

Annual Financial Report

of the

**Lambertville Municipal
Utilities Authority**

For the Years Ended June 30, 2016 and 2015

Prepared By

Lambertville Municipal Utilities Authority

Finance Department

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

I N D E X

	<u>PAGE NUMBER</u>
FINANCIAL SECTION	
Independent Auditor's Report	1 – 3
Independent Auditor's 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	4 – 5
Management Discussion and Analysis (Unaudited)	6 – 10
BASIC FINANCIAL STATEMENTS	
<u>EXHIBITS</u>	
"A" Statements of Net Position - June 30, 2016 and 2015	11 – 12
"B" Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2016 and 2015	13
"C" Statements of Cash Flows for the Years Ended June 30, 2016 and 2015	14
Notes to Financial Statements - June 30, 2016 and 2015	15 – 38
SUPPLEMENTARY INFORMATION	
<u>SCHEDULES</u>	
"R-1" Schedule of Authority's Proportionate Share of the Net Pension Liability - Public Employees Retirement System - Last Ten Years	39
"R-2" Schedule of Authority's Contributions - Public Employees Retirement System - Last Ten Years	40
"R-3" Schedules Related to Accounting and Reporting for Pension (GASB 68) - Note to RSI III	41
"R-4" Notes to the Required Supplementary Information	42
"1" Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget for the Years Ended June 30, 2016 and 2015	43
"2" Schedule of Bonds Payable, NJEIT Series 2002A at June 30, 2016	44
"3" Schedule of Bonds Payable, NJEIT Series 2003A at June 30, 2016	45

	<u>PAGE NUMBER</u>
“4” Schedule of Bonds Payable, NJEIT Series 2010A at June 30, 2016	46
“5” Schedule of Bonds Payable, NJEIT Series 2010B at June 30, 2016	47
Roster of Officials - June 30, 2016	48
General Comments and Recommendations	49

FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300 Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Lambertville Municipal Utilities Authority
Lambertville, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Lambertville Municipal Utilities Authority, as of and for the years ended June 30, 2016 and 2015, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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.

SUPLEE, CLOONEY & COMPANY

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lambertville Municipal Utilities Authority, as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and the schedules related to accounting and reporting for pensions in Schedule R-1 through R-3 identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lambertville Municipal Utilities Authority's basic financial statements. The supplemental data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2017 on our consideration of the Lambertville Municipal Utilities Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lambertville Municipal Utilities Authority's internal control over financial reporting and compliance.

January 23, 2017

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The signature is written in a cursive style with a large, stylized initial 'S'.



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

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

The Board of Commissioners
Lambertville Municipal Utilities Authority
Lambertville, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Lambertville Municipal Utilities Authority as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Lambertville Municipal Utilities Authority's financial statements, and have issued our report thereon dated January 23, 2017.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

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.

Compliance and Other Matters

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

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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 23, 2017

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The signature is written in a cursive, flowing style.

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")
(UNAUDITED)

In this section of the annual report, management of the Lambertville Municipal Utilities Authority (the "Authority") presents a narrative discussion and analysis of the Authority's financial activities for the years ended June 30, 2016 and 2015. This section of the report should be read in conjunction with the Authority's audited financial statements and supplementary information for the years ended June 30, 2016 and 2015. The Authority's audited financial statements are presented in conformity with generally accepted accounting principles.

Audit Assurance

The unmodified opinion of our independent auditors, Suplee, Clooney & Company, is included in this report.

Financial Highlights

Discussion of Condensed Statement of Net Position

Unrestricted assets at June 30, 2016 and 2015, consisting of Cash and Cash Equivalents, Accounts Receivable and Other Assets totals \$739 thousand and \$817 thousand, respectively. This decrease is largely attributable to a decrease in operating revenues.

Net Capital Assets decreased \$640 thousand largely as a result of additions of \$83 thousand and depreciation of \$712 thousand.

Cash and Cash Equivalents increased \$20 thousand in total. The increase is due to Operating Activities of \$537 thousand reduced by \$83 thousand in capital asset purchases and \$352 thousand in debt service payments.

Bonds Payable decreased \$334 thousand due to scheduled principal payments.

Discussion of Condensed Statement of Revenue, Expenses, and Changes in Net Position

Operating revenues increased \$63 thousand or 3.3% due to increases in User Charges and Service Agreement revenues. User Charges and Service Agreement revenues represent 99% of the operating revenues.

Total operating expenses before depreciation for the year ended June 30, 2016 increased \$159 thousand or 7.9% from the year ended June 30, 2015. Reduced expenses were realized in Chemicals, Electricity, Heating Oil, Outside Lab Work, Professional Fees, and Permits. These expense reductions were offset with increases in Salaries and Wages, Maintenance, Equipment Replacement and Repair, Employee Benefits, and Computer Expenses.

Total operating revenues were above budget by \$102 thousand with increases in User Charges and Service Agreement revenues. Operating Expenses were \$58 thousand below budget with reductions in Chemicals, Electricity, Heating Oil, Truck Maintenance, Pumping Station Maintenance, Sewer System Maintenance, Outside Lab Work, Plant Office Expenses, Employee Benefits, General Insurance, Professional Service Fees, Engineering Services, Office Supplies, and Dues, Subscriptions and Training, and Permits. These reductions were offset with increases in Plant Maintenance, Equipment Replacement and Repair, Service Contracts, Sludge Removal, and Computer Expenses.

For the year ended June 30, 2016, the resulting Operating Loss amounts to \$228 thousand compared to the Operating Loss of \$131 thousand for the year ended June 30, 2015. A \$63 thousand increase in Operating Revenues along with increased Operating Expenses of \$159 thousand contributed to the decrease in the Operating Loss for 2016. A portion of the increase in Operating Expenses is attributable to pension expense adjustments under GASB 68.

MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)
(UNAUDITED)

Overview of Annual Financial Report

Management’s Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management’s examination and analysis of the Authority’s financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority’s budget, and bond resolutions and other management tools were used for this analysis.

The financial statements report information about the Authority using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes to Net Position; a Statement of Cash Flows; and notes to the financial statements.

The Statement of Net Position presents the financial position of the Authority on a full accrual historical cost basis. This statement presents information on all of the Authority’s assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position is one indicator of whether the financial position of the Authority is improving or deteriorating.

