

**CAMDEN COUNTY
MUNICIPAL UTILITIES AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014**

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Roster of Officials
December 31, 2015

Commissioners

Michael G. Brennan
James MacFarlane
Dorothy A. Burley
James Bresch
Doreen A. Dixon
Robert Kelly
Jeffrey S. Swartz
K. K. Wu
vacant

Position

Chairman
Vice – Chairman
Treasurer
Commissioner
Commissioner
Commissioner
Commissioner
Commissioner
Commissioner

Other Officials

Andrew Kricun
Marge DellaVecchia
Kim Michelini
Wayne Planamento
Robert Cornforth
John J. Connolly, Jr.
Joseph Carney, Brown & Connery
Bank of New York (NJ)

Position

Executive Director / Chief Engineer
Deputy Executive Director
Authority Secretary
Chief Financial Officer
Director of Operations and Maintenance
Director of Operations and Maintenance, Wastewater Treatment
Solicitor
Trustee

**CAMDEN COUNTY
MUNICIPAL UTILITIES AUTHORITY**

PART I

FINANCIAL SECTION

**FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014**

INDEPENDENT AUDITOR'S REPORT

The Chairman and Commissioners of
Camden County Municipal Utilities Authority
Camden County, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Camden County Municipal Utilities Authority, in the County of Camden, State of New Jersey, a component unit of the County of Camden (Authority), as of and for the years ended December 31, 2015 and 2014 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's 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 in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Camden County Municipal Utilities Authority, in the County of Camden, State of New Jersey as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the year ended December 31, 2015, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Prior Period Restatement

Because of the implementation of GASB Statements No. 68 and No. 71, the beginning balance of net position for the year ended December 31, 2014 on the comparative statements of revenues, expenses and changes in net position has been restated, as discussed in note 12 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension liability and schedule of Authority contributions 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 Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are also not a required part of the financial statements.

Other Matters (Cont'd)

Other Information (Cont'd)

The accompanying supplementary schedules as listed in the table of contents and the schedules of expenditures of federal awards and state financial assistance 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 accompanying supplementary information, as listed in the table of contents, and the schedules of expenditures of federal awards and state financial assistance 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 12, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
July 12, 2016

**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**

INDEPENDENT AUDITOR'S REPORT

The Chairman and Commissioners of
Camden County Municipal Utilities Authority
Camden County, 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 in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Camden County Municipal Utilities Authority, in the County of Camden, State of New Jersey, a component unit of the County of Camden, (Authority), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 12, 2016. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the adoption of new accounting principles.

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 purpose 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 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 Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
July 12, 2016

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015 (unaudited)**

INTRODUCTION TO THE ANNUAL REPORT

The following Management’s Discussion and Analysis (MD&A) of the Camden County Municipal Utilities Authority provides an introduction to the financial statements of the Authority for the year ended December 31, 2015. The financial section of the annual report consists of three sections: Management’s Discussion and Analysis (this section), the basic financial statements together with the notes thereto and supplemental information. The financial statements section provides comparisons between current and prior years’ results as well as budgeted and actual results on a supplemental schedule.

The Authority’s financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America, promulgated by the Governmental Accounting Standards Board. The Authority is structured as a single enterprise fund with revenues recognized when earned and expenses recognized when incurred. Capital assets are capitalized and depreciated over their useful lives (with the exception of land and construction in progress). See notes to the financial statements for a summary of the Authority’s significant accounting policies.

THE FINANCIAL STATEMENTS

The “Comparative Statements of Net Position” provide information about the nature and amounts of investments in resources (assets), future period reductions of net position (Deferred Outflows of Resources), the obligations to Authority’s creditors (liabilities) and future period acquisitions of net position (Deferred Inflows of Resources) with the difference reported as Net Position.

The “Comparative Statements of Revenues, Expenses and Changes in Net Position” account for all of the current year’s revenues and expenses, measures the success of the Authority’s operations over the past two years and can be used to determine how the Authority has funded its costs.

