2007  |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010 |
| 4 | Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011          |
| 5 | Members who were eligible to enroll on or after June 28, 2011                              |

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Defined Contribution Retirement Program** - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**Contributions**

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018 and 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10% in State fiscal year 2018. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Authority's contractually required contribution rate for the years ended December 31, 2018 and 2017 was 13.41% and 13.89% of the Authority's covered payroll. These amounts were actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2018, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2018 was \$282,563.00, and was paid by April 1, 2019. Based on the PERS measurement date of June 30, 2017, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$290,847.00, which was paid by April 1, 2018. Employee contributions to the Plan during the years ended December 31, 2018 and 2017 were \$159,975.45 and \$161,737.76, respectively.



**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Authority contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2018 and 2017, there were no employees participating in DCRP.

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

At December 31, 2018, the Authority's proportionate share of the net pension liability was \$5,593,298.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2018 measurement date, the Authority's proportion was .0284075155%, which was a decrease of .0029881165% from its proportion measured as of June 30, 2017.

At December 31, 2017, the Authority's proportionate share of the net pension liability was \$7,308,401.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the Authority's proportion was .0313956320%, which was an increase of .0015710868% from its proportion measured as of June 30, 2016.

For the years ended December 31, 2018 and 2017, the Authority recognized pension expense of \$201,942.00 and \$538,727.00, respectively. These amounts were based on the plan's June 30, 2018 and 2017 measurement dates, respectively.

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

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2018 and 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 106,665.00	\$ 28,841.00	\$ 172,088.00	\$ -
Changes of Assumptions	921,683.00	1,788,439.00	1,472,391.00	1,466,993.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	52,465.00	49,765.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	257,401.00	731,103.00	343,091.00	250,959.00
Authority Contributions Subsequent to the Measurement Date	141,282.00	-	145,424.00	-
	<u>\$ 1,427,031.00</u>	<u>\$ 2,600,848.00</u>	<u>\$ 2,182,759.00</u>	<u>\$ 1,717,952.00</u>

The deferred outflows of resources related to pensions totaling \$141,282.00 and \$145,424.00 will be included as a reduction of the net pension liability in the years ended December 31, 2019 and 2018, respectively. This amount is based on an estimated April 1, 2020 and April 1, 2019 contractually required contribution, prorated from the pension plans measurement date of June 30, 2018 and June 30, 2017 to the Authority's year end of December 31, 2018 and 2017.

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

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - The Authority will amortize the other deferred outflows of resources and deferred inflows of resources related to PERS over the following number of years:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	-	5.00
June 30, 2018	-	5.00
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

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

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending December 31,</b>	
2019	\$ (69,304.00)
2020	(161,621.00)
2021	(477,996.00)
2022	(423,788.00)
2023	<u>(182,390.00)</u>
	<u>\$ (1,315,099.00)</u>

**Actuarial Assumptions – PERS**

The net pension liability was measured as of June 30, 2018 and 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018 and 2017. These actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Actuarial Assumptions – PERS (Cont'd)**

For the June 30, 2018 measurement date, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For the June 30, 2017 measurement date, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 and 2016 are summarized in the table on the following page.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Actuarial Assumptions – PERS (Cont'd)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability at June 30, 2018 was 5.66%. The respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2046; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Actuarial Assumptions – PERS (Cont'd)**

**Discount Rate (Cont'd)** - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00%. The respective single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

**Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate – PERS**

The following presents the Authority's proportionate share of the net pension liability at June 30, 2018, the plans measurement date, calculated using a discount rate of 5.66%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>1% Decrease (4.66%)</b>	<b>Current Discount Rate (5.66%)</b>	<b>1% Increase (6.66%)</b>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 7,032,928.00</u>	<u>\$ 5,593,298.00</u>	<u>\$ 4,385,541.00</u>

The following presents the Authority's proportionate share of the net pension liability at June 30, 2017, the plans measurement date, calculated using a discount rate of 5.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 9,066,568.00</u>	<u>\$ 7,308,401.00</u>	<u>\$ 5,843,631.00</u>

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan****General Information about the OPEB Plan**

**Plan Description and Benefits Provided** - The Authority contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug benefit coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Contributions** - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Authority was billed monthly by the Plan and for the years ended December 31, 2018 and 2017, the Authority paid \$460,591.32 and \$366,770.16, respectively. These amounts represent 21.86% and 17.52% of the Authority's covered payroll. Retiree contributions for the for the years ended December 31, 2018 and 2017 were not made available by the Plan.



**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

**OPEB Liability** - At December 31, 2018, the Authority's proportionate share of the net OPEB liability was \$9,984,179.00. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The Authority's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the Authority's proportion was .063729% which was an increase of .006541% from its proportion measured as of the June 30, 2017 measurement date.

At December 31, 2017, the Authority's proportionate share of the net OPEB liability was \$11,675,381.00. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The Authority's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2016 through June 30, 2017. For the June 30, 2017 measurement date, the Authority's proportion was .057188% which was a decrease of .000744% from its proportion measured as of the June 30, 2016 measurement date.

**OPEB Expense** - At December 31, 2018, the Authority's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2018 measurement date is \$388,580.00. As previously mentioned, for the year ended December 31, 2018, the Authority made contributions to the Plan totaling \$460,591.32.

At December 31, 2017 the Authority's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2017 measurement date is \$798,163.00. As previously mentioned, for the year ended December 31, 2017, the Authority made contributions to the Plan totaling \$366,770.16.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)****Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2018 and 2017, the Authority had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>	<u>of Resources</u>	<u>of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 2,027,144.00	\$ -	\$ -
Changes of Assumptions	-	2,532,618.00	-	1,295,868.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	5,276.00	-	2,001.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	1,301,152.00	121,384.00	-	141,481.00
Authority Contributions Subsequent to the Measurement Date	158,042.39	-	118,072.34	-
	<u>\$ 1,464,470.39</u>	<u>\$ 4,681,146.00</u>	<u>\$ 120,073.34</u>	<u>\$ 1,437,349.00</u>

The Authority reported \$158,042.39 and \$118,072.34 as deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date and will be included as a reduction of the Authority's net OPEB liability in the year ending December 31, 2019 and 2018, respectively. The Authority will amortize the other deferred outflow of resources and deferred inflows of resources related to the OPEB liability over the number of years as listed in the table on the following page.

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

**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)**

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

<b>Year Ending <u>Dec. 31,</u></b>	
2019	\$ (506,629.00)
2020	(506,629.00)
2021	(506,629.00)
2022	(507,186.00)
2023	(508,087.00)
Thereafter	<u>(839,558.00)</u>
	<u>\$ (3,374,718.00)</u>

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****Actuarial Assumptions**

The actuarial valuation at June 30, 2018 and 2017 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
Through 2026	1.65% - 8.98%
Thereafter	2.65% - 9.98%

\* Salary Increases are Based on the Defined Benefit Plan that the Member is Enrolled in and his or her Age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2017 valuation were based on the results of the Public Employees' Retirement System (PERS) experience study. The PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pays interest to participants on a monthly basis.

**Discount Rate** - The discount rate used to measure the OPEB Liability at June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Health Care Trend Assumptions** - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The net OPEB liability as of June 30, 2018, the plans measurement date, for the Authority calculated using a discount rate of 3.87%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>1% Decrease (2.87%)</b>	<b>Current Discount Rate (3.87%)</b>	<b>1% Increase (4.87%)</b>
Authority's Proportionate Share of the Net OPEB Liability	<u>\$ 11,714,082.00</u>	<u>\$ 9,984,179.00</u>	<u>\$ 8,602,378.00</u>

The net OPEB liability as of June 30, 2017, the plans measurement date, for the Authority calculated using a discount rate of 3.58%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>1% Decrease (2.58%)</b>	<b>Current Discount Rate (3.58%)</b>	<b>1% Increase (4.58%)</b>
Authority's Proportionate Share of the Net OPEB Liability	<u>\$ 13,771,460.00</u>	<u>\$ 11,675,381.00</u>	<u>\$ 10,012,178.00</u>

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The Authority's proportionate share of the net OPEB liability as of June 30, 2018, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Authority's Proportionate Share of the Net OPEB Liability	<u>\$ 8,328,406.00</u>	<u>\$ 9,984,179.00</u>	<u>\$ 12,126,995.00</u>

The Authority's proportionate share of the net OPEB liability as of June 30, 2017, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Authority's Proportionate Share of the Net OPEB Liability	<u>\$ 9,702,583.00</u>	<u>\$ 11,675,381.00</u>	<u>\$ 14,244,193.00</u>

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan****General Information about the OPEB Plan**

**Plan Description and Benefits Provided** - 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. No assets are accumulated in a trust. In accordance with GASB Statement 75, this plan is considered a Single Employer, Defined Benefit OPEB Plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement 75.

**Employees Covered by Benefit Terms**

At December 31, 2018 and 2017, the following employees were covered by the benefit terms:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	26	22
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments		
Active Employees	<u>14</u>	<u>18</u>
	<u>40</u>	<u>40</u>

**Contributions**

Employees are not required to contribute to the plan.

**Net OPEB Liability**

The Authority's total OPEB liability of \$1,207,893.00 as of December 31, 2018 and \$1,323,561.00 as of December 31, 2017 was measured as of December 31, 2018. The liabilities were determined by an actuarial valuation as of the same date.

**Actuarial Assumptions and Other Inputs**

The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% Annually
Discount Rate	4.25%
Healthcare Cost Trend Rates	
Medicare Part B	4.50%

The discount rate was based on the 20 year Municipal AA bond rate.

Mortality rates were based on RP-2014 Headcount-Weighted Healthy Employee Male / Female Mortality Projected with Scale MP-2017.

Termination rates were based on a 39% for employees with less than 1 year of service age 30 grading down to 1.5% for employees age 60 with more than 3 years of experience.