While the Statement of Net Position provides information about the nature and amount of resources and obligations at year-end, the Statement of Revenues, Expenses and Changes to Net Position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

In 2015 the Government Accounting Standards Board (GASB) Statement 68 requires state and local governmental entities to disclose their unfunded pension liabilities. The Authority participates in the pension plan sponsored by the State of New Jersey, which has a much publicized large unfunded liability. Although the Authority is not responsible for making pension payments to employees when they retire, GASB 68 dictates that the pro-rata share represented by Authority employees participating in PERS (Public Employee Retirement System) be reported in the audited financial statements to promote better financial clarity. Understandably, the net pension liability of \$1,404,273 – shown within non-current liabilities – is a significant number at June 30, 2016. Footnotes 2, 10 and 11 explain the pension plan accounting in greater detail.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority’s accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Financial Analysis

The following comparative condensed financial statements and other selected information serve as key financial data and indicators for management, monitoring and planning.

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")
(UNAUDITED)

Condensed Financial Statements

Condensed Statements of Net Position

	June 30,		
<u>Assets</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Unrestricted Assets:			
Cash and Cash Equivalents	\$ 350,600	\$ 435,451	\$ 486,739
Accounts Receivable	387,909	381,376	472,788
Total Unrestricted Assets	\$ 738,509	\$ 816,827	\$ 959,527
Restricted Assets:			
Cash and Cash Equivalents	\$ 1,768,862	\$ 1,663,615	\$ 1,500,142
Due from NJEIT	5,760	18,135	30,760
Capital Assets, at Cost	23,205,161	23,147,830	23,081,861
Accumulated Depreciation	(14,350,069)	(13,652,913)	(12,961,365)
Deferred Outflow of Resources:			
Pension Related	252,066	133,308	49,913
Total Assets	\$ 11,620,289	\$ 12,126,802	\$ 12,660,838
<u>Liabilities</u>			
Liabilities Payable from Unrestricted Assets:			
Accounts Payable and Accrued Expenses	\$ 65,615	\$ 110,071	\$ 140,455
Accrued Sick Pay	25,941	29,111	30,233
Total Liabilities Payable from Unrestricted Assets	\$ 91,556	\$ 139,182	\$ 170,688
Liabilities Payable from Restricted Assets:			
Accounts Payable	\$ 10,000	\$ 10,000	\$ 10,000
Total Liabilities Payable from Restricted Assets	\$ 10,000	\$ 10,000	\$ 10,000
Bonds Payable	4,350,484	4,684,643	5,038,545
Net Pension Liability	1,404,273	1,133,581	1,105,202
Total Liabilities	\$ 5,856,313	\$ 5,967,406	\$ 6,324,435
Deferred Inflows of Resources:			
Pension Related	22,578	67,555	-
<u>Net Position</u>			
Invested in Capital Assets	\$ 4,510,368	\$ 4,828,409	\$ 5,112,711
Restricted Reserves	1,768,862	1,663,615	1,484,629
Unrestricted (Deficit)	(537,832)	(400,183)	(260,937)
Total Net Position	\$ 5,741,398	\$ 6,091,841	\$ 6,336,403
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 11,620,289	\$ 12,126,802	\$ 12,660,838

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")
(UNAUDITED)

Condensed Statement of Revenue, Expenses, and Changes in Net Position

	June 30,		June 30,			
	<u>2016</u>		<u>2015</u>			
			<u>2014</u>			
Operating Revenues	\$	1,942,747	\$	1,879,835	\$	2,073,213
Operating Expenses:						
Costs of Providing Services		693,346		669,198		671,278
General and Administrative		<u>765,415</u>		<u>630,215</u>		<u>581,607</u>
Total Operating Expenses Before Depreciation	\$	1,458,761	\$	1,299,413	\$	1,252,885
Depreciation		<u>712,260</u>		<u>712,201</u>		<u>923,953</u>
Total operating expenses	\$	<u>2,171,021</u>	\$	<u>2,011,614</u>	\$	<u>2,176,838</u>
Operating Loss	\$	(228,274)	\$	(131,779)	\$	(103,625)
Nonoperating Revenues (Expenses)		<u>(122,169)</u>		<u>(112,783)</u>		<u>(202,692)</u>
Net Income (Loss)	\$	(350,443)	\$	(244,562)	\$	(306,317)
Net Position, Beginning of Year	\$	<u>6,091,841</u>	\$	<u>6,336,403</u>	\$	<u>7,747,922</u>
Restatement to Include Net Pension Liability						<u>(1,105,202)</u>
Net Position, Beginning of Year Restated						<u>6,642,720</u>
Net Position, End of Year	\$	<u><u>5,741,398</u></u>	\$	<u><u>6,091,841</u></u>	\$	<u><u>6,336,403</u></u>

Flow Data (Gallons)

<u>Year</u>	<u>Total Flow</u>	<u>Bucks County Authority Flow</u>	<u>Borough of Stockton Flow</u>	<u>Lambertville Flow</u>
2015-2016	333,837,000	153,040,000	15,283,390	165,513,610
2014-2015	355,873,400	167,556,000	18,894,063	169,423,337
2013-2014	376,152,000	169,022,000	24,096,290	183,033,710
2012-2013	352,956,160	163,026,638	16,679,576	173,249,946
2011-2012	390,068,300	168,588,590	23,472,445	198,007,265
2010-2011	327,854,832	163,921,978	19,958,360	143,974,494
2009-2010	332,478,000	146,929,573	28,856,247	156,692,180
2008-2009	326,897,000	159,688,230	18,813,610	148,395,160
2007-2008	317,009,000	167,545,000	19,082,780	130,381,220
2006-2007	347,453,000	181,460,000	24,298,630	141,694,370
2005-2006	343,263,400	177,647,067	21,110,966	144,505,367
2004-2005	320,494,959	169,898,427	55,247,549	95,348,983
2003-2004	300,782,800	168,297,911	30,682,870	101,802,019

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A")
(UNAUDITED)

Bonds Payable

The Authority issues bonds to finance its major projects and improvements. A summary of the Bonds Payable activity for the year is as follows:

Bonds Payable at 6/30/2015	\$4,684,643
Adjustments	-
Scheduled Bond Retirements	<u>(334,159)</u>
Bonds Payable at 6/30/2016	<u>\$4,350,484</u>

AUTHORITY OVERVIEW

General

The Lambertville Municipal Utilities Authority was created for the acquisition of real property, rights of way and easements, and in connection therewith to construct, operate and maintain a sewerage treatment plant and collection system to serve the City of Lambertville. The Authority was organized under the Sewerage Authorities Law of 1946, as amended and supplemented, of the State of New Jersey and pursuant to an ordinance of the City of Lambertville adopted by its governing body on May 10, 1954.

