

Annual Financial Report

of the

**Lambertville Municipal
Utilities Authority**

For the Years Ended June 30, 2018 and 2017

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, 2018 and 2017	11-12
"B" Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2018 and 2017	13
"C" Statements of Cash Flows for the Years Ended June 30, 2018 and 2017	14
Notes to Financial Statements - June 30, 2018 and 2017	15-35
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	36
"R-2" Schedule of Authority's Contributions - Public Employees Retirement System - Last Ten Years	37
"R-3" Schedules Related to Accounting and Reporting for Pension (GASB 68) - Note to RSI III	38
"1" Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget for the Years Ended June 30, 2018 and 2017	39
"2" Schedule of Bonds Payable, NJEIT Series 2002A at June 30, 2018	40
"3" Schedule of Bonds Payable, NJEIT Series 2003A at June 30, 2018	41
"4" Schedule of Bonds Payable, NJEIT Series 2010A at June 30, 2018	42
"5" Schedule of Bonds Payable, NJEIT Series 2010B at June 30, 2018	43
General Comments and Recommendations	44

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@senco.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, 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 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, 2018 and 2017, 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 24, 2019 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 24, 2019

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



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, 2018, and the related notes to the financial statements, which collectively comprise Lambertville Municipal Utilities Authority' financial statements, and have issued our report thereon dated January 24, 2019.

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 24, 2019

A handwritten signature in cursive script that reads "Suplee, Clooney & Company".

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, 2018 and 2017. 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, 2018 and 2017. 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, 2018 and 2017, consisting of Cash and Cash Equivalents and Accounts Receivable totals \$827 thousand and \$786 thousand, respectively. This increase is largely attributable to an increase in Cash and Cash Equivalents.

Net Capital Assets decreased \$86 thousand due to capital additions of \$641 thousand offset with depreciation of \$728 thousand.

Cash and Cash Equivalents decreased \$395 thousand in total. The decrease is largely due to acquisitions of capital equipment of \$641 thousand along with principal and interest payments on bonds of \$430 thousand offset with an increase in cash provided by operating activities of \$847 thousand.

Bonds Payable decreased \$367 thousand due to scheduled principal payments.

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

Operating revenues of \$2.2 million increased \$197 thousand or 9.7% due to increases in User Charges and Service Agreement and Connection Fees revenues. User Charges and Service Agreement revenues represent 98.6% of the operating revenues.

Total operating expenses before depreciation for the year ended June 30, 2018 increased \$74 thousand or 5.4% from the year ended June 30, 2017. Increased expenses were realized in Labor, Truck Maintenance, Plant Maintenance, Other Equipment Replacement and Repairs, Service Contracts, Outside Lab Work, and Employee Benefits. These expense increases were offset with reductions in Dechlor, Pumping Station Maintenance, Sewer System Maintenance, Engineering Services, and Permits.

Total Operating Revenues were above budget by \$376 thousand with increases in User Charges, and Service Agreements revenues. Total Operating Expenses were \$46 thousand above budget with increases in Labor, Dechlor, Digester Chemicals, Electricity, Truck Maintenance, Plant Maintenance, Other Equipment Replacement and Repairs, Service Contracts, and Outside Lab Work. These increases were offset with expenses under budget including Chlorine, Polymer, Pumping Station Maintenance, Sewer System Maintenance, Sludge Removal, Employee Benefits, Engineering Services, and Permits.

For the year ended June 30, 2018, the resulting Operating Profit amounts to \$45 thousand compared to the Operating Loss of \$49 thousand for the year ended June 30, 2017. A \$197 thousand increase in Operating Revenues offset with increased Operating Expenses of \$102 thousand contributed to the improvement in the Operating Profit for 2018. A portion of the increase in Operating Expenses is attributable to depreciation expense.