The “Comparative Statements of Cash Flows” provide information about the Authority’s cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

The “Notes to Financial Statements” contain information that is essential to understanding the basic financial statements, such as the Authority’s accounting methods and policies. The details of contractual obligations and future commitments and contingencies of the Authority are also included. Likewise, any other events or developing situations that could materially affect the Authority’s financial position are noted.

SUPPLEMENTARY INFORMATION

This section provides presentations of the Authority’s financial information in accordance with the requirements of the various Bond Resolutions.

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
For the Year Ended December 31, 2015 (unaudited)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Authority's financial statements, the Management's Discussion and Analysis (MD&A), presents an overview of the Authority's financial performance during the year ended December 31, 2015 compared to December 31, 2014 and December 31, 2013. It provides an assessment of how the Authority's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements described above.

SUMMARY OF FINANCIAL POSITION

	(Restated)		
	<u>2015</u>	<u>2014</u>	<u>2013*</u>
ASSETS			
Unrestricted Assets	\$ 25,392,627	\$ 19,162,594	\$ 17,008,552
Restricted Assets	19,157,756	47,860,879	71,071,790
Capital Assets, Net	482,386,399	501,202,404	513,185,276
Other Capital Assets, Net	10,458,213	10,939,856	11,890,435
Total Assets	537,394,995	579,165,733	613,156,053
DEFERRED OUTFLOWS OF RESOURCES	5,211,206	3,246,487	298,697
LIABILITIES			
Current Liabilities	72,971,509	74,092,021	73,022,570
Total Long-Term Liabilities	226,285,632	274,574,335	298,819,926
Total Liabilities	299,257,141	348,666,356	371,842,496
DEFERRED INFLOWS OF RESOURCES	836,024	1,860,731	832,471
NET POSITION			
Net Investment in Capital Assets	237,530,934	240,851,180	226,272,013
Restricted for Bond Covenants	7,332,886	1,754,851	7,706,411
Unrestricted	(2,350,784)	(10,720,898)	6,801,359
Total Net Position	\$ 242,513,036	\$ 231,885,133	\$ 240,779,783

* 2013 has not been restated to comply with GASB 68. See Note 12

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
For the Year Ended December 31, 2015 (unaudited)**

CHANGES IN FINANCIAL POSITION

During the year ended December 31, 2015, the Authority was required to implement Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The pension liability is based on an actuarial estimate and the actual payments may vary as they will be paid over the employees' lifetime through retirement. The restatement of net position related to the pension obligations as of December 31, 2013 was \$21,206,980. The unfunded pension liability as of December 31, 2015 was \$25,134,585. In addition, the notes to the financial statements provide a more thorough discussion of the implementation of GASB 68 and the effects to the financial statements.

Since the pension liability is now required to be recorded in the financial statements, the liability and related expenses result in a deficit in unrestricted net position. Since this pension liability is considered a long-term liability, the Authority's management does not include these amounts when making current operating decisions. Without the inclusion of the pension liability and related deferred items, the unrestricted net position would be \$22,915,989 as opposed to the GAAP amount of \$(2,350,784). Management feels the current ratio, which is the comparison of current assets to current liabilities, combined with the fact that there will be a significant reduction in current debt service payments in 2018 is the best way to evaluate the operations of the Authority.

In 2015, the Authority's net position increased by 4.58% from 2014. The increase in 2015 from 2014 was due to the continued pay down of long term debt since the current rates support the cash flow needs of debt service which is larger than the GAAP basis depreciation.

The purchase of a letter of credit to cover the debt service reserve requirement allowed the Authority to de-obligate \$40,000,000 of investments that were previously restricted. These funds were used to finance a portion of the operations and capital program of the Authority without increasing rates. Management feels a large rate increase would not have been appropriate to finance the additional operation and capital needs due to the previously mentioned significant drop in debt service in 2018. The purchase of the credit facility, also referred to as letter of credit, combined with the net income of \$10,627,903 resulted in the unrestricted net position to increase by \$8,894,650.