An experience study was not performed on the actuarial assumptions used in this valuation since the plan had insufficient data to produce a study with credible results. Mortality rates and termination rates were based on standard tables either issued by the SOA or developed for the applicable grade of employee. The actuary has used his/her professional judgement in applying these assumptions to this plan.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****Changes in the Total OPEB Liability**

The following table shows the changes in the total OPEB liability for the years ended December 31, 2018 or 2017, respectively:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Balance at Beginning of Year	\$ 1,323,561.00	\$ 1,227,333.00
Changes for the Year:		
Service Cost	6,273.00	6,257.00
Interest Cost	45,989.00	45,790.00
Benefit Payments	(31,716.00)	(25,056.00)
Actuarial Assumption Changes	(163,564.00)	55,516.00
Actuarial Demographic Gains / (Losses)	27,350.00	13,721.00
Net Changes	<u>(115,668.00)</u>	<u>96,228.00</u>
Balance at End of Year	<u>\$ 1,207,893.00</u>	<u>\$ 1,323,561.00</u>

**Changes in Benefits** - There were no changes of benefit terms at December 31, 2018 or 2017.

**Changes in Assumptions** - In 2017, the discount rate changed to 3.50% from 3.75%. In 2018, the discount rate changed to 4.25% from 3.50%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>December 31, 2018</u>		
	<b>1.00% Decrease (3.25%)</b>	<b>Current Discount Rate (4.25%)</b>	<b>1.00% Increase (5.25%)</b>
Total OPEB Liability	<u>\$ 1,422,609.00</u>	<u>\$ 1,207,893.00</u>	<u>\$ 1,038,791.00</u>
	<u>December 31, 2017</u>		
	<b>1.00% Decrease (2.50%)</b>	<b>Current Discount Rate (3.50%)</b>	<b>1.00% Increase (4.50%)</b>
Total OPEB Liability	<u>\$ 1,584,682.00</u>	<u>\$ 1,323,561.00</u>	<u>\$ 1,120,614.00</u>

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****Changes in the Total OPEB Liability (Cont'd)****Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>December 31, 2018</u>		
	<b>1.00% Decrease (3.50%)</b>	<b>Healthcare Cost Trend Rate (4.50%)</b>	<b>1.00% Increase (5.50%)</b>
Total OPEB Liability	<u>\$ 1,039,880.00</u>	<u>\$ 1,207,893.00</u>	<u>\$ 1,418,648.00</u>
	<u>December 31, 2017</u>		
	<b>1.00% Decrease (3.50%)</b>	<b>Healthcare Cost Trend Rate (4.50%)</b>	<b>1.00% Increase (5.50%)</b>
Total OPEB Liability	<u>\$ 1,120,873.00</u>	<u>\$ 1,323,561.00</u>	<u>\$ 1,581,768.00</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the years ended December 31, 2018 and 2017, the Authority recognized OPEB expense of \$29,937.00 and \$75,126.00. At December 31, 2018 and 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions or Other Inputs	\$ 18,506.00	\$ 109,043.00	\$ 37,011.00	\$ -
Changes of Actuarial Gains & Losses	22,806.00	-	9,147.00	-
	<u>\$ 41,312.00</u>	<u>\$ 109,043.00</u>	<u>\$ 46,158.00</u>	<u>\$ -</u>



**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending December 31,</b>	
2019	\$ (22,325.00)
2020	<u>(45,406.00)</u>
	<u>\$ (67,731.00)</u>

**Postemployment Benefits Other Than Pensions (OPEB) – Summary of State and Authority Plans**

At December 31, 2018, the Authority reported deferred outflows of resources, net OPEB liability and deferred inflows of resources related to OPEB from the following sources:

	<b>(Restated) Balance December 31, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance December 31, 2018</b>
<b>Deferred Outflows of Resources - Related to OPEB</b>				
State Plan	\$ 120,073.34	\$ 1,645,478.10	\$ (301,081.05)	\$ 1,464,470.39
Authority Plan	46,158.00	27,350.00	(32,196.00)	41,312.00
<b>Total Deferred Outflows of Resources - Related to OPEB</b>	<u>\$ 166,231.34</u>	<u>\$ 1,672,828.10</u>	<u>\$ (333,277.05)</u>	<u>\$ 1,505,782.39</u>
<b>Net OPEB Liability</b>				
State Plan	\$ 11,675,381.00	\$ 3,294,494.00	\$ (4,985,696.00)	\$ 9,984,179.00
Authority Plan	1,323,561.00	79,612.00	(195,280.00)	1,207,893.00
<b>Total Net OPEB Liability</b>	<u>\$ 12,998,942.00</u>	<u>\$ 3,374,106.00</u>	<u>\$ (5,180,976.00)</u>	<u>\$ 11,192,072.00</u>
<b>Deferred Inflows of Resources - Related to OPEB</b>				
State Plan	\$ 1,437,349.00	\$ 3,933,434.71	\$ (689,637.71)	\$ 4,681,146.00
Authority Plan	-	163,564.00	(54,521.00)	109,043.00
<b>Total Deferred Inflows of Resources - Related to OPEB</b>	<u>\$ 1,437,349.00</u>	<u>\$ 4,096,998.71</u>	<u>\$ (744,158.71)</u>	<u>\$ 4,790,189.00</u>

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) – Summary of State and Authority Plans (Cont'd)**

At December 31, 2017, the Authority reported deferred outflows of resources, net OPEB liability and deferred inflows of resources related to OPEB from the following sources:

	(Restated) Balance			(Restated) Balance
	<u>December 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2017</u>
<b>Deferred Outflows of Resources - Related to OPEB</b>				
State Plan	\$ -	\$ 120,357.24	\$ (283.90)	\$ 120,073.34
Authority Plan	-	69,237.00	(23,079.00)	46,158.00
<b>Total Deferred Outflows of Resources - Related to OPEB</b>	<u>\$ -</u>	<u>\$ 189,594.24</u>	<u>\$ (23,362.90)</u>	<u>\$ 166,231.34</u>
<b>Net OPEB Liability</b>				
State Plan	\$ 12,581,362.00	\$ 780,067.00	\$ (1,686,048.00)	\$ 11,675,381.00
Authority Plan	1,227,333.00	121,284.00	(25,056.00)	1,323,561.00
<b>Total Net OPEB Liability</b>	<u>\$ 13,808,695.00</u>	<u>\$ 901,351.00</u>	<u>\$ (1,711,104.00)</u>	<u>\$ 12,998,942.00</u>
<b>Deferred Inflows of Resources - Related to OPEB</b>				
State Plan	\$ -	\$ 1,641,301.90	\$ (203,952.90)	\$ 1,437,349.00
Authority Plan	-	-	-	-
<b>Total Deferred Inflows of Resources - Related to OPEB</b>	<u>\$ -</u>	<u>\$ 1,641,301.90</u>	<u>\$ (203,952.90)</u>	<u>\$ 1,437,349.00</u>

**Revenue Bonds and Loans Payable - NJEIT 2008 K, Bond Series 2016 L and NJEIT Junior Lien Series 2010, 2014, 2015 and 2017**

The Revenue Refunding Bonds Series 2016 L is a direct obligation 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).

On November 9, 2008, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Series 2008 K Bonds") totaling \$4,428,000.00 for the completion of emergency repairs to a sewer main. The first part of the loan award for \$2,198,000.00 is interest free. The \$2,230,000.00 portion carries interest rates that range from 5.00% to 5.50% 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 \$4,787,982.00 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 \$9,533,946.00 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 \$4,745,964.00. Two parts of the loan award for \$2,372,982.00 are interest free. The remaining \$2,415,000.00 portion carries interest rates of 2.00% with a final maturity in 2029.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Revenue Bonds and Loans Payable - NJEIT 2008 K, Bond Series 2016 L and NJEIT Junior Lien Series 2010, 2014, 2015 and 2017 (Cont'd)**

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 3.00% to 5.50% with a final maturity in 2033.

On May 28, 2015, the Authority closed on four loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Junior Lien Series 2015") totaling \$2,651,837.00 for emergency generator replacements, trailered pumps, Tweedstone pump station upgrades and Wells 6, 9, 10, and 11 electrical upgrades. In addition, the Authority received principal forgiveness in the amount of \$635,088.00. Two parts of the loan award for \$1,871,837.00 are interest free. The remaining \$780,000.00 portion carries interest rates that range from 4.0% to 5.00% with a final maturity in 2034.

On March 1, 2016, the Authority issued the 2016 Series L Bonds to refund the maturities of the Authority's 2005 Series J Bonds and to pay certain costs related to the issuance of the Series L Bonds. The Bonds were issued for \$4,810,000.00 and carry interest rates ranging from 2.00% to 4.00% with a final maturity in 2021.

On November 21, 2017, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Junior Lien Series 2017A-2") totaling \$4,288,449.00. The total cost of the 2017 Project was \$5,433,623.00 and was fully financed with an interim loan 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 in the amount of \$1,086,725.00. One part of the loan award for \$2,173,449.00 is interest free. The remaining \$2,173,449.00 portion carries interest rates that range from 2.125% to 5.00% with a final maturity in 2037.