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 required 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 \$1,587,788 shown within non-current liabilities is a significant number at June 30, 2018. 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>2018</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Unrestricted Assets:			
Cash and Cash Equivalents	\$ 400,576	\$ 310,435	\$ 350,600
Accounts Receivable	<u>426,072</u>	<u>475,387</u>	<u>387,909</u>
Total Unrestricted Assets	\$ <u>826,648</u>	\$ <u>785,822</u>	\$ <u>738,509</u>
Restricted Assets:			
Cash and Cash Equivalents	\$ 1,077,500	\$ 1,562,401	\$ 1,768,862
Due from NJEIT	-	-	5,760
Capital Assets, at Cost	24,181,959	23,595,837	23,205,161
Accumulated Depreciation	<u>(15,722,404)</u>	<u>(15,049,571)</u>	<u>(14,350,069)</u>
Deferred Outflow of Resources:			
Pension Related	<u>524,066</u>	<u>683,896</u>	<u>252,066</u>
Total Assets	\$ <u><u>10,887,769</u></u>	\$ <u><u>11,578,385</u></u>	\$ <u><u>11,620,289</u></u>
<u>Liabilities</u>			
Liabilities Payable from Unrestricted Assets:			
Accounts Payable and Accrued Expenses	\$ 127,387	\$ 76,720	\$ 65,615
Accrued Sick Pay	<u>30,335</u>	<u>28,300</u>	<u>25,941</u>
Total Liabilities Payable from Unrestricted Assets	\$ <u>157,722</u>	\$ <u>105,020</u>	\$ <u>91,556</u>
Liabilities Payable from Restricted Assets:			
Accounts Payable	\$ <u>10,000</u>	\$ <u>10,000</u>	\$ <u>10,000</u>
Total Liabilities Payable from Restricted Assets	\$ <u>10,000</u>	\$ <u>10,000</u>	\$ <u>10,000</u>
Bonds Payable	3,602,871	3,970,230	4,350,484
Net Pension Liability	<u>1,587,788</u>	<u>1,948,715</u>	<u>1,404,273</u>
Total Liabilities	\$ <u>5,358,381</u>	\$ <u>6,033,965</u>	\$ <u>5,856,313</u>
Deferred Inflows of Resources:			
Pension Related	<u>318,712</u>	-	<u>22,578</u>
<u>Net Position</u>			
Net Investment in Capital Assets	\$ 4,856,684	\$ 4,576,036	\$ 4,510,368
Restricted Reserves	1,077,500	1,562,401	1,768,862
Unrestricted (Deficit)	<u>(723,508)</u>	<u>(594,017)</u>	<u>(537,832)</u>
Total Net Position	\$ <u>5,210,676</u>	\$ <u>5,544,420</u>	\$ <u>5,741,398</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ <u><u>10,887,769</u></u>	\$ <u><u>11,578,385</u></u>	\$ <u><u>11,620,289</u></u>

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

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

	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>
Operating Revenues	\$ 2,219,086	\$ 2,022,566	\$ 1,942,747
Operating Expenses:			
Costs of Providing Services	760,493	701,387	693,346
General and Administrative	<u>685,218</u>	<u>670,354</u>	<u>765,415</u>
Total Operating Expenses Before Depreciation	\$ 1,445,711	\$ 1,371,741	\$ 1,458,761
Depreciation	<u>727,946</u>	<u>699,502</u>	<u>712,260</u>
Total operating expenses	\$ <u>2,173,657</u>	\$ <u>2,071,243</u>	\$ <u>2,171,021</u>
Operating Income (Loss)	\$ 45,429	\$ (48,677)	\$ (228,274)
Nonoperating Revenues (Expenses)	<u>(379,173)</u>	<u>(148,301)</u>	<u>(122,169)</u>
Net Income (Loss)	\$ (333,744)	\$ (196,978)	\$ (350,443)
Net Position, Beginning of Year	\$ <u>5,544,420</u>	\$ <u>5,741,398</u>	\$ <u>6,091,841</u>
Net Position, End of Year	\$ <u><u>5,210,676</u></u>	\$ <u><u>5,544,420</u></u>	\$ <u><u>5,741,398</u></u>

Flow Data (Gallons)

<u>Year</u>	<u>Total</u> <u>Flow</u>	<u>Bucks County</u> <u>Authority Flow</u>	<u>Borough of</u> <u>Stockton Flow</u>	<u>Lambertville</u> <u>Flow</u>
2017-2018	399,378,000	161,175,000	25,581,846	212,621,154
2016-2017	349,193,000	160,485,000	20,361,058	168,346,942
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 6/30/2017	\$3,970,230
Adjustments	-
Scheduled Bond Retirements	<u>(367,359)</u>
Bonds Payable at 6/30/2018	<u>\$3,602,871</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, 2018.