The Authority's Bond Resolutions and the State Regulations govern Restricted Assets. The category Restricted Assets decreased by 59.97% from 2014 and decreased by 73.04% from 2013 due to a decrease in Cash Held by Fiscal Agent as well as a decrease in restricted investments as the Authority used the Debt Service Reserve Fund and Special Reserve Fund to pay down the debt after a letter of credit had been obtained in the amount of \$40 million.

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
For the Year Ended December 31, 2015 (unaudited)**

CHANGES IN FINANCIAL POSITION (CONT'D)

The decrease in Long-Term Liabilities comes primarily from pay down of debts in the form of Bonds and Loans. The Authority continues to reduce its outstanding debt from its User Revenues, Debt Service Reserve Fund and the Special Reserve Fund as required by the Bond Resolution.

<u>CHANGES IN NET POSITION</u>	<u>2015</u>	<u>2014 (Restated)</u>	<u>2013*</u>
OPERATING REVENUE			
User Charges and Fees	\$ 82,716,339	\$ 80,687,686	\$ 78,048,926
Other Revenue	6,497,100	7,512,213	5,329,478
Total Operating Revenues	<u>89,213,439</u>	<u>88,199,899</u>	<u>83,378,404</u>
OPERATING EXPENSES			
Administration	10,102,891	7,494,448	6,238,581
Cost of Providing Services	29,550,109	28,934,742	29,260,607
Depreciation	25,705,503	22,300,804	22,038,539
Total Operating Expenses	<u>65,358,503</u>	<u>58,729,994</u>	<u>57,537,727</u>
OPERATING INCOME	<u>23,854,936</u>	<u>29,469,905</u>	<u>25,840,677</u>
NONOPERATING REVENUE (EXPENSES):			
Investment Income	187,036	247,144	376,820
Interest Expense	(11,445,724)	(14,242,364)	(16,853,843)
Bond Issuance Costs	(262,727)		
Contribution to the County of Camden	(3,401,873)	(3,310,756)	(6,135,172)
Net Gain (Loss) on Disposition of Capital Assets, and Other Non Operating Revenue (Expense)	<u>(303,745)</u>	<u>148,401</u>	<u>(549,698)</u>
TOTAL NON-OPERATING ITEMS	<u>(15,227,033)</u>	<u>(17,157,575)</u>	<u>(23,161,893)</u>
Income Before Contributions	8,627,903	12,312,330	2,678,784
Capital Contributions	<u>2,000,000</u>	<u>-</u>	<u>-</u>
Increase in Net Position	10,627,903	12,312,330	2,678,784
Total Net Position Jan. 1	231,885,133	240,779,783	238,100,999
Prior Period Restatement		<u>(21,206,980)</u>	
Total Net Position Jan. 1	<u>231,885,133</u>	<u>219,572,803</u>	<u>238,100,999</u>
Net Position Dec. 31	<u>\$ 242,513,036</u>	<u>\$ 231,885,133</u>	<u>\$ 240,779,783</u>

* 2013 has not been restated to comply with GASB 68. See Note 12

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
For the Year Ended December 31, 2015 (unaudited)**

CHANGES IN NET POSITION (CONT'D)

The 2015 total operating revenue showed an overall increase of 1.15% from 2014 and an increase of 7.00% from 2013. The increase from 2014 and 2013 is a result of the increase in the user rates as well as additional users. The Authority continues to add billing units as reflected in connection fees. While we continued to add billing units in 2015, the rate of increase slowed, which can be seen in the 13.51% drop in connection fees as compared to 2014. This is due mainly to the County of Camden being mostly built out. Most connection fees are the result of change of purpose in previously existing buildings or older residential units converting to over from septic systems. New residential construction is not a significant component of the connection fee revenue.

