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

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

NOVEMBER 30, 2017

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

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MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2017 and 2016, and the related notes to the financial statements, which 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.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of November 30, 2017 and 2016, 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.

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 four through twelve and schedules of proportionate share of net pension liability and contributions on pages forty and forty one 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The 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 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated June 26, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wm A Broudy

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

MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

June 26, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS
UNAUDITED

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 statements of net position present the financial position of the Authority on a full accrual historical cost basis. The statements present 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 statements of revenues, expenses and changes in net position present 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. These statements also provide information about the Authority's ability to recover its costs through user fees and other charges.

The statements of cash flows present changes in cash and cash equivalents resulting from operating activities, investing, capital and non-capital activities. The statements present cash receipts and disbursements without consideration of the earnings event. These statements show 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

2017
Total assets were $75,602,520 and total liabilities were $18,956,997 resulting in net position of $57,806,410 at November 30, 2017. Net position decreased by $1,912 from November 30, 2016.

The Authority's unrestricted net position decreased by $79,891 for the year ended November 30, 2017.

The Authority's net pension liability was $6,131,004 and $7,512,484 as of November 30 2017 and 2016.

Operating loss was $480,525 for the year ended November 30, 2017. This was a decrease of $562,592 when compared to the November 30, 2016, operating income of $82,066.

The decrease in operating income resulted in part from a $370,752 (53.8%) decrease in revenue from connection fees and a decrease of $82,236 (1.1%) in user charges for the year ended November 30, 2017.

Other income $334,187 (includes $139,753 in cell tower rental fees) which decreased by $778 compared to November 30, 2016. Other income also includes $138,948 from an interlocal agreement with Cranbury Township for maintenance of sewer system which increased by $13,905 (11.1%) compared to November 30, 2016.

Administrative and general expenses decreased $129,152 (10.4%) for the year ended November 30, 2017. Salaries and wages increased $22,789 (4.2%). Employee benefits decreased $153,177 (34.7%) with pension benefits accounting for $126,241 (82.4%) of the decrease.

Cost of providing service expenses increased by $230,698 (4.9%) for the year ended November 30, 2017. Contracted services increased by $549,156 (143.6%) for the year ending November 30, 2017. Included in the increase was $573,786 for the painting and rehabilitation of the Pine Lane Water Tower including inspection services. Salaries decreased $38,744 (2.7%), employee benefits decreased $270,798 (20.6%) including pension benefits decreased by $771,418, repairs and maintenance expenses, utilities, insurance and purchase of materials and supplies decreased $8,659 (.10%) as a result of the installation of modern instrumentation, and the use of chemicals was reduced in the wastewater process.

Depreciation expense increased $7,190 (0.1%).

The Authority's outstanding debt at November 30, 2017, was $10,134,624, a decrease of $2,299,562 when compared to November 30, 2016.

2016

Total assets were $76,819,949 and total liabilities were $21,990,765 resulting in net position of $57,808,322 at November 30, 2016. Net position increased by $1,388,452 over November 30, 2015.

The Authority's unrestricted net position decreased by $1,312,729 for the year ended November 30, 2016.

The Authority's net pension liability was $7,512,484 and $5,617,092 as of November 30 2016 and 2015.

Operating income was $82,066 for the year ended November 30, 2016. This was a decrease of $894,332 when compared to the November 30, 2015, operating income of $976,398.

The decrease in operating income resulted in large part from a $459,744 (6.0%) increase in operating expenses and a decrease in revenue from connection fees in the amount of $651,815 (48.6%) for the year ended November 30, 2016.

Total revenues from user charges increased by $93,737 (1.3%) compared to fiscal year ended November 30, 2015.

Other income $343,233 (includes $140,531 in cell tower rental fees) which increased by $133,027 compared to November 30, 2015. Other income also includes $125,043 from an interlocal agreement with Cranbury Township for maintenance of sewer system. This was a new revenue source for the fiscal year ended November 30, 2016.

Administrative and general expenses increased $192,608 (18.3%) for the year ended November 30, 2016. Salaries and wages increased $21,859 (4.2%). Employee benefits increased $170,350 (62.8%) with pension benefits accounting for $169,979 of the increase.

Cost of providing service expenses increased by $233,689 (5.2%) for the year ended November 30, 2016. Contracted services decreased by $38,731 (9.2%). In the budget for the year ending November 30, 2016, 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 2016. Salaries increased $35,184 (2.5%), employee benefits increased $410,999 (45.4%) with pension benefits accounting for 100% of the increase, repairs and maintenance expenses, utilities, insurance and purchase of materials and supplies decreased $212,494 (9.8%) as a result of the installation of modern instrumentation, and the use of chemicals was reduced in the wastewater process.

Depreciation expense increased $33,446 (1.5%).

Financial Highlights (Continued)

The Authority's outstanding debt at November 30, 2016, was $12,434,186, a decrease of $2,527,811 when compared to November 30, 2015. The decrease resulted from payments of $2,239,811 and a reduction of $288,000 as a result of the New Jersey Environmental Infrastructure Trust issuance of Refunding Bond Series 2016A-R1.

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.

Net Position – Table 1 summarizes the changes in net position as of November 30, 2017, 2016 and 2015.