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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 400,576	\$ 310,435
Accounts Receivable	<u>426,072</u>	<u>475,387</u>
<u>Total Unrestricted Assets</u>	<u>\$ 826,648</u>	<u>\$ 785,822</u>
Restricted Assets:		
Cash and Cash Equivalents:		
Debt Service Account	\$ 384,831	\$ 348,792
Debt Service Reserve Account	474,214	474,214
Renewal and Replacement Account	100,000	100,000
Improvement Reserve Account	<u>118,455</u>	<u>639,395</u>
<u>Total Restricted Assets</u>	<u>\$ 1,077,500</u>	<u>\$ 1,562,401</u>
Property, Plant and Equipment, at Cost	\$ 24,181,959	\$ 23,595,837
Less: Accumulated Depreciation	<u>(15,722,404)</u>	<u>(15,049,571)</u>
<u>Net Property, Plant and Equipment</u>	<u>\$ 8,459,555</u>	<u>\$ 8,546,266</u>
Deferred Outflow of Resources:		
Pension Related	<u>524,066</u>	<u>683,896</u>
<u>TOTAL ASSETS</u>	<u>\$ 10,887,769</u>	<u>\$ 11,578,385</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable and Accrued Expenses	\$ 117,106	\$ 64,775
Accrued Sick Pay	30,335	28,300
Payroll Liabilities	<u>10,281</u>	<u>11,945</u>
Total Current Liabilities Payable From Unrestricted Assets	\$ <u>157,722</u>	\$ <u>105,020</u>
Current Liabilities Payable From Restricted Assets:		
Accounts Payable	\$ 10,000	\$ 10,000
Current Portion of Bonds Payable	377,521	367,359
Total Current Liabilities Payable From Restricted Assets	\$ <u>387,521</u>	\$ <u>377,359</u>
Noncurrent Liabilities:		
Long-Term Portion of Bonds Payable	\$ 3,225,350	\$ 3,602,871
Net Pension Liability	<u>1,587,788</u>	<u>1,948,715</u>
Total Noncurrent Liabilities	\$ <u>4,813,138</u>	\$ <u>5,551,586</u>
<u>Total Liabilities</u>	\$ <u>5,358,381</u>	\$ <u>6,033,965</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension Related	<u>318,712</u>	<u>-</u>
<u>Total Deferred Inflows of Resources</u>	\$ <u>318,712</u>	\$ <u>-</u>
Net Position:		
Net Investment in Capital Assets	\$ 4,856,684	\$ 4,576,036
Restricted Reserves for:		
Current Debt Service	384,831	348,792
Debt Service Reserve	474,214	474,214
Renewal and Replacement	100,000	100,000
Improvement Reserve	118,455	639,395
Unrestricted (Deficit)	<u>(723,508)</u>	<u>(594,017)</u>
<u>Total Net Position</u>	\$ <u>5,210,676</u>	\$ <u>5,544,420</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>	\$ <u><u>10,887,769</u></u>	\$ <u><u>11,578,385</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues:		
User Charges	\$ 2,188,562	\$ 1,976,418
Connection Fees	17,398	34,108
Interest on User's Accounts Receivable	<u>13,126</u>	<u>12,040</u>