The Authority's total operating expenses increased by 11.29% from 2014 and increased by 13.59% from 2013. Of the increase, about half was due to higher depreciation expense as a result of the significant capital program of the Authority. The remainder was due mainly to the implementation of GASB 68 and the recognition of the pension liability which increased by \$4,392,230 in 2015 from the previous balance of \$20,742,355 in 2014.

Non-operating revenue, net of expenses, decreased by 11.25% compared to 2014 and by 34.26% compared to 2013 because of a reduction in interest expense as well as the Authority having completed its payments to the County under the Road Indemnification Agreement.

BUDGETARY HIGHLIGHTS

The Camden County Municipal Utilities Authority must adopt a budget in accordance with N.J.A.C. 5:31-2. The Budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Significant variances between the original adopted budget and the actual expenditure amounts fall within two categories of favorable and unfavorable and the unfavorable ones, along with explanations, can be seen in detail in the chart on the following page.

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
For the Year Ended December 31, 2015 (unaudited)**

BUDGETARY HIGHLIGHTS (CONT'D)

<u>Category</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>	<u>Comment on Excess</u>
Administration:				
Salaries & Wages	\$ 2,047,293	\$ 2,172,086	\$ 124,793	Unanticipated overtime costs.
Fringe Benefits	2,112,220	3,017,942	905,722	The pension expense in the budget was prepared on a cash basis and not GAAP which included accruals for GASB 68. See Note 5.
Other Expenses	2,831,059	4,912,863	2,081,804	Higher than expected bad debt expense and higher than expected legal and management consulting fees.
Cost of Providing Services:				
Salary & Wages	7,450,303	7,532,326	82,023	Unanticipated overtime costs.
Fringe Benefits	2,421,697	2,454,641	32,944	Unanticipated overtime costs.
Other Expenses	19,161,708	19,563,142	401,434	Higher than expected maintenance costs.
Total Principal Payments on Debt Service	32,013,175	32,050,665	37,490	Debt issued in 2015 required principal payments that were not anticipated when the budget was formed.
Total Interest Payments on Debt Service	32,380,942	31,460,869	(920,073)	Accrual of interest was not appropriated due to the interest in the budget was prepared on a cash basis not GAAP.

DEBT ADMINISTRATION

During the year 2015, the Authority continued to pay down its outstanding debt from operating revenues and using the Debt Service Reserve and Special Reserve Funds. As a result of an additional letter of credit secured during 2015, the Authority used \$20,000,000 from the Debt Service Reserve and Special Reserve Funds to pay down its debt. The Authority had additional borrowings in 2015 from the New Jersey Environmental Infrastructure Trust to fund the City of Camden Green and Grey Infrastructure Improvement project as well as refunding certain prior year New Jersey Environmental Infrastructure Trust Bonds.

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
For the Year Ended December 31, 2015 (unaudited)**

