

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE  
TOWNSHIP OF EAST WINDSOR)

FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

NOVEMBER 30, 2015

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

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## INDEPENDENT AUDITORS' REPORTS

## INDEPENDENT AUDITORS' REPORT

To the Honorable Board Members of  
East Windsor Municipal Utilities Authority

### Report on the Financial Statements

We have audited the accompanying financial statements of the East Windsor Municipal Utilities Authority (the "Authority"), a component unit of the Township of East Windsor, as of and for the years ended November 30, 2015 and 2014, 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.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Authority'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.

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## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **Auditors' Responsibility (Continued)**

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of November 30, 2015 and 2014, and the respective changes in financial position and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note L to the financial statements, in 2015 the Authority adopted new accounting guidance Governmental Accounting Standards Board ("GASB") Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No 68. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary comparison schedule and schedule of water and sewer revenue bonds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information, except for the part marked "unaudited," 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 financial statements themselves, and other additional procedures in accordance with

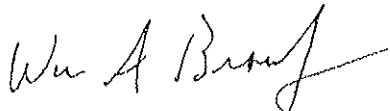
## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Other Information (Continued)

auditing standards generally accepted in the United States of America. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for that portion marked "unaudited," the information is 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 reports dated July 11, 2016 and June 30, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. These reports are an integral part of our audits performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Warren A. Broudy, CPA, CGFM, PSA, CGMA  
Registered Municipal Accountant  
License No. 554

**MERCADIEN, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

July 11, 2016

**INDEPENDENT AUDITORS' 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**

To the Honorable Board Members of  
East Windsor Municipal Utilities Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the East Windsor Municipal Utilities Authority (the "Authority"), as of and for the years ended November 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 11, 2016.

**Internal Control Over Financial Reporting**

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

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

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**INDEPENDENT AUDITORS' 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 (CONTINUED)**

**Internal Control Over Financial Reporting (continued)**

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**

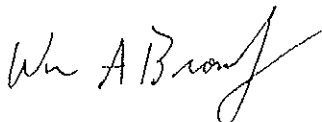
As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current year findings and recommendations as item 2015-001.

**Authority's Response to Finding**

The Authority's response to the finding identified in our audit is described in the accompanying schedule of current year findings and recommendations. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Warren A. Broudy, CPA, CGFM, PSA, CGMA  
Registered Municipal Accountant  
License No. 554

**MERCADIEN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

July 11, 2016



**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
UNAUDITED**

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This section of the annual report presents management's analysis of the East Windsor Municipal Utilities Authority's (the "Authority") financial condition and activities for the year. This information should be read in conjunction with the Authority's financial statements.

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 supplemental 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 capital plan, budget, 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 in 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. The statement presents the Authority's assets and liabilities, with the difference reported as net position. Net position increases and decreases over time, is one indicator of improving or deteriorating financial position of the Authority.

The statement of revenues, expenses and changes in net position presents the results of the business activities over the fiscal year and information as to how net position changed during the fiscal 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. This statement also provides information about the Authority's ability to recover its costs through user fees and other charges.

The statement of cash flows presents changes in cash and cash equivalents resulting from operating activities, investing, capital and non-capital activities. The statement presents cash receipts and disbursements without consideration of the earnings event. This statement shows what sources provided cash, what cash was used for and what the change in cash balance was for the reporting period.

The notes to the financial statements provide required disclosures and other information essential to a complete understanding of information provided in the financial statements. The notes contain information about the Authority's accounting policies, significant account balances and changes, material risks, obligations, commitments, contingencies and subsequent events.

Financial Highlights

Total assets were \$77,177,105 and total liabilities were \$22,122,687 resulting in net position of \$56,419,870 at November 30, 2015. Net position increased by \$655,905 over November 30, 2015.

The Authority's unrestricted net position increased by \$769,170 for the year ended November 30, 2015.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
UNAUDITED**

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Financial Highlights (Continued)

In 2015, the Authority implemented Governmental Accounting Standards Board Statement No. 68 and 71 and recognized a net pension liability of \$5,617,092 and \$4,341,756 as of November 30, 2015 and 2014, respectively.

Operating income was \$976,398 for the year ended November 30, 2015. This was an increase of \$102,588 when compared to the November 30, 2014, operating income of \$873,810.

The increase in operating income resulted in large part from a \$263,834 (24.5%) increase in connection fees realized for the year ended November 30, 2015.

Total revenues from user charges increased by \$2,996 (0.04%) compared to fiscal year ended November 30, 2014.

Miscellaneous income \$210,206 (includes \$140,280 in cell tower rental fees) increased by \$19,699 (10.3%) compared to November 30, 2014.

Operating expenses increased by \$190,718 (2.5%) when compared to November 30, 2014.

Administrative and general expenses increased \$115,657 (12.3%) for the year ended November 30, 2015. Salaries and wages and employee benefits accounted for \$93,335 (80.7%) of this increase.

Cost of providing services expenses increased by \$62,239 (1.4%) for the year ending November 30, 2015. Contracted services decreased by \$142,840 (25.3%). In the budget for the year ending November 30, 2015, the Authority included the second year's appropriation for a multi year program for the maintenance and painting of water standpipes. The contract for this service was not awarded in 2015. Salaries and benefits increased \$242,058 (11.7%), repairs and maintenance expenses, utilities, insurance and other expenses increased \$46,217 (11.3%) and the purchases of materials and supplies decreased \$83,195 (6.1%), as a result of the installation of modern instrumentation, the use of chemicals was reduced in the wastewater process.

Depreciation expense increased \$12,822 (0.06%).

The Authority's outstanding debt at November 30, 2015 was \$14,961,997, a decreased of \$2,186,532 when compared to November 30, 2014. The decrease resulted from payments of \$2,186,532.

Financial Analysis of the Authority

The following tables and other information are provided as key financial data used by management for monitoring and planning purposes.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**UNAUDITED**

Financial Analysis of the Authority (Continued)

Net Position – Table 1 summarizes the changes in net position between November 30, 2015 and 2014.

Table 1  
Condensed Summary of Net Position

	2015	November 30, 2014	2013	2014-2015 Change
<b>Assets:</b>				
Current Assets - Unrestricted	\$ 10,975,731	\$ 10,352,712	\$ 9,679,624	\$ 623,019
Restricted Assets	4,464,177	5,496,637	10,603,208	(1,032,460)
Capital Assets (Net of Depreciation)	61,737,197	63,602,711	65,107,116	(1,865,514)
<b>Total Assets</b>	<b>\$ 77,177,105</b>	<b>\$ 79,452,060</b>	<b>\$ 85,389,948</b>	<b>\$ (2,274,955)</b>
<b>Deferred Outflows of Resources</b>				
Pension	\$ 1,455,764	\$ 587,754	\$ -	\$ 868,010
<b>Total deferred outflows of resources</b>	<b>\$ 1,455,764</b>	<b>\$ 587,754</b>	<b>\$ -</b>	<b>\$ 868,010</b>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Payable from Unrestricted:				
Current Assets	\$ 285,033	\$ 598,977	\$ 441,373	\$ (313,944)
Restricted Assets	2,813,513	3,358,400	3,359,313	(544,887)
Net Pension Liability	5,617,092	4,341,756	-	1,275,336
<b>Non-Current Liabilities</b>	<b>13,407,049</b>	<b>15,717,971</b>	<b>23,263,034</b>	<b>(2,310,922)</b>
<b>Total Liabilities</b>	<b>\$ 22,122,687</b>	<b>\$ 24,017,104</b>	<b>\$ 27,063,720</b>	<b>\$ (1,894,417)</b>
<b>Deferred Inflows of Resources</b>				
Pension	\$ 90,312	\$ 258,745	\$ -	\$ (168,433)
<b>Total deferred inflows of resources</b>	<b>\$ 90,312</b>	<b>\$ 258,745</b>	<b>\$ -</b>	<b>\$ (168,433)</b>
<b>Net Position:</b>				
Invested in Capital Fixed Assets, Net of Revenue Bonds Payable	\$ 46,776,177	\$ 46,918,748	\$ 46,366,380	\$ (142,571)
Restricted for:				
Capital Improvements	3,118,940	2,984,904	1,999,349	134,036
Future Debt Service	770,569	875,299	1,619,894	(104,730)
Unrestricted	5,754,184	4,985,014	8,340,605	769,170
<b>Total Net Position</b>	<b>\$ 56,419,870</b>	<b>\$ 55,763,965</b>	<b>\$ 58,326,228</b>	<b>\$ 655,905</b>

As previously noted, net position may over time serve as a useful measure of an entity's financial position. In the Authority's case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$56,419,870 at November 30, 2015, an increase of \$655,905 for the fiscal year ended November 30, 2015.

The largest portion of the Authority's net position (\$46,776,177 or 77.1% at November 30, 2015) is reflected in its investment in capital assets, as shown on Table 1. These assets are used by the Authority to pump, treat and deliver potable water and for the collection and treatment of wastewater and thus are not available for future spending.

Net position increased by \$655,905 and unrestricted net position increased by \$769,170 in 2015.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
UNAUDITED**

Operating Activities

Table 2 summarizes the changes in revenues, expenses and net position between fiscal years November 30, 2015 and 2014.

