

**THE LANDIS SEWERAGE AUTHORITY**  
**AUDIT REPORT**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**



**THE LANDIS SEWERAGE AUTHORITY**  
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THE LANDIS SEWERAGE AUTHORITY

AUDIT REPORT

YEARS ENDED DECEMBER 31, 2014 AND 2013

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**THE LANDIS SEWERAGE AUTHORITY**

**AUDIT REPORT**

**YEARS ENDED DECEMBER 31, 2014 AND 2013**

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## INDEPENDENT AUDITORS' REPORT

Chairman and Commissioners of  
The Landis Sewerage Authority  
Vineland, New Jersey

### Report on the Financial Statements

We have audited the accompanying financial statements of The Landis Sewerage Authority as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 as 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of the 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.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Landis Sewerage Authority as of December 31, 2014 and December 31, 2013, and the changes in financial position and 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 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

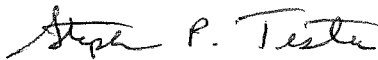
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Landis Sewerage Authority's basic financial statements. The supplementary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2015 on our consideration of The Landis Sewerage 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 and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Landis Sewerage Authority's internal control over financial reporting and compliance.

**ROMANO, HEARING, TESTA & KNORR**



Stephen P. Testa  
Certified Public Accountant  
Registered Municipal Accountant

July 20, 2015

**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**

Chairman and Commissioners of  
The Landis Sewerage Authority  
Vineland, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of The Landis Sewerage Authority, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise The Landis Sewerage Authority's basic financial statements, and have issued our report thereon dated July 20, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Landis Sewerage 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Landis Sewerage Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of The Landis Sewerage Authority's internal control.

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

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



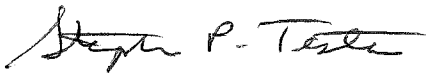
## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

ROMANO, HEARING, TESTA & KNORR



Stephen P. Testa  
Certified Public Accountant  
Registered Municipal Accountant

July 20, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Chairman and Commissioners of  
The Landis Sewerage Authority  
Vineland, New Jersey

**Report on Compliance for Each Major Federal Program**

We have audited The Landis Sewerage Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The Landis Sewerage Authority's major federal programs for the year ended December 31, 2014. The Landis Sewerage Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of The Landis Sewerage Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Landis Sewerage Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Landis Sewerage Authority's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, The Landis Sewerage Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

### **Report on Internal Control over Compliance**

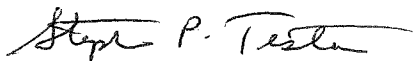
Management of The Landis Sewerage Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Landis Sewerage Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Landis Sewerage Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **ROMANO, HEARING, TESTA & KNORR**



Stephen P. Testa  
Certified Public Accountant  
Registered Municipal Accountant

July 20, 2015

## **REQUIRED SUPPLEMENTARY INFORMATION**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of The Landis Sewerage Authority's (the Authority) annual financial report presents the analysis of the Authority's overall financial position and results of operation for the year that ended on December 31, 2014. Please read it in conjunction with the financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

The Authority's Net Capital Assets total \$56.30 million, which is a \$.05 million or .09% decrease from 2013.

- The Authority's Total Assets are \$68.62 million, which is a \$.6 million or .88% increase from 2013.
- During the year, the Authority's operating revenues were \$10.03 million, which is a \$.38 million or 3.94% increase from 2013 and operating expenses were \$9.96 million, which is a \$.10 million or .99% decrease from 2013.
- The Authority's Net Position decreased by \$1.346 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a single enterprise fund. The Authority's Audit Report includes the required Basic Financial Statements, as described below, the Notes to Financial Statements, required supplementary information, which consists of this Management Discussion and Analysis and finally, supplementary information.

### REQUIRED FINANCIAL STATEMENTS

The financial statements report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities.

The **Statement of Net Position** includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the **Statement of Revenues, Expenses and Changes in Net Position**. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its wastewater treatment user fees and other charges. This statement also measures the Authority's profitability and credit worthiness. The other required

financial statement is the **Statement of Cash Flows**. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities, and provides answers to such questions as "where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period?"

### FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

One of the most important questions asked about the Authority's finances is "Is the Authority, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Authority's activities in a way that will help answer this question. These two statements report the net assets of the Authority, and changes in them. You can think of the Authority's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, customer growth, and legislative mandates.

The analysis below focuses on the Authority's net position (Table 1) and changes in net position (Table 2) during the year.

Table 1  
**Net Position**  
(Dollars in Thousands)

	2014	2013	2014 – 2013		2012 (Restated)
			Increase(Decrease) \$	%	
Current Assets	\$ 9,342	\$ 8,237	1,105	13.42	\$ 7,704
Noncurrent Assets	59,283	59,788	(505)	(.84)	61,647
Total Assets	<u>\$ 68,625</u>	<u>\$ 68,025</u>	<u>\$ 600</u>	.89	<u>\$ 9,351</u>
Deferred Outflows Of Resources	\$ 100	\$ 138	\$ (38)	(27.54)	\$ 182
Current Liabilities	\$ 640	\$ 560	80	14.29	\$ 495
Current Liabilities Payable					
From Restricted Assets	1,420	1,405	15	1.07	1,382
Long-Term Liabilities	4,837	5,834	(997)	(17.11)	6,715
Total Liabilities	<u>\$ 6,897</u>	<u>\$ 7,799</u>	<u>\$ (902)</u>	(11.57)	<u>\$ 8,592</u>
Total Deferred Inflows Of Resources	\$ 4,467	\$ 4,349	\$ 118	2.71	\$ 4,236
Investment in Capital Assets	\$ 52,039	\$ 51,228	\$ 811	1.58	\$ 51,807
Restricted Net Position					
Debt Service	531	542	(11)	(2.03)	532
Construction					446
Operating	1,348	1,357	(9)	(.66)	1,354
Renewal & Replacement	600	600	0	0	
Unrestricted	2,843	2,288	555	24.26	2,566
Total Net Position	<u>\$ 57,361</u>	<u>\$ 56,015</u>	<u>\$ 1,346</u>	2.40	<u>\$ 56,705</u>

Table 2  
**Statement of Revenues, Expenses  
and Changes in Net Position**  
(Dollars in Thousands)