CAPITAL IMPROVEMENTS AND CONSTRUCTION ACTIVITY

- A) Wastewater Treatment Plant----In 2015 and 2014, the CCMUA worked on one improvement to the treatment plant.
- 1) Installation of a new sludge drying facility. The facility will process all of the CCMUA's sludge and will significantly reduce the plant's sludge disposal costs and also its odor potential as well. This project cost about \$30 million and is funded through the NJ Environmental Infrastructure Trust. The facility completed a warm weather performance test in September 2014 and a cold weather performance test in February 2015.
- B) Interceptor System----In 2015 and 2014, the CCMUA worked on the following improvements to the interceptor system.
- 1) Construction of the Atlantic Basin Interceptor. The CCMUA received the necessary approvals and funding to construct an expansion of its regional sewer system to provide additional sewer service to the southern end of Camden County (Berlin Township, Berlin Borough, Chesilhurst, Pine Hill, Waterford Township and Winslow Township). This project resulted in the elimination of the CCMUA's Sicklerville Sewage Treatment Plant. Elimination of that plant's O+M costs, plus the annual sewer revenue from the additional capacity made available, will help to offset the cost of this project. Bids were received in March of 2012, with a total cost of \$50 million; the project is being funded by the New Jersey Environmental Infrastructure Trust. This project was completed in April 2014.
 - 2) Camden City Combined Sewer Overflow Upgrades. The CCMUA received funding from the NJ Environmental Infrastructure Trust to construct improvements to the Camden City's combined sewer system. Specifically, the CCMUA is adding netting systems to each of the City's combined sewer overflow outfalls in order to capture solids and prevent them from entering in the Delaware River during rain events. As of the end of 2014, the CCMUA had upgraded 27 of Camden's 28 combined sewer overflow outfalls. The CCMUA completed the project in June 2015.
 - 3) Camden City Green and Gray Infrastructure, Phase I. The CCMUA received funding from the NJ Environmental Infrastructure Trust, including a \$2 million grant, to construct a series of green infrastructure projects as well as sewer rehabilitation and separation. The projects are estimated to manage approximately 30 million gallons of stormwater on an annual basis. Funding was awarded in May of 2014 and the project was scheduled for completion in the summer of 2015. However, due to unforeseen construction requirements, a supplemental NJEIT loan in the fall of 2015 was required. The project was completed in early 2016.

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
For the Year Ended December 31, 2015 (unaudited)**

CAPITAL IMPROVEMENTS AND CONSTRUCTION ACTIVITY (CONT'D)

- C) Regulatory Requirements ----In March 2015, the NJDEP issued a new permit to the CCMUA, Camden and Gloucester Cities which requires these entities to work together to develop a long term, sustainable plan to eliminate combined sewage flooding and combined sewage overflows. This will require, ultimately, implementation of a multi pronged approach including a significant amount of capital improvements to both the CCMUA's sewage treatment plant and the Cities' sewer collection systems. The CCMUA is currently developing the NJDEP-required plan and expects to submit the plan within 12 months.

ADDITIONAL FINANCIAL INFORMATION

This Financial Report is designed to provide the Authority's customers, investors and other interested parties with an overview of the Authority's financial operations and financial condition. Should the reader have questions regarding the information contained in this report or wish to request additional financial information, please contact Wayne Planamento, Chief Financial Officer, at 1645 Ferry Avenue, Camden, New Jersey 08104.