Table 1
Condensed Summary of Net Position

	November 30, 2017	November 30, 2016	November 30, 2015	2016-2017 Change	% Change
Assets:					
Current Assets - Unrestricted	$ 11,643,922	$ 10,591,798	$ 10,975,731	$ 1,052,124	9.93%
Restricted Assets	2,940,301	4,253,683	4,464,177	(1,313,382)	-30.88%
Capital Assets (Net of Depreciation)	61,018,297	61,974,468	61,737,197	(956,171)	-1.54%
Total Assets	$ 75,602,520	$ 76,819,949	$ 77,177,105	$ (1,217,429)	-1.58%
Deferred Outflows of Resources:					
Pension	$ 1,922,660	$ 2,432,105	$ 1,455,764	$ (509,445)	-20.95%
Loss on Bond Refunding	468,885	547,033	-	(78,148)	-14.29%
Total Deferred Outflows of Resources	$ 2,391,545	$ 2,979,138	$ 1,455,764	$ (587,593)	-19.72%
Liabilities:					
Current Liabilities:					
Payable from Unrestricted:					
Current Assets	$ 1,268,922	$ 294,140	$ 285,033	$ 974,782	331.40%
Restricted Assets	2,744,154	2,726,660	2,813,513	17,494	0.64%
Net Pension Liability	6,131,004	7,512,484	5,617,092	(1,381,480)	-18.39%
Non-Current Liabilities	8,812,917	11,457,481	13,407,049	(2,644,564)	-23.08%
Total Liabilities	$ 18,956,997	$ 21,990,765	$ 22,122,687	$ (3,033,768)	-13.80%
Deferred Inflows of Resources:					
Pension	$ 1,230,658	$ -	$ 90,312	$ 1,230,658	100.00%
Total Deferred Inflows of Resources	$ 1,230,658	$ -	$ 90,312	$ 1,230,658	100.00%
Net Position:					
Invested in Capital Fixed Assets,					
Net of Revenue Bonds Payable	$ 50,884,652	$ 49,541,259	$ 46,776,177	$ 1,343,393	2.71%
Restricted for:					
Capital Improvements	2,127,008	3,490,992	3,118,940	(1,363,984)	-39.07%
Future Debt Service	433,186	334,616	770,569	98,570	29.46%
Unrestricted	4,361,564	4,441,455	5,754,184	(79,891)	-1.80%
Total Net Position	$ 57,806,410	$ 57,808,322	$ 56,419,870	$ (1,912)	0.00%

Financial Analysis of the Authority (Continued)

2017

As previously noted, net position may over time serve as a useful measure of an Authority's financial position. In the Authority's case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $57,806,410 at November 30, 2017, a decrease of $1,912 for the fiscal year ended November 30, 2017.

The largest portion of the Authority's net position ($50,884,652 or 88.0% at November 30, 2017) 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 decreased by $1,912 and unrestricted net position decreased by $79,891 in 2017.

2016

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 $57,808,322 at November 30, 2016, an increase of $1,388,452 for the fiscal year ended November 30, 2016.

The largest portion of the Authority's net position ($49,541,259 or 85.7% at November 30, 2016) 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 $1,388,452 and unrestricted net position decreased by $1,312,729 in 2016.

Operating Activities

Table 2 summarizes the changes in revenues, expenses and net position for the years ended November 30, 2017, 2016 and 2015.

Table 2

Condensed Summary of Revenues, Expenses and Changes in Net Position

	November 30,			2016-2017	
	2017	2016	2015	Change	% Change
Revenues					
Operating Revenues:					
User Charges	$ 7,074,783	$ 7,157,019	$ 7,063,285	$ (82,236)	-1.15%
Connection Fees	318,333	689,085	1,340,900	(370,752)	-1.15%
Other	374,431	375,299	251,806	(868)	-53.80%
Total Operating Revenues	7,767,547	8,221,403	8,655,991	(453,856)	-0.23%
Non-Operating Revenues					
Interest Income	20,937	22,192	30,462	(1,255)	-5.66%
Capital Contributions	626,840	1,716,221	196,147	(1,089,381)	-63.48%
Total Non-Operating Revenues	647,777	1,738,413	226,609	(1,090,636)	-62.74%
Total Revenues	8,415,324	9,959,816	8,882,600	(1,544,492)	-15.51%
Operating Expenses:					
Cost of Providing Services	4,921,909	4,691,210	4,457,522	230,699	4.92%
General and Administrative	1,117,327	1,246,479	1,053,870	(129,152)	-10.36%
Depreciation	2,208,837	2,201,647	2,168,201	7,190	0.33%
Total Operating Expenses	8,248,073	8,139,336	7,679,593	108,737	1.34%
Non-Operating Expenses					
Interest Expense	91,016	392,954	547,101	(301,938)	-76.84%
Loss on Refunding Bonds	78,147	39,074		39,073	100.00%
Total Non-Operating Expenses	169,163	432,028	547,101	(262,865)	-60.84%
Total Expenses	8,417,236	8,571,364	8,226,694	(154,128)	-1.80%
Change in Net Position	(1,912)	1,388,452	655,906	(1,390,364)	-100.14%
Net Position, Beginning of Year,	57,808,322	56,419,870	55,763,965	1,388,452	2.46%
Net Position, End of the Year	$ 57,806,410	$ 57,808,322	$ 56,419,871	$ (1,912)	0.00%

Operating Activities (Continued)

2017

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 2017 decreased by $1,544,495 (18.8%) and total expenses decreased by $154,128 (1.8%) compared to 2016.

The items which were responsible for the major changes in net position for the year ended November 30, 2017, included:

Connection fees charged to new customers decreased by $370,752 (53.8%), when compared to 2016.

Capital contributions paid by developers decreased $1,089,381 (63.5%) compared to 2016.

Operating expenses increased $108,737 (1.4%) compared to 2016.

Interest Expense on debt decreased $301,936 (76.8%) compared to 2016.

2016

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 2016 increased by $1,077,216 (12.13%) and total expenses increased by $344,670 (4.9%) compared to 2015.