The Authority has entered into contracts with the Bucks County Water and Sewer Authority and the Borough of Stockton to provide service outside the City of Lambertville. These Customer Agreements provide for the treatment and the disposal of sewage originating from the collection system of each party, constructed and owned by them, and provides for the costs of such treatment and disposal as well as operating and billing procedures.

The Authority charges and collects fees for the use of its facilities from the individual users in the City of Lambertville and from Bucks County Water and Sewer Authority, and the Borough of Stockton. Customers of the Authority are billed quarterly for services provided. Revenues for services provided but not yet billed are accrued for in the financial statement presentation.

The powers of the Authority are exercised by a Board of five members and two alternates who are appointed to five-year terms by the Mayor of the City of Lambertville.

The Authority had 8 employees as of June 30, 2016.

The original collection system was constructed in 1955 and is comprised primarily of vitrified clay pipe and cast iron pipe in diameters of 2", 4", 6", 8", 10", 12" and 15". The total length of pipe in Lambertville sewerage system is approximately 13 miles. The rated design capacity of the Authority's wastewater treatment plant is 1.5 MGD with peak flow of 3.0 MGD. The Authority prepares an annual capital budget with a five-year planning cycle.

Contacting the Authority's Management

Any questions about the Authority's report or if additional information is needed, please contact the Executive Director of the Lambertville Municipal Utilities Authority, P.O. Box 300, Lambertville, New Jersey 08530.

BASIC FINANCIAL STATEMENTS

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 350,600	\$ 435,451
Accounts Receivable	<u>387,909</u>	<u>381,376</u>
<u>Total Unrestricted Assets</u>	<u>\$ 738,509</u>	<u>\$ 816,827</u>
Restricted Assets:		
Cash and Cash Equivalents:		
Debt Service Account	\$ 341,155	\$ 283,873
Debt Service Reserve Account	474,214	474,214
Renewal and Replacement Account	100,000	100,000
Improvement Reserve Account	853,493	805,528
Due from New Jersey Environmental Infrastructure Trust	<u>5,760</u>	<u>18,135</u>
<u>Total Restricted Assets</u>	<u>\$ 1,774,622</u>	<u>\$ 1,681,750</u>
Property, Plant and Equipment, at Cost	\$ 23,205,161	\$ 23,147,830
Less: Accumulated Depreciation	<u>(14,350,069)</u>	<u>(13,652,913)</u>
<u>Net Property, Plant and Equipment</u>	<u>\$ 8,855,092</u>	<u>\$ 9,494,917</u>
Deferred Outflow of Resources:		
Pension Related	<u>252,066</u>	<u>133,308</u>
<u>TOTAL ASSETS</u>	<u>\$ 11,620,289</u>	<u>\$ 12,126,802</u>

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

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable and Accrued Expenses	\$ 57,944	\$ 103,205
Accrued Sick Pay	25,941	29,111
Payroll Liabilities	<u>7,671</u>	<u>6,866</u>
Total Current Liabilities Payable From Unrestricted Assets	\$ <u>91,556</u>	\$ <u>139,182</u>
Current Liabilities Payable From Restricted Assets:		
Accounts Payable	\$ 10,000	\$ 10,000
Current Portion of Bonds Payable	<u>365,255</u>	<u>346,784</u>
Total Current Liabilities Payable From Restricted Assets	\$ <u>375,255</u>	\$ <u>356,784</u>
Noncurrent Liabilities:		
Long-Term Portion of Bonds Payable	\$ 3,985,229	\$ 4,337,859
Net Pension Liability	<u>1,404,273</u>	<u>1,133,581</u>
Total Noncurrent Liabilities	\$ <u>5,389,502</u>	\$ <u>5,471,440</u>
<u>Total Liabilities</u>	\$ <u>5,856,313</u>	\$ <u>5,967,406</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension Related	<u>22,578</u>	<u>67,555</u>
<u>Total Deferred Inflows of Resources</u>	\$ <u>22,578</u>	\$ <u>67,555</u>
Net Position:		
Net Investment in Capital Assets	\$ 4,510,368	\$ 4,828,409
Restricted Reserves for:		
Current Debt Service	341,155	283,873
Debt Service Reserve	474,214	474,214
Renewal and Replacement	100,000	100,000
Improvement Reserve	853,493	805,528
Unrestricted (Deficit)	<u>(537,832)</u>	<u>(400,183)</u>
<u>Total Net Position</u>	\$ <u>5,741,398</u>	\$ <u>6,091,841</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u> <u>AND NET POSITION</u>	\$ <u><u>11,620,289</u></u>	\$ <u><u>12,126,802</u></u>

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

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues:		
User Charges	\$ 1,930,676	\$ 1,842,252
Connection Fees	-	23,976
Interest on User's Accounts Receivable	<u>12,071</u>	<u>13,607</u>
Total Operating Revenues	<u>\$ 1,942,747</u>	<u>\$ 1,879,835</u>
Operating Expenses:		
Costs of Providing Services	\$ 693,346	\$ 669,198
General and Administrative	765,415	630,215
Depreciation	<u>712,260</u>	<u>712,201</u>
Total Operating Expenses	<u>\$ 2,171,021</u>	<u>\$ 2,011,614</u>
Operating Income (Loss)	\$ (228,274)	\$ (131,779)
Nonoperating Revenues (Expenses):		
Interest Income - Unrestricted	\$ 233	\$ 247
Interest Income - Restricted	2,860	2,412
Interest Expense	(120,241)	(103,548)
Other Income	97,224	66,852
Other Expense	<u>(102,245)</u>	<u>(78,746)</u>
Net Income (Loss)	\$ (350,443)	\$ (244,562)
Net Position, Beginning of Year	<u>6,091,841</u>	<u>6,336,403</u>
Net Position, End of Year	<u>\$ 5,741,398</u>	<u>\$ 6,091,841</u>