BASIC FINANCIAL STATEMENTS

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Net Position
 As of December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u> <u>(Restated)</u>
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 12,112,498	\$ 4,779,720
Accounts Receivable	13,279,572	14,382,343
Accrued Interest Receivable	57	31
Other	500	500
	<hr/>	<hr/>
Total Unrestricted Assets	25,392,627	19,162,594
Restricted Assets:		
Cash and Cash Equivalents	5,633,501	36,059,245
Cash Held by Fiscal Agent	5,243,379	3,447,378
Investments	8,077,310	8,119,785
Due from State of New Jersey -- NJEIT Receivable		234,192
Due from PSE&G -- Grant Receivable	190,000	
Accrued Interest Receivable	13,566	279
	<hr/>	<hr/>
Total Restricted Assets	19,157,756	47,860,879
	<hr/>	<hr/>
Total Current Assets	44,550,383	67,023,473
Noncurrent Assets:		
Restricted Assets:		
Capital Assets:		
Utility Plant-In Service, Net of Accumulated Depreciation	475,544,566	497,898,255
Construction in Progress	6,841,833	3,304,149
Other Capital Assets, Net of Accumulated Depreciation	10,458,213	10,939,856
	<hr/>	<hr/>
Total Capital Assets	492,844,612	512,142,260
	<hr/>	<hr/>
Total Noncurrent Assets	492,844,612	512,142,260
	<hr/>	<hr/>
Total Assets	537,394,995	579,165,733
DEFERRED OUTFLOWS OF RESOURCES		
Pre-Operating Costs	37,089	134,154
Deferred Loss on Refunding of Debt	674,778	1,327,508
Related to Pensions	4,499,339	1,784,825
	<hr/>	<hr/>
Total Deferred Outflows of Resources	5,211,206	3,246,487
	<hr/>	<hr/>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Net Position
As of December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u> <u>(Restated)</u>
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 4,237,035	\$ 3,758,424
Accounts Payable - Related to Pension	962,625	913,312
Accrued Expenses	999,078	1,249,326
Reserve for Grant Expenditures:		
Clean Water Enforcement Act	2,917,749	2,897,049
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	9,116,487	8,818,111
Current Liabilities Payable from Restricted Assets:		
Accounts Payable		1,162,375
Retainages Payable	842,625	1,058,575
Current Maturities of Long-Term Debt	61,270,605	60,831,246
Accrued Interest Payable	1,741,792	2,221,714
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	63,855,022	65,273,910
Long-Term Liabilities Payable:		
Net Pension Liability	25,134,585	20,742,355
Accrued Liabilities - Related to Pension	481,313	481,313
Long-term Debt	200,669,734	253,350,667
	<hr/>	<hr/>
Total Long-Term Liabilities	226,285,632	274,574,335
Total Liabilities	<hr/>	<hr/>
	299,257,141	348,666,356
DEFERRED INFLOWS OF RESOURCES		
Deferred Interest Revenue	431,908	624,599
Related to Pensions	404,116	1,236,132
	<hr/>	<hr/>
Total Deferred Inflows of Resources	836,024	1,860,731
NET POSITION		
Net Investment in Capital Assets	237,530,934	240,851,180
Restricted	7,332,886	1,754,851
Unrestricted (Deficit)	(2,350,784)	(10,720,898)
	<hr/>	<hr/>
Total Net Position	\$ 242,513,036	\$ 231,885,133
	<hr/>	<hr/>

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

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u> <u>(Restated)</u>
OPERATING REVENUE		
User Charges and Fees	\$ 82,716,339	\$ 80,687,686
Connection Fees	3,868,283	4,815,820
Other	2,628,817	2,696,393
	<hr/>	<hr/>
Total Operating Revenues	89,213,439	88,199,899
OPERATING EXPENSES		
Administration:		
Salary & Wages	2,172,086	2,178,992
Fringe Benefits	3,017,942	2,156,426
Other Expenses	4,912,863	3,159,030
Cost of Providing Services:		
Salary & Wages	7,532,326	7,584,589
Fringe Benefits	2,454,641	2,123,851
Other Expenses	19,563,142	19,226,302
Depreciation	25,705,503	22,300,804
	<hr/>	<hr/>
Total Operating Expenses	65,358,503	58,729,994
	<hr/>	<hr/>
OPERATING INCOME	23,854,936	29,469,905
NONOPERATING REVENUES (EXPENSES)		
Investment Income	187,036	263,113
Unrealized Loss / Gain on Investments		(15,969)
Interest Expense	(11,445,724)	(14,242,364)
Bond Issuance Costs	(262,727)	
Contribution to the County of Camden	(3,401,873)	(3,310,756)
Amortization (Net) Bond Premiums, Pre-Operating Costs and Deferred Amounts	401,039	135,902
Cancellation of Sick Time Accrual		507,557
Cancellation of Accounts Receivable		(187,449)
Disposition of Capital Assets - Community Service Projects	(704,784)	(307,609)
	<hr/>	<hr/>
Total Non-operating Revenues (Expenses)	(15,227,033)	(17,157,575)
	<hr/>	<hr/>
INCOME BEFORE CONTRIBUTIONS	8,627,903	12,312,330
CAPITAL CONTRIBUTIONS	2,000,000	-
	<hr/>	<hr/>
CHANGE IN NET POSITION	10,627,903	12,312,330
NET POSITION - BEGINNING, AS ORIGINALLY STATED	231,885,133	240,779,783
RESTATEMENT - SEE NOTE 12	-	(21,206,980)
	<hr/>	<hr/>
NET POSITION - BEGINNING, AS RESTATED	231,885,133	219,572,803
CHANGE IN NET POSITION	10,627,903	12,312,330
	<hr/>	<hr/>
NET POSITION - ENDING	\$ 242,513,036	\$ 231,885,133