The items which were responsible for the major changes in net position for the year ended November 30, 2016, included:

Connection fees charged to new customers decreased by $651,815 (48.6%), when compared to 2015.

Capital contributions paid by developers increased $1,520,074 over seven hundred percent compared to 2015.

Operating expenses increased $459,743 (5.9%) compared to 2015.

Capital Assets and Debt Outstanding

Capital Assets

Table 3 summarizes the changes in capital assets at November 30, 2017 and 2016.

Table 3
Capital Assets - Net of Depreciation

	November 30,			2016-2017
	2017	2016	2015	Change
Land, Land Rights and Improvements	$ 5,098,264	$ 5,048,264	$ 5,048,264	$ 50,000
Buildings and Improvements	22,004,887	21,923,248	21,824,908	81,639
Machinery and Equipment	79,258,500	78,275,553	76,507,879	982,947
Construction in Progress	812,582	674,503	221,424	138,079
	107,174,233	105,921,568	103,602,475	1,252,665
Less: Accumulated Depreciation	46,155,937	43,974,100	41,865,278	2,181,837
Total Capital Assets, Net of Depreciation	$ 61,018,296	$ 61,947,468	$ 61,737,197	$ (929,172)

2017

At November 30, 2017, the Authority's investment in capital assets was $107,174,233, an increase of $1,252,665 when compared to 2016.

2016

At November 30, 2016, the Authority's investment in capital assets was $105,921,568, an increase of $2,319,093 when compared to 2015.

Debt Outstanding

Table 4 summarizes the changes in debt payable at November 30, 2016 and 2015.

Table 4
Debt Outstanding

	November 30,			2016-2017
	2017	2016	2015	Change
Bonds Payable	$ 10,134,624	$ 12,434,186	$ 14,961,997	$ (2,299,562)

Debt Outstanding (Continued)

2017

The Authority's bonded debt was $10,134,624 at November 30, 2017, a decrease of $2,299,562 when compared to 2016. Interest on these bonds is paid semi-annually with interest rates from 0-5.5%. 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.

2016

On May 10, 2016, the New Jersey Environmental Infrastructure Trust issued environmental Infrastructure Refunding Bonds, Series 2016A-R1 (2008A Financing Program). These refunding bonds were issued to achieve savings from the retirement of the 2009A New Jersey Environmental Infrastructure Series 2009A Bonds. Future payments by the East Windsor Municipal Utilities Authority will be reduced by $549,239 as a result of these refunding bonds.

The Authority's bonded debt was $12,434,186 at November 30, 2016, a decrease of $2,527,811 when compared to 2015. Interest on these bonds is paid semi-annually with interest rates ranging from 5.0% 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 $5,796,050, 2018 operating and maintenance budget, a decrease of $540,640 or 8.5%, compared to 2017 budget. Total user fees are budgeted to increase $89,780 or 1.3% in 2018.

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, 2018.

The Authority adopted a six-year capital program with their 2018 budget. The capital program includes future projects totaling $15,420,000. The six-year capital program anticipates the use of $3,895,000 from unrestricted net position to provide funding for anticipated projects.

Request 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

STATEMENTS OF NET POSITION

	November 30, 2017	November 30, 2016
Current Assets:		
Cash and Cash Equivalents	$ 5,342,940.93	$ 3,212,923.86
Investments	4,922,268.58	5,813,431.79
User Charges Receivable (Net of Allowance for Uncollectible Accounts of None in 2017 and None in 2016)	1,317,295.80	1,446,155.71
Other Receivables	58,929.60	115,092.27
Interest Receivable	2,487.00	4,194.43
Total Current Assets	11,643,921.91	10,591,798.06
Non Current Assets:		
Restricted Assets:		
Cash and Cash Equivalents	2,940,301.18	4,253,683.22
Total Restricted Assets	2,940,301.18	4,253,683.22
Capital Assets:		
Land and Land Improvements	5,098,264.32	5,048,264.32
Buildings and Improvements	22,004,886.92	21,923,247.72
Machinery and Equipment	79,258,500.37	78,275,553.06
Construction in Progress	812,582.19	674,502.68
	107,174,233.80	105,921,567.78
Less: Accumulated Depreciation	46,155,937.06	43,947,099.77
Capital Assets (Net)	61,018,296.74	61,974,468.01
Total Assets	$ 75,602,519.83	$ 76,819,949.29
DEFERRED OUTFLOWS OF RESOURCES:		
Pension	$ 1,922,660.00	$ 2,432,105.00
Loss on Bond Refunding	468,885.18	547,032.66
Total Deferred Outflows of Resources	$ 2,391,545.18	$ 2,979,137.66

STATEMENTS OF NET POSITION

	November 30, 2017	November 30, 2016
Current Liabilities:		
Accounts Payable and Accrued Expenses	$ 1,261,571.79	$ 280,789.72
Customer Meter Deposits	7,350.00	13,350.00
Total Current Liabilities	1,268,921.79	294,139.72
Current Liabilities Payable from Restricted Assets:		
Bonds Payable - New Jersey Environmental Infrastructural Trust	2,365,025.67	2,299,562.07
Accrued Interest Payable	82,237.50	98,600.00
Escrow Deposits - Review Fees	296,890.62	328,497.95
Total Current Liabilities Payable from Restricted Assets	2,744,153.79	2,726,660.02
Total Current Liabilities	4,013,075.58	3,020,799.74
Long-Term Liabilities:		
Bonds Payable - New Jersey Environmental Infrastructural Trust	7,769,598.48	10,134,624.15
Compensated Absences Payable	317,407.40	317,037.61
Premium on Bonds	725,911.42	1,005,819.62
Net Pension Liability	6,131,004.00	7,512,484.00
Total Long-Term Liabilities	14,943,921.30	18,969,965.38
Total Liabilities	$ 18,956,996.88	$ 21,990,765.12
DEFERRED INFLOWS OF RESOURCES:		
Pension	$ 1,230,658.00	$ -
Net Position:		
Invested in Capital Assets, Net of Related Bonds Payable	$ 50,884,651.73	$ 49,541,259.36
Restricted for Capital Improvements	2,127,008.02	3,490,991.52
Restricted for Future Debt Service	433,185.90	334,615.69
Unrestricted	4,361,564.48	4,441,455.26
Total Net Position	$ 57,806,410.13	$ 57,808,321.83