	November 30,			2014-2015
	2015	2014	2013	Change
<u>Revenues</u>				
Operating Revenues:				
User Charges	\$ 7,063,285	\$ 7,060,289	\$ 6,931,942	\$ 2,996
Connection Fees	1,340,900	1,077,066	119,045	263,834
Other	251,806	225,330	334,367	26,476
Total Operating Revenues	8,655,991	8,362,685	7,385,354	293,306
Non-Operating Revenues				
Interest Income	30,462	29,913	28,898	549
Capital Contribution - Developers	196,147	1,135,844	3,069,157	(939,697)
Total Non-Operating Revenue	226,609	1,165,757	3,098,055	(939,148)
Total Revenues	8,882,600	9,528,442	10,483,409	(645,842)
Operating Expenses:				
Cost of Providing Services	4,457,522	4,395,283	4,126,544	62,239
Administrative and General	1,053,870	938,214	806,683	115,656
Depreciation	2,168,201	2,155,378	2,255,812	12,823
Total Operating Expenses	7,679,594	7,488,875	7,189,039	190,719
Non-Operating Expenses				
Interest Expense	547,101	589,083	727,196	(41,982)
Total Non-Operating Expenses	547,101	589,083	727,196	(41,982)
Total Expenses	8,226,695	8,077,958	7,916,235	148,737
Change in Net Position	655,905	1,450,484	2,567,174	(794,579)
Net Position, Beginning of Year, as previously reported	-	58,326,228	55,759,054	(58,326,228)
Prior Period Adjustment	-	(4,012,747)	-	4,012,747
Net Position, Beginning of Year, as restated	55,763,965	54,313,481	55,759,054	1,450,484
Net Position, End of the Year	\$ 56,419,870	\$ 55,763,965	\$ 58,326,228	\$ 655,905

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

MANAGEMENT'S DISCUSSION AND ANALYSIS  
UNAUDITED

Operating Activities (Continued)

The summary of revenues, expenses and changes in net position provides information as to the nature and source of changes in financial position. Table 2 shows that total revenues in 2015 decreased by \$645,842 (6.8%) and total expenses increased by \$148,737 (1.8%) compared to 2014.

The items which were responsible for the major changes in net position for the year ended November 30, 2015, included:

Connection fees charged to new customers increased by \$263,834 (24.5%), when compared to 2014.

Capital contributions paid by developers decreased \$935,697 (82.7%) compared to 2014.

Interest expense decreased \$41,982. This was a decrease of 7.1% for the year ended November 30, 2015, when compared to November 30, 2014.

Operating expenses increased \$190,719 (2.6%) compared to 2014.

Capital Assets and Debt Administration

Capital Assets

Table 3 summarizes the changes in capital assets at November 30, 2015 and 2014.

Table 3  
Capital Assets - Net of Depreciation

	November 30,			2014-2015 Change
	2015	2014	2013	
Land, Land Rights and Improvements	\$ 5,048,264	\$ 5,036,704	\$ 5,036,704	\$ 11,560
Buildings and Improvements	21,824,908	21,814,913	21,787,236	9,995
Machinery and Equipment	76,507,879	76,275,218	75,702,595	232,661
Construction in Progress	221,424	172,954	236,252	48,470
	103,602,475	103,299,789	102,762,787	302,686
Less: Accumulated Depreciation	41,865,278	39,697,078	37,655,671	2,168,200
Total Capital Assets, Net of Depreciation	\$ 61,737,197	\$ 63,602,711	\$ 65,107,116	\$ (1,865,514)

At November 30, 2015, the Authority's investment in capital assets was \$103,602,475, an increase of \$302,686 when compared to 2014.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
UNAUDITED

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Debt Outstanding

Table 4 summarizes the changes in debt payable at November 30, 2015 and 2014.

Table 4  
Debt Outstanding

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	November 30,			2014-2015
	2015	2014	2013	Change
Bonds Payable	<u>\$ 14,961,997</u>	<u>\$ 17,148,530</u>	<u>\$ 24,510,400</u>	<u>\$ (2,186,533)</u>

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The Authority's bonded debt was \$14,961,997 at November 30, 2015, a decrease of \$2,186,533 when compared to 2014. Interest on these bonds is paid semi-annually with interest rates ranging from 2.8% to 5.5%. Principal payments on the outstanding debt are due annually with final maturity on August 1, 2029. Additional information on the Authority's long-term debt can be found in Note F in the financial statements.

Next Year's Budget and User Rates

The Authority adopted a \$6,103,205, 2016 operating and maintenance budget, an increase of \$236,950 or 3.8%, compared to 2015 amended budget. Total user fees are budgeted to increase \$360,000 or 5.4% in 2016.

The Authority increased water rates effective December 1, 2013.

The Authority's user rates for water and wastewater will remain the same for the fiscal year November 30, 2016.

The Authority adopted a six year capital program, with their 2016 budget. The capital program includes future projects totaling \$27,735,000. The six year capital program anticipates the use of \$4,085,000 from unrestricted net position to provide funding for anticipated projects.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need any additional information, contact the Authority at 7 Wiltshire Drive, East Windsor, New Jersey 08520 or by telephone at 609-443-6000.

## BASIC FINANCIAL STATEMENTS

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

Exhibit A  
(Page 1 of 2)

STATEMENT OF NET POSITION

	November 30,	
	2015	2014
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 3,718,012.22	\$ 3,079,001.42
Investments	5,791,622.76	5,766,175.92
User Charges Receivable (Net of Allowance for Uncollectible Accounts of None in 2015 and None in 2014)	1,398,844.89	1,460,188.77
Other Receivables	56,433.25	34,007.69
Interest Receivable	10,817.77	13,338.48
Total Current Assets	<u>10,975,730.89</u>	<u>10,352,712.28</u>
Non Current Assets:		
Restricted Assets:		
Cash and Cash Equivalents	4,138,608.31	5,033,047.67
Funds Held by Trustee	325,568.85	463,589.11
Total Restricted Assets	<u>4,464,177.16</u>	<u>5,496,636.78</u>
Capital Assets:		
Land and Land Improvements	5,048,264.32	5,036,704.32
Buildings and Improvements	21,824,907.72	21,814,912.72
Machinery and Equipment	76,507,879.26	76,275,218.22
Construction in Progress	221,424.42	172,954.42
	<u>103,602,475.72</u>	<u>103,299,789.68</u>
Less: Accumulated Depreciation	41,865,278.73	39,697,078.19
Capital Assets (Net)	<u>61,737,196.99</u>	<u>63,602,711.49</u>
Total Assets	<u>\$ 77,177,105.04</u>	<u>\$ 79,452,060.55</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension	\$ 1,455,764.00	\$ 587,754.00
Total Deferred Outflows of Resources	<u>\$ 1,455,764.00</u>	<u>\$ 587,754.00</u>



**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**Exhibit A  
(Page 2 of 2)**

**STATEMENT OF NET POSITION**

	November 30,	
	2015	2014
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 281,283.45	\$ 417,697.54
Customer Meter Deposits	3,750.00	4,400.00
Unearned Revenues	-	176,880.00
Total Current Liabilities	<u>285,033.45</u>	<u>598,977.54</u>
Current Liabilities Payable from Restricted Assets:		
Bonds Payable - New Jersey Environmental Infrastructural Trust	2,239,811.14	2,186,532.35
Accounts Payable - Construction	-	775,000.00
Accrued Interest Payable	148,922.67	91,763.84
Escrow Deposits - Review Fees	424,778.69	305,103.82
Total Current Liabilities Payable from Restricted Assets	<u>2,813,512.50</u>	<u>3,358,400.01</u>
Total Current Liabilities	<u>3,098,545.95</u>	<u>3,957,377.55</u>
Long-Term Liabilities:		
Bonds Payable - New Jersey Environmental Infrastructural Trust	12,722,186.22	14,961,997.36
Compensated Absences Payable	273,297.51	251,452.94
Premium on Bonds	411,565.40	504,520.62
Net Pension Liability	5,617,092.00	4,341,756.00
Total Long-Term Liabilities	<u>19,024,141.13</u>	<u>20,059,726.92</u>
Total Liabilities	<u>\$ 22,122,687.08</u>	<u>\$ 24,017,104.47</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension	\$ 90,312.00	\$ 258,745.00
Total Deferred Inflows of Resources	<u>\$ 90,312.00</u>	<u>\$ 258,745.00</u>
<b>NET POSITION:</b>		
Invested in Capital Assets, Net of Related Bonds Payable	\$ 46,776,177.20	\$ 46,918,748.46
Restricted for Capital Improvements	3,118,939.89	2,984,903.70
Restricted for Future Debt Service	770,568.51	875,298.74
Unrestricted	<u>5,754,184.36</u>	<u>4,985,014.18</u>
Total Net Position	<u>\$ 56,419,869.96</u>	<u>\$ 55,763,965.08</u>

See notes to financial statements.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**Exhibit B**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	Years Ended November 30,	
	2015	2014
Operating Revenues:		
User Charges	\$ 7,063,285.03	\$ 7,060,289.08
Delinquent Penalties	36,064.95	25,722.90
Connection Fees	1,340,900.00	1,077,066.00
Laboratory Fees	5,535.00	9,100.00
Other Income	210,206.40	190,507.09
Total Operating Revenues	<u>8,655,991.38</u>	<u>8,362,685.07</u>
Operating Expenses:		
Salaries, Wages and Benefits	3,098,480.18	2,763,087.57
Contracted Services	592,696.71	744,233.71
Other Operating Expenses	1,820,215.68	1,826,175.47
Depreciation	2,168,200.54	2,155,378.36
Total Operating Expenses	<u>7,679,593.11</u>	<u>7,488,875.11</u>
Operating Income	<u>976,398.27</u>	<u>873,809.96</u>
Non-Operating Revenues (Expenses), Net:		
Interest Income	30,461.58	29,913.36
Interest Expense	(547,101.47)	(589,083.30)
Total Non-Operating Expenses, Net	<u>(516,639.89)</u>	<u>(559,169.94)</u>
Net Income/(Loss) Before Capital Contributions	<u>459,758.38</u>	<u>314,640.02</u>
Capital Contributions:		
Developer Impact Fees	196,146.50	981,624.00
Contribution of Property, Plant and Equipment	-	154,220.00
Total Capital Contributions	<u>196,146.50</u>	<u>1,135,844.00</u>
Net Income	655,904.88	1,450,484.02
Net Position, Beginning of Year, as previously reported	-	58,326,228.06
Prior Period Adjustment	-	(4,012,747.00)
Net Position, Beginning of Year, as restated	<u>55,763,965.08</u>	<u>54,313,481.06</u>
Net Position, End of Year	<u>\$ 56,419,869.96</u>	<u>\$ 55,763,965.08</u>