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

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u> <u>(Restated)</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 83,819,110	\$ 79,927,418
Other Operating Receipts	6,561,991	8,854,270
Payments to Suppliers	(24,247,642)	(27,554,278)
Payments to Employees	(14,184,917)	(9,763,581)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	51,948,542	51,463,829
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on Bonds	(52,563,914)	(30,109,416)
Payments of Defeased Bonds	(7,802,000)	
Interest Paid on Bonds	(12,022,711)	(33,218,339)
Proceeds from Issuance of Long Term Debt	735,750	8,893,717
Proceeds from Refunding Bonds	5,533,000	
Receipts of Cash Held by Fiscal Agents	763,591	
Premium Received on Debt Issued	446,830	160,147
Bond Issuance Costs	(262,727)	
Payment of Contribution to County of Camden	(3,401,873)	(3,310,756)
Acquisition and Construction of Capital Assets	(8,490,964)	(10,985,337)
Capital Contributions	2,000,000	
	<hr/>	<hr/>
Net Cash Used in Capital and Related Financing Activities	(75,065,018)	(68,569,984)
Cash Flows from Investing Activities:		
Investment Income	207,134	263,583
Deferred Interest Revenue	(192,691)	(207,872)
Redemption of Investments	9,067	7,010,596
	<hr/>	<hr/>
Net Cash Provided by Investing Activities	23,510	7,066,307
Net Decrease in Cash and Cash Equivalents	(23,092,966)	(10,039,848)
Cash and Cash Equivalents - January 1	40,838,965	50,878,813
	<hr/>	<hr/>
Cash and Cash Equivalents - December 31	\$ 17,745,999	\$ 40,838,965
	<hr/>	<hr/>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Cash Flows
 For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Operating Income	\$ 23,854,936	\$ 29,469,905
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation	25,705,503	22,300,804
Capital Asset Donations - Community Service Projects		(307,609)
Cancellation of Sick Time Accrual		507,557
Cancellation of Accounts Receivable		(187,449)
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	1,102,771	(760,268)
(Increase) Decrease in Grants and Loan Receivable	44,191	1,529,506
Increase (Decrease) in Unrestricted Accounts		
Payable and Accrued Expenses	228,363	(1,768,091)
Increase (Decrease) in Liabilities Related to Pension	4,441,543	
Increase (Decrease) in Reserve for Grants	20,700	
Changes in Deferred Outflows Related to Pensions	(2,617,449)	
Changes in Deferred Inflows Related to Pensions	(832,016)	
Net Cash Provided by Operating Activities	<u>\$ 51,948,542</u>	<u>\$ 50,784,355</u>

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

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Notes to Financial Statements

For the Years Ended December 31, 2015 and 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Camden County Municipal Utilities Authority (the "Authority") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Reporting Entity

The Camden County Municipal Utilities Authority (the "Authority"), a public body politic and corporate of the State of New Jersey, was created by an ordinance duly adopted on March 15, 1972, by the Board of Chosen Freeholders of the County of Camden, State of New Jersey.

The Authority was created to acquire, construct, maintain and operate facilities for the collection, treatment, purification or disposal of sewerage or other wastes for the relief of waters in, bordering or entering the County of Camden (the "County") from pollution or threatened pollution and for improvement of conditions affecting the public health.

The Authority has entered into a service agreement with its member municipalities within the County. The Authority bills and collects its revenue from the users of the system sufficient to pay or provide for the expenses of operation, repair and maintenance of the system, debt service, deficits (if any), and maintain reserves and sinking funds as may be required.