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Years Ended November 30,	
	2017	2016
Operating Revenues:		
User Charges	$ 7,074,783.10	$ 7,157,019.27
Delinquent Penalties	32,684.44	24,000.55
Connection Fees	318,333.30	689,085.00
Laboratory Fees	7,560.00	8,065.00
Other Income	334,186.85	343,233.33
Total Operating Revenues	7,767,547.69	8,221,403.15
Operating Expenses:		
Salaries, Wages and Benefits	3,296,943.00	3,736,872.51
Contracted Services	1,109,067.74	571,021.83
Other Operating Expenses	1,633,224.82	1,629,795.43
Depreciation	2,208,837.29	2,201,647.04
Total Operating Expenses	8,248,072.85	8,139,336.81
Operating (Loss) Income	(480,525.16)	82,066.34
Non-Operating Revenues (Expenses)		
Interest Income	20,937.46	22,192.02
Interest Expense	(91,016.03)	(392,953.96)
Loss on Refunding Bonds	(78,147.48)	(39,073.76)
Total Non-Operating Expenses	(148,226.05)	(409,835.70)
Loss Before Capital Contributions	(628,751.21)	(327,769.36)
Capital Contributions:		
Developer Impact Fees	340,418.00	381,424.50
Contribution of Property, Plant and Equipment	286,421.51	1,334,796.73
Total Capital Contributions	626,839.51	1,716,221.23
Net (Loss) Income	(1,911.70)	1,388,451.87
Net Position, Beginning of Year	57,808,321.83	56,419,869.96
Net Position, End of Year	$ 57,806,410.13	$ 57,808,321.83

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS

	Years Ended November 30, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipt from Customers	$ 7,952,570.27	$ 8,115,433.31
Payments to Suppliers	(2,755,591.67)	(3,136,870.78)
Payments to Employees	(1,943,869.03)	(1,928,833.62)
Customers Meter Deposits	(6,000.00)	9,600.00
Net Cash Provided by Operating Activities	3,247,109.57	3,059,328.91
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of Property, Plant and Equipment	(966,244.51)	(1,104,121.33)
Principal Payments on Bonds	(2,299,562.07)	(2,239,811.14)
Contributed Capital	340,418.00	381,424.50
Interest Paid on Bonds	(387,286.73)	(397,559.98)
Escrow Deposits	(31,607.33)	(96,280.74)
Net Cash Used for Capital and Related Financing Activities	(3,344,282.64)	(3,456,348.69)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(10,641,394.95)	(10,171,965.41)
Proceeds from Sale of Investments	11,532,558.16	10,150,156.38
Interest Received	22,644.89	28,815.36
Net Cash Provided by Investing Activities	913,808.10	7,006.33
Net Change in Cash and Cash Equivalents	816,635.03	(390,013.45)
Cash and Cash Equivalents, Beginning of Year	7,466,607.08	7,856,620.53
Cash and Cash Equivalents, End of Year	$ 8,283,242.11	$ 7,466,607.08
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities:		
Operating (Loss) Income	$ (480,525.16)	$ 82,066.34
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided by Operating Activities:		
Depreciation	2,208,837.29	2,201,647.04
User Charges Receivable	128,859.91	(47,310.82)
Other Receivables	56,162.67	(58,659.02)
Accounts Payable and Accrued Expenses	980,782.07	(493.73)
Pension	358,623.00	828,739.00
Compensated Absences Payables	369.79	43,740.10
Customer Meter Deposits	(6,000.00)	9,600.00
Total Adjustments	3,727,634.73	2,977,262.57
Net Cash Provided by Operating Activities	$ 3,247,109.57	$ 3,059,328.91

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 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 governmental entity should apply. Per the Statement, the sources of authoritative generally accepted accounting

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Accounting (Continued)

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 account 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 non-authoritative 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 the 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 an original maturity of three months or less.

Investments

Investments are stated at cost which approximates market. At November 30, 2017 and 2016, the Authority had Level 1 investments in the amount of $4,922,268.58 and $5,813,431.79, respectively.

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, 2017 and 2016, were $1,317,295.80 and $1,446,155.71, 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.

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.

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.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bond Premium

Bond premium is amortized based on pro-rata basis of the principal payments made, which approximates the effective interest method. Unamortized bond premium as of November 30, 2017 and 2016, was $725,911.42 and $1,005,819.62, 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, Net of Related Bonds Payable - 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.

   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."

B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017, are $119,042.42 and $198,364.98, respectively, and as of November 30, 2016, are $110,832.58 and $206,205.03, 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.

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 ninety days 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 ninety days or less when purchased are stated at cost which approximates fair value. All other investments are stated at fair value.

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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.

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.

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits (Continued)

If a governmental depository fails and the FDIC or NCUSIF insurance 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.