See notes to financial statements.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**Exhibit C**

**STATEMENT OF CASH FLOWS**

	Years Ended November 30,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipt from Customers	\$ 8,518,029.70	\$ 8,250,130.17
Payments to Suppliers	(4,257,778.44)	(3,335,563.85)
Payments to Employees	(1,904,290.65)	(1,831,491.12)
Customers Meter Deposits	(650.00)	2,397.53
Net Cash Provided by Operating Activities	<u>2,355,310.61</u>	<u>3,085,472.73</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Transferred from Funds Held by Trustee	138,020.26	75,022.26
Purchase of Property, Plant and Equipment	(302,686.04)	(496,754.07)
Principal Payments on Bonds	(2,186,532.35)	(2,131,794.79)
Contributed Capital	196,146.50	981,624.00
Interest Paid on Bonds	(582,897.86)	(817,126.89)
Escrow Deposits	119,674.87	40,404.58
Payment of Debt Issue Costs	-	(2,196.13)
Federal Emergency Assistance Aid Received	-	150,596.41
Net Cash Used for Capital and Related Financing Activities	<u>(2,618,274.62)</u>	<u>(2,200,224.63)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Investments	(6,917,567.41)	(8,322,027.16)
Proceeds from Sale of Investments	6,892,120.57	8,307,939.53
Interest Received	32,982.29	23,225.40
Net Cash Provided by Investing Activities	<u>7,535.45</u>	<u>9,137.77</u>
Net (Decrease)/Increase in Cash and Cash Equivalents	(255,428.56)	894,385.87
Cash and Cash Equivalents, Beginning of Year	8,112,049.09	7,217,663.22
Cash and Cash Equivalents, End of Year	<u>\$ 7,856,620.53</u>	<u>\$ 8,112,049.09</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income	\$ 976,398.27	\$ 873,809.96
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	2,168,200.54	2,155,378.36
Changes in Assets and Liabilities		
User Charges Receivable	61,343.88	(111,743.06)
Other Receivables	(22,425.56)	4,693.16
Unearned Revenues	(176,880.00)	(5,505.00)
Accounts Payable and Accrued Expenses	(911,414.09)	162,907.72
Pension	238,893.00	-
Compensated Absences Payables	21,844.57	3,534.06
Customer Meter Deposits	(650.00)	2,397.53
Total Adjustments	<u>1,378,912.34</u>	<u>2,211,662.77</u>
Net Cash Provided by Operating Activities	<u>\$ 2,355,310.61</u>	<u>\$ 3,085,472.73</u>

See notes to financial statements.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

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**A. DESCRIPTION OF ENTITY**

The East Windsor Municipal Utilities Authority (the "Authority") was created in 1965 by an ordinance of the Township of East Windsor, (the "Township") Mercer County, New Jersey, and is a public body politic and corporate of the State of New Jersey organized and existing pursuant to the Municipal Utilities Authority Law, constituting Chapter 183 of the Laws of 1957, of the State of New Jersey, as amended and supplemented.

The purposes for which the Authority was created include the acquisition and/or construction of water and sewer plants and distribution systems to provide an adequate supply of water and the acquisition and/or construction of sewer facilities incident to the collection and treatment of sewerage for the relief of waters from pollution.

As a public body under existing statute, the Authority is exempt from both federal and state taxes.

The Governmental Accounting Standards Board ("GASB") Statement 14 requires that disclosure be made in the financial statements regarding the financial reporting entity of governmental units.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the primary government is not accountable but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body, and either the primary government is able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The Authority is a component unit of the primary government, the Township of East Windsor. The board of the Authority is appointed by the committee of the Township and under the agreement entered into by the Authority and the Township, the Township will provide for deficits resulting from failure or inability of the Authority to derive adequate revenues from operating the systems.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation and Accounting**

The Authority's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board ("GASB") and other entities that promulgate accounting principles. GASB Statement 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

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**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation and Accounting (Continued)**

governmental entity should apply. Per the Statement, the sources of authoritative generally accepted accounting principles ("GAAP") are categorized in descending order of authority as follows: GASB Statements and Interpretations, GASB Technical Bulletins, GASB Implementation Guides, and literature of the American Institute of Certified Public Accountants ("AICPA") cleared by the GASB. Authoritative GAAP is incorporated periodically into the Codification of Governmental Accounting and Financial Reporting Standards (Codification), and when presented in the Codification, it retains its authoritative status. If the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP described above, a governmental entity should first consider accounting principles for similar transactions or other events within a source of authoritative GAAP described above and then may consider nonauthoritative accounting literature from other sources. These include GASB Concepts Statements; pronouncements and other literature of the Financial Accounting Standards Board ("FASB"), Federal Accounting Standards Advisory Board, International Public Sector Accounting Standards Board, and International Accounting Standards Board, and AICPA literature not cleared by the GASB; practices that are widely recognized and prevalent in state and local government; literature of other professional associations or regulatory agencies; and accounting textbooks, handbooks and articles. All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are: (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. 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 on the statement of net position. Net position (*i.e.*, *total assets net of total liabilities*) is segregated into "invested in capital assets, net of related bonds payable;" "restricted for capital improvements, for future debt service;" and "unrestricted" components. Water and Sewer revenues are recognized based on usage, and connection fees are recognized upon issuance of permits. Expenses are recorded when incurred.

**Cash Equivalents and Deposits**

Cash and cash equivalents, for purposes of the statement of cash flows, include restricted and unrestricted cash on hand or on deposit, certificates of deposit, and investments with a original maturity of three months or less.

**Investments**

Investments are stated at cost which approximates market. At November 30, 2015 and 2014, the Authority had investments in the amount of \$5,791,622.76 and \$5,766,175.92, respectively.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

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**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restricted Assets**

Restricted assets represent cash and cash equivalents, investments and interest receivable maintained in accordance with bond resolutions, loan agreements and other resolutions and formal actions of the Authority or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities, and improvements and extensions to the utility systems.

**Receivables**

Customer receivables represent service fees earned, but not yet collected. User charges receivable as of November 30, 2015 and 2014, were \$1,398,844.89 and \$1,460,188.77, respectively.

**Allowance for Doubtful Accounts**

Management considers all user charges receivable to be fully collectible; thus no allowance for doubtful accounts is required, if amounts become uncollectible, they will be charged to operations when that determination is made.

**Funds Held by Trustee**

The net proceeds from the series 2009 subordinated revenue bonds, received on November 6, 2008, and the series 2010 subordinated revenue bonds, received March 10, 2010, were placed with the Bank of New York.

The projects which were funded by these revenue bonds were certified completed during the year ended November 30, 2014, and the remaining monies were deposited into an escrow account for payment in 2018, by the Trustee, when bonds maturing in years 2021 through 2023 can be called for redemption.

At November 30, 2015 and 2014, the Authority had \$325,568.85 and \$463,589.11, respectively, held by the Trustee from the 2009 and 2010 New Jersey Environmental Infrastructure Trust and Loan Program. These funds will be used to make interest and principal payments on the revenue bonds during the years ending November 30, 2016 through November 30, 2018.

See additional comments included under "Long-Term Debt."

**Developer Contributions**

Developer contributions received are recorded in the period received. Developer financed construction is recorded in the period in which applicable costs are incurred. Donated assets are recorded at fair market value at time of the contribution.

**Capital Assets**

Property, Plant and Equipment are stated at cost, which includes direct costs and other expenditures related to their acquisition.

System construction costs are charged to construction in progress until such time as given segments of the system are completed and put in operation.

Depreciation is determined on a straight-line basis for all property, plant and equipment.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

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**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

Building and Improvements	10-75 Years
Land Improvements	5-40 Years

**Machinery and Equipment**

Water and Sewer Mains and Interceptors	5-75 Years
Water Wells and Pump Stations	5-50 Years
Other Equipment	5-40 Years
Office Furniture and Equipment	5-15 Years
Vehicles	5-10 Years

The Authority capitalizes any of the above with cost over \$5,000.

**Bond Premium**

Bond premium is amortized based on pro-rata basis of the principal payments made, which approximates the effective interest method. Bond premium as of November 30, 2015 and 2014, was \$411,565.40 and \$504,520.62, respectively.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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.

**Budgets**

Budgets, which are required by state statute, are adopted in accordance with regulations promulgated by the Department of Community Affairs ("DCA"). An annual appropriated budget is adopted for the operations of the Authority, subject to approval by the DCA. A capital program adopted by the Authority is management's six year plan for financing the estimated cost of addition or replacement of major fixed assets used in the Authority's operation.

**Net Position**

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

- 1) Net Investment 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.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

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**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position (Continued)**

Presently, the Authority has two items of restricted net position which is required by the bond resolution. These restrictions are for capital improvements and future debt services.

- 3) Unrestricted - any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

**Interest Expense**

The Authority capitalizes the interest costs of restricted tax-exempt borrowings during the construction/acquisition period of certain qualifying assets as required by Financial Accounting Standards Board (FASB) Statement No. 34, "Capitalization of Interest Costs." The amount of interest expense is reduced by interest earned on the investment of the borrowed funds in accordance with FASB Statement No. 62, "Capitalization of Interest Costs in Situations Involving Certain Tax Exempt Borrowings and Certain Gifts and Grants."