	<u>2014</u>	<u>2013</u>	2014 - 2013		2012 <i>(Restated)</i>
			Increase (Decrease)		
			\$	%	
Operating Revenues					
User Charges & Fees	\$ 9,910	\$ 9,523	\$ 387	4.06	\$ 9,238
Other Operating Revenues	124	122	2	1.64	145
Nonoperating Revenues	<u>384</u>	<u>105</u>	<u>279</u>	265.71	<u>504</u>
Total Revenues	<u>\$ 10,418</u>	<u>\$ 9,750</u>	<u>\$ 668</u>	6.85	<u>\$ 9,887</u>
Operating Expenses					
Cost of Providing Services	6,033	6,168	(135)	(2.19)	6,050
Administrative and General	1,798	1,793	5	.28	1,670
Depreciation	2,126	2,101	25	1.19	2,090
Non Operating Expense					
Interest and Amortization	388	441	(53)	(12.02)	502
Appropriation- City of Vineland	<u>50</u>	<u>435</u>	<u>(385)</u>	(88.51)	<u>-</u>
Total Expenses	<u>\$ 10,395</u>	<u>\$ 10,938</u>	<u>\$ (543)</u>	(4.96)	<u>\$ 10,312</u>
Loss Before Capital					
Contributions	23	(1,188)	\$ 1,211	101.94	(425)
Capital Contributions	<u>1,323</u>	<u>498</u>	<u>825</u>	165.66	<u>55</u>
Change in Net Position	1,346	(690)	2,036	295.07	(370)
Beginning Net Position <i>(RESTATED)</i>	<u>56,015</u>	<u>57,705</u>	<u>(690)</u>	(1.22)	<u>57,075</u>
Ending Net Position	<u>\$ 57,361</u>	<u>\$ 56,015</u>	<u>\$ 1,346</u>	2.40	<u>\$ 56,705</u>

**REVENUES**

The Authority's total revenues are approximately \$10.42 million for the year ended December 31, 2014. User Charges & Fees were \$9.9 million accounting for 95% of total revenue. Operating expenses include cost of providing services, which totaled \$6.03 million and administrative and general of \$1.80 million.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of December 2014 the Authority had \$56.30 million invested in a broad range of capital assets. More detailed information about capital assets can be found in Note 5 to the financial statements. Total depreciation expense for the year was \$2.13 million.

The following tables summarize the Authority's capital assets, net of accumulated depreciation, and changes therein, for the year ended December 31, 2014.

Table 3  
**Capital Assets, Net of Accumulated Depreciation**  
(Dollars in Thousands)

	<u>2014</u>	<u>2013</u>	2014- 2013		2012 <i>(Restated)</i>
			Increase (Decrease) \$	%	
Land	\$ 1,971	\$ 1,937	\$ 34	1.76	\$ 1,935
Treatment Plant and Pumping Stations	27,563	28,451	(888)	(3.12)	29,478
Mains & Accessories	23,570	22,562	1,008	4.47	22,770
Machinery & Equipment	3,072	3,195	(123)	(3.85)	3,045
Office Furniture & Fixtures	16	13	3	23.08	13
Construction in Progress	<u>108</u>	<u>191</u>	<u>(83)</u>	(43.46)	<u>26</u>
	<u>\$56,300</u>	<u>\$ 56,349</u>	<u>\$ (49)</u>	.09	<u>\$ 57,267</u>

This year's additions (in thousands) include:

Land Improvements	\$ 34
Treatment Plant and Pumping Stations	467
Mains & Accessories	1,475
Machinery and Equipment	173
Construction in Progress	1,824
Office Furniture & Fixtures	11

The Authority's FY 2015 capital budget plans for investing another \$583,000 in capital projects, including the following (in thousands):

Collection System	\$ 25
Truck, Vehicles	60
Pump Stations	119
Communication/Safety	34
Plant & Process Equipment	222
Office Equipment	14
Lab Equipment	21
Farm Equipment	<u>88</u>
<b>TOTAL</b>	<u><b>\$ 583</b></u>

The Authority plans on funding those capital projects using a combination of existing cash and year 2015 revenue.

### **Debt Administration**

At December 31, 2014, the outstanding balance of the Series 1993 Bonds consists of Term Bonds in the amount of \$5,500,000 that mature in various amounts through the year 2019 with interest rates of 5.65%. The Authority also has accrued compensated absences in the amount of \$340,645. More detailed information about long-term liabilities can be found in Note 6 to the financial statements.



## **NEXT YEAR'S BUDGETS AND RATES**

The 2015 adopted budget did not include a rate increase.

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

This financial report is designed to provide the Authority's customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Authority's Executive Director at The Landis Sewerage Authority, 1776 South Mill Road, Vineland, NJ.

## **BASIC FINANCIAL STATEMENTS**

**THE LANDIS SEWERAGE AUTHORITY  
COMPARATIVE STATEMENTS OF NET POSITION  
DECEMBER 31, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS - UNRESTRICTED:</b>		
Cash and Cash Equivalents	\$ 904,644	\$ 934,226
Accounts Receivable	1,530,607	1,349,738
Grant Receivables	124,660	
Other Receivables	8,181	40,188
Due from Restricted Assets	18,253	155,828
Prepaid Expenses	115,273	137,159
Inventory	352,336	288,326
<b>Total Current Assets - Unrestricted</b>	<b>3,053,954</b>	<b>2,905,465</b>
<b>CURRENT ASSETS - RESTRICTED:</b>		
Accounts Required by the Authority's Bond Resolution:		
Cash and Cash Equivalents	6,061,669	5,112,095
Interest Receivable	41,641	46,503
Other Accounts:		
Cash and Cash Equivalents	184,274	172,983
<b>Total Current Assets - Restricted</b>	<b>6,287,584</b>	<b>5,331,581</b>
<b>NONCURRENT ASSETS:</b>		
Accounts Required by the Authority's Bond Resolution:		
Investments	2,983,177	3,439,093
Capital Assets, Net	56,299,896	56,349,042
<b>Total Noncurrent Assets</b>	<b>59,283,073</b>	<b>59,788,135</b>
<b>TOTAL ASSETS</b>	<b>68,624,611</b>	<b>68,025,181</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred Loss on Defeasance of Debt	99,600	138,161
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>99,600</b>	<b>138,161</b>

(Continued)

The accompanying Notes to Financial Statements are an integral part of these statements