Investments

New Jersey statutes and the cash management plan of the Authority's Board of Trustees permit the Authority to purchase the following types of investments:

a. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.

b. Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the dates of purchase and has a fixed rate of interest not dependent on any index or external factors.

c. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located; or Bonds or other obligations, having a maturity date not exceeding 397 days, approved by the Division of Investment of the Department of Treasury for investment by local units.

d. Debt obligations of federal agencies or government corporations with maturities not greater than ten (10) years from the date of purchase, excluding mortgage backed obligations, providing that such investments are purchased through New Jersey Division of Investment and are consistent with the Division's own investment guidelines, and providing that the investment has a fixed rate of interest not dependent on any index or external factors.

e. Repurchase agreements of fully collateralized securities, subject to rules and conditions established by the DCA.

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

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 monies 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 monies.

The Authority's cash and investments carried at fair value as of November 30, 2017, were:

		Years	
Investment Type	Fair Value	Less Than 1	1-5
Certificate of Deposits	$ 4,922,268.58	$ 4,922,268.58	$ -
Total Investments	4,922,268.58	$ 4,922,268.58	$ -

Bank	Carrying Amount
Fulton Bank	5,976,070.04
BONY	2,053,222.14
Wells Fargo	253,724.93
Cash on Hand	225.00
Total Cash and Cash Equivalents	8,283,242.11
Total Cash and Cash Equivalents and Investments	$ 13,205,510.69

The Authority's cash and investments carried at fair value as of November 30, 2016, were:

		Years	
Investment Type	Fair Value	Less Than 1	1-5
Certificate of Deposits	$ 5,813,431.79	$ 5,713,431.79	$ 100,000.00
Total Investments	5,813,431.79	$ 5,713,431.79	$ 100,000.00

Bank	Carrying Amount
Fulton Bank	5,410,425.37
BONY	1,855,821.55
Wells Fargo	200,135.16
Cash on Hand	225.00
Total Cash and Cash Equivalents	7,466,607.08
Total Cash and Cash Equivalents and Investments	$ 13,280,038.87

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk Related to Deposits

Assets measured at fair value on a recurring basis as of November 30, 2017 and 2016, are summarized as follows:

	November 30, 2017			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ 4,922,268.58	$ -	$ -	$ 4,922,268.58
Cash and Cash Equivalents	8,283,242.11	-	-	8,283,242.11
Total	$ 13,205,510.69	$ -	$ -	$ 13,205,510.69

	November 30, 2016			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ 5,813,431.79	$ -	$ -	$ 5,813,431.79
Cash and Cash Equivalents	7,466,607.08	-	-	7,466,607.08
Total	$ 13,280,038.87	$ -	$ -	$ 13,280,038.87

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.

At November 30, 2017 and 2016, the Authority's bank and investment balances of $13,130,311.54 and $13,093,640.63, respectively, were insured and collateralized as follows:

	November 30,	
	2017	2016
Insured and Collateralized	$ 753,724.93	$ 715,962.90
Uninsured and Collateralized	12,376,586.61	12,377,677.73
	$ 13,130,311.54	$ 13,093,640.63

E. PROPERTY, PLANT AND EQUIPMENT

	Balance November 30, 2016	Additions	Deletions	Balance November 30, 2017
Land and Land Improvements	$ 5,048,264.32	$ 50,000.00	$ -	$ 5,098,264.32
Buildings and Improvements	21,923,247.72	81,639.20	-	22,004,886.92
Machinery and Equipment	78,275,553.06	982,947.31	-	79,258,500.37
Construction in Progress	674,502.68	138,079.51	-	812,582.19
	105,921,567.78	1,252,666.02	-	107,174,233.80
Less: Accumulated Depreciation	(43,947,099.77)	(2,208,837.29)	-	(46,155,937.06)
	$61,974,468.01	$ (956,171.27)	$ -	$ 61,018,296.74

	Balance November 30, 2015	Additions	Deletions	Balance November 30, 2016
Land and Land Improvements	$ 5,048,264.32	$ -	$ -	$ 5,048,264.32
Buildings and Improvements	21,824,907.72	98,340.00	-	21,923,247.72
Machinery and Equipment	76,507,879.26	1,887,499.80	(119,826.00)	78,275,553.06
Construction in Progress	221,424.42	453,078.26	-	674,502.68
	103,602,475.72	2,438,918.06	(119,826.00)	105,921,567.78
Less: Accumulated Depreciation	(41,865,278.73)	(2,201,647.04)	(119,826.00)	(43,947,099.77)
	$61,737,196.99	$ 237,271.02	$ -	$ 61,974,468.01

During the fiscal year ended November 30, 2017, one development project was completed including water and wastewater improvements in the amount of $286,421.51.

During the fiscal year ended November 30, 2016, six development projects were completed including water and wastewater improvements in the amount of $1,334,796.73.

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.

A summary of the contributed additions to capital assets are provided below:

Year Ended November 30, 2017			
	Water	Wastewater	Total
Equipment	$ 191,936.41	$ 94,485.10	$ 286,421.51
Total	$ 191,936.41	$ 94,485.10	$ 286,421.51

Year Ended November 30, 2016			
	Water	Wastewater	Total
Equipment	$ 754,862.69	$ 579,934.04	$ 1,334,796.73
Total	$ 754,862.69	$ 579,934.04	$ 1,334,796.73

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,	
	2017	2016
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 ("NJEIT") whereby commitments were made for the Authority to have loans not to exceed $29,666,220.00. 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 NJEIT dated 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.