**Compensated Absences Payable**

The Authority allows employees to earn vacation time based on the employee's length of service and time worked during the preceding year. No more than five unused vacation days may be carried forward to the following calendar year.

Unused sick leave may be carried forward into subsequent calendar years. Upon retirement, accumulated sick leave may be converted to a cash payment at a rate of not more than 50% of the employee's current hourly salary up to a maximum of \$15,000. If the employee leaves for reason other than retirement, unused sick pay is forfeited.

It is estimated that the costs of unpaid vacation time and sick time as of November 30, 2015, are \$77,579.97 and \$195,717.54, respectively, and as of November 30, 2014, are \$53,864.37 and \$197,588.57, respectively.

**Income Taxes**

No provision for income taxes has been made, as the Authority is exempt from federal and state income taxes.

**Unearned Revenue**

Revenues received by the Authority before the earnings process has been completed are recorded as unearned revenue. Unearned revenue as of November 30, 2015 and 2014, was \$0 and \$176,880.00, respectively.

**New Accounting Pronouncement**

The Governmental Accounting Standards Board issued Statement No. 72, "Fair Value Measurement and Application" effective for financial statements for periods beginning after June 15, 2015. The standard describes how fair value should be defined and measured, the



**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

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**B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Pronouncement (Continued)**

use of various valuation techniques, and which information about fair value should be disclosed in the notes to the financial statements. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard also states that investments generally should be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit, and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. However, certain investments, such as money market investments, continue to be excluded from measurement at fair value. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment. Statement No. 72 requires measurement as acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement. These assets previously were required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). The Authority is currently evaluating the impact of this Statement on the financial statements.

**C. ROUNDING**

Some amounts in the financial statements may have dollar differences due to rounding.

**D. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include petty cash, change funds, cash in banks, and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost which approximates fair value. U.S. Treasury and agency obligations and certificates of deposit with maturities of 90 days or less when purchased are stated at cost which approximate fair value. All other investments are stated at fair value.

**Deposits**

Cash and cash equivalents and investments include amounts on deposit, petty cash, change funds and short-term investments with original maturities of three months or less.

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

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS

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**D. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include state or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured.

Each depository participating in the GUDPA system must pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million. The minimum 5% pledge applies to institutions that are categorized as "well capitalized" by Federal banking standards. The percentage of the required pledge will increase for institutions that are less than "well capitalized".

GUDPA permits the deposit of public funds in the State of New Jersey Cash Management Fund or in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation ("FDIC") or by any other agencies of the United States that insure deposits. GUDPA requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

No collateral is required for amounts covered by FDIC or National Credit Union Share Insurance Fund ("NCUSIF") insurance. The collateral which may be pledged to support these deposits includes obligations of the state and federal governments, insured securities and other collateral approved by the Department of Banking and Insurance. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged.

If a governmental depository fails and the FDIC or NCUSIF does not insure or pay out the full amount of public deposits, the collateral pledged to protect these funds would first be liquidated and paid out. If this amount is insufficient, other institutions holding public funds would be assessed pro rata up to 4% of their uninsured public funds. Although these protections do not constitute a 100% guarantee of the safety of all funds, no governmental unit under GUDPA has ever lost protected deposits.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

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**D. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments**

N.J.S.A. 40A:5-15.1 provides that public funds may be invested in the following types of securities when authorized by resolution adopted by a majority vote of all its members:

- a. Bonds or other obligations of the United States of American or obligations guaranteed by the United States of America.
- b. Government Money Market Mutual Funds.
- c. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an Act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- d. Bonds or other obligations of the Township, or bonds or other obligations of the school districts of which the Township is a part or within which the school district is located.
- e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local Government Investment Pools.
- g. Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, C. 281 (C.52:18A:90.4).
- h. Agreements for the repurchase of fully collateralized securities if certain requirements apply.

N.J.S.A.52:18A-90.4 provides that the Director of the Division of Investment may, subject to the approval of the State Investments Council and the State Treasurer, establish, maintain and operate a common trust fund to be known as the State of New Jersey Cash Management Fund in which may be deposited the surplus public moneys of the state, its counties, municipalities and school districts and the agencies or authorities created by any of these entities. This fund shall be considered a legal depositor for public moneys.

Certificates of deposit with original maturities in excess of 90 days are included in investments.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

**D. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

The Authority's investments carried at fair value as of November 30, 2015, were:

Investment Type	Fair Value	Years	
		Less Than 1	1-5
Certificate of Deposits	\$ 5,791,622.76	\$ 2,071,798.52	\$ 3,719,824.24
Total Investments	5,791,622.76	\$ 2,071,798.52	\$ 3,719,824.24

Bank	Carrying Amount
Fulton Bank	5,351,932.42
BONY	2,366,633.68
Wells Fargo	137,829.43
Cash on Hand	225.00
Total Cash and Cash Equivalents	7,856,620.53

Total Cash and Cash Equivalents and Investments	\$ 13,648,243.29
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The Authority's investments carried at fair value as of November 30, 2014, were:

Investment Type	Fair Value	Years	
		Less Than 1	1-5
Certificate of Deposits	\$ 5,766,175.92	\$ 795,414.83	\$ 4,970,761.09
Total Investments	5,766,175.92	\$ 795,414.83	\$ 4,970,761.09

Bank	Carrying Amount
Fulton Bank	5,618,023.43
BONY	2,330,771.48
Wells Fargo	163,029.18
Cash on Hand	225.00
Total Cash and Cash Equivalents	8,112,049.09

Total Cash and Cash Equivalents and Investments	\$ 13,878,225.01
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**Custodial Credit Risk Related to Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. Although the Authority does not have a formal policy for custodial credit risk, other than those policies that adhere to the requirements of statute, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the FDIC. Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust fund such as salary withholdings and funds that may pass to the authority relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY**  
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**NOTES TO FINANCIAL STATEMENTS**

**D. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk Related to Deposits (Continued)**

At November 30, 2015 and 2014, the Authority's bank balances of \$13,610,472.43 and \$13,957,249.60, respectively, were insured and collateralized as follows:

	November 30,	
	2015	2014
Insured and Collateralized	\$ 637,829.43	\$ 663,029.00
Uninsured and Collateralized	12,972,643.00	13,294,220.60
	<u>\$ 13,610,472.43</u>	<u>\$ 13,957,249.60</u>

**E. PROPERTY, PLANT AND EQUIPMENT**

	Balance November 30, 2014	Additions	Deletions	Balance November 30, 2015
Land and Land Improvements	\$ 5,036,704.32	\$ 11,560.00	\$ -	\$ 5,048,264.32
Buildings and Improvements	21,814,912.72	9,995.00	-	21,824,907.72
Machinery and Equipment	76,275,218.22	232,661.04	-	76,507,879.26
Construction in Progress	172,954.42	48,470.00	-	221,424.42
	<u>103,299,789.68</u>	<u>302,686.04</u>	<u>-</u>	<u>103,602,475.72</u>
Less: Accumulated Depreciation	39,697,078.19	2,168,200.54	-	41,865,278.73
	<u>\$ 63,602,711.49</u>	<u>\$ (1,865,514.50)</u>	<u>\$ -</u>	<u>\$ 61,737,196.99</u>

	Balance November 30, 2013	Additions	Deletions	Balance November 30, 2014
Land and Land Improvements	\$ 5,036,704.32	\$ -	\$ -	\$ 5,036,704.32
Buildings and Improvements	21,787,235.96	27,676.76	-	21,814,912.72
Machinery and Equipment	75,702,595.23	686,594.99	113,972.00	76,275,218.22
Construction in Progress	236,252.10	326,972.73	390,270.41	172,954.42
	<u>102,762,787.61</u>	<u>1,041,244.48</u>	<u>504,242.41</u>	<u>103,299,789.68</u>
Less: Accumulated Depreciation	37,655,671.83	2,155,378.36	113,972.00	39,697,078.19
	<u>\$ 65,107,115.78</u>	<u>\$ (1,114,133.88)</u>	<u>\$ 390,270.41</u>	<u>\$ 63,602,711.49</u>

Included in property, plant and equipment and accounts payable – construction balance at November 30, 2014, is \$775,000.00, the estimated amount due to the New Jersey Turnpike Authority for the construction associated with the installation of a water main. The New Jersey Turnpike Authority and the Authority entered into an agreement and the Authority adopted a resolution on June 16, 2011, wherein they agreed to be responsible for the payment of the entire cost of the water main including the engineering design and construction management costs a sum not to exceed one million one hundred thousand (\$1,100,000.00) dollars. A construction contract was awarded by the New Jersey Turnpike Authority in July 2011 in the amount of \$775,000.00. The construction of the water main was completed November 30, 2013, and final payment was made to the New Jersey Turnpike Authority on November 19, 2015, in the amount of \$841,316.17.

During the fiscal year ended November 30, 2014, one residential development was completed including water and wastewater improvements in the amount of \$154,220.00.

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**NOTES TO FINANCIAL STATEMENTS**

**E. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

These improvements were contributed to the East Windsor Municipal Utilities Authority and are included in capital assets at fair market value at time of contribution.

November 30, 2015

There were no contributed Capital Assets in 2015.

November 30, 2014

	Water	Wastewater	Total
Equipment	\$ 38,555.00	\$ 115,665.00	\$ 154,220.00
Total	\$ 38,555.00	\$ 115,665.00	\$ 154,220.00

**F. LONG TERM DEBT**

The Authority issues revenue bonds to provide funds for the acquisition and construction of capital facilities.