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

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Receipts for User Charges	\$ 1,924,143	\$ 1,933,664
Receipts for Connection Fees	-	23,976
Receipts for Interest on User Charges	12,071	13,607
Payments to Suppliers	(901,294)	(863,174)
Payments to Employees	(498,136)	(471,614)
Net Cash Provided by Operating Activities	<u>\$ 536,784</u>	<u>\$ 636,459</u>
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	\$ (82,504)	\$ (91,787)
Proceeds from the NJ Environmental Infrastructure Trust Loan Program	12,375	12,625
Proceeds from the Trust Loan Project Account	-	15,513
Interest Received	3,093	2,659
Other Expenses	(92,176)	(72,686)
Other Income	97,224	66,852
Net Cash Used in Investing Activities	<u>\$ (61,988)</u>	<u>\$ (66,824)</u>
Cash Flows from Financing Activities:		
Payments on Long-Term Debt	\$ (334,159)	\$ (353,902)
Interest Paid on Bonds	(120,241)	(103,548)
Net Cash Used in Financing Activities	<u>\$ (454,400)</u>	<u>\$ (457,450)</u>
Net Increase in Cash and Cash Equivalents	\$ 20,396	\$ 112,185
Cash and Cash Equivalents, Beginning of Year	<u>2,099,066</u>	<u>1,986,881</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,119,462</u>	<u>\$ 2,099,066</u>
Cash Flows from Operating Activities:		
Operating Loss	\$ (228,274)	\$ (131,779)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	712,260	712,201
(Increase)/Decrease in Accounts Receivable	(6,533)	91,412
Increase/(Decrease) in Accounts Payable	61,696	(34,729)
Increase/(Decrease) in Accrued Sick Pay	(3,170)	(1,122)
Increase/(Decrease) in Payroll Liabilities	805	476
Net Cash Provided by Operating Activities	<u>\$ 536,784</u>	<u>\$ 636,459</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid for Interest	<u>\$ 120,241</u>	<u>\$ 103,548</u>

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

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(1) ORGANIZATION

The Lambertville Municipal Utilities Authority (the "Authority") was created for the acquisition of real property, rights of way and easements, and in connection therewith to construct, operate and maintain a sewerage treatment plant and collection system to serve the City of Lambertville. The Authority was organized under the Sewerage Authorities Law of 1946, as amended and supplemented, of the State of New Jersey and pursuant to an ordinance of the City of Lambertville adopted by its governing body on May 10, 1954. In April 2009, the Authority changed its name from the Lambertville Sewerage Authority to the Lambertville Municipal Utilities Authority.

The Authority has entered into contracts with the Bucks County Water and Sewer Authority and the Borough of Stockton (the "Customer Agreements") to provide service outside the City of Lambertville. The Customer Agreements provide for the treatment and the disposal of sewage originating from the collection system of each party, constructed and owned by them, and provides for the costs of such treatment and disposal as well as operating and billing procedures.

The Authority charges and collects fees for the use of its facilities from the individual users in the City of Lambertville and from Bucks County Water and Sewer Authority, and in the Borough of Stockton. Customers of the Authority are billed quarterly for services provided. Revenues for services provided but not yet billed are accrued for in the financial statement presentation.

The powers of the Authority are exercised by a Board of five members, who are appointed to five year terms by the Mayor of the City of Lambertville.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (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 most significant of the GASB's accounting policies are described below.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The financial statements of the Authority have been prepared on the accrual basis and in accordance with generally accepted accounting principles applicable to enterprise funds of state and local governments. An Enterprise Fund is used to account for operations: (i) that are financed primarily through user charges, or (ii) where the governing body has decided that determination of net income is appropriate.

The accounting and financial reporting applied by the Authority is determined by its measurement focus. The financial statements are reported using the economic measurement focus and the accrual basis of accounting. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included in the Statements of Net Position. Net Position (totals assets and deferred outflows net of total liabilities and deferred inflows) are segregated into invested in capital assets, restricted and unrestricted components.

Accounting and Financial Reporting for Pensions

The Authority implemented GASB 68 in the Year 2015. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

The Authority has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Authority has only one item that qualifies for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies in this category, deferred amounts related to pension.

Reporting Entity

The Authority's financial statements include the operations of the sewer system and wastewater treatment plant for which the Board of Commissioners of the Authority exercises financial accountability. Board members are appointed to five-year terms by the municipality. The Authority is a component unit of the City of Lambertville. There are no additional entities required to be included in the reporting entity and the Authority is not included in any other reporting entity.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation - Fund Accounting

In accordance with the Authority's 1982 and 1988 Bond Resolutions as amended in 1996, the Authority has established the following funds to account for the deposit of all revenues received by the Authority:

<u>FUND</u>	<u>AMOUNT</u>	<u>USE FOR WHICH RESTRICTED</u>
Revenue/ Operating	All Revenues received by the Authority	Authorized operating expenses and transfers to the various accounts described below
Debt Service (Current)	Amount needed to pay matured principal and interest plus principal and interest	Debt obligations including Principal and Interest
Debt Service Reserve (Future Debt Service)	Amount equal to 10% of the Bond proceeds to increase the balance in the Debt Service Reserve (as defined in the bond resolution)	Maintain minimum required levels
Renewal and Replacement	Amount needed to increase the balance to equal the \$100,000 renewal and replacement requirement	Capital asset costs associated with the system
General	To the extent that any funds are available	Unrestricted use

All Funds are held by the Trustee with disbursements authorized upon requisition of the Authority.

In addition to the foregoing, the Authority established the following Restricted Accounts:

1. Customer Deposits for monies required from customers to assure payment or performance.
2. Investments designated for future plant improvement and replacement.
3. Investments designated for special sewer and plant projects.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purposes of the statement of cash flow, the Authority considers cash in banks, deposits and short-term investments with original maturities of three months or less as cash and cash equivalents.

Property, Plant and Equipment

Property, plant and equipment is stated at cost which includes direct construction costs and other expenditures related to construction.