**Maturities of the Series 2016 L Bonds:**

<u>Bond Year</u>	<u>Principal</u>	<u>Rates</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,030,000.00	4.00%	\$ 107,800.00	\$ 1,137,800.00
2020	1,070,000.00	4.00%	65,800.00	1,135,800.00
2021	1,110,000.00	4.00%	22,200.00	1,132,200.00
	<u>3,210,000.00</u>		<u>\$ 195,800.00</u>	<u>\$ 3,405,800.00</u>
	(1,030,000.00)	Current Maturities		
	<u>162,013.20</u>	Premium on Bonds		
	<u>\$ 2,342,013.20</u>	Long-Term Portion		

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Revenue Bonds and Loans Payable - 2005 J, NJEIT 2008 K, 2016 L and NJEIT Junior Lien Series 2010, 2014, 2015 and 2017 (Cont'd)****Maturities of the Series NJEIT 2008 K and NJEIT Junior Lien Series 2010, 2014, 2015 and 2017:**

<u>Year Ending December 31,</u>	<u>Interest Free Loan Principal</u>	<u>Loan Principal</u>	<u>Total Principal</u>	<u>Rates</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 609,149.34	\$ 375,000.00	\$ 984,149.34	4.00% - 5.25%	\$ 246,318.76	\$ 621,318.76
2020	611,700.38	410,000.00	1,021,700.38	5.00% - 5.50%	228,493.76	638,493.76
2021	610,734.30	430,000.00	1,040,734.30	3.00% - 5.50%	207,393.76	637,393.76
2022	609,602.18	440,000.00	1,049,602.18	4.00% - 5.50%	187,968.76	627,968.76
2023	611,323.00	465,000.00	1,076,323.00	4.00% - 5.50%	166,668.76	631,668.76
2024-2028	3,053,445.29	2,015,000.00	5,068,445.29	2.125% - 5.00%	529,788.30	2,544,788.30
2029-2033	1,964,517.79	1,240,000.00	3,204,517.79	2.50% - 4.00%	211,893.84	1,451,893.84
2034-2037	537,236.24	610,000.00	1,147,236.24	2.875% - 4.00%	44,181.26	654,181.26
	<u>\$8,607,708.52</u>	<u>\$5,985,000.00</u>	<u>14,592,708.52</u>		<u>\$1,822,707.20</u>	<u>\$7,807,707.20</u>
			(919,149.34)	Current Maturities		
			258,781.20	Premium on Loans		
			<u>\$ 13,932,340.38</u>	Long-Term Portion		

**Note 6: DETAIL NOTES – DEFERRED INFLOWS OF RESOURCES****Connection Fees**

The Authority receives payments for connection fees when new users connect to the water and/or sewer system. The Authority does not supply the user with supplies or services to make the physical connection and is therefore considered a non-exchange transaction. The Authority recognizes the revenue in the period that the user exercises their right to connect to the system.

**Note 7: INTERGOVERNMENTAL AGREEMENTS****Major Customers**

The Authority derives a significant portion of its total water 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>
2018	\$ 879,499.50	\$ 5,718,335.65	15.38%
2017	1,112,416.25	5,529,584.24	20.12%
2016	1,046,721.41	5,412,796.45	19.34%

**Note 7: INTERGOVERNMENTAL AGREEMENTS (CON'T)****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.

**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 the original agreement.

**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 8: COMMITMENTS**

The Authority had several outstanding or planned construction projects as of December 31, 2018. 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
SPS Tweedstone	413,546.29	15,031.95
Well 10 Redrill	263,358.00	53,941.84
	<u>\$ 949,909.79</u>	<u>\$ 89,681.23</u>

**Note 9: DEFERRED COMPENSATION**

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

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

**Note 10: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded coverage for the past several years.

**Note 11: CONTINGENCIES**

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

**Note 12: RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS**

As indicated in note 1 to the financial statements, the Authority adopted GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions., for the year ended December 31, 2018. As a result of implementing this Statement, a restatement of unrestricted net position was required to record the Authority's net OPEB obligation. The cumulative effect on the financial statements as reported for December 31, 2016 is as follows:

	<b>As Previously Reported <u>December 31, 2016</u></b>	<b>Net OPEB Liability (1)</b>	<b>As Restated <u>December 31, 2016</u></b>
<b>Net Position:</b>			
Net Investment in Capital Assets	\$ 21,475,106.12		\$ 21,475,106.12
Restricted	6,440,976.72		6,440,976.72
Unrestricted (Deficit)	<u>(753,480.09)</u>	<u>\$ (13,331,382.40)</u>	<u>(14,084,862.49)</u>
 Total Net Position	 <u>\$ 27,162,602.75</u>	 <u>\$ (13,331,382.40)</u>	 <u>\$ 13,831,220.35</u>
 State Plan		 \$ (12,581,362.00)	
Authority Plan		<u>(750,020.40)</u>	
		 <u>\$ (13,331,382.40)</u>	

(1) Represents the change in the Authority's Net OPEB Liability as of December 31, 2016

**Note 12: RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS (CONT'D)**

The following represents the cumulative effects of the restatement on the respective financial statement balances of the Authority for the year ended December 31, 2017:

**Statement of Net Position - December 31, 2017**

	<u>Previously Reported</u>	<u>Cumulative Effect - Increase / (Decrease)</u>	<u>Restated Balance</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to OPEB	\$ -	\$ 166,231.34	\$ 166,231.34
Total Deferred Inflows of Resources	<u>2,278,382.92</u>	<u>166,231.34</u>	<u>2,444,614.26</u>
<b>LIABILITIES</b>			
Long-term Liabilities:			
Net OPEB Liability	<u>526,523.60</u>	<u>12,472,418.40</u>	<u>12,998,942.00</u>
Total Long-term Liabilities	<u>26,572,827.40</u>	<u>12,472,418.40</u>	<u>39,045,245.80</u>
Total Liabilities	<u>30,718,261.29</u>	<u>12,472,418.40</u>	<u>43,190,679.69</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to OPEB	<u>-</u>	<u>1,437,349.00</u>	<u>1,437,349.00</u>
Total Deferred Inflows of Resources	<u>1,766,793.90</u>	<u>1,437,349.00</u>	<u>3,204,142.90</u>
<b>NET POSITION</b>			
Unrestricted (Deficit)	<u>1,227,524.99</u>	<u>(13,743,536.06)</u>	<u>(12,516,011.07)</u>
Total Net Position	<u>29,308,902.53</u>	<u>(13,743,536.06)</u>	<u>15,565,366.47</u>



**Note 12: RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS (CONT'D)**

The following represents the cumulative effects of the restatement on the respective financial statement balances of the Authority for the year ended December 31, 2017 (Cont'd):

**Statement of Revenues, Expenses and Changes in Net Position - December 31, 2017**

	<u>Previously Reported</u>	<u>Cumulative Effect - Increase / (Decrease)</u>	<u>Restated Balance</u>
<b>Operating Expenses:</b>			
Administration:			
Employee Benefits	\$ 436,664.99	\$ 106,300.13	\$ 542,965.12
Total Administration	<u>1,750,031.50</u>	<u>106,300.13</u>	<u>1,856,331.63</u>
Cost of Providing Service:			
Employee Benefits	1,526,168.72	305,853.53	1,832,022.25
Total Cost of Providing Service	<u>5,523,867.20</u>	<u>305,853.53</u>	<u>5,829,720.73</u>
Total Operating Expenses	<u>10,170,985.84</u>	<u>412,153.66</u>	<u>10,583,139.50</u>
Operating Income (Loss)	<u>1,688,984.11</u>	<u>(412,153.66)</u>	<u>1,276,830.45</u>
Change in Net Position	<u>2,146,299.78</u>	<u>(412,153.66)</u>	<u>1,734,146.12</u>
Net Position - Beginning	<u>27,162,602.75</u>	<u>(13,331,382.40)</u>	<u>13,831,220.35</u>
Net Position - Ending	<u>29,308,902.53</u>	<u>(13,743,536.06)</u>	<u>15,565,366.47</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Required Supplementary Information  
 Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios - Authority Plan  
 Last Two Years

	Year Ended December 31,	
	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 6,273.00	\$ 6,257.00
Interest Cost	45,989.00	45,790.00
Benefit Payments	(31,716.00)	(25,056.00)
Actuarial Assumption Changes	(163,564.00)	55,516.00
Actuarial Demographic Gains	<u>27,350.00</u>	<u>13,721.00</u>
Net Change in Total OPEB Liability	(115,668.00)	96,228.00
Total OPEB Liability - Beginning of Year	<u>1,323,561.00</u>	<u>1,227,333.00</u>
Total OPEB Liability - End of Year	<u><u>1,207,893.00</u></u>	<u><u>1,323,561.00</u></u>
Covered-Employee Payroll	\$ 962,609.01	\$ 1,046,116.04
Total OPEB Liability as a Percentage of Covered-Employee Payroll	125.48%	126.52%

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

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Required Supplementary Information  
 Schedule of the Authority's Proportionate Share  
 of the Net OPEB Liability - State Plan  
 Last Two Plan Years

	<u>Measurement Date Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.063729%	0.057188%
Authority's Proportionate Share of the Net OPEB Liability	\$ 9,984,179.00	\$ 11,675,381.00
Authority's Covered Payroll (Plan Measurement Period)	\$ 2,126,917.00	\$ 2,114,476.00
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	469.42%	552.16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.03%

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

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Required Supplementary Information  
 Schedule of the Authority's OPEB Contributions - State Plan  
 Last Two Years

	<u>Year Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Authority's Required Contributions	\$ 460,591.32	\$ 366,770.16
Authority's Contributions in Relation to the Required Contribution	<u>(460,591.32)</u>	<u>(366,770.16)</u>
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Calendar Year)	\$ 2,106,716.00	\$ 2,093,872.00
Authority's Contributions as a Percentage of Covered Payroll	21.86%	17.52%

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

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Required Supplementary Information  
 Schedule of the Authority's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System (PERS)  
 Last Six Plan Years

	<u>Measurement Date Ending June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's Proportion of the Net Pension Liability	0.0284075155%	0.0313956320%	0.0298245452%
Authority's Proportionate Share of the Net Pension Liability	\$5,593,298.00	\$7,308,401.00	\$8,833,175.00
Authority's Covered Payroll (Plan Measurement Period)	\$1,981,884.00	\$2,175,080.00	\$2,064,316.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	282.22%	336.01%	427.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability	0.0315650763%	0.0308760860%	0.0312818035%
Authority's Proportionate Share of the Net Pension Liability	\$7,085,727.00	\$5,780,848.00	\$5,978,574.00
Authority's Covered Payroll (Plan Measurement Period)	\$2,124,428.00	\$2,135,256.00	\$2,157,884.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	333.54%	270.73%	277.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Required Supplementary Information  
 Schedule of the Authority's Pension Contributions  
 Public Employees' Retirement System (PERS)  
 Last Six Years

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 282,563.00	\$ 290,847.00	\$ 264,957.00
Contributions in Relation to Contractually Required Contribution	<u>(282,563.00)</u>	<u>(290,847.00)</u>	<u>(264,957.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Calendar Year)	\$ 2,106,716.00	\$ 2,093,872.00	\$ 2,158,469.00
Authority's Contributions as a Percentage of Covered Payroll	13.41%	13.89%	12.28%
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 271,375.00	\$ 254,538.00	\$ 235,702.00
Contributions in Relation to Contractually Required Contribution	<u>(271,375.00)</u>	<u>(254,538.00)</u>	<u>(235,702.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Calendar Year)	\$ 2,130,154.00	\$ 2,100,862.00	\$ 2,100,737.00
Authority's Contributions as a Percentage of Covered Payroll	12.74%	12.12%	11.22%

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

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**

Notes to Required Supplementary Information

For the Year Ended December 31, 2018

**Note 1: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN**Changes in Benefit Terms

None

Changes in Assumptions

In 2017, the discount rate changed to 3.58% from 2.85%. In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

**Note 2: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - AUTHORITY PLAN**Changes in Benefit Terms

None

Changes in Assumptions

For 2018, the discount rate changed from 3.50% as of December 31, 2017 to 4.25% as of December 31, 2018. The mortality table was updated from MP-2017 to MP-2018. For 2017, the discount rate changed from 3.75% as of December 31, 2016 to 3.50% as of December 31, 2017.