**THE LANDIS SEWERAGE AUTHORITY  
COMPARATIVE STATEMENTS OF NET POSITION  
DECEMBER 31, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:</b>		
Accounts Payable - Operations	\$ 324,839	\$ 260,605
Accrued Liabilities	315,074	299,382
Sewer Rent Overpayments	113	113
	640,026	560,100
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:</b>		
Accounts Payable - Construction	46,456	48,356
Contracts Payable - Construction	46,140	6,226
Retainage Payable - Construction	2,000	2,000
Due to Unrestricted Assets	18,253	155,828
Revenue Bonds Payable - Current Portion	1,000,000	900,000
Accrued Interest Payable - Bonds	22,987	11,888
Escrow - 1989 Sewer Bond	1,444	1,444
Escrow - Developers	164,479	153,188
Due to Developers	117,874	126,199
	1,419,633	1,405,129
<b>LONG-TERM LIABILITIES:</b>		
Revenue Bonds Payable - Non-Current Portion	4,495,973	5,494,415
Accrued Compensated Absences	340,645	339,808
	4,836,618	5,834,223
<b>TOTAL LIABILITIES</b>	6,896,277	7,799,452
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred User Charge Revenue	3,322,547	3,209,307
Deferred Connection Fees Revenue	1,144,066	1,139,310
	4,466,613	4,348,617
<b>NET POSITION:</b>		
Net Investment in Capital Assets	52,039,354	51,228,072
Restricted:		
Debt Service	531,035	542,133
Operating	1,347,500	1,357,340
Renewal and Replacement	600,000	600,000
Unrestricted	2,843,432	2,287,728
	57,361,321	56,015,273
<b>TOTAL NET POSITION</b>	\$ 57,361,321	\$ 56,015,273

The accompanying Notes to Financial Statements are an integral part of these statements

**THE LANDIS SEWERAGE AUTHORITY**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>OPERATING REVENUE:</b>		
User Charges and Fees	\$ 9,910,502	\$ 9,523,418
Other	123,711	122,078
	<u>10,034,213</u>	<u>9,645,496</u>
<b>OPERATING EXPENSES:</b>		
Cost of Providing Services	6,033,252	6,168,197
Administrative and General	1,798,215	1,793,226
Depreciation	2,125,429	2,100,728
	<u>9,956,896</u>	<u>10,062,151</u>
<b>OPERATING INCOME (LOSS)</b>	<u>77,317</u>	<u>(416,655)</u>
<b>NON-OPERATING REVENUE (EXPENSES):</b>		
Miscellaneous Income	7,234	6,818
Connection Fees	187,589	153,798
Interest Income	148,045	184,412
Interest Expense	(388,205)	(441,772)
Appropriation to City of Vineland	(50,000)	(434,850)
Increase (Decrease) in Fair Value of Investments	41,004	(239,810)
	<u>(54,333)</u>	<u>(771,404)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	22,984	(1,188,059)
<b>CAPITAL CONTRIBUTIONS</b>	<u>1,323,064</u>	<u>498,322</u>
<b>CHANGE IN NET POSITION</b>	1,346,048	(689,737)
<b>TOTAL NET POSITION- BEGINNING</b>	<u>56,015,273</u>	<u>56,705,010</u>
<b>TOTAL NET POSITION- ENDING</b>	<u>\$ 57,361,321</u>	<u>\$ 56,015,273</u>

The accompanying Notes to Financial Statements are an integral part of these statements

**THE LANDIS SEWERAGE AUTHORITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers and Users	\$ 9,686,253	\$ 9,847,875
Cash Payments to Suppliers for Goods and Services	(2,161,392)	(2,188,969)
Cash Payments for Employee Services	(5,653,321)	(5,676,567)
Other Receipts (Payments)	158,472	(280,030)
<b>Net Cash Provided by Operating Activities</b>	<u>2,030,012</u>	<u>1,702,309</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(1,902,546)	(686,202)
Connection Fees	193,390	127,616
Principal Paid on Bonds	(900,000)	(900,000)
Interest Paid on Bonds	(336,987)	(420,422)
Increase (Decrease) in Escrow Accounts	(11,025)	(11,689)
Capital Contributions	1,208,612	-
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>(1,748,556)</u>	<u>(1,890,697)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Sale and Maturities of Investments	496,920	700,940
Interest Received on Investments	152,907	188,460
<b>Net Cash Provided by Investing Activities</b>	<u>649,827</u>	<u>889,400</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	931,283	701,012
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>6,219,304</u>	<u>5,518,292</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 7,150,587</u>	<u>\$ 6,219,304</u>

(Continued)

**THE LANDIS SEWERAGE AUTHORITY  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 77,317	\$ (416,655)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	2,125,429	2,100,728
Miscellaneous Income	7,234	6,818
Appropriation to City of Vineland	(50,000)	(434,850)
Increase (Decrease) in Cash Resulting From Changes in:		
Accounts Receivable	(180,869)	217,683
Grant and Other Receivables	(92,653)	(19,765)
Prepaid Expenses	21,886	(11,727)
Inventories	(64,010)	12,886
Accounts Payable - Operations	64,234	27,557
Accrued Liabilities	15,692	37,741
Due to Developers	(8,325)	19,748
Deferred User Charge Revenue	113,240	144,442
Accrued Compensated Absences	837	17,703
Total Adjustments	<u>1,952,695</u>	<u>2,118,964</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 2,030,012</u>	<u>\$ 1,702,309</u>

The accompanying Notes to Financial Statements are an integral part of these statements

## **NOTES TO THE FINANCIAL STATEMENTS**



**THE LANDIS SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 1 GENERAL**

The Landis Sewerage Authority, a public body corporate and politic organized and existing under the laws of the State of New Jersey, owns and operates certain sewerage collection, transmission, treatment and disposal facilities and is presently responsible for providing sanitary sewerage service to the City of Vineland and to neighboring areas. The Authority bills and collects its revenue from the users of the system.

The Authority was established on July 15, 1946, by an ordinance of the Township Committee of the former Landis Township, now part of the City of Vineland pursuant to the Act. The Authority has been in continuous existence since it was established.

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the more significant accounting policies:

A. Financial Reporting Entity

The commissioners of the Authority are appointed by the City Council of the City of Vineland and therefore, the Authority is a related organization of the City as defined by Governmental Accounting Standards Board Statement No. 14, but not a component unit of the City. The Authority does not have any component units for which it is accountable.

B. Basis of Presentation

The accounts of the Authority are an enterprise fund. An enterprise fund is a Proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that the costs (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 the change in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The accompanying financial statements are reported using the "economic resources measurement focus," and the "accrual basis of accounting." Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the Authority are user charges and fees for sewerage treatment. The Authority also recognizes income from the sale of crops raised in its farm operations and lab testing fees as operating revenue.

**THE LANDIS SEWERAGE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2014 AND 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Operating expenses include cost of providing services, administrative and general expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. The budget must be introduced by the governing body at least 60 days prior to end of the current fiscal year, and adopted no later than the beginning of the Authority's fiscal year. The budget is adopted on the accrual basis of accounting with provision for cash payments for bond principal. Depreciation and amortization expense are not included as budget appropriations. The Authority may make budget transfers and amendments at any time, which must be approved by resolution of the Authority and by the State of New Jersey Division of Local Government Services if the legal level line items are affected. Detailed line item transfers not affecting the legal level line items may be made by management at any time. There are no statutory provisions that budgetary line items not be over-expended.