Depreciation is determined on a straight-line basis, for all plant and equipment. Depreciation is provided for over the following estimated useful lives:

Buildings and Improvements	20 - 75 years
Pumping Station	20 years
Sewer Mains	75 years
Machinery and Equipment	10 - 20 years
Vehicles	5 - 10 years
Other Projects	10 years

Details of property, plant and equipment as of June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Land	\$ 18,044	\$ 18,044
Buildings and Improvements	12,994,074	12,977,674
Pumping Station	2,317,459	2,297,502
Sewer Mains	1,267,981	1,253,981
Machinery and Equipment	6,104,445	6,091,510
Vehicles	400,513	406,474
Office Equipment	102,645	102,645
Construction in Progress	-0-	-0-
	<u>\$23,205,161</u>	<u>\$23,147,830</u>
Accumulated Depreciation	<u>14,350,069</u>	<u>13,652,913</u>
	<u>\$ 8,855,092</u>	<u>\$9,494,917</u>

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Authority considers all accounts receivables to be fully collectible; no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Net Position

Equity is classified as net position and displayed in three components:

- 1) Invested in Capital Assets - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted - when constraints placed on net position are either a) externally imposed by creditors (such as the bond resolution), grantors, or laws or regulations of other governments or b) imposed by law.
- 3) Unrestricted - any other net position that does not meet the definition of "restricted" or "invested in capital assets."

Inventory

Inventory of spare parts and supplies is recorded as an expense when purchased and accordingly, is not included in the statements of net position.

Compensated Absences

Authority employees earn certain sick leave time that can accumulate. In the event of retirement or layoff, employees are eligible for the reimbursement of accumulated sick leave on a percentage basis not to exceed \$5,000. Accumulated unpaid sick leave is accrued when incurred. Accumulated unpaid sick leave at June 30, 2016 and 2015 is \$25,941 and \$29,111, respectively.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

No provision for income taxes has been made as the Authority is exempt from Federal and State income taxes.

Risk Management

In September 1991, the Authority joined the New Jersey Utility Authorities Joint Insurance Fund (JIF). The Authority pays an annual premium to JIF for its worker's compensation, employer liability, public employees' dishonesty liability, public officials liability, general liability, property damage, and motor vehicle insurance coverage. The Trust Agreement of the JIF provides that JIF will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits for each type of insurance coverage.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(3) BUDGETARY PROCEDURES

The Authority follows these procedures in establishing the Operating Fund budget:

The annual budget for each fiscal year of the Authority is introduced by resolution passed by not less than a majority of the governing body. Copies are submitted to the Director of the Division of Local Government Services Director prior to the beginning of the Authority's fiscal year for approval prior to its adoption.

The budget must comply with the terms and provisions of any security agreements, and is to be in such form and detail as to items of revenue, expenses and other contents as required by law or by rules and regulations of the Local Finance Board.

No authority budget can be finally adopted until the Director has approved the budget.

Public hearings are conducted to obtain citizen comments on the proposed budget.

Operating expense appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

The level at which expenditures cannot exceed the budget is at the total budget level.

The budget may be increased after adoption when an item of revenue has been made available after the adoption date.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(4) CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are summarized as follows:

	<u>Unrestricted</u>	<u>Restricted</u>
June 30, 2016:		
Cash and Cash Equivalents	<u>\$350,600</u>	<u>\$1,768,862</u>
June 30, 2015		
Cash and Cash Equivalents	<u>\$435,451</u>	<u>\$1,663,615</u>

The cash on deposit of the Authority is partially insured by the Federal Deposit Insurance Corporation in the amount of \$250,000 in each bank depository. Balances above the federal depository insurance amount are insured by the State of New Jersey Governmental Unit Deposit Protection Act (GUDPA). The Authority does not have a policy for either credit risk or custodial credit risk. However, it is the Authority's policy only to invest with banks that are approved by the board. The Authority does not have a policy to limit interest rate risk.

(5) INVESTMENTS

The Authority's investment policy principally permits the investing of funds in the following types of investments:

Bonds, debentures, notes or other evidences of indebtedness issued by any agency or instrumentality of the United States or by any corporation chartered by the United States to the extent that such obligations are guaranteed by the United States or by another such agency and Defeasance Securities.

Negotiable or nonnegotiable certificates of deposit issued by any bank, trust company, or national banking associations which certificates of deposits shall be continuously secured by obligations described in the first paragraph above.

Deposits in the NJ Cash Management Fund and other deposits defined in the Authority's Bond Resolution.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(6) PROPERTY PLANT AND EQUIPMENT

Property, Plant and Equipment is summarized as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2016</u>
Land	\$ 18,044			\$ 18,044
Buildings & Improvements	12,977,674	\$ 16,400		12,994,074
Pumping Station	2,297,502	19,957		2,317,459
Sewer Mains	1,140,912	14,000		1,154,912
Machinery & Equipment	6,194,155	12,935		6,207,090
Vehicles	406,474	19,211	\$ 25,173	400,512
Odor Control Project	28,089			28,089
Wastewater Mgt Project	84,980			84,980
Construction in Progress	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Fixed Assets	\$23,147,830	\$ 82,503	\$ 25,173	\$23,205,160
Accumulated Depreciation	<u>13,652,913</u>	<u>712,260</u>	<u>15,104</u>	<u>14,350,069</u>
	<u>\$9,494,917</u>	<u>\$(629,757)</u>	<u>\$ 10,069</u>	<u>\$ 8,855,091</u>

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(7) LONG-TERM DEBT

- A. On June 19, 1996, the Authority issued \$2,335,000 in Sewer Revenue Refunding Bonds (Series 1996) with interest rates ranging from 3.8% to 5.15% to advance refund \$2,310,000 of outstanding bonds with interest rates ranging from 6.7% to 7.75%. This debt matured on July 1, 2007.

The Authority used a portion of the proceeds of the 1996 Bonds to purchase United States Government obligations which were deposited into an escrow account which, together with the interest earnings thereon, was sufficient to pay the principal and interest on the 1988 Refunded Bonds through and including July 1, 1998, and on July 1, 1998, the call date, to pay the redemption price of all 1988 Refunded Bonds then outstanding. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the accompanying statements of net position.