**Note 3: POSTEMPLOYMENT BENEFITS - PENSION****Public Employees' Retirement System (PERS)**Changes in Benefit Terms

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017 and 5.66% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

For 2015, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually.



## **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, 2018

	Unrestricted		Restricted				Totals
	Operating	General	Bond Reserve	Bond Service	Renewal and Replacement	Unemployment Compensation	
Operating Revenues:							
Service Fees	\$ 9,141,124.56						\$ 9,141,124.56
Intergovernmental Service Agreements	1,721,643.29						1,721,643.29
Connection Fees	434,868.18						434,868.18
Other Operating Revenues	1,043,203.38						1,043,203.38
<b>Total Operating Revenues</b>	<b>12,340,839.41</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>12,340,839.41</b>
Operating Expenses:							
Administration:							
Salaries and Wages	735,257.84						735,257.84
Employee Benefits	427,438.00						427,438.00
Other Expenses	738,455.66						738,455.66
Cost of Providing Service:							
Salaries and Wages	2,050,136.80						2,050,136.80
Employee Benefits	1,445,335.76						1,445,335.76
Other Expenses	2,150,929.76						2,150,929.76
Major Repairs		216,214.27					216,214.27
Depreciation		3,073,707.61					3,073,707.61
<b>Total Operating Expenses</b>	<b>7,547,553.82</b>	<b>3,289,921.88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,837,475.70</b>
Operating Income (Loss)	4,793,285.59	(3,289,921.88)					1,503,363.71
Non-operating Revenue (Expenses):							
Investment Income	30,122.44	19,474.75	20,720.33	25,521.25	12,191.39	1,696.17	109,726.33
Net Unemployment Activity						4,364.10	4,364.10
Interest Expense		64,752.81		(388,263.44)			(323,510.63)
Contribution to Willingboro Township		(150,000.00)					(150,000.00)
<b>Total Non-operating Revenue (Expenses)</b>	<b>30,122.44</b>	<b>(65,772.44)</b>	<b>20,720.33</b>	<b>(362,742.19)</b>	<b>12,191.39</b>	<b>6,060.27</b>	<b>(359,420.20)</b>
Income before Contributions	4,823,408.03	(3,355,694.32)	20,720.33	(362,742.19)	12,191.39	6,060.27	1,143,943.51
Contributed Capital	-	236,302.00	-	-	-	-	236,302.00
Net Income (Loss) Before Transfers	4,823,408.03	(3,119,392.32)	20,720.33	(362,742.19)	12,191.39	6,060.27	1,380,245.51
Transfers	(4,639,095.53)	4,309,265.06	(20,720.33)	362,742.19	(12,191.39)	-	-
Change in Net Position	184,312.50	1,189,872.74				6,060.27	1,380,245.51
Net Position - Beginning, as restated	3,849,767.50	9,087,806.22	1,438,636.74	-	1,000,000.00	189,156.01	15,565,366.47
Net Position - Ending:							
Net Investment in Capital Assets		\$ 21,783,402.22					\$ 21,783,402.22
Restricted	\$ 4,034,080.00		\$ 1,438,636.74	\$ -	\$ 1,000,000.00	\$ 195,216.28	\$ 6,667,933.02
Unrestricted (Deficit)		\$ (11,505,723.26)					\$ (11,505,723.26)

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenues, Expenses and Changes in Fund Net Position by Department  
 For the Year Ended December 31, 2018

	<u>Sewer</u>	<u>Water Treatment</u>	<u>Total</u>
Operating Revenues:			
Service Fees	\$ 4,302,288.41	\$ 4,838,836.15	\$ 9,141,124.56
Intergovernmental Service Agreements	842,143.79	879,499.50	1,721,643.29
Connection Fees	291,366.76	143,501.42	434,868.18
Other Operating Revenues	350,400.29	692,803.10	1,043,203.38
	<u>5,786,199.25</u>	<u>6,554,640.17</u>	<u>12,340,839.41</u>
Operating Expenses:			
Administration:			
Salaries and Wages	367,628.92	367,628.92	735,257.84
Fringe Benefits	213,719.00	213,719.00	427,438.00
Other Expenses	369,227.83	369,227.83	738,455.66
Total Administration	<u>950,575.75</u>	<u>950,575.75</u>	<u>1,901,151.50</u>
Cost of Providing Service:			
Salaries and Wages	838,891.47	1,211,245.33	2,050,136.80
Fringe Benefits	601,988.15	843,347.61	1,445,335.76
Other Expenses	957,158.13	1,193,771.63	2,150,929.76
Total Cost of Providing Service	<u>2,398,037.75</u>	<u>3,248,364.57</u>	<u>5,646,402.32</u>
Major Repairs and Other Expenses	139,466.96	76,747.31	216,214.27
Depreciation	1,665,402.37	1,408,305.24	3,073,707.61
Total Operating Expenses	<u>5,153,482.83</u>	<u>5,683,992.87</u>	<u>10,837,475.70</u>
Operating Income	<u>632,716.42</u>	<u>870,647.30</u>	<u>1,503,363.71</u>
Non-operating Income (Expenses):			
Investment Income	55,894.34	53,831.99	109,726.33
Net Unemployment Activity	2,182.05	2,182.05	4,364.10
Interest Expense	(149,913.36)	(173,597.27)	(323,510.63)
Contribution to Willingboro Township	(150,000.00)		(150,000.00)
Total Non-operating Expenses	<u>(241,836.97)</u>	<u>(117,583.23)</u>	<u>(359,420.20)</u>
Contributed Capital	-	236,302.00	236,302.00
Change in Net Position	<u>390,879.45</u>	<u>989,366.06</u>	<u>1,380,245.51</u>
Net Position - Beginning, as restated	<u>7,800,299.13</u>	<u>7,765,067.34</u>	<u>15,565,366.47</u>
Net Position - Ending	<u>\$ 8,191,178.58</u>	<u>\$ 8,754,433.40</u>	<u>\$ 16,945,611.98</u>
Net Position:			
Net Investment in Capital Assets	\$ 6,015,194.19	\$ 15,768,208.03	\$ 21,783,402.22
Restricted for:			
Bond Resolution Covenants	3,054,252.09	3,418,464.65	6,472,716.74
Unemployment Compensation	97,608.14	97,608.14	195,216.28
Unrestricted (Deficit)	<u>(975,875.84)</u>	<u>(10,529,847.42)</u>	<u>(11,505,723.26)</u>
	<u>\$ 8,191,178.58</u>	<u>\$ 8,754,433.40</u>	<u>\$ 16,945,611.98</u>

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Cash Receipts and Cash Disbursements  
 For the Year Ended December 31, 2018

	Unrestricted		Restricted				Total
	Operating Accounts	General	Bond Reserve	Bond Service	Renewal and Replacement	Other	
Cash, Cash Equivalents and Investments January 1, 2018	\$ 6,242,445.91	\$ 2,166,764.37	\$ 1,699,588.84	\$ 1,330,980.26	\$ 1,000,000.00	\$ 835,984.00	\$ 13,275,763.38
Receipts:							
User Charges and Fees	8,317,202.26						8,317,202.26
Intergovernmental Service Agreements Receivable	1,700,354.74						1,700,354.74
Rent Overpayments	131,353.90						131,353.90
Other Accounts Receivable	1,053,874.91						1,053,874.91
Connection Fees	386,026.28						386,026.28
Investment Income (Including Unrealized Losses)	27,572.16	17,726.47	19,157.54	23,969.60	11,271.89	2,253.28	101,950.94
Planning Escrow Deposits						63,018.58	63,018.58
Unearned Revenue	706,123.41						706,123.41
Net Unemployment Activity	4,364.10						4,364.10
Transfers In	1,842,066.95	1,560,441.65		2,475,565.14		86,931.06	5,965,004.80
Total Cash and Investments Available	20,411,384.62	3,744,932.49	1,718,746.38	3,830,515.00	1,011,271.89	988,186.92	31,705,037.30
Disbursements:							
Budgetary Expenses	7,503,657.93			36,372.89			7,540,030.82
Debt Service Principal				1,847,462.17			1,847,462.17
Debt Service Interest				392,432.65			392,432.65
Construction in Progress	838,827.20						838,827.20
Capital Accounts Payable & Retainage	188,878.85						188,878.85
Accounts Payable	279,590.63			54,336.00		13,322.86	347,249.49
Planning Escrow Expenses						349,005.14	349,005.14
Transfers Out	4,122,937.85	1,811,637.52	19,157.54		11,271.89		5,965,004.80
Total Disbursements	12,933,892.46	1,811,637.52	19,157.54	2,330,603.71	11,271.89	362,328.00	17,468,891.12
Cash, Cash Equivalents and Investments December 31, 2018	\$ 7,477,492.16	\$ 1,933,294.97	\$ 1,699,588.84	\$ 1,499,911.29	\$ 1,000,000.00	\$ 625,858.92	\$ 14,236,146.18
Analysis of Balance December 31, 2018							
Cash and Cash Equivalents	\$ 7,070,245.16	\$ 1,933,294.97	\$ 1,699,588.84	\$ 1,499,911.29	\$ 1,000,000.00	\$ 625,858.92	\$ 13,828,899.18
Investments:							
Unsold Solar Renewable Energy Certificates	407,247.00						407,247.00
	\$ 7,477,492.16	\$ 1,933,294.97	\$ 1,699,588.84	\$ 1,499,911.29	\$ 1,000,000.00	\$ 625,858.92	\$ 14,236,146.18