E. Grants

Contributions received from various sources as grants are recorded in the period earned. Developer financed construction is recorded in the period in which applicable construction costs are incurred. Donated assets are recorded at fair market value at the date of the gift. Grants not externally restricted and utilized to finance operations are identified as non-operating revenue.

Grants externally restricted for non-operating purposes are recorded as capital contributions.

F. Accounts Receivable

The Authority has provided for doubtful accounts by the allowance method. The allowance for doubtful accounts is based upon management's estimate of potentially uncollectible accounts.

G. Capital Assets

Capital assets, which consist of property, plant and equipment, are stated at cost which includes direct construction costs and other expenditures related to construction.

Capital assets are defined by the Authority as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year.

System construction costs are charged to construction in progress until such time as given segments of the system are completed and put into operation. Construction in progress is stated at cost, which includes interest expense incurred during construction.

The Authority reduces the capitalized project costs by the amount of interest earned from the investment of project funds and amortization of the premium received in connection with the issuance of debt; which has the effect of reducing the cost of borrowing.

**THE LANDIS SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2014 AND 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Capital Assets (Continued)

Plant and equipment is depreciated using the straight line method over the following estimated useful lives:

Treatment plant and pumping stations	40 years
Sewer mains, improvements and accessories	75 years
Machinery and equipment	5 - 15 years
Office furniture	5 - 10 years
Vehicles	5 years

H. Restricted and Unrestricted Accounts

In accordance with the 1993 Bond Resolution, the Authority has established the following cash and investment accounts for the deposit, in the priority of the order listed, of all revenue received by the Authority:

<u>Account</u>	<u>Amount</u>	<u>Use for Which Restricted if any</u>
Revenue Fund	All revenue received by the Authority.	As of the first business day of each month transfers to the various accounts described below.
Operating Fund	An amount equal to the amount necessary to provide for the payment of operating expenses for a two month period.	Payment of operating expenses.
Bond Service Fund	An amount equal to a daily accrual of interest and principal based upon a computation detailed in the resolution.	Principal and interest on the bonds.
Sinking Fund	An amount equal to all prior Sinking Fund installments then due and unpaid plus an accrual based upon a computation detailed in the resolution.	Purchase or redemption of certain term bonds in the manner described in the resolution.
Bond Reserve Fund	An amount equal to the greatest sum of maturing principal and interest on all bonds outstanding which will become due and payable during the then current or any future Bond year.	Transfers to meet minimum levels required in the Bond Service Fund. Any excess shall be transferred to the General Fund by the Trustee.

**THE LANDIS SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2014 AND 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Restricted and Unrestricted Accounts (Continued)

<u>Account</u>	<u>Amount</u>	<u>Use for Which Restricted if any</u>
Renewal and Replacement	The amount which is reasonably necessary as a reserve for expenses for major repairs, renewals, replacements or maintenance items of a type not recurring annually or at shorter intervals.	Transfers to the Bond Service Fund, Sinking Fund or Bond Reserve Fund if needed to meet the minimum required balances in those accounts. Funds also may be used for reasonable and necessary expenses with respect to the system for major repairs, replacements or maintenance items of a type not recurring annually or at shorter intervals.
General Fund	Any amounts in excess of minimum requirements in the above accounts.	Transfers into the above funds if needed to meet the minimum required balances in those accounts. When certain additional requirements are met, the Trustee may pay to the Authority any amount in excess of the required amount, which will be free and clear of any lien or pledge created by the resolution.
Construction Fund	Any moneys received by the Authority from any source for payment of costs related to the construction, acquisition or restoration of the system.	Costs related to the construction, acquisition or restoration of the system.
Rebate Fund	Amounts subject to rebate to the United States Government pursuant to the provisions of the Internal Revenue Code.	Rebates of Arbitrage Earnings to the United States Government.

In addition to the above, the Authority has also established the following restricted accounts:

Engineer Developer Custodian Account and Developer Escrow Accounts for deposits by developers for costs to be incurred by the Authority on their behalf.

**THE LANDIS SEWERAGE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2014 AND 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Restricted and Unrestricted Accounts (Continued)

1989 Bond Escrow Surplus Account for transfers from the escrow agent of amounts deemed to be in excess of the amounts needed to refund the defeased bonds of the Authority.

I. Bond Discounts

Bond discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond discount.

J. Deferred Amount on Refunding

The deferred amount on refunding is recorded as a deferred outflow of resources. It is amortized over the shorter of the remaining life of the old debt or new debt based upon the interest method as a component of interest expense.

K. Inventory

Inventory consists principally of chemicals, fuels, materials and supplies used in the treatment process and farm operation and are stated at cost determined on a first-in, first-out basis.

L. Cash and Cash Equivalents

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. Investments are stated at fair value.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to adopt a cash management plan and to deposit and/or invest its funds pursuant to that plan. The governing body of the Authority has adopted a cash management plan ("the plan") and, as required, approves the plan annually. The plan includes the designation of the public depositories to be utilized by the Authority to deposit public funds.

Eligible depositories are defined in section 1 of P.L. 1970, c.236 (C. 17.9-41) and are limited to banks or trust companies having their place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governments and their component units.

N.J.S.A. 17:9-41 et. seq., which establishes the requirements for the security of deposits of governmental units, requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA 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 the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least five percent (5%) of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

**THE LANDIS SEWERAGE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2014 AND 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

L. Cash and Cash Equivalents (Continued)

The cash management plan adopted by the Landis Sewerage Authority requires it to deposit funds in public depositories protected from loss under the provisions of GUDPA.

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the amounts reported in the financial statements. The actual results may differ from these estimates.

N. Recent Accounting Pronouncements Not Yet Effective

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 *Accounting and Financial reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this Statement is to improve accounting and financial reporting by state and local governments with respect to pensions. This Statement is effective for periods beginning after June 15, 2014. Management of the Authority is currently evaluating the impact of this Statement on the Authority's 2015 financial statements, including disclosures, which is expected to be material.

In November 2013, the GASB issued Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of this Statement are required to be applied simultaneously with Statement No. 68. Management of the Authority is currently evaluating the impact of this Statement on the Authority's financial statements, which is not presently determinable.

O. Subsequent Events

Management has evaluated subsequent events through July 20, 2015, the date the financial statements were available for issue.