Total Operating Revenues	\$ <u>2,219,086</u>	\$ <u>2,022,566</u>
Operating Expenses:		
Costs of Providing Services	\$ 760,493	\$ 701,387
General and Administrative	685,218	670,354
Depreciation	<u>727,946</u>	<u>699,502</u>
Total Operating Expenses	\$ <u>2,173,657</u>	\$ <u>2,071,243</u>
Operating Income (Loss)	\$ 45,429	\$ (48,677)
Nonoperating Revenues (Expenses):		
Interest Income - Unrestricted	\$ 2,540	\$ 247
Interest Income - Restricted	5,968	2,804
Interest Expense	(63,088)	(91,136)
Other Income	8,025	122,332
Other Expense	<u>(332,618)</u>	<u>(182,548)</u>
Net Income (Loss)	\$ (333,744)	\$ (196,978)
Net Position, Beginning of Year	<u>5,544,420</u>	<u>5,741,398</u>
Net Position, End of Year	\$ <u><u>5,210,676</u></u>	\$ <u><u>5,544,420</u></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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Receipts for User Charges	\$ 2,237,877	\$ 1,888,940
Receipts for Connection Fees	17,398	34,108
Receipts for Interest on User Charges	13,126	12,040
Payments to Suppliers	(900,803)	(860,142)
Payments to Employees	<u>(520,365)</u>	<u>(503,635)</u>
Net Cash Provided by Operating Activities	\$ <u>847,233</u>	\$ <u>571,311</u>
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	\$ (641,235)	\$ (390,676)
Interest Received	8,508	3,051
Other Expenses	(186,844)	(81,254)
Other Income	<u>8,025</u>	<u>122,332</u>
Net Cash Provided (Used) in Investing Activities	\$ <u>(811,546)</u>	\$ <u>(346,547)</u>
Cash Flows from Financing Activities:		
Payments on Long-Term Debt	\$ (367,359)	\$ (380,254)
Interest Paid on Bonds	<u>(63,088)</u>	<u>(91,136)</u>
Net Cash Used in Financing Activities	\$ <u>(430,447)</u>	\$ <u>(471,390)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (394,760)	\$ (246,626)
Cash and Cash Equivalents, Beginning of Year	<u>1,872,836</u>	<u>2,119,462</u>
Cash and Cash Equivalents, End of Year	\$ <u><u>1,478,076</u></u>	\$ <u><u>1,872,836</u></u>
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ 45,429	\$ (48,622)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	727,946	699,502
(Increase)/Decrease in Accounts Receivable	49,315	(87,478)
Increase/(Decrease) in Accounts Payable	24,172	1,276
Increase/(Decrease) in Accrued Sick Pay	2,035	2,359
Increase/(Decrease) in Payroll Liabilities	<u>(1,664)</u>	<u>4,274</u>
Net Cash Provided by Operating Activities	\$ <u><u>847,233</u></u>	\$ <u><u>571,311</u></u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid for Interest	\$ <u><u>63,088</u></u>	\$ <u><u>91,136</u></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, 2018 AND 2017