**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, 2018

	Adopted Budget	Transfers	Modified Budget	Actual	Variance Favorable / (Unfavorable)
<b>Operating Revenues:</b>					
<b>Service Charges:</b>					
Residential	\$ 3,863,000.00		\$ 3,863,000.00	\$ 3,815,288.42	\$ (47,711.58)
Business and Commercial	635,000.00		635,000.00	486,999.99	(148,000.01)
Intergovernmental	789,000.00		789,000.00	842,143.79	53,143.79
	<u>5,287,000.00</u>	\$ -	<u>5,287,000.00</u>	<u>5,144,432.20</u>	<u>(142,567.80)</u>
Connection Fees	50,000.00	-	50,000.00	291,366.76	241,366.76
<b>Other Operating Revenues:</b>					
Turn Off/On Fees	44,000.00		44,000.00	58,700.00	14,700.00
Other Miscellaneous Revenue	282,000.00		282,000.00	291,700.29	9,700.29
	<u>326,000.00</u>	-	<u>326,000.00</u>	<u>350,400.29</u>	<u>24,400.29</u>
<b>Total Operating Revenues</b>	<b>5,663,000.00</b>		<b>5,663,000.00</b>	<b>5,786,199.25</b>	<b>123,199.25</b>
<b>Non-Operating Revenues:</b>					
Investment Income	6,000.00	-	6,000.00	55,894.34	49,894.34
<b>Total Budget Revenues</b>	<b>5,669,000.00</b>	<b>-</b>	<b>5,669,000.00</b>	<b>5,842,093.59</b>	<b>173,093.59</b>
<b>Operating Appropriations:</b>					
<b>Administration</b>					
Salaries and Wages	346,000.00	21,500.00	367,500.00	367,628.92	(128.92)
<b>Employee Benefits:</b>					
Social Security Tax	26,500.00		26,500.00	28,376.19	(1,876.19)
Unemployment and Disability Insurance	3,000.00		3,000.00	1,166.42	1,833.59
Public Employees Retirement System	36,000.00	7,000.00	43,000.00	33,820.88	9,179.13
Health Insurance	104,050.00	17,500.00	121,550.00	113,308.53	8,241.47
Dental Insurance	10,000.00		10,000.00	5,403.29	4,596.72
Prescription Plan	16,400.00	3,500.00	19,900.00	19,318.49	581.51
Uniforms	350.00		350.00	15.18	334.82
<b>Total Employee Benefits</b>	<b>196,300.00</b>	<b>28,000.00</b>	<b>224,300.00</b>	<b>201,408.96</b>	<b>22,891.04</b>
<b>Other Expenses:</b>					
Telephone	4,000.00		4,000.00	6,509.25	(2,509.25)
Electricity	6,500.00		6,500.00	5,992.60	507.41
Gas Heat	1,600.00		1,600.00	1,783.52	(183.52)
Vehicle, Gasoline	1,600.00		1,600.00	127.78	1,472.22
Vehicle, Maintenance	1,100.00		1,100.00	287.04	812.96
Maintenance of Building and Site	3,700.00		3,700.00	5,742.47	(2,042.47)
Equipment Maintenance	10,500.00		10,500.00	12,845.37	(2,345.37)
Insurance	18,350.00		18,350.00	18,908.05	(558.04)
Printing	7,900.00		7,900.00	4,298.76	3,601.24
Postage	22,000.00		22,000.00	21,112.50	887.50
Miscellaneous Supplies and Expenses	71,850.00		71,850.00	48,275.99	23,574.02
Safety Services	1,100.00		1,100.00	184.20	915.80
Engineer Fees	43,350.00		43,350.00	39,357.20	3,992.80

(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, 2018

	Adopted Budget	Transfers	Modified Budget	Actual	Variance Favorable / (Unfavorable)
Operating Appropriations (Cont'd):					
Administration (Cont'd):					
Other Expenses (Cont'd):					
Legal Fees	\$ 54,000.00		\$ 54,000.00	\$ 70,419.07	\$ (16,419.07)
Information Management	38,250.00		38,250.00	51,257.87	(13,007.87)
Auditor Fees	31,950.00		31,950.00	30,537.50	1,412.50
Trustee Fees	42,150.00		42,150.00	27,686.45	14,463.56
Consulting Fees				23,902.25	(23,902.25)
Total Other Expenses	359,900.00	\$ -	359,900.00	369,227.83	(9,327.83)
Total Administration	902,200.00	49,500.00	951,700.00	938,265.71	13,434.29
Cost of Providing Service:					
Salaries and Wages	961,000.00	(47,000.00)	914,000.00	838,891.47	75,108.53
Employee Benefits:					
Social Security Tax	74,694.00		74,694.00	66,824.63	7,869.37
Unemployment and Disability Insurance	7,400.00		7,400.00	789.17	6,610.83
Public Employees Retirement System	89,000.00	29,000.00	118,000.00	105,233.62	12,766.38
Health Insurance	270,500.00	167,000.00	437,500.00	399,396.63	38,103.37
Dental Insurance	17,200.00		17,200.00	13,979.79	3,220.21
Prescription Plan	61,200.00		61,200.00	52,154.68	9,045.32
Uniforms	5,200.00		5,200.00	7,611.48	(2,411.48)
Total Employee Benefits	525,194.00	196,000.00	721,194.00	645,990.00	75,204.00
Other Expenses:					
Telephone	14,400.00		14,400.00	19,295.49	(4,895.49)
Electricity	335,700.00	(90,000.00)	245,700.00	199,717.11	45,982.89
Gas Heat	26,300.00		26,300.00	23,110.95	3,189.05
Vehicles, Gasoline	16,800.00		16,800.00	11,314.03	5,485.97
Vehicles, Maintenance	15,800.00		15,800.00	14,561.11	1,238.89
Maintenance of Buildings and Sites	17,900.00		17,900.00	35,783.97	(17,883.97)
Equipment Maintenance	78,500.00		78,500.00	61,268.94	17,231.06
Insurance	115,100.00		115,100.00	145,108.22	(30,008.22)
System Maintenance	57,600.00		57,600.00	58,429.69	(829.69)
Miscellaneous Supplies and Expenses	31,700.00		31,700.00	34,121.33	(2,421.33)
Chemicals	104,800.00		104,800.00	68,447.05	36,352.95
Safety Services	7,100.00		7,100.00	10,553.49	(3,453.49)
Permits and Fees	85,900.00		85,900.00	65,989.75	19,910.25
Laboratory Tests and Analyses	31,600.00	15,000.00	46,600.00	46,319.20	280.80
Lab Supplies and Expenses	26,300.00		26,300.00	25,642.10	657.90
Sludge Disposal Fees	198,700.00		198,700.00	137,495.70	61,204.30
Total Other Expenses	1,164,200.00	(75,000.00)	1,089,200.00	957,158.13	132,041.87
Total Cost of Providing Service	2,650,394.00	74,000.00	2,724,394.00	2,442,039.60	282,354.40
Total Principal Payments on Debt in lieu of Depreciation	685,239.00	-	685,239.00	685,238.03	0.97
Total Operating Appropriations	4,237,833.00	123,500.00	4,361,333.00	4,065,543.34	295,789.66

(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, 2018

	Adopted Budget	Transfers	Modified Budget	Actual	Variance Favorable / (Unfavorable)
Non-Operating Appropriations					
Interest on Debt	\$ 165,467.00		\$ 165,467.00	\$ 159,317.94	\$ 6,149.06
Renewal and Replacement	1,115,700.00	\$ (123,500.00)	992,200.00	139,466.96	852,733.04
Municipal Contributions	150,000.00		150,000.00	150,000.00	
<b>Total Non-Operating Appropriations</b>	<b>1,431,167.00</b>	<b>(123,500.00)</b>	<b>1,307,667.00</b>	<b>448,784.90</b>	<b>858,882.10</b>
<b>Total Operating, Principal Payments and Non-Operating Appropriations</b>	<b>5,669,000.00</b>	<b>-</b>	<b>5,669,000.00</b>	<b>4,514,328.24</b>	<b>1,154,671.76</b>
Unreserved Net Position Utilized to Balance Budget	150,000.00	-	150,000.00	-	150,000.00
<b>Net Total Appropriations</b>	<b>5,519,000.00</b>	<b>-</b>	<b>5,519,000.00</b>	<b>4,514,328.24</b>	<b>1,004,671.76</b>
<b>Excess Revenues over Expenditures</b>	<b>\$ 150,000.00</b>	<b>\$ -</b>	<b>\$ 150,000.00</b>	<b>\$ 1,327,765.35</b>	<b>\$ 1,177,765.35</b>
Adjustments to Reconcile to GAAP Basis Change in Net Assets:					
Excess Revenues over Expenditures				\$ 1,327,765.35	
Employee Unemployment Compensation Deductions				2,182.05	
Bond Principal				685,238.03	
Depreciation Expense				(1,665,402.37)	
GASB 68 Adjustment				48,897.75	
GASB 75 Adjustment				(17,205.94)	
Amortization of Premium on Bonds				11,333.00	
Amortization of Loss Amount on Refunding				(1,928.42)	
<b>Total GAAP Basis Change in Net Position</b>				<b>\$ 390,879.45</b>	