**NOTE 3 CASH AND CASH EQUIVALENTS**

At December 31, 2014 the carrying amount and bank balance of the Authority's time and demand deposits were \$2,027,760 and \$2,011,448, respectively. All of the time and demand deposits were covered by either federal deposit insurance or by the Governmental Unit Deposit Protection Act (GUDPA).

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. Although the Authority does not have a formal policy regarding custodial credit risk, as described in Note 2, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). The Authority's public funds in excess of the FDIC insured amounts are protected by GUDPA. As of December 31, 2014, \$250,000 of the Authority's bank balance of \$2,011,448 was insured and \$1,761,448 was uninsured and collateralized.

**THE LANDIS SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2014 AND 2013**

**NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)**

At December 31, 2014 the Authority had \$5,122,827 invested in the New Jersey Cash Management Fund ("the Fund") which is not covered by either federal deposit insurance or by GUDPA. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above.

**NOTE 4 INVESTMENTS**

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's \$2,983,177 investments are held in the name of the counterparty, as trustee for the Authority, not in the name of the Authority.

Interest Rate Risk- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits the investments that the Authority may purchase in order to limit the exposure of governmental units to credit risk. The Authority's Cash Management Plan also limits its investment choices to those permitted by N.J.S.A. 40A:5-15.1.

Concentration of Credit Risk – The Authority does not place a limit on the amount that may be invested in any one issuer.

As of December 31, 2014, the Authority had the following investments and maturities:

Quality/Rating	Total Fair Value			
AA	\$	334,719		
Aaa		327,759		
Aa2		1,088,398		
A2		977,291		
A3		255,010		
	\$	2,983,177		
			Maturities (in Years)	
	Total Fair Value	Less than 1	1-5	6-10
Total Investments	\$ 2,983,177	\$ -	\$ 2,648,458	\$ 334,719

**THE LANDIS SEWERAGE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2014 AND 2013**

**NOTE 4 INVESTMENTS**

As of December 31, 2013, the Authority had the following investments and maturities:

Quality/Rating	Total Fair Value			
Aaa	\$	325,563		
Aa2		1,915,733		
A1		953,982		
A2		243,815		
	\$	3,439,093		
	Maturities (in Years)			
	Total Fair Value	Less than 1	1-5	6-10
Total Investments	\$ 3,439,093	\$ -	\$ 1,427,824	\$ 2,011,269

**NOTE 5 PROPERTY, PLANT AND EQUIPMENT**

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014
Non-Depreciable Capital Assets:				
Land	\$ 1,936,565	\$ 34,352	\$ -	\$ 1,970,917
Construction in Progress	191,376	1,824,093	1,907,744	107,725
Total Non-Depreciable Capital Assets	2,127,941	1,858,445	1,907,744	2,078,642
Depreciable Capital Assets:				
Treatment Plant and Pumping Stations	58,770,731	467,146		59,237,877
Mains and Accessories	32,558,214	1,474,599		34,032,813
Machinery and Equipment	13,091,937	172,558		13,264,495
Office Furniture and Fixtures	441,361	11,279		452,640
Total Depreciable Capital Assets	104,862,243	2,125,582	-	106,987,825
Less Accumulated Depreciation for:				
Treatment Plant and Pumping Stations	30,319,908	1,355,169		31,675,077
Mains and Accessories	9,995,744	467,523		10,463,267
Machinery and Equipment	9,896,730	295,382		10,192,112
Office Furniture and Fixtures	428,760	7,355		436,115
Total Accumulated Depreciation	50,641,142	2,125,429	-	52,766,571
Depreciable Capital Assets, Net	54,221,101	153	-	54,221,254
Total Capital Assets, Net	\$ 56,349,042	\$ 1,858,598	\$ 1,907,744	\$ 56,299,896



**THE LANDIS SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2014 AND 2013**

**NOTE 6 LONG-TERM LIABILITIES**

A. Bond Payable

In April 1993, the Authority issued its Sewer Revenue Bonds (Refunding Series 1993), in the principal amount of \$22,940,000. The proceeds derived from the issuance and sale of the Bonds were used to (a) advance refund the Authority's Sewer Revenue Bonds (Series 1976) then outstanding in the aggregate principal amount of \$5,200,000 and the Authority's second lien Sewer Revenue Bonds (Series 1989), then outstanding in the aggregate principal amount of \$15,855,000, (b) make a deposit into the Bond Reserve Fund established under the Resolution and (c) pay the premium for the municipal bond insurance policy and the costs and expenses incidental to the authorization, issuance and delivery of the Bonds. The outstanding balance of the Series 1993 Bonds consists of \$2,750,000 of Short-Term Auction Rate Securities – Series 1993B, and \$2,750,000 of Complimentary Auction Rate Securities – Series 1993C, which are term bonds with a maturity date of September 19, 2019, bearing interest at a combined or linked coupon rate of 5.65% per annum. The term bonds are subject to mandatory redemption in annual amounts ranging from \$1,000,000 to \$1,200,000.

B. Compensated Absences

Current policy allows employees who retire from the Authority via PERS to be reimbursed for fifty percent (50%) of accrued sick leave up to a maximum of \$10,000, calculated at the then current rate. Employees may carry vacation time into the subsequent year; however, the time must be used within the first 90 days of the subsequent year.

The following is a summary of changes in long-term liabilities for the year ended December 31, 2014:

<u>Type of Debt</u>	<u>Balance January 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2014</u>	<u>Amounts Due Within One Year</u>
Bonds Payable:					
Term Bonds	\$ 6,400,000	\$	\$ 900,000	\$ 5,500,000	\$ 1,000,000
Less:					
Unamortized Original Discount	( 5,585)	_____	( 1,558)	( 4,027)	_____ -
Total Bonds Payable	6,394,415		898,442	5,495,973	1,000,000
Accrued Compensated Absences	339,808	837	_____	340,645	_____ -
Total Long-Term Liabilities	<u>\$ 6,734,223</u>	<u>\$ 837</u>	<u>\$ 898,442</u>	<u>\$ 5,836,618</u>	<u>\$ 1,000,000</u>

**THE LANDIS SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2014 AND 2013**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

The annual debt service requirements to maturity, including principal and interest, for term bonds payable as of December 31, 2014 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,000,000	\$ 297,979	\$ 1,297,979
2016	1,000,000	268,182	1,268,182
2017	1,100,000	189,623	1,289,623
2018	1,200,000	130,027	1,330,027
2019	1,200,000	71,515	1,271,515
Total	<u>\$ 5,500,000</u>	<u>\$ 957,326</u>	<u>\$ 6,457,326</u>

**NOTE 7 COMMITMENTS AND CONTINGENCIES**

Commitments:

As of December 31, 2014, the Authority has entered into various commitments for construction related professional services and construction contracts in the amount of \$91,120. Costs incurred to December 31, 2014 totaled \$76,824.