(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, 2018 AND 2017

(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, 2018 AND 2017

(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, 2018 AND 2017

(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, 2018 AND 2017

(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, 2018 AND 2017

(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, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 18,044	\$ 18,044
Buildings and Improvements	13,106,609	13,081,758
Pumping Station	3,079,254	2,473,794
Sewer Mains	1,351,661	1,287,526
Machinery and Equipment	6,141,363	6,104,445
Vehicles	378,638	433,751
Office Equipment	106,390	102,645
Construction in Progress	<u>-0-</u>	<u>93,874</u>
	\$24,181,959	\$23,595,837
Accumulated Depreciation	<u>15,722,404</u>	<u>15,049,571</u>
	<u>\$ 8,459,555</u>	<u>\$ 8,546,266</u>

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

(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, 2018 and 2017 is \$30,335 and \$28,300, respectively.

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.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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, 2018 AND 2017

(4) CASH AND CASH EQUIVALENTS

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

	<u>Unrestricted</u>	<u>Restricted</u>
June 30, 2018:		
Cash and Cash Equivalents	<u>\$400,576</u>	<u>\$1,077,500</u>
June 30, 2017		
Cash and Cash Equivalents	<u>\$310,435</u>	<u>\$1,562,401</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, 2018 AND 2017

(6) PROPERTY PLANT AND EQUIPMENT

Property, Plant and Equipment is summarized as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Increase</u>	<u>Transfers/</u> <u>Decrease</u>	<u>Balance</u> <u>June 30, 2018</u>
Land	\$ 18,044			\$ 18,044
Buildings & Improvements	13,081,758	\$ 24,851		13,106,609
Pumping Station	2,473,794	519,101	\$ 86,359	3,079,254
Sewer Mains	1,287,526	56,620	7,515	1,351,661
Machinery & Equipment	6,104,445	36,918		6,141,363
Vehicles	433,751		(55,113)	378,638
Office Equipment	102,645	3,745		106,390
Construction in Progress	<u>93,874</u>	<u>-0-</u>	<u>(93,874)</u>	<u>-0-</u>
Total Fixed Assets	\$23,595,837	\$ 641,235	\$(55,113)	\$24,181,959
Accumulated Depreciation	<u>15,049,571</u>	<u>727,946</u>	<u>(55,113)</u>	<u>15,722,404</u>
	<u>\$8,546,266</u>	<u>\$ (86,711)</u>	<u>\$ -0-</u>	<u>\$ 8,459,555</u>

(7) LONG-TERM DEBT

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.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

(7) LONG-TERM DEBT (CONTINUED)

New Jersey Environmental Infrastructure Trust (NJEIT)

Total obligations payable to the NJEIT at June 30, 2018 and 2017 amounted to \$3,602,871 and \$3,970,230 respectively. A summary of the NJEIT obligations follow:

- A. 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 \$350,000 of such obligations amounts to 4.75% over the remaining term. No interest is due on the remaining fund loan principal amount of \$249,754. This debt matures in 2022.
- B. 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 \$285,000 of such obligations ranges between 3% and 6% over the remaining term. No interest is due on the remaining fund loan principal amount of \$198,945. This debt matures in 2023.
- C. 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 \$1,260,000 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 \$1,055,932. This debt matures in 2029.
- D. 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 \$120,000 of such obligations amounts to 5.0% over the remaining term. No interest is due on the remaining fund loan principal amount of \$83,240. This debt matures in 2030.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

(7) LONG-TERM DEBT (CONTINUED)

New Jersey Environmental Infrastructure Trust (NJEIT) (Continued)

A summary of long-term debt follows:

	<u>2018</u>	<u>2017</u>
NJ Environmental Infrastructure Trust - Series 2002A	\$ 599,754	\$709,661
NJ Environmental Infrastructure Trust - Series 2003A	483,945	556,888
NJ Environmental Infrastructure Trust - Series 2010A	2,315,932	2,486,441
NJ Environmental Infrastructure Trust - Series 2010B	<u>203,240</u>	<u>217,240</u>
	\$3,602,871	\$3,970,230
Less Current Maturities	<u>377,521</u>	<u>367,359</u>
Total Long-Term Debt	<u>\$3,225,350</u>	<u>\$3,602,871</u>

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

<u>Year</u>	<u>Amount</u>
2019	\$ 377,521
2020	387,299
2021	395,962
2022	413,502
2023	414,783
Thereafter	<u>1,613,804</u>
	<u>\$3,602,871</u>

(8) AMOUNTS REQUIRED BY BOND RESOLUTION

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

	<u>2018</u>	<u>2017</u>
Debt Service	\$384,831	\$348,792
Cash and Cash Equivalents on Hand	<u>384,831</u>	<u>348,792</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, 2018 AND 2017

(9) NET POSITION

The components of net position are as follows:

	<u>2018</u>	<u>2017</u>
Net Position:		
Capital Assets, Net of Related Liabilities	\$4,856,684	\$4,576,036
Restricted:		
Current Debt Service	384,831	348,792
Debt Service Reserve	474,214	474,214
Renewal and Replacement	100,000	100,000
Improvement Reserve	<u>118,455</u>	<u>639,395</u>
Total Restricted	\$1,077,500	\$1,562,401
Unrestricted:		
Operations	658,926	734,755
Net Pension Liability	<u>(1,382,434)</u>	<u>(1,328,772)</u>
Total Unrestricted (Deficit)	<u>\$ (723,508)</u>	<u>\$ (594,017)</u>
	<u>\$5,210,676</u>	<u>\$5,544,420</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, 2018 AND 2017

(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, 2018 AND 2017

(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.