**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, 2018

	Adopted Budget	Transfers	Modified Budget	Actual	Variance Favorable / (Unfavorable)
<b>Operating Revenues:</b>					
Service Charges:					
Residential	\$ 4,371,000.00		\$ 4,371,000.00	\$ 4,228,078.20	\$ (142,921.80)
Business and Commercial	771,000.00		771,000.00	610,757.95	(160,242.05)
Intergovernmental	1,046,000.00		1,046,000.00	879,499.50	(166,500.50)
	6,188,000.00	\$ -	6,188,000.00	5,718,335.65	(469,664.35)
Connection Fees	50,000.00	-	50,000.00	143,501.42	93,501.42
Other Operating Revenues:					
Fire Hydrants and Fire Service Lines	93,000.00		93,000.00	97,568.00	4,568.00
Elevated Tank Rentals	250,000.00		250,000.00	300,702.71	50,702.71
Turn Off/On Fees	44,000.00		44,000.00	58,700.00	14,700.00
Other Miscellaneous Revenue	156,000.00		156,000.00	235,832.39	79,832.39
	543,000.00	-	543,000.00	692,803.10	149,803.10
Total Operating Revenues	6,781,000.00	-	6,781,000.00	6,554,640.17	(226,359.84)
Non-Operating Revenues:					
Investment Income	5,000.00	-	5,000.00	53,831.99	48,831.99
Total Budget Revenues	6,786,000.00	-	6,786,000.00	6,608,472.15	(177,527.85)
Operating Appropriations:					
Administration:					
Salaries and Wages	346,000.00	21,500.00	367,500.00	367,628.92	(128.92)
Employee Benefits:					
Social Security Tax	26,500.00		26,500.00	28,376.19	(1,876.19)
Temporary Disability Insurance	3,000.00		3,000.00	1,166.42	1,833.59
Public Employees Retirement System	36,000.00	7,000.00	43,000.00	33,820.88	9,179.13
Health Insurance	104,050.00	17,500.00	121,550.00	113,308.53	8,241.47
Dental Insurance	10,000.00		10,000.00	5,403.29	4,596.72
Prescription Plan	16,400.00	3,500.00	19,900.00	19,318.49	581.51
Uniforms	350.00		350.00	15.18	334.82
Total Employee Benefits	196,300.00	28,000.00	224,300.00	201,408.96	22,891.04
Other Expenses:					
Telephone	4,000.00		4,000.00	6,509.25	(2,509.25)
Electricity	6,500.00		6,500.00	5,992.60	507.41
Gas Heat	1,600.00		1,600.00	1,783.52	(183.52)
Vehicle, Gasoline	1,600.00		1,600.00	127.78	1,472.22
Vehicle, Maintenance	1,100.00		1,100.00	287.04	812.96
Maintenance of Building and Site	3,700.00		3,700.00	5,742.47	(2,042.47)
Equipment Maintenance	10,500.00		10,500.00	12,845.37	(2,345.37)
Insurance	18,350.00		18,350.00	18,908.05	(558.04)
Printing	7,900.00		7,900.00	4,298.76	3,601.24
Postage	22,000.00		22,000.00	21,112.50	887.50
Miscellaneous Supplies and Expenses	71,850.00		71,850.00	48,275.99	23,574.02
Safety Services	1,100.00		1,100.00	184.20	915.80
Engineer Fees	43,350.00		43,350.00	39,357.20	3,992.80

(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, 2018

	Adopted Budget	Transfers	Modified Budget	Actual	Variance Favorable / (Unfavorable)
Operating Appropriations (Cont'd):					
Administration (Cont'd):					
Other Expenses (Cont'd):					
Legal Fees	\$ 54,000.00		\$ 54,000.00	\$ 70,419.07	\$ (16,419.07)
Information Management	38,250.00		38,250.00	51,257.87	(13,007.87)
Auditor Fees	31,950.00		31,950.00	30,537.50	1,412.50
Trustee Fees	42,150.00		42,150.00	27,686.45	14,463.56
Consulting Fees				23,902.25	(23,902.25)
Total Other Expenses	359,900.00	\$ -	359,900.00	369,227.83	(9,327.83)
Total Administration	902,200.00	49,500.00	951,700.00	938,265.71	13,434.29
Cost of Providing Service:					
Salaries and Wages	1,343,900.00	(120,000.00)	1,223,900.00	1,211,245.33	12,654.67
Employee Benefits:					
Social Security Tax	104,041.00		104,041.00	91,841.30	12,199.70
Temporary Disability Insurance	8,100.00		8,100.00	1,113.39	6,986.61
Public Employees Retirement System	117,000.00	56,000.00	173,000.00	121,031.67	51,968.33
Health Insurance	336,600.00	91,000.00	427,600.00	382,797.49	44,802.51
Dental Insurance	30,900.00	4,000.00	34,900.00	21,969.12	12,930.88
Prescription Plan	64,000.00	22,000.00	86,000.00	74,354.96	11,645.04
Uniforms	3,100.00		3,100.00	13,343.96	(10,243.96)
Total Employee Benefits	663,741.00	173,000.00	836,741.00	706,451.89	130,289.11
Other Expenses:					
Telephone	28,000.00		28,000.00	25,229.14	2,770.86
Electricity	468,400.00		468,400.00	357,684.40	110,715.60
Gas Heat	9,400.00		9,400.00	10,874.76	(1,474.76)
Vehicles, Gasoline	52,200.00		52,200.00	30,688.52	21,511.48
Vehicles, Maintenance	36,600.00		36,600.00	46,710.06	(10,110.06)
Maintenance of Buildings and Sites	26,100.00		26,100.00	5,444.90	20,655.10
Equipment Maintenance	104,200.00		104,200.00	156,996.94	(52,796.94)
Insurance	161,400.00	44,000.00	205,400.00	207,958.18	(2,558.18)
System Maintenance	10,500.00		10,500.00	495.00	10,005.00
Miscellaneous Supplies and Expenses	50,100.00		50,100.00	114,112.01	(64,012.01)
Safety Services	10,200.00		10,200.00	2,948.21	7,251.79
Chemicals	218,500.00		218,500.00	193,585.91	24,914.09
Laboratory Tests and Analyses	28,100.00		28,100.00	6,629.30	21,470.70
Permits and Fees	33,400.00		33,400.00	34,414.30	(1,014.30)
Total Other Expenses	1,237,100.00	44,000.00	1,281,100.00	1,193,771.63	87,328.37
Total Cost of Providing Service	3,244,741.00	97,000.00	3,341,741.00	3,111,468.85	230,272.15
Total Principal Payments on Debt in lieu of Depreciation	1,162,225.00	-	1,162,225.00	1,162,224.14	0.86
Total Operating Appropriations	5,309,166.00	146,500.00	5,455,666.00	5,211,958.70	243,707.30
Non-Operating Appropriations					
Interest on Debt	196,434.00		196,434.00	228,945.50	(32,511.50)
Renewal and Replacement	1,280,400.00	(146,500.00)	1,133,900.00	76,747.31	1,057,152.69
Total Non-Operating Appropriations	1,476,834.00	(146,500.00)	1,330,334.00	305,692.81	1,024,641.19

(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, 2018

	<u>Adopted Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable / (Unfavorable)</u>
Total Operating, Principal Payments and Non-Operating Appropriations	\$ 6,786,000.00	\$ -	\$ 6,786,000.00	\$ 5,517,651.51	\$ 1,268,348.49
Excess Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,090,820.64</u>	<u>\$ 1,090,820.64</u>
Adjustments to Reconcile to GAAP Basis Net Income:					
Excess Revenues Over Expenditures				\$ 1,090,820.64	
Employee Unemployment Compensation Deductions				2,182.05	
Bond Principal				1,162,224.14	
Depreciation Expense				(1,408,305.24)	
GASB 68 Adjustment				40,007.25	
GASB 75 Adjustment				(189,213.01)	
Capital Contribution				236,302.00	
Amortization of Premium on Bonds				85,294.45	
Amortization of Deferred Loss on Refunding				<u>(29,946.22)</u>	
Total GAAP Basis Change in Net Position				<u>\$ 989,366.06</u>	

**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, 2018

Reconciliation to Operating Income

Revenues Over Expenses and Other Costs		
Schedule 4 - Sewer Department	\$ 1,327,765.35	
Schedule 5 - Water Department	<u>1,090,820.64</u>	
		\$ 2,418,585.99
Add:		
Debt Service Principal Payments	1,847,462.17	
Interest on Debt	388,263.44	
GASB 68 Adjustment	88,905.00	
Contribution to Willingboro Township Per N.J.S.A. 40A:5A-1	<u>150,000.00</u>	
		<u>2,474,630.61</u>
		4,893,216.60
Less:		
Investment Income	109,726.33	
GASB 75 Adjustment	206,418.95	
Depreciation	<u>3,073,707.61</u>	
		<u>3,389,852.89</u>
Operating Income (Exhibit B)		<u><u>\$ 1,503,363.71</u></u>

Reconciliation of Actual Expenditures

Cash Disbursements	\$ 7,540,030.82
Accounts Payable	256,000.48
Change in Inventory	40,312.13
Change in Compensated Absences Payable	(40,089.29)
Debt Principal	1,847,462.17
Debt Interest	<u>388,263.44</u>
Total Sewer and Water Budgetary Appropriations	<u><u>\$ 10,031,979.75</u></u>

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**

Analysis of Service Fees Receivable  
For the Year Ended December 31, 2018

	<u>Sewer Department</u>	<u>Water Treatment Department</u>	<u>Total</u>
Balance Jan. 1, 2018	\$ 752,100.72	\$ 973,164.28	\$ 1,725,265.00
Increased by:			
Service Fees	4,302,288.41	4,838,836.15	9,141,124.56
	<u>5,054,389.13</u>	<u>5,812,000.43</u>	<u>10,866,389.56</u>
Decreased by:			
Collections	4,010,188.19	4,307,014.07	8,317,202.26
Unearned Revenue Realized	312,056.97	370,419.99	682,476.96
Overpayments Applied	6,940.52	46,854.58	53,795.10
	<u>4,329,185.68</u>	<u>4,724,288.64</u>	<u>9,053,474.32</u>
Balance Dec. 31, 2018	<u>\$ 725,203.45</u>	<u>\$ 1,087,711.79</u>	<u>\$ 1,812,915.24</u>