In an agreement dated June 19, 1996, Lehman Brothers, Inc. paid the Authority \$110,000 for the right to receive all of the earnings from investments made from the required escrow balance of \$232,515 deposited and required as part of the bond series 1996 covenant. These funds are held in the Debt Service Reserve fund with The Bank of New York.

New Jersey Environmental Infrastructure Trust (NJEIT)

Total obligations payable to the NJEIT at June 30, 2016 and 2015 amounted to \$4,350,484 and \$4,684,643 respectively. A summary of the NJEIT obligations follow:

- B. In November 2002, the Authority issued New Jersey Environmental Infrastructure Trust (NJEIT) Series 2002A obligations. Principal and interest payments due on these obligations commenced in the year 2004. The annual interest rate on the outstanding trust loan principal amount of \$470,000 of such obligations amounts to 5.0% over the remaining term. No interest is due on the remaining fund loan principal amount of \$351,468. This debt matures in 2022.
- C. In October 2003, the Authority issued New Jersey Environmental Infrastructure Trust (NJEIT) Series 2003A obligations. Principal and interest payments due on these obligations commenced in the year 2005. The annual interest rate on the outstanding trust loan principal amount of \$365,000 of such obligations ranges between 3% and 6% over the remaining term. No interest is due on the remaining fund loan principal amount of \$265,827. This debt matures in 2023.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(7) LONG-TERM DEBT (CONTINUED)

New Jersey Environmental Infrastructure Trust (NJEIT) (Continued)

- D. In March 2010, the Authority issued New Jersey Environmental Infrastructure Trust (NJEIT) Series 2010A obligations. Principal and interest payments due on these obligations commenced August 1, 2011. The annual interest rate on the outstanding trust loan principal amount of \$1,415,000 of such obligations will range between 3% and 5% over the remaining term. No interest is due on the remaining fund loan principal amount of \$1,236,950. This debt matures in 2029.
- E. In September 2010, the Authority issued New Jersey Environmental Infrastructure Trust (NJEIT) Series 2010B obligations. Principal and interest payments due on these obligations commenced September 1, 2011. The annual interest rate on the outstanding trust loan principal amount of \$145,000 of such obligations amounts to 5.0% over the remaining term. No interest is due on the remaining fund loan principal amount of \$101,240. This debt matures in 2030.

A summary of long-term debt follows:

	<u>2016</u>	<u>2015</u>
NJ Environmental Infrastructure Trust - Series 2002A	\$ 821,467	\$926,929
NJ Environmental Infrastructure Trust - Series 2003A	630,827	697,642
NJ Environmental Infrastructure Trust - Series 2010A	2,651,950	2,812,459
NJ Environmental Infrastructure Trust - Series 2010B	<u>246,240</u>	<u>247,615</u>
	\$4,350,484	\$4,684,645
Less Current Maturities	<u>365,255</u>	<u>346,784</u>
Total Long-Term Debt	<u>\$3,985,229</u>	<u>\$4,337,859</u>

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(7) LONG-TERM DEBT (CONTINUED)

New Jersey Environmental Infrastructure Trust (NJEIT) (Continued)

The principal payment requirements for the next five years are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$365,255
2018	367,359
2019	377,521
2020	387,299
2021	396,962
Thereafter	<u>2,456,088</u>
	<u>\$ 4,350,484</u>

(8) AMOUNTS REQUIRED BY BOND RESOLUTION

The following cash and investment accounts are required by the bond resolution:

	<u>2016</u>	<u>2015</u>
Debt Service	\$341,155	\$283,873
Cash and Cash Equivalents on Hand	<u>341,155</u>	<u>283,873</u>
Excess	<u>\$ -0-</u>	<u>\$ -0-</u>
Renewal and Replacement	\$100,000	\$100,000
Cash and Cash Equivalents on Hand	<u>100,000</u>	<u>100,000</u>
Excess	<u>\$ -0-</u>	<u>\$ -0-</u>
Debt Service Reserve	\$474,214	\$474,214
Cash and Cash Equivalents on Hand	<u>474,214</u>	<u>474,214</u>
Excess	<u>\$ -0-</u>	<u>\$ -0-</u>

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(9) NET POSITION

The components of net position are as follows:

	<u>2016</u>	<u>2015</u>
Net Position:		
Capital Assets, Net of Related Liabilities	\$4,510,368	\$4,828,409
Restricted:		
Current Debt Service	341,155	283,873
Debt Service Reserve	474,214	474,214
Renewal and Replacement	100,000	100,000
Improvement Reserve	<u>853,493</u>	<u>805,528</u>
Total Restricted	\$1,768,862	\$1,663,615
Unrestricted:		
Operations	636,953	733,398
Net Pension Liability	<u>(1,174,785)</u>	<u>(1,133,581)</u>
Total Unrestricted (Deficit)	<u>\$ (537,832)</u>	<u>\$ (400,183)</u>
	<u>\$5,741,398</u>	<u>\$6,091,841</u>

(10) PENSION PLAN

All required full-time employees of the Authority are covered by the Public Employees' Retirement System which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or online at www.state.nj.ustreasury/pensions.

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(10) PENSION PLAN (CONTINUED)

The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials and part-time employees, effective July 1, 2007. Part-time employees that earn an annual salary of at least \$5,000 and work less than 35 hours per week are eligible to enroll in the New Jersey Defined Contribution Plan (DCRP). The DCRP is offered through the Prudential Retirement Insurance and Annuity Company. Employees contribute 5.5% of salary and the Authority contributes 3% of salary, for a total contribution of 8.5%. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the PERS system.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS was changed. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30-year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30-year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20-year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(10) PENSION PLAN (CONTINUED)

Vesting and Benefit Provisions

The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for PERS.