**NOTE 8 PENSIONS**

Substantially all of the Authority's employees participate in the Public Employees' Retirement System (the System) which is administered and/or regulated by the New Jersey Division of Pensions and Benefits. The System's Board of Trustees is primarily responsible for the administration of the System.

The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P. O. Box 295, Trenton, New Jersey 08625-0295.

The State of New Jersey Public Employees' Retirement System is a cost-sharing multiple-employer contributory defined benefit plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The System provides specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011 the active member contribution rate was 6.5% of annual compensation. The member contribution amount increased from 6.78% to 6.92% in July 2014 and is scheduled to increase by 0.14% per year until the contribution rate reaches 7.50% in July 2018. Employer's contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

**THE LANDIS SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2014 AND 2013**

**NOTE 8 PENSIONS (CONTINUED)**

The State of New Jersey's contribution also includes funding for the cost of medical premiums after retirement for qualified retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits are funded on a pay-as-you-go basis.

For 2014 the Authority had \$347,496 in annual pension cost or required contributions.

Three Year Trend Information for PERS

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/14	\$ 347,496	100%	\$ -
12/31/13	331,377	100%	-
12/31/12	330,190	100%	-

**NOTE 9 AMOUNTS REQUIRED BY BOND RESOLUTION**

The following cash and investment accounts are required by the 1993 Bond Resolution:

	<u>Operating Fund</u>	<u>Bond Service Fund</u>	<u>Sinking Fund</u>	<u>Bond Reserve Fund</u>
Cash and Investments	\$ 1,361,440	\$ 34,675	\$ 334,460	\$ 1,996,960
Required Amount	<u>1,347,500</u>	<u>22,986</u>	<u>225,000</u>	<u>1,330,027</u>
Excess	<u>\$ 13,940</u>	<u>\$ 11,689</u>	<u>\$ 109,460</u>	<u>\$ 666,933</u>

**NOTE 10 INTEREST EXPENSE**

	<u>2014</u>	<u>2013</u>
Interest on Bonds	\$ 348,086	\$ 396,150
Amortization of Deferred Amount on Refunding	<u>40,119</u>	<u>45,622</u>
Total Interest Expense	<u>\$ 388,205</u>	<u>\$ 441,772</u>

**NOTE 11 ACCOUNTS RECEIVABLE**

Accounts receivable consists of user charges and fees due the Authority as follows:

	<u>2014</u>	<u>2013</u>
Accounts Receivable	\$ 1,381,800	\$ 1,235,924
Municipal Liens Receivable	21,900	21,900
Interest Receivable on Delinquent Charges	126,892	91,785
Due from Bank	<u>15</u>	<u>129</u>
	<u>\$ 1,530,607</u>	<u>\$ 1,349,738</u>

**THE LANDIS SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2014 AND 2013**

**NOTE 12 RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases commercial insurance for risks of loss. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 13 UNRESTRICTED NET POSITION**

As of December 31, 2014 the Authority's unrestricted net position is \$2,843,432. All of the unrestricted net position as of December 31, 2014 is undesignated. Of the \$2,287,728 unrestricted net position balance as of December 31, 2013, the Authority designated \$276,000 for future capital expenditures, leaving the remaining \$2,011,728 undesignated.

**NOTE 14 RESTRICTED NET POSITION**

The Authority has restricted net position for the following purposes in accordance with the requirements of its Bond Resolution.

	<u>2014</u>	<u>2013</u>
Debt Service	\$ 531,035	\$ 542,133
Operating	1,347,500	1,357,340
Renewal and Replacement	600,000	600,000

**NOTE 15 COMPLIANCE WITH THE AUTHORITY'S BOND RESOLUTION**

Section 610 of the Authority's Series 1993 Bond Resolution requires that the Authority make, impose, charge and collect Revenues, as defined in the Resolution, in an amount which will be at least sufficient (a) to provide in each fiscal year an amount at least equal to the Operating Fund Requirement, (b) to provide in each fiscal year an amount which is equal to 110% of the Bond Service Requirement, (c) to provide in each fiscal year the amount, if any, which is needed so that the amount which is on deposit in the Bond Reserve Fund will equal the Bond Reserve Requirement, (d) to provide in each fiscal year the amount, if any, which is needed so that the amount which is on deposit in the Renewal and Replacement Fund will equal the System Reserve Requirement, (e) to provide for the payment of all other charges or liens which are related to the System whatsoever which are payable by the Authority out of such rents, fees and charges during such fiscal year, and (f) to provide in such fiscal year for payment of any additional amounts which are necessary to comply with the provisions of this Resolution and all other statutory and legal obligations of the Authority.

Revenues for the year 2014, as defined in the Authority's Bond Resolution, were greater than the amount necessary to meet those provisions and therefore the Authority met the rate covenant contained in Section 610 of the Authority's Bond Resolution.

**THE LANDIS SEWERAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2014 AND 2013**

**NOTE 16 LEASE AGREEMENT WITH RELATED ENTITY**

On April 3, 2009, the Authority entered into a lease agreement with the City of Vineland ("City") to lease 15.87 acres of land owned by the Authority to the City, who then sublet the land to Conectiv Vineland Solar, LLC, for the purpose of constructing and operating a solar photovoltaic electric generating facility. The term of the lease shall end on the date the City's Power Purchase and Sale Agreement with Conectiv Vineland Solar, LLC ends, or such date the City and the Authority may agree upon. The maximum term shall not exceed thirty (30) years without written approval of the Authority. The Authority will receive a percentage of the City's savings from the solar energy delivered both on a monthly and annual basis during the term of the agreement. As described in Note 2A, the Authority is a related organization to the City of Vineland, but not a Component Unit of the City.