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**

Schedule of Investment Income Receivable

For the Year Ended December 31, 2018

	Balance <u>Jan. 1, 2018</u>	Investment Income <u>Earned</u>	Investment Income <u>Collected</u>	Balance <u>Dec. 31, 2018</u>
Unrestricted Earnings:				
Operating Accounts	\$ 473.91	\$ 29,565.33	\$ 27,572.16	\$ 2,467.08
General Fund	1,045.34	19,474.75	17,726.47	2,793.62
	<u>1,519.25</u>	<u>49,040.08</u>	<u>45,298.63</u>	<u>5,260.70</u>
Restricted Earnings:				
Bond Reserve Fund	893.42	20,720.33	19,157.54	2,456.21
Bond Service Fund	615.19	25,521.25	23,969.60	2,166.84
Renewal and Replacement Fund	525.68	12,191.39	11,271.89	1,445.18
Other		2,253.28	2,253.28	
	<u>2,034.29</u>	<u>60,686.25</u>	<u>56,652.31</u>	<u>6,068.23</u>
	<u>\$ 3,553.54</u>	<u>\$ 109,726.33</u>	<u>\$ 101,950.94</u>	<u>\$ 11,328.93</u>
Sewer Department	\$ 2,325.84	\$ 55,894.34	\$ 51,467.20	\$ 6,752.99
Water Treatment Department	1,227.70	53,831.99	50,483.74	4,575.94
	<u>\$ 3,553.54</u>	<u>\$ 109,726.33</u>	<u>\$ 101,950.94</u>	<u>\$ 11,328.93</u>

## WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Capital Assets  
For the Year Ended December 31, 2018

	Balance Jan. 1, 2018	Additions	Deletions	Balance Dec. 31, 2018
Sewer Department:				
Plant:				
Buildings	\$ 14,749,558.46			\$ 14,749,558.46
Major Moveable Equipment	326,992.40	\$ 119,426.35		446,418.75
Vehicles	305,610.68	228,476.30		534,086.98
Infrastructure	19,105,669.63	1,383,647.46		20,489,317.09
	34,487,831.17	1,731,550.11	\$ -	36,219,381.28
Administration:				
Buildings	151,720.25			151,720.25
Major Moveable Equipment	131,412.49			131,412.49
Vehicles	7,130.00			7,130.00
	290,262.74	-	-	290,262.74
Land:				
Plant	578,000.00			578,000.00
Administration	30,000.00			30,000.00
	608,000.00	-	-	608,000.00
	35,386,093.91	1,731,550.11	-	37,117,644.02
Less Depreciation	21,787,708.84	1,665,402.37	-	23,453,111.21
	\$ 13,598,385.07	\$ 66,147.74	\$ -	\$ 13,664,532.81

(Continued)

## WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Capital Assets  
For the Year Ended December 31, 2018

	Balance Jan. 1, 2018	Additions	Deletions	Balance Dec. 31, 2018
Water Treatment Department:				
Plant:				
Buildings	\$ 18,856,304.16	\$ 7,776.00		\$ 18,864,080.16
Major Moveable Equipment	572,931.70	15,243.00		588,174.70
Vehicles	694,934.98	192,616.00		887,550.98
Infrastructure	26,042,593.51	309,058.64		26,351,652.15
	<u>46,166,764.35</u>	<u>524,693.64</u>	\$ -	<u>46,691,457.99</u>
Administration:				
Buildings	151,720.25			151,720.25
Major Moveable Equipment	131,412.49			131,412.49
Vehicles	7,130.00			7,130.00
	<u>290,262.74</u>	-	-	<u>290,262.74</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>
	47,103,227.09	524,693.64		47,627,920.73
Less Depreciation	23,573,620.15	1,408,305.24		24,981,925.39
	<u>\$ 23,529,606.94</u>	<u>\$ (883,611.60)</u>	\$ -	<u>\$ 22,645,995.34</u>
Recap:				
Capital Assets	\$ 82,489,321.00	\$ 2,256,243.75	\$ -	\$ 84,745,564.75
Less Depreciation	45,361,328.99	3,073,707.61		48,435,036.60
	<u>\$ 37,127,992.01</u>	<u>\$ (817,463.86)</u>	\$ -	<u>\$ 36,310,528.15</u>
Transferred from Construction in Progress		<u>\$ 2,256,243.75</u>		

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**

Analysis of Construction in Progress  
For the Year Ended December 31, 2018

Balance Jan. 1, 2018		\$ 3,446,847.53
Add:		
Disbursed	\$ 838,827.20	
Contributed Capital	236,302.00	
Retainage	4,273.80	
Accounts Payable	<u>198,926.01</u>	
		<u>1,278,329.01</u>
		4,725,176.54
Less:		
Transferred to Completed		<u>2,256,243.75</u>
Balance Dec. 31, 2018		<u><u>\$ 2,468,932.79</u></u>

**Schedule 10****WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**

Analysis of Accrued Interest Payable  
For the Year Ended December 31, 2018

	<u>Sewer</u>	<u>Water Treatment</u>	<u>Total</u>
Balance Jan. 1, 2018	\$ 69,719.84	\$ 100,389.73	\$ 170,109.57
Increased by:			
Accrued	<u>159,317.94</u>	<u>228,945.50</u>	<u>388,263.44</u>
	229,037.78	329,335.23	558,373.01
Decreased by:			
Cash Disbursed	<u>165,466.31</u>	<u>226,966.34</u>	<u>392,432.65</u>
Balance Dec. 31, 2018	<u><u>\$ 63,571.47</u></u>	<u><u>\$ 102,368.89</u></u>	<u><u>\$ 165,940.36</u></u>
Analysis of Interest Expense:			
Accrued	\$ 159,317.94	\$ 228,945.50	\$ 388,263.44
Deferred Loss on Refunding	1,928.42	29,946.22	31,874.64
Premium on Bonds & Loans	<u>(11,333.00)</u>	<u>(85,294.45)</u>	<u>(96,627.45)</u>
Total Interest Expense	<u><u>\$ 149,913.36</u></u>	<u><u>\$ 173,597.27</u></u>	<u><u>\$ 323,510.63</u></u>



**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Bonds Payable  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Original</u>		<u>Interest</u> <u>Rate</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2018</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>			
2016 Series L Water & Sewer Revenue Refunding Bonds	3-1-2016	\$ 4,810,000.00	4.00%	1-1-2019	\$ 1,030,000.00			
			4.00%	1-1-2020	1,070,000.00			
			4.00%	1-1-2021	1,110,000.00			
					3,210,000.00	\$ 4,195,000.00	\$ 985,000.00	\$ 3,210,000.00
Premium on Bonds - Amortized						243,019.80	81,006.60	162,013.20
						\$ 4,438,019.80	\$ 1,066,006.60	\$ 3,372,013.20
						\$ 4,438,019.80	\$ 1,066,006.60	\$ 3,372,013.20

## WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Loans Payable  
For the Year Ended December 31, 2018

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2018	Disbursed	Balance Dec. 31, 2018	
	Date	Amount		Date	Amount				
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Non-Interest Bearing)	11-9-08	\$ 2,198,000.00	N/A	2-1-2019	\$ 22,521.58	\$ 1,240,679.73	\$ 111,611.64	\$ 1,129,068.09	
				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>1,129,068.09</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Interest Bearing)	11-9-08	2,230,000.00	5.25%	9-1-2019	110,000.00	1,540,000.00	105,000.00	1,435,000.00	
				5.50%	9-1-2020				120,000.00
				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>1,435,000.00</u>				

(Continued)

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**

Schedule of Revenue Loans Payable

For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Original</u>		<u>Interest</u> <u>Rate</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2018</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2018</u>	
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Clean Water (Non-Interest Bearing)	3-10-10	\$ 1,753,612.00	N/A	2-1-2019	\$ 31,314.50	\$ 1,127,322.00	\$ 93,943.50	\$ 1,033,378.50	
				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				
				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								
				1,033,378.50					
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Clean Water (Interest Bearing)	3-10-10	1,785,000.00	2.00%	8-1-2019	90,000.00	745,000.00	85,000.00	660,000.00	
				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
					660,000.00				

(Continued)

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Loans Payable  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Original</u>		<u>Interest</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2018</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2018</u>	
	<u>Date</u>	<u>Amount</u>		<u>Rate</u>	<u>Date</u>				<u>Amount</u>
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Drinking Water (Non-Interest Bearing)	3-10-10	\$ 619,370.00	N/A	2-1-2019	\$ 11,060.17	\$ 398,166.53	\$ 33,180.52	\$ 364,986.01	
				8-1-2019	22,120.35				
				2-1-2020	11,060.17				
				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>364,986.01</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Drinking Water (Interest Bearing)	3-10-10	630,000.00	2.00%	8-1-2019	30,000.00	205,000.00	30,000.00	175,000.00	
				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>175,000.00</u>				

(Continued)

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Loans Payable  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Original</u>		<u>Interest</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2018</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
	<u>Date</u>	<u>Amount</u>		<u>Rate</u>	<u>Date</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Clean Water (Non-Interest Bearing)	5-21-14	\$ 2,365,598.00	N/A	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			
				2-1-2033	40,094.88			
				8-1-2033	80,189.84			
					<u>1,804,269.68</u>	\$ 1,924,554.32	\$ 120,284.64	\$ 1,804,269.68

(Continued)

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Loans Payable  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Original</u>		<u>Interest</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2018</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
	<u>Date</u>	<u>Amount</u>		<u>Rate</u>	<u>Date</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Clean Water (Interest Bearing)	5-21-14	\$ 770,000.00	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			
					655,000.00	\$ 685,000.00	\$ 30,000.00	\$ 655,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Drinking Water (Non-Interest Bearing)	5-21-14	876,888.00	N/A	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			

(Continued)

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Loans Payable  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Original</u>		<u>Interest</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2018</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
	<u>Date</u>	<u>Amount</u>		<u>Rate</u>	<u>Date</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Drinking Water (Non-Interest Bearing) (Cont'd)	5-21-14	\$ 876,888.00	N/A	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	14,295.31			
					653,382.95	\$ 697,970.46	\$ 44,587.51	\$ 653,382.95
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Drinking Water (Interest Bearing)	5-21-14	285,000.00	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			

(Continued)