Revenue bonds currently outstanding are as follows:

November 30,	
2015	2014

Series 2009 Subordinated Revenue Bonds – On November 6, 2008, loan agreements were executed between the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection and the New Jersey Environmental Infrastructure Trust whereby commitments were made for the Authority to have loans not to exceed \$29,866,220.00. The loan agreements contain provisions for repayment during the years 2011 through 2023. Provision has been made for the capitalization of interest for the first twenty-two months of all bonds issued. The interest rate for the New Jersey Environmental Trust portion of the loans (\$16,980,000.00) ranges between 5.0% and 5.50%, no interest is paid on the Fund portion of the loans (\$12,686,220.00).

The Authority received notice in a letter dated February 12, 2014, from the State of New Jersey Department of Environmental Protection that the remaining fund share of the loan in the amount of \$2,650,076.00 would be de-obligated and that pursuant to P.L. 2008 Chapter 68 appropriated application to reduce the amount of fund loan for this project would be made by the Commissioner of the New Jersey Department of Environmental Protection. Included with this letter was a revised fund loan repayment schedule reducing the loan payment for August 1, 2019 by \$298,842.28 and eliminating total payments from February 1, 2020 through August 1, 2023, in the amount of \$2,351,233.72.

In addition, the Authority received another notification from the New Jersey Environmental Infrastructure Trust (NJEIT) dated

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NOTES TO FINANCIAL STATEMENTS

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F. LONG TERM DEBT (CONTINUED)

August 5, 2014, stating that the Authority had received on February 12, 2014, notification of a final loan decrease from the Department of Environmental Protection based upon project completion. The notice indicated that in accordance with section 5.02(4)(a) of the Bond Resolution, the remaining funds in the East Windsor Municipal Utilities Loan Account were included in a current defeasance completed on July 18, 2014, by the NJEIT.

Included with this notice was a revised trust loan repayment schedule reducing the future principal payments on August 1, 2021 by \$730,000.00, August 1, 2022 by \$900,000.00, and August 1, 2023 by \$950,000.00, for a total reduction of \$2,580,000.00.

Funds in the amount of \$3,058,433.66 were deposited in the Defeasance account established with The Bank of New York Mellon, as Trustee. These funds shall be invested (in securities which are state and local government securities) and transferred to the Debt Service Fund in the amounts and at times set forth in accordance with section 5.02(4)(a) of the Bond Resolution.

The trust irrevocably instructs the trustee to apply the principal of and interest earned on the defeasance securities through and including the redemption date to the payment of (i) all of the interest due from September 1, 2014 through the redemption date September 1, 2018, and (ii) all of the outstanding principal to be defeased that will be outstanding on the redemption date (\$2,580,000.00).

\$14,267,582.30    \$16,410,585.02

Series 2010 Subordinated Revenue Bonds - On March 10, 2010, loan agreements were executed between the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection and the New Jersey Environmental Infrastructure Trust whereby commitments were made for the Authority to have loans not to exceed \$889,220.00. In addition to the loan amounts, the Authority was awarded \$878,440.00 in a Federal Stimulus Grant under the American Recovery and Reinvestment Act of 2009. The funds will be used for improvements and upgrades to the Millstone Road Water Pollution Control Facility. The loan agreements contain provisions for repayment during the years 2011 through 2029. Provision has been made for the capitalization of interest for the first twenty-two months of all bonds issued. The interest rate for the New Jersey Environmental Trust portion of the loan, \$450,000.00, ranges between 3.00% to 5.0%, no interest is paid on the Fund portion of the loans totaling \$439,220.00.

694,415.06

737,944.69

The Authority was notified in November 2014 that the project funded by this series of revenue bonds was certified complete and that the remaining funds in the project fund (\$52,944.00)

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**NOTES TO FINANCIAL STATEMENTS**

**F. LONG TERM DEBT (CONTINUED)**

would be held by the US Bank and be applied against the project's loan repayments. Based on conservative estimates of interest earnings it is anticipated that there will be sufficient funds available to make full payments towards the February 2015 through February 2016 debt service payments and a partial payment toward the August 2016 debt service payment.

	14,961,997.36	17,148,529.71
Less: Current Portion	<u>2,239,811.14</u>	<u>2,186,532.35</u>
Long Term Debt	<u>\$12,722,186.22</u>	<u>\$14,961,997.36</u>

A summary of maximum annual Debt Service for principal and interest for bonded debt issued and outstanding at November 30, 2015, is provided below (maximum debt service shall be reduced by allocable interest income credits from the various funds established in accordance with the New Jersey Wastewater Treatment Trust resolution):

<u>Year Ending</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>
November 30, 2016	\$ 2,733,436.14	\$ 2,239,811.14	\$ 493,625.00
November 30, 2017	2,731,187.07	2,299,562.07	431,625.00
November 30, 2018	2,731,650.67	2,365,025.67	366,625.00
November 30, 2019	2,433,300.77	2,134,925.77	298,375.00
November 30, 2020	2,144,387.15	1,921,037.15	223,350.00
November 30, 2021-2025	4,081,291.80	3,782,516.80	298,775.00
November 30, 2026-2029	<u>231,768.76</u>	<u>219,118.76</u>	<u>12,650.00</u>
	<u>\$ 17,087,022.36</u>	<u>\$ 14,961,997.36</u>	<u>\$ 2,125,025.00</u>

A summary of the activity in the Authority's principal portion of its debt is as follows:

	<u>Balance November 30, 2014</u>	<u>Principal Payments</u>	<u>Cancelled/ Defeasance</u>	<u>Balance November 30, 2015</u>
Series 2009 Subordinated Revenue Bonds	\$16,410,585.02	\$2,143,002.75	\$ -	\$14,267,582.30
Series 2010 Subordinated Revenue Bonds	<u>737,944.69</u>	<u>43,529.63</u>	<u>-</u>	<u>694,415.06</u>
	<u>\$17,148,529.71</u>	<u>\$2,186,532.35</u>	<u>\$ -</u>	<u>\$14,961,997.36</u>
	<u>Balance November 30, 2013</u>	<u>Principal Payments</u>	<u>Cancelled/ Defeasance</u>	<u>Balance November 30, 2014</u>
Series 2009 Subordinated Revenue Bonds	\$23,728,926.18	\$2,088,265.16	\$5,230,076.00	\$16,410,585.02
Series 2010 Subordinated Revenue Bonds	<u>781,474.32</u>	<u>43,529.63</u>	<u>-</u>	<u>737,944.69</u>
	<u>\$24,510,400.50</u>	<u>\$2,131,794.79</u>	<u>\$5,230,076.00</u>	<u>\$17,148,529.71</u>



**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS**

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**G. PENSION PLAN**

**Simplified Employee Pension Plan**

The Authority has a Simplified Employee Pension Plan ("SEP") available for all its employees. Employees are 100% vested in the SEP/IRA contribution at all times. The Authority did not make contributions to the plan in 2015 or 2014.

**Pension and Retirement Plans**

Full-time employees of the Authority are covered by the Public Employees' Retirement System of the State of New Jersey ("PERS"). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of PERS and charges employers annually for their respective contributions. PERS provides retirement and disability benefits, annual cost of living adjustments and benefits to plan members and beneficiaries. PERS is a cost-sharing, multiple-employer defined benefit plan and, as such, does not maintain separate records for each employer in the state; therefore, the actuarial data for the Authority is not available. The Division of Pensions issues a publicly available financial report for PERS, including financial statements and required supplementary information. Please refer to State website [www.state.nj.us](http://www.state.nj.us) for more information regarding the plan. The PERS financial report may be obtained by writing to the State of New Jersey, Department of The Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

As a condition of employment, all Authority full-time employees are required to be members of PERS. A member may retire on a service retirement allowance as early as age 60; no minimum service is required. The formula for benefits is an annual allowance in the amount equal to years of service, divided by 55, times the final average salary. For a few employees hired after July 1, 2008, the formula changes and years of service is divided by 62, times the final average salary. Final average salary means the average of the salaries received by the member for the last three years of creditable membership service preceding retirement or the highest three fiscal years of membership service, whichever provides the largest benefit. Pension benefits fully vest on reaching 10 years of service. Vested employees who have established 25 years or more of creditable service may retire without penalty or after age 55 and receive full retirement benefits. PERS also provides death and disability benefits. Benefits are established by State statute.

Covered Authority employees are required by PERS to contribute 6.64% of their salaries. State statute requires the Authority to contribute the remaining amounts necessary to pay benefits when due. The amount of the Authority's contribution is certified each year by PERS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest.

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**NOTES TO FINANCIAL STATEMENTS**

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**G. PENSION PLAN (CONTINUED)**

**Plan Description**

PERS is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report ("CAFR") which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

**Benefits Provided**

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

**Contributions**

The contribution requirements of PERS plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the PERS were required to contribute 5.00% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.50% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.00% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012, and increases each subsequent July 1. The active member effective contribution rates were July 1, 2014, 6.92%, July 1, 2013, 6.78%, and July 1, 2012, 6.64%. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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**NOTES TO FINANCIAL STATEMENTS**

**G. PENSION PLAN (CONTINUED)**

**Contributions (Continued)**

The Authority is billed annually for its normal contribution plus any accrued liability. Contributions to PERS from the Authority were \$191,173 and \$162,593 for the years ended June 30, 2015 and 2014, respectively.

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

At June 30, 2015 and 2014, the Authority had a liability of \$5,617,092 and \$4,341,756 respectively, for its proportionate share of the net pension liability in PERS. 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 members of the plan, actuarial determined. At June 30, 2015 and 2014, the Authority's proportion was 0.0250226872% and 0.0231897555%, respectively, which was an increase of 0.0018% from its proportion measured as of June 30, 2014, and an increase of 0.0016% from its proportion measured as of June 30, 2013, respectively.