Employers are required to contribute at an actuarially determined rate for PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(10) PENSION PLAN (CONTINUED)

Contribution Requirements:

Three Year Trend Information for PERS

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2016	58,453	100%	58,453
2015	53,782	100%	53,782
2014	49,913	100%	49,913

(11) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2016, the Authority reported a liability of \$1,404,273 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 local units, actuarially determined. At June 30, 2015, the Authority's proportion was 0.0062556718 percent, which was an increase of 0.0002011020 percent from its proportion measured as of June 30, 2014.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(11) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2016, the Authority recognized pension expense of \$107,329. At June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Changes of assumptions	--	\$150,808
Net difference between projected and actual earnings on pension plan investments	\$22,578	33,501
Changes in proportion and differences between Authority contributions and proportionate share of contributions	--	<u>67,757</u>
	<u>\$22,578</u>	<u>\$252,066</u>

The \$252,066 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date (i.e. for the period ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2016	\$44,200
2017	44,200
2018	44,200
2019	61,089
2020	35,799

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(11) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows:

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$5,086,138,484	\$1,032,618,058
Collective deferred inflows of resources	478,031,236	1,726,631,532
Collective net pension liability	22,447,996,119	18,722,735,003
Authority's Proportion	0.0062556718%	0.0060545698%

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

	<u>6/30/2015</u>	<u>6/30/2014</u>
Inflation	3.04 Percent	3.01 Percent
Salary Increases (based on age):		
2012-2021	2.15-4.40 Percent	2.15-4.40 Percent
Thereafter	3.15-5.40 Percent	3.15-5.40 Percent
Investment Rate of Return	7.90 Percent	7.90 Percent

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more that the experience deviates, the larger the impact on future financial statements.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(11) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(11) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>6/30/2015</u>		<u>6/30/2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
Core Bond			1.00%	2.49%
Intermediate Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad U.S. Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Markets	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Returns	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Global Debt ex US	3.50%	(0.40)%		
REIT	4.25%	5.12%		
	<u>100.00%</u>		<u>100.00%</u>	

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(11) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.30% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>3.90%</u>	June 30, 2015 At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
Authority's proportionate share of the pension liability	<u>\$1,745,339</u>	<u>\$1,404,273</u>	<u>\$1,118,325</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(12) LEASES

The Authority leases the land on which the treatment plant is located from the State of New Jersey. The original lease dated July 1, 1954 was amended August 26, 1980 for a term of 60 years. No rent is paid on this lease.

A separate agreement with the NJ Water Supply Authority allows Lambertville Municipal Utilities Authority to use a right-of-way for a sewer line. Rent of \$48 is paid annually under this agreement.

(13) SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after the financial statement date through January 23, 2017, which is the date the financial statements were available to be issued. Based on this evaluation, the Authority has determined that no subsequent events have occurred which require disclosure in the financial statements.

(14) COMMITMENTS AND CONTINGENCIES

In the ordinary conduct of its business, the Authority may be a party to litigation. At June 30, 2016, in the opinion of management based upon consultation with legal counsel, there were no matters pending or threatened which would have a material adverse effect on the financial position of the Authority.

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTARY INFORMATION

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Measurement Date Ending June 30,	Authority's Proportion Share of the Net Pension Liability (Asset)	Authority's Proportionate Share of the Net Pension Liability (Asset)	Authority's Covered-Employee Payroll	Authority's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.5782771200%	\$ 1,105,202	\$ 428,378.00	258.00%	48.72%
2014	0.6054569800%	1,133,581	452,106.00	250.73%	52.08%
2015	0.0062556718%	1,404,273	471,354.00	297.92%	47.92%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Authority's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	\$ 49,913	\$ 49,913	\$ -0-	428,378.00	11.65%
2015	53,782	53,782	-0-	452,106.00	11.90%
2016	58,453	58,453	-0-	471,354.00	12.40%

40 Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)
NOTE TO RSI III
FOR THE YEAR ENDED JUNE 30, 2016

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.63%) to the current measurement date (4.29%), resulting in a change in the discount rate from 5.55% to 5.39%. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

Public Employees Retirement System

Change in benefit terms:	None
Change in assumptions:	The discount rate changed from 5.39% to 4.90% as of June 30, 2015.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF OPERATING REVENUES
AND COSTS FUNDED BY OPERATING
REVENUES COMPARED TO BUDGET
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016 BUDGET	2016 ACTUAL	2015 ACTUAL
Revenues:			
User Charges and Fees - Lambertville	\$ 1,088,238	\$ 1,194,247	\$ 1,188,067
Service Agreements	723,146	736,429	654,185
Delinquent Penalties	10,000	12,071	13,607
Interest Income	1,000	233	247
Miscellaneous Income	-	8,398	6,851
Connection Fees	27,000	-	23,976
Unrestricted Net Position Utilized			
Total Revenues	\$ 1,849,384	\$ 1,951,378	\$ 1,886,933
Expenses:			
Costs of Providing Services:			
Labor	\$ 279,110	\$ 278,495	\$ 262,189
Chemicals:			
Chlorine	20,000	12,042	17,968
Dechlor	12,000	8,743	10,730
Polymer	25,000	12,965	12,983
Digester and Other	28,000	21,344	24,806
Lab	2,000	2,195	1,610
Electricity	132,000	113,020	122,707
Heating Oil	12,000	4,305	9,089
Water	3,000	1,504	2,023
Maintenance:			
Trucks	12,500	14,340	13,304
Plant	25,000	35,490	31,229
Pumping Station	8,000	400	435
Sewer System	7,000	4,558	1,004
Equipment Replacement and Repair	20,000	35,701	29,510
Service Contracts	12,000	13,706	13,947
Outside Lab Work	20,000	15,527	17,506
Protective Clothing and Uniforms	10,000	10,506	9,386
Plant Office Expenses	4,000	1,362	1,047
Plant Telephone	5,700	5,329	6,296
Land Rental	300	48	48
Sludge Removal	99,000	101,766	81,381
Total Costs of Providing Services	\$ 736,610	\$ 693,346	\$ 669,198
General and Administrative Expenses:			
Salaries and Wages	\$ 213,860	\$ 216,471	\$ 208,303
Payroll Taxes	37,500	40,818	38,887
Employee Benefits	213,500	320,780	198,523
Authority Member Fees	6,400	6,400	5,850
General Insurance	52,000	50,875	50,170
Professional Services	33,500	26,279	28,508
Engineering Services	13,000	3,724	6,713
Auditing and Accounting	24,000	24,391	22,789
Office Supplies and Expenses	3,500	2,843	3,867
Postage	5,000	4,720	4,601
Telephone	5,500	5,431	5,464
Contributions to Civic Organizations	2,000	1,325	1,942
Dues, Subscriptions and Training	8,500	6,503	6,811
Permits	30,000	27,304	28,044
Computer Expenses	17,500	18,072	17,323
Other	3,000	9,479	2,420
Total General and Administrative Expenses	\$ 668,760	\$ 765,415	\$ 630,215
	1,405,370	1,458,761	1,299,413
Other Costs Funded by Revenues:			
Interest Expense	\$ 102,231	\$ 102,622	\$ 103,548
Principal	341,783	351,778	341,275
Municipal Appropriation	-	72,000	72,000
Total Other Costs	\$ 444,014	\$ 526,400	\$ 516,823
TOTAL COSTS FUNDED BY OPERATING REVENUES	\$ 1,849,384	\$ 1,985,161	\$ 1,816,236
EXCESS (DEFICIENCY) OF REVENUES OVER COSTS	\$ -	\$ (33,783)	\$ 70,697