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Loans Payable  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Original</u>		<u>Interest</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2018</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
	<u>Date</u>	<u>Amount</u>		<u>Rate</u>	<u>Date</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Drinking Water (Interest Bearing) (Cont'd)	5-21-14	\$ 285,000.00	3.125%	8-1-2032	\$ 20,000.00			
			3.25%	8-1-2033	20,000.00			
					<u>245,000.00</u>	\$ 255,000.00	\$ 10,000.00	\$ 245,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2015 Clean Water (Non-Interest Bearing)	5-28-15	1,176,180.00	N/A	2-1-2019	19,935.25			
				8-1-2019	39,870.50			
				2-1-2020	19,935.25			
				8-1-2020	39,870.50			
				2-1-2021	19,935.25			
				8-1-2021	39,870.50			
				2-1-2022	19,935.25			
				8-1-2022	39,870.50			
				2-1-2023	19,935.25			
				8-1-2023	39,870.50			
				2-1-2024	19,935.25			
				8-1-2024	39,870.50			
				2-1-2025	19,935.25			
				8-1-2025	39,870.50			
				2-1-2026	19,935.25			
				8-1-2026	39,870.50			
				2-1-2027	19,935.25			
				8-1-2027	39,870.50			
				2-1-2028	19,935.25			
				8-1-2028	39,870.50			
				2-1-2029	19,935.25			
				8-1-2029	39,870.50			
				2-1-2030	19,935.25			
				8-1-2030	39,870.50			
				2-1-2031	19,935.25			
				8-1-2031	39,870.50			

(Continued)



## WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Loans Payable  
For the Year Ended December 31, 2018

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2018	Disbursed	Balance Dec. 31, 2018
	Date	Amount		Date	Amount			
New Jersey Environmental Infrastructure Trust Loan, Series 2015 Clean Water (Non-Interest Bearing) (Cont'd)	5-28-15	\$ 1,176,180.00	N/A	2-1-2032	\$ 19,935.25			
				8-1-2032	39,870.50			
				2-1-2033	19,935.25			
				8-1-2033	39,870.50			
				2-1-2034	19,935.25			
				8-1-2034	39,870.75			
					<u>956,892.25</u>	\$ 1,016,698.00	\$ 59,805.75	\$ 956,892.25
New Jersey Environmental Infrastructure Trust Loan, Series 2015 Clean Water (Interest Bearing)	5-28-15	490,000.00	5.00%	8-1-2019	20,000.00			
			5.00%	8-1-2020	20,000.00			
			5.00%	8-1-2021	20,000.00			
			5.00%	8-1-2022	20,000.00			
			5.00%	8-1-2023	25,000.00			
			5.00%	8-1-2024	25,000.00			
			5.00%	8-1-2025	25,000.00			
			5.00%	8-1-2026	25,000.00			
			4.00%	8-1-2027	30,000.00			
			4.00%	8-1-2028	30,000.00			
			4.00%	8-1-2029	30,000.00			
			4.00%	8-1-2030	30,000.00			
			4.00%	8-1-2031	35,000.00			
			4.00%	8-1-2032	35,000.00			
			4.00%	8-1-2033	35,000.00			
			4.00%	8-1-2034	35,000.00			
					<u>440,000.00</u>	460,000.00	20,000.00	440,000.00

(Continued)

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Loans Payable  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Original</u>		<u>Interest</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2018</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
	<u>Date</u>	<u>Amount</u>		<u>Rate</u>	<u>Date</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2015 Drinking Water (Non-Interest Bearing)	5-28-15	\$ 695,657.00	N/A	2-1-2019	\$ 11,790.79			
				8-1-2019	23,581.59			
				2-1-2020	11,790.79			
				8-1-2020	23,581.59			
				2-1-2021	11,790.79			
				8-1-2021	23,581.59			
				2-1-2022	11,790.79			
				8-1-2022	23,581.59			
				2-1-2023	11,790.79			
				8-1-2023	23,581.59			
				2-1-2024	11,790.79			
				8-1-2024	23,581.59			
				2-1-2025	11,790.79			
				8-1-2025	23,581.59			
				2-1-2026	11,790.79			
				8-1-2026	23,581.59			
				2-1-2027	11,790.79			
				8-1-2027	23,581.59			
				2-1-2028	11,790.79			
				8-1-2028	23,581.59			
				2-1-2029	11,790.79			
				8-1-2029	23,581.59			
				2-1-2030	11,790.79			
				8-1-2030	23,581.59			
				2-1-2031	11,790.79			
				8-1-2031	23,581.59			
				2-1-2032	11,790.79			
				8-1-2032	23,581.59			
				2-1-2033	11,790.79			
				8-1-2033	23,581.59			
			2-1-2034	11,790.79				
			8-1-2034	23,581.78				
					<u>565,958.27</u>	\$ 601,330.65	\$ 35,372.38	\$ 565,958.27

(Continued)

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Loans Payable  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Original</u>		<u>Interest</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2018</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
	<u>Date</u>	<u>Amount</u>		<u>Rate</u>	<u>Date</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2015 Drinking Water (Interest Bearing)	5-28-15	\$ 290,000.00	5.00%	8-1-2019	\$ 10,000.00			
			5.00%	8-1-2020	10,000.00			
			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			
			5.00%	8-1-2025	15,000.00			
			5.00%	8-1-2026	15,000.00			
			4.00%	8-1-2027	15,000.00			
			4.00%	8-1-2028	15,000.00			
			4.00%	8-1-2029	20,000.00			
			4.00%	8-1-2030	20,000.00			
			4.00%	8-1-2031	20,000.00			
			4.00%	8-1-2032	20,000.00			
			4.00%	8-1-2033	20,000.00			
			4.00%	8-1-2034	20,000.00			
					260,000.00	\$ 270,000.00	\$ 10,000.00	\$ 260,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2017A-2 Drinking Water (Interest Bearing)	11/21/2017	2,115,000.00	5.00%	8-1-2019	75,000.00			
			5.00%	8-1-2020	80,000.00			
			5.00%	8-1-2021	85,000.00			
			5.00%	8-1-2022	90,000.00			
			5.00%	8-1-2023	90,000.00			
			5.00%	8-1-2024	95,000.00			
			5.00%	8-1-2025	100,000.00			
			5.00%	8-1-2026	105,000.00			
			2.125%	8-1-2027	110,000.00			
			2.375%	8-1-2028	115,000.00			
			2.500%	8-1-2029	115,000.00			
			2.625%	8-1-2030	120,000.00			
			2.750%	8-1-2031	125,000.00			
			2.750%	8-1-2032	125,000.00			

(Continued)

## WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Loans Payable  
For the Year Ended December 31, 2018

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2018	Disbursed	Balance Dec. 31, 2018
	Date	Amount		Date	Amount			
New Jersey Environmental Infrastructure Trust Loan, Series 2017A-2 Drinking Water (Interest Bearing) (Cont'd)	11/21/2017	\$ 2,115,000.00	2.875%	8-1-2033	\$ 130,000.00	\$ 2,115,000.00		\$ 2,115,000.00
			2.875%	8-1-2034	135,000.00			
			3.00%	8-2-2035	135,000.00			
			3.00%	8-3-2036	140,000.00			
			3.00%	8-3-2037	145,000.00			
					<u>2,115,000.00</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2017A-2 Drinking Water (Non-Interest Bearing)	11/21/2017	2,173,449.00	N/A	2-1-2019	36,838.11			
				8-1-2019	73,676.23			
				2-1-2020	36,838.11			
				8-1-2020	73,676.23			
				2-1-2021	36,838.11			
				8-1-2021	73,676.23			
				2-1-2022	36,838.11			
				8-1-2022	73,676.23			
				2-1-2023	36,838.11			
				8-1-2023	73,676.23			
				2-1-2024	36,838.11			
				8-1-2024	73,676.23			
				2-1-2025	36,838.11			
				8-1-2025	73,676.23			
				2-1-2026	36,838.11			
				8-1-2026	73,676.23			
				2-1-2027	36,838.11			
				8-1-2027	73,676.23			
				2-1-2028	36,838.11			
				8-1-2028	73,676.23			
2-1-2029	36,838.11							
8-1-2029	73,676.23							
2-1-2030	36,838.11							
8-1-2030	73,676.23							
2-1-2031	36,838.11							

(Continued)

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Loans Payable  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Original</u>		<u>Interest</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2018</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
	<u>Date</u>	<u>Amount</u>		<u>Rate</u>	<u>Date</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2017A-2 Drinking Water (Non-Interest Bearing) (Cont'd)	11/21/2017	\$ 2,173,449.00	N/A	8-1-2031	\$ 73,676.23			
				2-1-2032	36,838.11			
				8-1-2032	73,676.23			
				2-1-2033	36,838.11			
				8-1-2033	73,676.23			
				2-1-2034	36,838.11			
				8-1-2034	73,676.23			
				2-1-2035	36,838.11			
				8-1-2035	73,676.23			
				2-1-2036	36,838.11			
				8-1-2036	73,676.23			
				2-1-2037	36,838.11			
				8-1-2037	73,676.54			
					2,099,772.77	\$ 2,173,449.00	\$ 73,676.23	\$ 2,099,772.77
Premium on Loans - Amortized						15,455,170.69	862,462.17	14,592,708.52
						274,402.05	15,620.85	258,781.20
						\$ 15,729,572.74	\$ 878,083.02	\$ 14,851,489.72

**WILLINGBORO MUNICIPAL UTILITIES  
AUTHORITY**

**PART II**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2018**

**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Findings and Recommendations  
For the Year Ended December 31, 2017

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***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 Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Finding No. 2018-001**

**Criteria or Specific Requirement**

The State budget document requires that a detailed list of all meals and/or catering invoices paid by an authority be included in the budget document.

**Condition**

The Authority failed to list all meals and/or catering invoices provided during 2017 in its 2019 budget document.

**Context**

We noted two instances where meals were provided during conferences that were not listed in the Authority's 2019 budget document. Additionally, the Authority held an employee appreciation dinner that was also not listed in the 2019 budget.

**Effect**

The Authority did not comply with State requirements that all provided meals and/or catering invoices be included in its budget document.

**Cause**

There was confusion as to the information required to be disclosed in the budget, which lead to the meals being omitted.

**Recommendation**

The Authority should include all meals and/or catering invoices provided in its State budget document.

**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.

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

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

**None**



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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