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>
2018	\$67,318	100%	\$67,318
2017	63,953	100%	63,953
2016	58,453	100%	58,453

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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

Public Employees Retirement System (PERS)

At June 30, 2018, the Authority reported a liability of \$1,587,788 for its proportionate share of the net pension liability. 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, which was rolled forward to 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. At June 30, 2017, the Authority's proportion was 0.0068208618 percent, which was an increase of 0.0002411747 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$150,508 for the Authority's proportionate share of the total pension expense. The pension expense recognized in the Authority's financial statement based on the April 1, 2018 billing was \$63,188.

At June 30, 2018, 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	\$318,712	\$319,884
Net difference between projected and actual earnings on pension plan investments	-0-	10,812
Differences between expected and actual experience	-0-	37,387
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-0-	122,324
Contributions subsequent to the measurement date	<u>-0-</u>	<u>33,659</u>
	<u>\$318,712</u>	<u>\$524,066</u>

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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

Public Employees Retirement System (PERS) (Continued)

Other amounts reported by the State as the Authority's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2018	\$67,511
2019	67,511
2020	67,511
2021	(2,406)
2022	(28,431)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. These actuarial valuations used the following assumptions:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Inflation	2.25 Percent	3.08 Percent
Salary Increases (based on age):		
Through 2026	1.65-4.15 Percent	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent	7.65 Percent

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Pre-retirement 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).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 the experience deviates, the larger the impact on future financial statements.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

(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 (7.00% at June 30, 2017 and 7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.74%
Investment Grade Credit	10.00%	1.79%
Public High Yield	2.50%	1.67%
Global Diversified Credit	5.00%	4.56%
Credit Oriented Hedge Funds	1.00%	3.44%
Debt Related Private Equity	2.00%	8.53%
Debt Related Real Estate	1.00%	6.83%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	9.95%
Non-U.S. Developed Market Equity	11.50%	12.40%
Emerging Markets Equity	6.50%	4.68%
Buyouts Venture Capital	8.25%	6.91%
	<u>100.00%</u>	

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

(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 5.00% and 3.98% as of June 30, 2017 and 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65% and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, 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 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 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, 2017 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:

	June 30, 2017		
	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Authority's proportionate share of the pension liability	\$1,969,758	\$1,587,788	\$1,269,559

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). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

(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 24, 2019, 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, 2018, 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.

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%
2016	0.0065796871%	1,948,715	462,435.00	421.40%	40.13%
2017	0.0068208618%	1,587,788	494,260.00	321.25%	48.10%

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

SCHEDULE "R-2"

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

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions in</u> <u>Relation to the</u> <u>Contractually</u> <u>Required</u> <u>Contributions</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Authority's</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions as</u> <u>a Percentage of</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>
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%
2017	63,953	63,953	-0-	462,435.00	13.83%