SCHEDULE 2

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - JUNE 30, 2016

NJ ENVIRONMENTAL INFRASTRUCTURE TRUST
SERIES 2002A
MATURITY DATE, JULY 1

<u>YEAR OF MATURITY</u>	<u>TRUST LOAN</u>			<u>FUND LOAN PRINCIPAL</u>
	<u>TOTAL</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL</u>	
2016	\$ 111,807	5.00%	\$ 60,000	\$ 51,807
2017	109,907	5.00%	60,000	49,907
2018	116,095	5.00%	65,000	51,095
2019	114,036	5.00%	65,000	49,036
2020	120,066	5.00%	70,000	50,066
2021	125,936	5.00%	75,000	50,936
2022	<u>123,621</u>	4.75%	<u>75,000</u>	<u>48,621</u>
	<u>\$ 821,468</u>		<u>\$ 470,000</u>	<u>\$ 351,468</u>

Payments on NJ Environmental Infrastructure Trust 2002A - January 1 and July 1

SCHEDULE 3

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - JUNE 30, 2016

NJ ENVIRONMENTAL INFRASTRUCTURE TRUST
 SERIES 2003A
MATURITY DATE, JULY 1

<u>YEAR OF MATURITY</u>	<u>TOTAL</u>	<u>TRUST LOAN PRINCIPAL</u>	<u>FUND LOAN PRINCIPAL</u>
2016	\$ 73,939	\$ 40,000	\$ 33,939
2017	72,943	40,000	32,943
2018	71,918	40,000	31,918
2019	78,754	45,000	33,754
2020	77,388	45,000	32,388
2021	84,057	50,000	34,057
2022	82,653	50,000	32,653
2023	<u>89,175</u>	<u>55,000</u>	<u>34,175</u>
	<u>\$ 630,827</u>	<u>\$ 365,000</u>	<u>\$ 265,827</u>

Payments on NJ Environmental Infrastructure Trust 2003A - February 1 and August 1

SCHEDULE 4

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - JUNE 30, 2016

NJ ENVIRONMENTAL INFRASTRUCTURE TRUST
SERIES 2010A
MATURITY DATE, AUGUST 1

<u>YEAR OF MATURITY</u>	<u>TOTAL</u>	<u>TRUST LOAN</u>		<u>FUND LOAN PRINCIPAL</u>
		<u>INTEREST RATE</u>	<u>PRINCIPAL</u>	
2016	\$ 165,509	5.00%	\$ 75,000	\$ 90,509
2017	170,509	5.00%	80,000	90,509
2018	175,508	5.00%	85,000	90,508
2019	175,509	4.00%	85,000	90,509
2020	180,508	5.00%	90,000	90,508
2021	185,509	3.00%	95,000	90,509
2022	190,508	4.00%	100,000	90,508
2023	190,509	4.00%	100,000	90,509
2024	195,508	4.00%	105,000	90,508
2025	200,509	4.00%	110,000	90,509
2026	205,508	3.50%	115,000	90,508
2027	210,509	4.00%	120,000	90,509
2028	215,508	4.00%	125,000	90,508
2029	190,339	4.00%	130,000	60,339
	<u>\$ 2,651,950</u>		<u>\$ 1,415,000</u>	<u>\$ 1,236,950</u>

Payments on NJ Environmental Infrastructure Trust 2010A - February 1 and August 1

SCHEDULE 5

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - JUNE 30, 2016

NJ ENVIRONMENTAL INFRASTRUCTURE TRUST
SERIES 2010B
MATURITY DATE, AUGUST 1

<u>YEAR OF MATURITY</u>	<u>TOTAL</u>	<u>TRUST LOAN</u>		<u>FUND LOAN PRINCIPAL</u>
		<u>INTEREST RATE</u>	<u>PRINCIPAL</u>	
2016	\$ 11,000	5.00%	\$ 5,000	\$ 6,000
2017	14,000	5.00%	5,000	9,000
2018	14,000	5.00%	5,000	9,000
2019	19,000	5.00%	10,000	9,000
2020	19,000	5.00%	10,000	9,000
2021	19,000	5.00%	10,000	9,000
2022	19,000	5.00%	10,000	9,000
2023	19,000	5.00%	10,000	9,000
2024	19,000	5.00%	10,000	9,000
2025	19,000	5.00%	10,000	9,000
2026	19,000	5.00%	10,000	9,000
2027	15,240	5.00%	10,000	5,240
2028	10,000	5.00%	10,000	-
2029	15,000	5.00%	15,000	-
2030	15,000	5.00%	15,000	-
	<u>\$ 246,240</u>		<u>\$ 145,000</u>	<u>\$ 101,240</u>

Payments on NJ Environmental Infrastructure Trust 2010B - February 1 and August 1

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

ROSTER OF OFFICIALS

JUNE 30, 2016

<u>Name</u>	<u>Title</u>
Janine MacGregor	Chairwoman
Vincent Uhl	Vice Chairman
Robert Hayes, Jr.	Secretary
Paul Rotondi	Treasurer
Joseph Polizzi	Member
Russell Lambert	Alternate One
Megan Hunter Ruf	Alternate Two
Thomas F. Horn, P.E.	Executive Director

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

JUNE 30, 2016

GENERAL COMMENTS AND RECOMMENDATIONS

NONE