	PERS			
	2015		2014	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 134,004.00	\$ -	\$ -	\$ -
Changes in assumptions	603,231.00	-	136,528.00	-
Net difference between projected and actual investment earnings on pension plan investments	-	90,312.00	-	258,745.00
Changes in proportion and differences between Agency contributions and proportionate share of contributions	503,401.00	-	260,053.00	-
Authority contributions subsequent to the measurement date	215,128.00	-	191,173.00	-
	<u>\$ 1,455,764.00</u>	<u>\$ 90,312.00</u>	<u>\$ 587,754.00</u>	<u>\$ 258,745.00</u>

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
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NOTES TO FINANCIAL STATEMENTS

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**G. PENSION PLAN (CONTINUED)**

\$215,128 and \$191,173 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2015 and 2014, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2016	\$	117,773
2017		117,773
2018		117,773
2019		187,572
2020		106,034
	\$	<u>646,923</u>

**Actuarial Assumptions**

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary increases: 2012-2021 (based on age)	2.15-4.40%
Salary increases: thereafter (based on age)	3.15-5.40%
Investment rate of return	7.90%

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

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 Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return of each major asset class included in PERS's target asset allocation as of June 30, 2015 and 2014, are summarized in the following table:

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**NOTES TO FINANCIAL STATEMENTS**

**G. PENSION PLAN (CONTINUED)**

Asset Class	2015		2014	
	Target 2015	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%	1.00%	2.49%
Investment Grade Credit	10.00%	1.79%	0.00%	0.00%
Intermediate - Term Bonds	0.00%	0.00%	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 US Equities	27.25%	8.25%	25.90%	8.22%
Developed Foreign Equities	12.00%	4.72%	12.25%	4.92%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Hedge Funds/Absolute Return	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%
Global Debt ex US	3.50%	-0.40%	0.00%	0.00%
REIT	4.25%	5.12%	0.00%	0.00%

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. The 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 3.80% 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 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 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.

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**NOTES TO FINANCIAL STATEMENTS**

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**H. SERVICE CONTRACTS WITH EAST WINDSOR**

In accordance with terms of the Service Contract dated June 1, 1965, as amended, between the Authority and the Township of East Windsor, the Township will pay service charges to the Authority of a sum equal to the excess (if any) of all expenditures of the water/sewer fund of the Authority over water/sewer fund receipts of the Authority for any fiscal year.

No amounts have been accrued or paid by the Township to the Authority under the terms of the service contract through the fiscal years ended November 30, 2015 and 2014.

**I. DEVELOPERS' AGREEMENTS (WATER AND SEWER FACILITIES TRUST ACCOUNT)**

The Authority has negotiated Capacity Allocation and Developer's On-Tract and Off-Tract Agreements and an Agreement for Payment in Lieu of Construction of a Satellite Treatment Plant with various developers. The Authority will receive a total of \$13,484,275.98 of cash and construction in kind, with respect to these agreements. As of November 30, 2015 and 2014, the Authority had received \$11,628,786.35 and \$11,432,639.85, respectively, in cash and construction in kind. These funds are restricted for capital improvements. Cash restricted for capital improvements at November 30, 2015 and 2014, is \$3,115,725.41 and \$3,759,904.36, respectively.

**J. RISK MANAGEMENT**

The Authority is exposed to various risks of losses related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There was no reduction in commercial coverage during the year.

**K. LITIGATION**

The Authority is a defendant in a matter under litigation. In the opinion of the Authority's management, this matter will not have a material adverse effect on the financial position of the Authority in the event of unfavorable or adverse outcome.

**L. PRIOR PERIOD ADJUSTMENT**

During fiscal year ended November 30, 2015, there was a change in accounting and financial reporting as a result of GASB Statement No. 68 Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 and Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68. This Statement establishes accounting and financial reporting standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expenses/expenditures. GASB Statement No. 68 and 71 are retroactive to the prior reporting period. The adjustment is detailed as follows:

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NOTES TO FINANCIAL STATEMENTS

L. PRIOR PERIOD ADJUSTMENT (CONTINUED)

STATEMENT OF NET POSITION

	November 30, 2014		
	Previously Reported	Prior Period Adjustment	Restated
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 3,079,001.42	\$ -	\$ 3,079,001.42
Investments	5,766,175.92	-	5,766,175.92
User Charges Receivable (Net of Allowance for Uncollectible Accounts of None in 2015 and None in 2014)	1,460,188.77	-	1,460,188.77
Other Receivables	34,007.69	-	34,007.69
Interest Receivable	13,338.48	-	13,338.48
Total Current Assets	<u>10,352,712.28</u>	<u>-</u>	<u>10,352,712.28</u>
Non Current Assets:			
Restricted Assets:			
Cash and Cash Equivalents	5,033,047.67	-	5,033,047.67
Funds Held by Trustee	463,589.11	-	463,589.11
Total Restricted Assets	<u>5,496,636.78</u>	<u>-</u>	<u>5,496,636.78</u>
Capital Assets:			
Land and Land Improvements	5,036,704.32	-	5,036,704.32
Buildings and Improvements	21,814,912.72	-	21,814,912.72
Machinery and Equipment	76,275,218.22	-	76,275,218.22
Construction in Progress	172,954.42	-	172,954.42
	<u>103,299,789.68</u>	<u>-</u>	<u>103,299,789.68</u>
Less: Accumulated Depreciation	39,697,078.19	-	39,697,078.19
Capital Assets (Net)	<u>63,602,711.49</u>	<u>-</u>	<u>63,602,711.49</u>
Total Assets	<u>\$ 79,452,060.55</u>	<u>\$ -</u>	<u>\$ 79,452,060.55</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	\$ -	\$ 587,754	\$ 587,754
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ 587,754</u>	<u>\$ 587,754</u>

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

**L. PRIOR PERIOD ADJUSTMENT (CONTINUED)**

**STATEMENT OF NET POSITION (CONTINUED)**

	November 30, 2014		
	Previously Reported	Prior Period Adjustment	Restated
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 417,697.54	\$ -	\$ 417,697.54
Customer Meter Deposits	4,400.00	-	4,400.00
Unearned Revenues	176,880.00	-	176,880.00
Total Current Liabilities	<u>598,977.54</u>	<u>-</u>	<u>598,977.54</u>
Current Liabilities Payable from Restricted Assets:			
Bonds Payable - New Jersey Environmental Infrastructural Trust	2,186,532.35	-	2,186,532.35
Accounts Payable - Construction	775,000.00	-	775,000.00
Accrued Interest Payable	91,763.84	-	91,763.84
Escrow Deposits - Review Fees	305,103.82	-	305,103.82
Total Current Liabilities Payable from Restricted Assets	<u>3,358,400.01</u>	<u>-</u>	<u>3,358,400.01</u>
Total Current Liabilities	<u>3,957,377.55</u>	<u>-</u>	<u>3,957,377.55</u>
Long-Term Liabilities:			
Bonds Payable - New Jersey Environmental Infrastructural Trust	14,961,997.36	-	14,961,997.36
Compensated Absences Payable	251,452.94	-	251,452.94
Premium on Bonds	504,520.62	-	504,520.62
Net Pension Liability	-	4,341,756.00	4,341,756.00
Total Long-Term Liabilities	<u>15,717,970.92</u>	<u>4,341,756.00</u>	<u>20,059,726.92</u>
Total Liabilities	<u>19,675,348.47</u>	<u>-</u>	<u>19,675,348.47</u>
Net Position:			
Invested in Capital Assets, Net of Related Bonds Payable	46,918,748.46	-	46,918,748.46
Restricted for Capital Improvements	2,984,903.70	-	2,984,903.70
Restricted for Future Debt Service	875,298.74	-	875,298.74
Unrestricted	<u>8,997,761.18</u>	<u>(4,012,747.00)</u>	<u>4,985,014.18</u>
Total Net Position	<u>\$ 59,776,712.08</u>	<u>\$ (4,012,747.00)</u>	<u>\$ 55,763,965.08</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	\$ -	\$ 258,745	\$ 258,745
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 258,745</u>	<u>\$ 258,745</u>



**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**NOTES TO FINANCIAL STATEMENTS**

**L. PRIOR PERIOD ADJUSTMENT (CONTINUED)**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
	November 30, 2014		
	Previously Reported	Prior Period Adjustment	Restated
Operating Revenues:			
User Charges	\$ 7,060,289.08	\$ -	\$ 7,060,289.08
Delinquent Penalties	25,722.90	-	25,722.90
Connection Fees	1,077,066.00	-	1,077,066.00
Laboratory Fees	9,100.00	-	9,100.00
Other Income	190,507.09	-	190,507.09
Total Operating Revenues	<u>8,362,685.07</u>	<u>-</u>	<u>8,362,685.07</u>
Operating Expenses:			
Salaries, Wages and Benefits	2,763,087.57	-	2,763,087.57
Contracted Services	744,233.71	-	744,233.71
Other Operating Expenses	1,826,175.47	-	1,826,175.47
Depreciation	2,155,378.36	-	2,155,378.36
Total Operating Expenses	<u>7,488,875.11</u>	<u>-</u>	<u>7,488,875.11</u>
Operating Income	<u>873,809.96</u>	<u>-</u>	<u>873,809.96</u>
Non-Operating Revenues (Expenses), Net:			
Interest Income	29,913.36	-	29,913.36
Interest Expense	(589,083.30)	-	(589,083.30)
Total Non-Operating Expenses, Net	<u>(559,169.94)</u>	<u>-</u>	<u>(559,169.94)</u>
Net Income Before Capital Contributions	<u>314,640.02</u>	<u>-</u>	<u>314,640.02</u>
Capital Contributions:			
Developer Impact Fees	981,624.00	-	981,624.00
Contribution of Property, Plant and Equipment	154,220.00	-	154,220.00
Total Capital Contributions	<u>1,135,844.00</u>	<u>-</u>	<u>1,135,844.00</u>
Net Income	<u>1,450,484.02</u>	<u>-</u>	<u>1,450,484.02</u>
Net Position, Beginning of Year	<u>58,326,228.06</u>	<u>(4,012,747.00)</u>	<u>54,313,481.06</u>
Net Position, End of Year	<u>\$ 59,776,712.08</u>	<u>\$ (4,012,747.00)</u>	<u>\$ 55,763,965.08</u>