## **SUPPLEMENTARY INFORMATION**

**THE LANDIS SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-**  
**NET INVESTMENT IN CAPITAL ASSETS, RESTRICTED AND UNRESTRICTED**  
**YEAR ENDED DECEMBER 31, 2014**  
**WITH COMPARATIVE TOTALS FOR 2013**

	NET INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED		RESTRICTED			TOTAL		
		UNDESIGNATED	DESIGNATED	DEBT SERVICE	CONSTRUCTION	RENEWAL AND REPLACEMENT	OPERATING	2014 (MEMO)	2013 (MEMO)
<b>OPERATING REVENUE:</b>									
User Charges and Fees	\$ -	\$ 9,910,502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,910,502	\$ 9,523,418
Other		123,711						123,711	122,078
	<u>-</u>	<u>10,034,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,034,213</u>	<u>9,645,496</u>
<b>OPERATING EXPENSES:</b>									
Cost of Providing Services		6,033,252						6,033,252	6,168,197
Administrative and General		1,798,215						1,798,215	1,793,226
Depreciation		2,125,429						2,125,429	2,100,728
	<u>-</u>	<u>9,956,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,956,896</u>	<u>10,062,151</u>
<b>OPERATING INCOME (LOSS)</b>	<u>-</u>	<u>77,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,317</u>	<u>(416,655)</u>
<b>NON-OPERATING REVENUE (EXPENSES):</b>									
Miscellaneous Income		7,234						7,234	6,818
Connection Fees		187,589						187,589	153,798
Interest Income		31,459		90,206	26,380			148,045	184,412
Interest Expense		(388,205)						(388,205)	(441,772)
Appropriation to City of Vineland		(50,000)						(50,000)	(434,850)
Increase (Decrease) in Fair Value of Investments		41,004						41,004	(239,810)
	<u>-</u>	<u>(170,919)</u>	<u>-</u>	<u>90,206</u>	<u>26,380</u>	<u>-</u>	<u>-</u>	<u>(54,333)</u>	<u>(771,404)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>-</u>	<u>(93,602)</u>	<u>-</u>	<u>90,206</u>	<u>26,380</u>	<u>-</u>	<u>-</u>	<u>22,984</u>	<u>(1,188,059)</u>
<b>CAPITAL CONTRIBUTIONS</b>		1,323,064						1,323,064	498,322
<b>TRANSFERS AND ADJUSTMENTS:</b>									
Interest Income		116,586		(90,206)	(26,380)			-	-
Other Transfers	811,282	(514,344)	(276,000)	(11,098)			(9,840)	-	-
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>811,282</u>	<u>831,704</u>	<u>(276,000)</u>	<u>(11,098)</u>	<u>-</u>	<u>-</u>	<u>(9,840)</u>	<u>1,346,048</u>	<u>(689,737)</u>
<b>NET POSITION - JANUARY 1,</b>	<u>51,228,072</u>	<u>2,011,728</u>	<u>276,000</u>	<u>542,133</u>		<u>600,000</u>	<u>1,357,340</u>	<u>56,015,273</u>	<u>56,705,010</u>
<b>NET POSITION - DECEMBER 31,</b>	<u>\$ 52,039,354</u>	<u>\$ 2,843,432</u>	<u>\$ -</u>	<u>\$ 531,035</u>	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ 1,347,500</u>	<u>\$ 57,361,321</u>	<u>\$ 56,015,273</u>

**THE LANDIS SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUES AND COSTS FUNDED BY**  
**REVENUES COMPARED TO BUDGET - BUDGETARY BASIS**  
**YEAR ENDED DECEMBER 31, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2014 BUDGET</u>	<u>2014 ACTUAL</u>	<u>2013 ACTUAL</u>
<b>REVENUE:</b>			
User Charges and Fees	\$ 9,316,000	\$ 9,910,502	\$ 9,523,418
Connection and Lateral Fees	20,000	187,589	153,798
Other Revenue	100,000	130,945	128,896
Interest Income	160,000	148,045	184,412
<b>Total Revenue</b>	<u>9,596,000</u>	<u>10,377,081</u>	<u>9,990,524</u>
<b>EXPENSES:</b>			
Costs of Providing Services:			
Salaries - Supervision	995,000	1,002,216	1,000,383
Salaries and Wages	1,804,000	1,773,060	1,736,875
Employee Benefits	1,443,000	1,420,908	1,506,589
Payroll Taxes	226,100	217,611	220,897
Utilities and Telephone	924,900	782,836	832,068
Miscellaneous Materials and Supplies	170,000	115,769	207,071
Repairs and Maintenance	130,000	159,040	149,051
Laboratory Testing	22,200	21,671	19,738
Grit and Grease Disposal	40,000	20,639	30,931
Mobile Equipment Expense	127,000	116,700	126,089
Chemicals	194,000	188,263	185,141
Industrial Pretreatment	16,000	14,007	16,267
Farm Supplies, Maintenance and Utilities	180,000	200,532	137,097
	<u>6,272,200</u>	<u>6,033,252</u>	<u>6,168,197</u>
Administrative and General Expenses:			
Salaries and Wages	805,000	831,458	790,824
Employee Benefits	365,500	332,652	378,920
Payroll Taxes	66,100	63,018	59,154
Professional Services	166,000	213,947	197,202
Insurance	148,600	152,986	139,250
Travel	4,000	4,325	7,319
Public Relations	1,000	525	525
City of Vineland - Health Department	4,000		
City of Vineland - Tax Office	7,500	7,500	7,500
Permit Fees	36,400	48,483	75,187
Miscellaneous Expense	44,000	57,258	50,808
Office Expenses	79,200	77,363	75,861
Chairman's Expenses	4,500	4,700	3,932
Bad Debt Expense			2,744
Household Hazardous Waste Clean-Up Day	4,000	4,000	4,000
	<u>1,735,800</u>	<u>1,798,215</u>	<u>1,793,226</u>
Interest Expense	<u>370,000</u>	<u>348,086</u>	<u>396,150</u>

(Continued)



**THE LANDIS SEWERAGE AUTHORITY**  
**SCHEDULE OF REVENUES AND COSTS FUNDED BY**  
**REVENUES COMPARED TO BUDGET - BUDGETARY BASIS**  
**YEAR ENDED DECEMBER 31, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2014 BUDGET</u>	<u>2014 ACTUAL</u>	<u>2013 ACTUAL</u>
<b>OTHER COSTS FUNDED BY REVENUE:</b>			
Principal Maturities	\$ 900,000	\$ 900,000	\$ 900,000
Appropriation to City of Vineland		50,000	434,850
Debt Service Coverage Requirement	127,000		
Capital Outlays	191,000	96,020	105,069
	<u>1,218,000</u>	<u>1,046,020</u>	<u>1,439,919</u>
<b>TOTAL COSTS FUNDED BY REVENUE</b>	<u>9,596,000</u>	<u>9,225,573</u>	<u>9,797,492</u>
<b>REVENUES OVER COSTS FUNDED BY REVENUES</b>	<u>-</u>	1,151,508	193,032
<b>Reconciliation of Budgetary Basis to Change in Net Position:</b>			
Adjustments to Budgetary Basis:			
Principal Maturities		900,000	900,000
Capital Outlays		96,020	105,069
Depreciation		(2,125,429)	(2,100,728)
Amortization Charged to Interest Expense		(40,119)	(45,622)
Increase (Decrease) in Fair Value of Investments		41,004	(239,810)
Capital Contributions		1,323,064	498,322
<b>CHANGE IN NET POSITION PER EXHIBIT B</b>		<u>\$ 1,346,048</u>	<u>\$ (689,737)</u>