F. LONG TERM DEBT (CONTINUED)

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 defeased 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).	$3,200,268.35	$4,176,300.79
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 NJEIT 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.	607,355.80	650,885.43
On May 10, 2016, the NJEIT issued Series 2016A-R1 (2008A Financing Program) Refunding Bonds. $586,106.42 was established as deferred loss on refunding upon the advance refunding and defeasance of $8,827,000 of Series 2008A Bonds through the issuance of $7,607,000 Refunding Series 2016A-R1A Bonds. The amount deferred is being amortized over the life of the old bonds using the straight-line method.	6,327,000.00	7,607,000.00
	10,134,624.15	12,434,186.22
Less: Current Portion	2,365,025.67	2,299,562.07
Long Term Debt	$ 7,769,598.48	$10,134,624.15

A summary of maximum annual Debt Service for principal and interest for bonded debt issued and outstanding at November 30, 2017, 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):

F. LONG TERM DEBT (CONTINUED)

Year Ending	Amount	Principal	Interest
November 30, 2018	$ 2,694,425.67	$ 2,365,025.67	$ 329,400.00
November 30, 2019	2,336,075.77	2,074,925.77	261,150.00
November 30, 2020	2,047,687.39	1,855,037.39	192,650.00
November 30, 2021	1,339,502.02	1,219,052.02	120,450.00
November 30, 2022	1,213,992.43	1,133,492.43	80,500.00
November 30, 2023-2027	1,441,381.61	1,375,031.61	66,350.00
November 30, 2028-2029	116,059.26	112,059.26	4,000.00
	$11,189,124.15	$10,134,624.15	$1,054,500.00

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

	Balance November 30, 2016	Issued	Principal Payments	Cancelled/ Defeasance	Balance November 30, 2017
Series 2009 Subordinated Revenue Bonds	$ 4,176,300.79	$ -	$ 976,032.44	$ -	$ 3,200,268.35
Series 2010 Subordinated Revenue Bonds	650,885.43	-	43,529.63	-	607,355.80
Series 2016AR-1	7,607,000.00	-	1,280,000.00	-	6,327,000.00
	$ 12,434,186.22	$ -	$ 2,299,562.07	$ -	$ 10,134,624.15

	Balance November 30, 2015	Issued	Principal Payments	Cancelled/ Defeasance	Balance November 30, 2016
Series 2009 Subordinated Revenue Bonds	$ 14,267,582.30	$ -	$ 2,196,281.51	$ 7,895,000.00	$ 4,176,300.79
Series 2010 Subordinated Revenue Bonds	694,415.06	-	43,529.63	-	650,885.43
	-	7,607,000.00	-	-	7,607,000.00
	$ 14,961,997.36	$ 7,607,000.00	$ 2,239,811.14	$ 7,895,000.00	$ 12,434,186.22

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 2017 or 2016.

Pension and Retirement Plan

The Authority’s employees participate in the following defined benefit pension plans: the Public Employees' Retirement System (“PERS”), which is administered by the State of New Jersey, Division of Pensions and Benefits (the “Division”). The plan has a board of trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

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

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 are vested after ten years of service, except for medical benefits, which are vested 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 1/55th 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 1/60th 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

G. PENSION PLAN (CONTINUED)

Contributions (Continued)
additional incremental member contribution amount began July 1, 2012, and increases each subsequent July 1. The active member effective contribution rates were July 1, 2016, 7.20%, July 1, 2015, 7.06%, and July 1, 2014, 6.92%. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Authority is billed annually for its normal contribution plus any accrued liability. Contributions to PERS from the Authority were $243,991 and $204,195 for the years ended November 30, 2017 and 2016, respectively.

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

At November 30, 2017 and 2016, the Authority had a liability of $6,131,004 and $7,512,484, respectively, for its proportionate share of the net pension liability in PERS. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2017 and 2016, the Authority's proportion was 0.0263377362% and 0.0253653335%, respectively, which was an increase of .001% from its proportion measured as of June 30, 2016, and an increase of 0.0003% from its proportion measured as of June 30, 2015, respectively.

	PERS			
	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 144,364	$ -	$ 139,709	$ -
Changes in assumptions	1,235,186	1,230,658	1,556,185	-
Net difference between projected and actual investment earnings on pension plan investments	41,748	-	286,458	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	501,362	-	449,753	-
	$1,922,660	$1,230,658	$2,432,105	$ -

G. PENSION PLAN (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2018	$ 144,330
2019	217,797
2020	131,974
2021	(175,526)
2022	(127,935)
Total	$ 190,640

Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases: through 2026 (based on age)	1.65-4.15%
Salary increases: thereafter (based on age)	2.65-5.15%
Investment rate of return	7.00%

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.08%
Salary increases: through 2026 (based on age)	1.65-4.15%
Salary increases: thereafter (based on age)	2.65-5.15%
Investment rate of return	7.65%

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year 2013 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and set forward 1 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, 2017 and 2016, are summarized in the following table:

G. PENSION PLAN (CONTINUED)

	2017	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

	2016	
	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Intermediate-Term Bonds	0.00%	0.00%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	50.00%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the

G. PENSION PLAN (CONTINUED)

discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

2017	At 1% Decrease (4.00%)	At Current Discount Rate (5.00%)	At 1% Increase (6.00%)
Local	$ 7,605,927	$ 6,131,004	$ 4,902,211

2016	At 1% Decrease (2.98%)	At Current Discount Rate (3.98%)	At 1% Increase (4.98%)
Local	$ 9,205,673	$ 7,512,484	$ 6,114,610

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

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 year ended November 30, 2017 and 2016.

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 $14,445,690 of cash and construction in kind, with respect to these agreements. As of November 30, 2017 and 2016, the Authority had received $12,350,629 and $12,010,211, respectively, in cash and construction in kind. These funds are restricted for capital improvements. Cash restricted for capital improvements at November 30, 2017 and 2016, is $2,127,008 and $3,490,992, 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 does not have any litigations outstanding at this time.