## SUPPLEMENTARY INFORMATION

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

Schedule 1  
(Page 1 of 2)

**BUDGETARY COMPARISON SCHEDULE**

For the Year Ended November 30, 2015

With Comparative Actual Amounts for the Year Ended November 30, 2014

	2015 Water		2015 Sewer		2015 Combined		2014 Combined	
	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual
<b>Operating Revenues:</b>								
Retained Earnings Appropriated	\$ 1,741,899.00	\$ 1,741,899.00	\$ 606,828.00	\$ 606,828.00	\$ 2,348,727.00	\$ 2,348,727.00	\$ 2,453,643.00	
User Charges	2,790,900.00	2,981,013.21	3,924,100.00	4,082,271.82	6,715,000.00	7,063,285.03	7,060,289.08	
Delinquent Penalties	10,610.00	14,210.72	15,890.00	21,854.23	26,500.00	36,064.95	25,722.90	
Connection Fees	165,585.00	360,623.00	434,898.00	980,277.00	600,483.00	1,340,900.00	1,077,066.00	
Laboratory Fees	-	-	8,680.00	5,535.00	8,680.00	5,535.00	9,100.00	
Interest Income	7,500.00	12,184.63	7,500.00	18,276.95	15,000.00	30,461.58	29,913.36	
Other Income	85,250.00	88,612.58	85,250.00	121,593.82	170,500.00	210,206.40	190,507.09	
<b>Total Revenues</b>	<b>4,801,744.00</b>	<b>5,198,543.14</b>	<b>5,083,146.00</b>	<b>5,836,636.82</b>	<b>9,884,890.00</b>	<b>11,035,179.96</b>	<b>10,846,241.43</b>	
<b>Operating Expenses:</b>								
<b>Costs of Providing Services:</b>								
Labor	587,525.00	579,858.29	837,475.00	817,726.16	1,425,000.00	1,397,584.45	1,354,621.39	
Employee Benefits	320,825.00	385,222.76	474,100.00	520,804.73	794,925.00	906,027.49	706,932.76	
Materials and Supplies	177,450.00	135,539.97	331,100.00	251,875.11	508,550.00	387,415.08	441,539.19	
Repairs and Maintenance	118,150.00	246,387.23	129,500.00	207,497.31	247,550.00	453,884.54	407,667.80	
Contracted Services	369,100.00	95,066.20	407,850.00	326,132.45	776,950.00	421,198.65	564,038.28	
Utilities	381,500.00	289,073.67	575,500.00	446,933.33	957,000.00	736,007.00	751,270.24	
Insurance	43,000.00	34,397.27	71,600.00	57,275.50	114,600.00	91,672.77	103,970.51	
Other	39,550.00	34,555.88	31,150.00	29,176.52	70,700.00	63,732.40	65,242.93	
<b>Total Cost of Providing Services</b>	<b>2,037,100.00</b>	<b>1,800,101.27</b>	<b>2,858,275.00</b>	<b>2,657,421.11</b>	<b>4,895,375.00</b>	<b>4,457,522.38</b>	<b>4,395,283.10</b>	
<b>Administrative and General Expenses:</b>								
Labor	245,035.00	261,990.87	245,035.00	261,990.86	490,070.00	523,981.73	486,373.98	
Employee Benefits	113,155.00	135,443.26	113,155.00	135,443.25	226,310.00	270,886.51	215,159.44	
Materials and Supplies	91,725.00	12,263.60	7,500.00	12,263.59	15,000.00	24,527.19	11,781.99	
Contracted Services	13,050.00	85,749.03	91,725.00	85,749.03	183,450.00	171,498.06	180,195.43	
Utilities	6,275.00	9,573.71	13,050.00	9,573.71	26,100.00	19,147.42	18,262.99	
Insurance	8,700.00	5,299.60	6,275.00	5,299.61	12,550.00	10,599.21	11,343.92	
Other	-	16,615.03	8,700.00	16,615.04	17,400.00	33,230.07	15,095.90	
<b>Total Administrative and General Expenses</b>	<b>\$ 485,440.00</b>	<b>\$ 526,935.10</b>	<b>\$ 485,440.00</b>	<b>\$ 526,935.09</b>	<b>\$ 970,880.00</b>	<b>\$ 1,053,870.19</b>	<b>\$ 938,213.65</b>	

Schedule 1  
(Page 2 of 2)

## For the Year Ended November 30, 2015

With Comparative Actual Amounts for the Year Ended November 30, 2014

	2015 Water		2015 Sewer		2015 Combined		2014 Combined
	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Actual
Interest Expense	\$ 259,798.00	\$ 259,797.19	\$ 287,304.00	\$ 287,304.28	\$ 547,102.00	\$ 547,101.47	\$ 589,083.30
Other Costs Funded by Revenues:							
Principal Maturity	1,224,406.00	1,224,405.75	962,127.00	962,126.60	2,186,533.00	2,186,532.35	2,131,794.79
Capital Outlay	795,000.00	173,419.05	490,000.00	129,266.99	1,285,000.00	302,686.04	496,754.07
Total Costs Funded by Revenues	4,801,744.00	3,984,658.36	5,083,146.00	4,563,054.07	9,884,890.00	8,547,712.43	8,551,128.91
Add: Excess Revenues Over Costs	-	1,213,884.78	-	1,273,582.75	-	2,487,467.53	2,295,112.52
	\$ 4,801,744.00	\$ 5,198,543.14	\$ 5,083,146.00	\$ 5,836,636.82	\$ 9,884,890.00	\$ 11,035,179.96	\$ 10,846,241.43
Reconciliation to Net Income:							
Excess from Above-Budgetary Basis							
Adjustments to Budgetary Basis:							
Depreciation Expense							
Capital Outlay							
Debt Service - Principal							
Developer Contributions							
Retained Earnings Appropriated							
Increase in Net Position							

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

Schedule 2  
(Page 1 of 2)

SCHEDULE OF WATER AND SEWER REVENUE BONDS - NOVEMBER 30, 2015

	Date of Issue	Amount of Original Issue	Interest Rates	Maturity Dates	Amount	Balance Dec. 1, 2014	Reduced Paid		Balance Nov. 30, 2015
							Dec. 1, 2014 to Nov. 30, 2015	Nov. 30, 2015	
New Jersey Environmental Infrastructure Trust, Series 2009A - Clean Water Trust Loan	11/5/2009	\$ 7,715,000.00		8/1/2016	\$ 555,000.00				
				8/1/2017	560,000.00				
				8/1/2018	510,000.00				
				8/1/2019	540,000.00				
				8/1/2020	575,000.00				
				8/1/2021	710,000.00				
				8/1/2022	750,000.00				
				8/1/2023	790,000.00				
						\$ 5,840,000.00	\$ 530,000.00	\$ 5,310,000.00	
New Jersey Environmental Infrastructure Trust, Series 2009A - Clean Water Fund Loan	11/6/2009	5,036,636.00	None	2/1/2015	65,303.16				
				8/1/2016	322,588.42				
				2/1/2017	56,870.77				
				8/1/2017	327,755.92				
				2/1/2018	52,148.65				
				8/1/2018	334,941.64				
				2/1/2019	45,078.82				
				8/1/2019	341,779.67				
				2/1/2020	37,290.42				
				8/1/2020	350,217.10				
				2/1/2021	25,684.94				
				8/1/2021	357,837.45				
				2/1/2022	19,633.25				
New Jersey Environmental Infrastructure Trust, Series 2009A - Drinking Water Trust Loan	11/6/2009	9,650,000.00	5.0%- 5.500%	8/1/2016	685,000.00				
				8/1/2017	760,000.00				
				8/1/2018	735,000.00				
				8/1/2019	770,000.00				
				8/1/2020	810,000.00				
				8/1/2021	125,000.00				
						4,440,000.00	635,000.00	3,805,000.00	
						3,484,450.19	388,596.97	3,095,853.22	

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

Schedule 2  
(Page 2 of 2)

**SCHEDULE OF WATER AND SEWER REVENUE BONDS (CONTINUED) - NOVEMBER 30, 2015**

	Date of Issue	Amount of Original Issue	Interest Rates	Maturity Dates	Amount	Balance Dec. 1, 2014	Reduced Paid		Balance Nov. 30, 2015
							Dec. 1, 2014 to Nov. 30, 2015	Nov. 30, 2015	
New Jersey Environmental Infrastructure Trust, Series 2009A - Drinking Water Fund Loan	11/6/2009	7,649,584.00	None	2/1/2016	99,284.53				
				8/1/2016	489,095.40				
				2/1/2017	89,539.26				
				8/1/2017	499,866.49				
				2/1/2018	79,281.08				
				8/1/2018	510,124.67				
				2/1/2019	68,509.99				
				8/1/2019	221,027.66				
						2,646,134.83	589,405.75		2,056,729.08
Trust, Series 2010A-CW ARRA Trust Loan	3/10/2010	450,000.00	3.0% -	8-1-2016-18	20,000.00				
			5.0%	8-1-2019-24	25,000.00				
				8-1-2025-28	30,000.00				
				8/1/2029	35,000.00				
						385,000.00	20,000.00		365,000.00
New Jersey Environmental Infrastructure Trust, Series 2010A- CW ARRA Fund Loan	3/10/2010	439,220.00		8-1-2016-28	15,686.42				
				2-1-2016-29	7,843.21				
				8/1/2029	15,686.66				
						352,944.69	23,529.63		329,415.06
						\$ 17,148,529.71	\$ 2,186,532.35		\$ 14,961,997.36