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, 2018

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 (2.85%) to the current measurement date (3.58%), resulting in a change in the discount rate from 3.98% to 5.00%. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF OPERATING REVENUES
AND COSTS FUNDED BY OPERATING
REVENUES COMPARED TO BUDGET
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018 <u>BUDGET</u>	2018 <u>ACTUAL</u>	2017 <u>ACTUAL</u>
Revenues:			
User Charges and Fees - Lambertville	\$ 1,091,859	\$ 1,357,967	\$ 1,190,197
Service Agreements	720,000	830,595	786,221
Delinquent Penalties	10,000	13,126	12,040
Interest Income	1,000	2,108	247
Miscellaneous Income		61	5,992
Connection Fees	<u>22,000</u>	<u>17,398</u>	<u>34,108</u>
Total Revenues	<u>\$ 1,844,859</u>	<u>\$ 2,221,255</u>	<u>\$ 2,028,805</u>
Expenses:			
Costs of Providing Services:			
Labor	\$ 280,000	\$ 293,987	\$ 278,358
Chemicals:			
Chlorine	15,000	11,421	11,993
Dechlor	10,000	12,428	15,165
Polymer	17,000	12,510	12,965
Digester and Other	15,000	21,601	21,508
Lab	2,000	2,056	2,447
Electricity	125,000	136,036	134,080
Heating Oil	10,000	10,241	4,783
Water	3,000	1,887	2,088
Maintenance:			
Trucks	12,500	17,549	11,613
Plant	22,500	24,428	18,690
Pumping Station	8,000	4,449	9,127
Sewer System	5,000	480	6,145
Equipment Replacement and Repair	20,000	41,999	32,101
Service Contracts	12,000	26,525	16,663
Outside Lab Work	20,000	30,553	12,048
Protective Clothing and Uniforms	11,000	12,747	11,801
Plant Office Expenses	2,000	1,966	1,165
Plant Telephone	5,700	4,897	4,533
Land Rental	300	96	48
Sludge Removal	<u>105,000</u>	<u>92,637</u>	<u>94,066</u>
Total Costs of Providing Services	<u>\$ 701,000</u>	<u>\$ 760,493</u>	<u>\$ 701,387</u>
General and Administrative Expenses:			
Salaries and Wages	\$ 231,000	\$ 228,413	\$ 227,636
Payroll Taxes	44,000	43,655	41,274
Employee Benefits	230,000	221,477	206,879
Authority Member Fees	6,400	6,400	6,400
General Insurance	53,500	53,100	53,067
Professional Services	24,500	29,099	28,592
Engineering Services	8,500	5,005	9,310
Auditing and Accounting	25,000	25,980	24,989
Office Supplies and Expenses	3,000	4,216	2,539
Postage	5,000	4,992	4,554
Telephone	5,500	5,917	5,222
Contributions to Civic Organizations	2,000	2,320	2,275
Dues, Subscriptions and Training	8,000	6,008	5,189
Permits	30,000	25,296	29,188
Computer Expenses	19,000	19,153	18,375
Other	<u>3,000</u>	<u>4,187</u>	<u>4,865</u>
Total General and Administrative Expenses	<u>\$ 698,400</u>	<u>\$ 685,218</u>	<u>\$ 670,354</u>
	1,399,400	1,445,711	1,371,741
Other Costs Funded by Revenues:			
Interest Expense	\$ 70,101	\$ 63,088	\$ 91,136
Principal	367,358	367,359	380,254
Municipal Appropriation	<u>-</u>	<u>72,000</u>	<u>72,000</u>
Total Other Costs	<u>\$ 437,459</u>	<u>\$ 502,447</u>	<u>\$ 543,390</u>
TOTAL COSTS FUNDED BY OPERATING REVENUES	<u>\$ 1,836,859</u>	<u>\$ 1,948,158</u>	<u>\$ 1,915,131</u>
EXCESS (DEFICIENCY) OF REVENUES OVER COSTS	<u>\$ 8,000</u>	<u>\$ 273,097</u>	<u>\$ 113,674</u>

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - JUNE 30, 2018

NJ ENVIRONMENTAL INFRASTRUCTURE TRUST
 SERIES 2002A
MATURITY DATE, JULY 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>	
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>\$ 599,754</u>		<u>\$ 350,000</u>	<u>\$ 249,754</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, 2018

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>
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>\$ 483,945</u>	<u>\$ 285,000</u>	<u>\$ 198,945</u>

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

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - JUNE 30, 2018

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>	
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	<u>190,339</u>	4.00%	<u>130,000</u>	<u>60,339</u>
	\$ <u><u>2,315,932</u></u>		\$ <u><u>1,260,000</u></u>	\$ <u><u>1,055,932</u></u>

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

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF BONDS PAYABLE - JUNE 30, 2018

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>	
2019	\$ 14,000	5.00%	\$ 5,000	\$ 9,000
2020	19,000	5.00%	10,000	9,000
2021	18,000	5.00%	9,000	9,000
2022	18,000	5.00%	9,000	9,000
2023	18,000	5.00%	9,000	9,000
2024	18,000	5.00%	9,000	9,000
2025	18,000	5.00%	9,000	9,000
2026	18,000	5.00%	9,000	9,000
2027	18,000	5.00%	9,000	9,000
2028	10,240	5.00%	8,000	2,240
2029	8,000	5.00%	8,000	-
2030	13,000	5.00%	13,000	-
2031	13,000	5.00%	13,000	-
	<u>\$ 203,240</u>		<u>\$ 120,000</u>	<u>\$ 83,240</u>

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

LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

JUNE 30, 2018

GENERAL COMMENTS AND RECOMMENDATIONS

NONE