**THE LANDIS SEWERAGE AUTHORITY  
SCHEDULE OF TERM BONDS PAYABLE  
DECEMBER 31, 2014**

DESCRIPTION	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2014	ISSUED 2014	PRINCIPAL PAID 2014	BALANCE DECEMBER 31, 2014	
			DATE	AMOUNT						
Short Term Auction Rate Securities-Series 1993-B	(2)	\$ 6,500,000	4/1/93	9/19/2019	\$ 6,500,000	VARIOUS (1)	\$ 3,200,000	\$ 450,000	\$ 2,750,000	
Complimentary Auction Rate Securities-Series 1993-C	(2)	6,500,000	4/1/93	9/19/2019	6,500,000	VARIOUS (1)	3,200,000	450,000	2,750,000	
							<u>\$ 6,400,000</u>	<u>\$ -</u>	<u>\$ 900,000</u>	<u>\$ 5,500,000</u>

(1) The combined rate or Linked Coupon Rate is 5.65% which is the rate the Authority pays, even though the rates for each of these Securities can change at each Auction Date.

(2) The Short Term Auction Rate Securities and the Complimentary Auction Rate Securities are subject to mandatory redemption through October 1, 2019 at 100% of the principal amounts established as follows:

Year	Principal Amount of Short Term Auction Rate Securities	Principal Amount of Complimentary Auction Rate Securities
2015	\$ 500,000	\$ 500,000
2016	500,000	500,000
2017	550,000	550,000
2018	600,000	600,000
2019	600,000	600,000
	<u>\$ 2,750,000</u>	<u>\$ 2,750,000</u>

**THE LANDIS SEWERAGE AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2014**

<u>FEDERAL GRANTOR/ PROGRAM TITLE/ PASS-THROUGH</u>	<u>FEDERAL CFDA</u>	<u>CONTRACT NUMBER</u>	<u>PROGRAM/ AWARD AMOUNT</u>	<u>GRANT PERIOD</u>	<u>(ACCOUNTS RECEIVABLE) JANUARY 1, 2014</u>	<u>CASH RECEIVED</u>	<u>BUDGETARY EXPENDITURES</u>	<u>(ACCOUNTS RECEIVABLE) DECEMBER 31, 2014</u>
<b>U.S. ECONOMIC DEVELOPMENT AUTHORITY:</b>								
Passed through: City of Vineland								
Public Works Grant	11.300	01-01-08717	\$ 1,068,876	N/A	\$ (35,386)	\$ 1,033,336	\$ 997,950	\$ -
<b>U.S. DEPARTMENT OF ENERGY:</b>								
Passed through: NJ Department of Agriculture								
Renewable Energy Research and Development	81.087	DE-EE0000396	<u>307,250</u>	9/1/12-2/23/14	<u>-</u>	<u>175,276</u>	<u>299,936</u>	<u>(124,660)</u>
<b>Total Federal Award</b>			<u>\$ 1,376,126</u>		<u>\$ (35,386)</u>	<u>\$ 1,208,612</u>	<u>\$ 1,297,886</u>	<u>\$ (124,660)</u>

**THE LANDIS SEWERAGE AUTHORITY  
NOTES TO THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2014**

**NOTE 1 GENERAL**

The accompanying Schedule of Expenditures of Federal Awards includes the activity of all federal financial assistance programs of The Landis Sewerage Authority. All federal assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedules.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting in accordance with generally accepted accounting principles.

**NOTE 3 RELATIONSHIP TO THE FINANCIAL STATEMENTS**

The financial statements are also presented on the accrual basis of accounting in accordance with generally accepted accounting principles and agree with the Schedule of Expenditures of Federal Awards.

**NOTE 4 RELATIONSHIP TO FEDERAL/STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedule agrees with the amounts reported in the related federal financial reports.

**NOTE 5 MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**THE LANDIS SEWERAGE AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2014**

**Part 1 - Summary of Auditor's Results**

**Financial Statement Section**

Type of auditor's report issued : Unqualified

Internal control over financial reporting :

Material weakness(es) identified ?            yes       X       no

Were significant deficiencies(s) identified that were not considered to be a material weakness?            yes       X       none reported

Noncompliance material to the financial statements noted?            yes       X       no

**Federal Awards**

Internal control over compliance:

Material weaknesses identified?            yes       X       no

Were significant deficiencies identified that were not considered to be a material weakness?            yes       X       none reported

Type of auditor's report on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))?            yes       X       no

Identification of major programs:

<b>CFDA Numbers</b>	<b>Name of Federal Program or Cluster</b>
11.300	Economic Development Authority

Dollar threshold used to determine Type A programs \$300,000

Auditee qualified as low-risk auditee?            yes       X       no

**THE LANDIS SEWERAGE AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
YEAR ENDED DECEMBER 31, 2014**

**Part 2 - Schedule of Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**NONE NOTED**

**Part 3 - Schedule of Federal Award Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal programs, as required by OMB Circular A-133.

**NONE NOTED**

**Part 4 - Schedule of State Financial Assistance Findings and Questioned Costs**

**NOT APPLICABLE**

**THE LANDIS SEWERAGE AUTHORITY  
SUMMARY SCHEDULE OF PRIOR-YEAR FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
YEAR ENDED DECEMBER 31, 2014**

This section identifies the status of prior-year findings related to the financial statements and federal awards that are required to be reported in accordance with *Government Auditing Standards*, and OMB Circular A-133.

**NONE NOTED**

**THE LANDIS SEWERAGE AUTHORITY  
ROSTER OF OFFICIALS**

<u>Authority Members</u>	<u>Position</u>	<u>Amount of Surety Bond</u>
Jose Silva, Jr. Esquire	Chairman (5/5/2014 to 12/31/2014) Vice Chairman (1/1/2014 to 5/5/2014)	\$ 10,000
G. Steven Errickson	Chairman (1/1/2014 to 5/5/2014) Vice Chairman (5/5/2014 to 12/31/2014)	10,000
Carlos E. Villar	Secretary	10,000
Thomas J. Merighi, Jr.	Treasurer	10,000
Joseph J. Reuben	Assistant Secretary Assistant Treasurer	10,000
 <u>Other Officials</u>		
A. Steven Fabietti	Solicitor	
Dennis W. Palmer	Executive Director/Chief Engineer	10,000
David R. Kotok	Financial Advisor	

Surety Companies

Selective Insurance Company of America