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**Schedule 3**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
For the Year Ended November 30, 2015**

	PERS - Last 10 Fiscal Years		
	2015	2014	2013
Authority's proportion of the net pension liability	0.0250226872%	0.0231897555%	0.0215789526%
Authority's proportionate share of net pension liability	\$ 5,617,092	\$ 4,341,756	\$ 4,124,167
Authority's covered-employee payroll	1,721,728	1,505,840	1,445,582
Authority's proportionate share of net pension liability as a % of payroll	326%	288%	285%
Total pension liability	10,787,175	9,060,578	8,042,971
Plan fiduciary net position	5,170,084	4,718,822	3,918,804
Plan fiduciary net position as a % of total pension liability	47.93%	52.08%	48.72%

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

Schedule 4

SCHEDULE OF CONTRIBUTIONS  
For the Year Ended November 30, 2015

	PERS - Last 10 Fiscal Years		
	2015	2014	2013
Contractually required contribution	\$ 215,128	\$ 191,173	\$ 162,593
Contributions in relation to the contractually required contribution	191,173	162,593	164,859
Authority's covered employee payroll	1,721,728	1,505,840	1,445,582
Contributions as a % of covered employee payroll	11.10%	10.80%	11.40%



EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

ROSTER OF OFFICIALS  
At November 30, 2015

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Authority Members

Linda L. Moore  
Marc Lippman  
Steven A. Kurs  
Leonard J. Millner  
Marc Platizky  
William P. Lawler  
Michael Shifman

Position

Chairperson  
Vice Chairperson  
Secretary  
Treasurer  
Assistant Secretary-Treasurer  
Alternate Member #1  
Alternate Member #2

Other Officials

Richard Brand  
Appleton Fryer  
Clark Wolverton  
Carlin P. Lovejoy, Jr.  
Dolores Borosko  
Ronald A. Ghrist  
Maryann Hutchinson  
Karen L. Dinardo  
Edwin W. Schmierer,  
(Mason, Griffin & Pierson)  
Hatch Mott MacDonald

Executive Director  
General Manager/Development  
Superintendent-Wastewater  
Superintendent-Water  
Administrative Assistant  
Financial Officer  
Accounts Payable Clerk  
Accounts Receivable Clerk  
Attorney  
  
Consulting Engineers

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS  
Year Ended November 30, 2015**

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Finding 2015-001

Criteria

Compliance with the state health benefit contribution requirement as stated in LFN 2011-34 and 2011-20R should be calculated annually.

Condition

The incorrect percentage was withheld from the employee's paycheck.

Effect

The Authority paid a higher percentage of the employees' health care.

Cause

The adjusting of the employee's withholding percentage for health benefits was inadvertently overlooked due to continuing problems with the financial software requiring substantial time to find errors and correct.

Recommendation

Management should reevaluate the requirements and ensure each employee is being charged the correct percentage determined by LFN 2011-34 and 2011-20R.

View of responsible Officials

The percentage has been corrected and the proper amounts are being withheld from the employees and we are currently replacing the financial software.

**EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)**

**SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
Year Ended November 30, 2015

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None reported.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

STATEMENT OF NET POSITION

SUMMARY OR SYNOPSIS OF AUDIT REPORT FOR PUBLICATION

Summary or Synopsis of the 2015 Audit Report of the East Windsor  
Municipal Utilities Authority as required by N.J.S. 40A: 5-7.

	November 30,	
	2015	2014
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 3,718,012.22	\$ 3,079,001.42
Investments	5,791,622.76	5,766,175.92
User Charges Receivable (Net of Allowance for Uncollectible Accounts of None in 2015 and None in 2014)	1,398,844.89	1,460,188.77
Other Receivables	56,433.25	34,007.69
Interest Receivable	10,817.77	13,338.48
Total Current Assets	<u>10,975,730.89</u>	<u>10,352,712.28</u>
Non Current Assets:		
Restricted Assets:		
Cash and Cash Equivalents	4,138,608.31	5,033,047.67
Funds Held by Trustee	325,568.85	463,589.11
Total Restricted Assets	<u>4,464,177.16</u>	<u>5,496,636.78</u>
Capital Assets:		
Land and Land Improvements	5,048,264.32	5,036,704.32
Buildings	21,824,907.72	21,814,912.72
Machinery and Equipment	76,507,879.26	76,275,218.22
Construction in Progress	221,424.42	172,954.42
	<u>103,602,475.72</u>	<u>103,299,789.68</u>
Less: Accumulated Depreciation	41,865,278.73	39,697,078.19
Capital Assets (Net)	<u>61,737,196.99</u>	<u>63,602,711.49</u>
Total Assets	<u>\$ 77,177,105.04</u>	<u>\$ 79,452,060.55</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	\$ 1,455,764.00	\$ 587,754.00
Total Deferred Outflows of Resources	<u>\$ 1,455,764.00</u>	<u>\$ 587,754.00</u>

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

STATEMENT OF NET POSITION (CONTINUED)

SUMMARY OR SYNOPSIS OF AUDIT REPORT FOR PUBLICATION

Summary or Synopsis of the 2015 Audit Report of the East Windsor  
Municipal Utilities Authority as required by N.J.S. 40A: 5-7.

LIABILITIES	November 30,	
	2015	2014
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 281,283.45	\$ 417,697.54
Accounts Payable - Debt Issue Costs	-	-
Customer Meter Deposits	3,750.00	4,400.00
Unearned Revenue	-	176,880.00
Total Current Liabilities	285,033.45	598,977.54
Current Liabilities Payable from Restricted Assets:		
Loans Payable - New Jersey Environmental Infrastructural Trust	2,239,811.14	2,186,532.35
Accounts Payable - Construction	-	775,000.00
Accrued Interest Payable	148,922.67	91,763.84
Escrow Deposits - Review Fees	424,778.69	305,103.82
Total Current Liabilities Payable from Restricted Assets	2,813,512.50	3,358,400.01
Total Current Liabilities	3,098,545.95	3,957,377.55
Long-Term Liabilities:		
Accounts Payable - Debt Issue Costs		
Loans Payable - New Jersey Environmental Infrastructural Trust	12,722,186.22	14,961,997.36
Compensated Absences Payable	273,297.51	251,452.94
Premium on Bonds	411,565.40	504,520.62
Net Pension Liability	5,617,092.00	4,341,756.00
Total Long-Term Liabilities	19,024,141.13	20,059,726.92
Total Liabilities	\$ 22,122,687.08	\$ 24,017,104.47
DEFERRED INFLOWS OF RESOURCES		
Pension	\$ 90,312.00	\$ 258,745.00
Total Deferred Inflows of Resources	\$ 90,312.00	\$ 258,745.00
NET POSITION:		
Invested in Capital Assets, Net of Related Bonds Payable	\$ 46,776,177.20	\$ 46,918,748.46
Restricted for Capital Improvements	3,118,939.89	2,984,903.70
Restricted for Future Debt Service	770,568.51	875,298.74
Unrestricted	5,754,184.36	4,985,014.18
Total Net Position	\$ 56,419,869.96	\$ 55,763,965.08

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

SUMMARY OR SYNOPSIS OF AUDIT REPORT FOR PUBLICATION

Summary or Synopsis of the 2015 Audit Report of the East Windsor  
Municipal Utilities Authority as required by N.J.S. 40A: 5-7.

	Years Ended November 30,	
	2015	2014
Operating Revenues:		
User Charges	\$ 7,063,285.03	\$ 7,060,289.08
Delinquent Penalties	36,064.95	25,722.90
Connection Fees	1,340,900.00	1,077,066.00
Laboratory Fees	5,535.00	9,100.00
Other Income	210,206.40	190,507.09
Total Operating Revenues	8,655,991.38	8,362,685.07
Operating Expenses:		
Salaries, Wages and Benefits	3,098,480.18	2,763,087.57
Contracted Services	592,696.71	744,233.71
Other Operating Expenses	1,820,215.68	1,826,175.47
Depreciation	2,168,200.54	2,155,378.36
Total Operating Expenses	7,679,593.11	7,488,875.11
Operating Income	976,398.27	873,809.96
Non-Operating Revenues (Expenses), Net:		
Interest Income	30,461.58	29,913.36
Interest Expense	(547,101.47)	(589,083.30)
Total Non-Operating Expenses, Net	(516,639.89)	(559,169.94)
Net Income/(Loss) Before Capital Contributions	459,758.38	314,640.02
Capital Contributions:		
Contribution of PP&E	196,146.50	154,220.00
Developer Impact Fees	-	981,624.00
Total Capital Contributions	196,146.50	1,135,844.00
Net Income	655,904.88	1,450,484.02
Net Position, Beginning of Year	55,763,965.08	58,326,228.06
Prior Period Adjustment		(4,012,747.00)
Net Position, End of Year	\$ 56,419,869.96	\$ 55,763,965.08

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY  
GENERAL FINDINGS AND RECOMMENDATIONS  
YEAR ENDED NOVEMBER 30, 2015 AND 2014

It is recommended that:

Management evaluate the requirements and ensure each employee is being charged the correct percentage determined by CFN 2011-34 and 2011-20R.

The above summary or synopsis was prepared from the report of audit of the financial statements and supplementary data of the East Windsor Municipal Utilities Authority, for the year ended November 30, 2015 and 2014. This report was submitted by Mercadien P.C., Certified Public Accountants, is on file at the Authority's office, and may be inspected by any interested person.