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, 2017
With Comparative Actual Amounts for the Year Ended November 30, 2016

	2017 Water		2017 Sewer		2017 Combined		2016 Combined
	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Actual
Operating Revenues:							
Retained Earnings Appropriated	$ 2,252,160.00	$ 2,252,160.00	$ 263,919.00	$ 263,919.00	$ 2,516,079.00	$ 2,516,079.00	$ 2,217,105.00
User Charges	2,963,700.00	2,876,918.42	4,086,220.00	4,197,864.68	7,049,920.00	7,074,783.10	7,157,019.27
Delinquent Penalties	11,500.00	17,893.98	15,500.00	14,790.46	27,000.00	32,684.44	24,000.55
Connection Fees	169,841.00	119,071.80	533,498.00	199,261.50	703,339.00	318,333.30	689,085.00
Laboratory Fees	-	-	8,640.00	7,560.00	8,640.00	7,560.00	8,065.00
Interest Income	8,500.00	8,584.36	11,500.00	12,353.10	20,000.00	20,937.46	22,192.02
Other Income	107,500.00	99,565.02	228,925.00	234,621.83	336,425.00	334,186.85	343,233.33
Total Revenues	5,513,201.00	5,374,193.58	5,148,202.00	4,930,370.57	10,661,403.00	10,304,564.15	10,460,700.17
Operating Expenses:							
Costs of Providing Services:							
Labor	623,500.00	528,019.11	917,200.00	866,006.03	1,540,700.00	1,394,025.14	1,432,769.27
Employee Benefits	327,850.00	385,813.20	440,700.00	660,414.61	768,550.00	1,046,227.81	1,317,025.99
Materials and Supplies	141,250.00	118,418.81	267,550.00	244,266.26	408,800.00	362,685.07	371,743.92
Repairs and Maintenance	109,000.00	153,553.35	156,100.00	207,522.65	265,100.00	361,076.00	319,040.11
Contracted Services	694,750.00	579,918.21	516,300.00	351,705.77	1,211,050.00	931,623.98	382,468.08
Utilities	355,000.00	270,439.83	529,500.00	381,561.92	884,500.00	652,001.75	693,030.81
Insurance	40,450.00	42,380.60	67,900.00	63,822.44	108,350.00	106,203.04	106,810.15
Other	37,050.00	34,063.87	36,100.00	34,002.28	73,150.00	68,066.15	68,322.92
Total Cost of Providing Services	2,328,850.00	2,112,606.98	2,931,350.00	2,809,301.96	5,260,200.00	4,921,908.94	4,691,211.25
Administrative and General Expenses:							
Labor	279,370.00	284,315.01	279,370.00	284,315.01	558,740.00	568,630.02	545,840.54
Employee Benefits	120,875.00	144,030.02	120,875.00	144,030.01	241,750.00	288,060.03	441,236.71
Materials and Supplies	9,000.00	10,599.27	9,000.00	10,599.28	18,000.00	21,198.55	12,326.53
Contracted Services	94,450.00	88,721.88	94,450.00	88,721.88	188,900.00	177,443.76	188,553.75
Utilities	11,500.00	13,806.67	11,500.00	13,806.68	23,000.00	27,613.35	18,051.54
Insurance	9,925.00	9,994.99	9,925.00	9,994.99	19,850.00	19,989.98	19,501.91
Other	13,125.00	7,195.47	13,125.00	7,195.46	26,250.00	14,390.93	20,967.54
Total Administrative and General Expenses	$ 538,245.00	$ 558,663.31	$ 538,245.00	$ 558,663.31	$ 1,076,490.00	$ 1,117,326.62	$ 1,246,478.52

BUDGETARY COMPARISON SCHEDULE
For the Year Ended November 30, 2017
With Comparative Actual Amounts for the Year Ended November 30, 2016

	2017 Water		2017 Sewer		2017 Combined		2016 Combined
	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Actual
Interest Expense	$ 145,700.00	$ 31,964.44	$ 232,450.00	$ 59,051.59	$ 378,150.00	$ 91,016.03	$ 392,953.96
Other Costs Funded by Revenues:							
Principal Maturity	1,289,406.00	1,289,405.75	1,010,157.00	1,010,156.32	2,299,563.00	2,299,562.07	2,239,811.14
Capital Outlay	1,211,000.00	807,661.57	436,000.00	158,582.94	1,647,000.00	966,244.51	1,104,121.33
Total Costs Funded by Revenues	5,513,201.00	4,800,302.05	5,148,202.00	4,595,756.12	10,661,403.00	9,396,058.17	9,674,576.20
Add: Excess Revenues Over Costs	-	573,891.53	-	334,614.45	-	908,505.98	786,123.97
	$ 5,513,201.00	$5,374,193.58	$5,148,202.00	$4,930,370.57	$ 10,661,403.00	$ 10,304,564.15	$10,460,700.17

	2017 Actual	2016 Actual
Reconciliation to Net Income:		
Excess from Above-Budgetary Basis	$ 908,505.98	$ 786,123.97
Adjustments to Budgetary Basis:		
Depreciation Expense	(2,208,837.29)	(2,201,647.04)
Capital Outlay	966,244.51	1,104,121.33
Debt Service - Principal	2,299,562.07	2,239,811.14
Developer Contributions	626,839.51	1,716,221.23
Loss on Refunding Bonds	(78,147.48)	(39,073.76)
Retained Earnings Appropriated	(2,516,079.00)	(2,217,105.00)
Increase/(Decrease) in Net Position	$ (1,911.70)	$ 1,388,451.87

SCHEDULE OF WATER AND SEWER REVENUE BONDS - NOVEMBER 30, 2017

	Date of Issue	Amount of Original Issue	Interest Rates	Maturity Dates	Amount	Balance December 1, 2016	Retired	Balance November 30, 2017
New Jersey Environmental Infrastructure Trust, Funding Bond Series 2016 A-RI	5/10/2016		4.50%	8/1/2018	$ 610,000.00			
			5.00%	8/1/2019	602,000.00			
				8/1/2020	634,000.00			
				8/1/2021	663,000.00			
				8/1/2022	698,000.00			
				8/1/2023	731,000.00			
						$ 4,518,000.00	$ 580,000.00	$ 3,938,000.00
New Jersey Environmental Infrastructure Trust, Series 2009A-Clean Water Fund Loan	11/6/2009	$ 5,036,636.00	None	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	28,684.94			
				8/1/2021	357,837.45			
				2/1/2022	19,633.25			
				8/1/2022	367,329.55			
				2/1/2023	10,071.60			
				8/1/2023	376,311.86			
						2,707,951.64	386,626.69	2,321,324.95
New Jersey Environmental Infrastructure Trust Refunding Bonds Series 2016A-RI	5/10/2016		4.50%	8/1/2018	735,000.00			
			5.00%	9/1/2019	748,000.00			
				9/1/2020	785,000.00			
				9/1/2021	121,000.00			
						3,089,000.00	700,000.00	2,389,000.00

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 - NOVEMBER 30, 2017

	Date of Issue	Amount of Original Issue	Interest Rates	Maturity Dates	Amount	Balance December 1, 2016	Retired	Balance November 30, 2017
New Jersey Environmental Infrastructure Trust, Series 2009A-Drinking Water Fund Loan	11/6/2009	$ 7,649,584.00	None	2/1/2018	$ 79,281.08			
				8/1/2018	510,124.67			
				2/1/2019	68,509.99			
				8/1/2019	221,027.66			
						$ 1,468,349.15	$ 589,405.75	$ 878,943.40
Trust, Series 2010A-CW ARRA Trust Loan	3/10/2010	450,000.00	3.0% - 5.00%	8-1-2018-18	20,000.00			
				8-1-2019-24	25,000.00			
				8-1-2025-28	30,000.00			
				8/1/2029	35,000.00			
						345,000.00	20,000.00	325,000.00
New Jersey Environmental Infrastructure Trust, Series 2010A-CW ARRA Fund Loan	3/10/2010	439,220.00	N/A	8-1-2018-28	15,686.42			
			N/A	2-1-2018-29	7,843.21			
			N/A	8/1/2029	15,686.66			
						305,885.43	23,529.63	282,355.80
						$ 12,434,186.22	$ 2,299,562.07	$ 10,134,624.15

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

Schedule 3

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

PERS - Last 10 Fiscal Years

	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability	0.0263377362%	0.0253653327%	0.0250226872%	0.0231897555%	0.0215789526%
Authority's proportionate share of net pension liability	$ 6,131,004.00	$ 7,512,484.00	$ 5,617,092.00	$ 4,341,756.00	$ 4,124,167.00
Authority's covered-employee payroll	1,758,426.46	1,763,058.11	1,721,728.15	1,505,839.61	1,445,582.00
Authority's proportionate share of net pension liability as a % of payroll	348.66%	426.11%	326.25%	288.33%	285.29%
Total pension liability	11,813,098.11	12,549,421.78	10,787,175.37	9,060,578.50	8,042,971.00
Plan fiduciary net position	5,682,094.11	5,036,937.78	5,170,083.51	4,718,822.03	3,918,804.00
Plan fiduciary net position as a % of total pension liability	48.10%	40.14%	47.93%	52.08%	48.72%

* Until a full ten-year trend is compiled, information will be presented for those years for which information is available subsequent to adoption of GASB Statement No. 68 and 71.

EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY **Schedule 4**
(A COMPONENT UNIT OF THE TOWNSHIP OF EAST WINDSOR)

SCHEDULE OF CONTRIBUTIONS

PERS - Last 10 Fiscal Years

	2017	2016	2015	2014	2013
Contractually required contribution	$ 243,991.00	$ 225,342.00	$ 215,128.00	$ 191,173.00	$ 162,593.00
Contributions in relation to the contractually required contribution	225,342.00	215,128.00	191,173.00	162,593.00	164,859.00
Agency's covered employee payroll	1,758,426.46	1,763,058.11	1,721,728.15	1,505,839.61	1,445,582.00
Contributions as a % of covered employee payroll	12.81%	12.20%	11.10%	10.80%	11.40%

* Until a full ten-year trend is compiled, information will be presented for those years for which information is available subsequent to adoption of GASB Statement No. 68 and 71.

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

ROSTER OF OFFICIALS
At November 30, 2017

Authority Members	Position
Linda L. Moore	Chairperson
Marc Lippman	Vice Chairperson
Marc Platizky	Secretary
Leonard J. Millner	Treasurer
Steven A. Kurs	Assistant Secretary-Treasurer
William P. Lawler	Alternate Member #1
Michael Shifman	Alternate Member #2
Other Officials	
Richard Brand	Executive Director
Appleton Fryer	General Manager/Development
Clark Wolverton	Utilities O&M Manager
Susan Pretz	Administrative Assistant
Ronald A. Ghrist	Chief Financial Officer
Nicole Pretz	Purchasing Agent/Accounts Payable Clerk
Lilly Rodriguez	Accounts Receivable Clerk
Edwin W. Schmierer, (Mason, Griffin & Pierson)	Attorney
Hatch Mott MacDonald	Consulting Engineers

SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None reported.

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

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

None noted.

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 year ended November 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 26, 2018.

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.

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

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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)

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Wa A Broudy

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MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

June 26, 2018