The County is obligated to pay the Authority, pursuant to a Deficiency Agreement, any annual charges equal to any deficits in revenues necessary to pay or provide for (i) operation and maintenance expenses, (ii) principal and interest payments on bonds and notes in an aggregate principal amount not to exceed \$685,500,000 and (iii) the maintenance of reserves required under the Bond Resolution securing the Authority's bonds and notes.

Component Unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units and is a component unit of the County of Camden.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Basis of Presentation**

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Sewer service charges are recognized as revenue when services are provided. Connection fees are paid to the Authority at the time a new property applies for connection to the regional sewer system and are recognized as revenue when the funds are received. At the time the municipality issues a release for certificate of occupancy, the Authority determines that sewage collection services are being provided to the properties and begins the billing process.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current year and to adopt not later than the beginning of the Authority's year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense, bond issue costs, bond discounts and deferred loss on defeasance are not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Comparative Statements of Revenues, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets and Budgetary Accounting (Cont'd)**

The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental units 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 or in 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 municipal units. 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. All public depositories must pledge collateral, having a market value at least equal to five percent 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 amount of their deposits to the governmental units.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

Inventories

Inventory consists principally of chemicals for the treatment of sewerage and sludge and is valued at cost. The Authority has determined that the inventories are immaterial and are not recorded in the financial statements.

Prepaid Expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the applicable year.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Capital Assets**

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased are stated at actual cost. Donated capital assets are recorded at their fair market value as of the date received.

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Costs incurred during construction of an asset are recorded as construction in progress. In the year that the project is completed, these costs are transferred to Capital Assets - Completed. Interest costs incurred during construction are not capitalized into the cost of the asset.

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$5,000.00 or more
- 2) Useful life of more than one year
- 3) Asset is not affected by consumption

Depreciation

Depreciation is taken beginning in the month of acquisition. Depreciation is provided using the straight-line method over the following estimated useful life of the assets:

	<u>Years</u>
Plant	50
Interceptors	75
Heavy Duty Vehicles	10
Office Furniture and Equipment	10
Other	5

Bond Discounts / Bond Premiums

Bond discounts / bond premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, by the straight-line method, from the issue date to maturity as a component of interest expense. Bond discounts / bond premiums are presented as an adjustment of the face amount on the bonds.

Deferred Outflows and Deferred Inflows of Resources

The comparative statements of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the GASB standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources:

Deferred Loss on Refunding – Deferred loss on refunding arising from the issuance of the revenue refunding bonds is recorded as a deferred outflow of resources. It is amortized by the straight-line method over the duration of the related debt as a component of interest expense.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

Defined Benefit Pension Plans – The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date.

Deferred Revenue – Deferred revenue arises when resources associated with revenue transactions are received or reported as a receivable before the period when resources are required to be used or when use is first permitted in which enabling legislation includes time requirements.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and other compensated time. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the Authority is eligible to realize the revenue.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

In accordance with the provisions of GASB Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", the Authority has classified its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Net Position (Cont'd)**

Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.” This component includes net position that may be allocated for specific purposes by the Board.

Income Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues that are generated directly from sewer collection facilities (e.g., user service charges and connection fees) and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities.

Operating expenses include expenses associated with the operation, maintenance and repair of the treatment system and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt, contributions to the County of Camden and other community service projects.

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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2015, the Authority adopted GASB 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, and GASB 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. As a result of adopting such Statements, the Authority was required to measure and recognize liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. The cumulative effect of adopting GASB Statements No. 68 and No. 71 totaled \$21,206,980, and was recognized as a restatement of the Authority's beginning balance of net position for the year ended December 31, 2014 on the comparative statements of net position (see note 12).

Recently Issued Accounting Pronouncements

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Statement is effective for periods beginning after June 15, 2015. Management has not yet determined the impact of this Statement on the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. Components of this Statement are effective for periods beginning after June 15, 2015 and 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement is effective for periods beginning after June 15, 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement is effective for periods beginning after June 15, 2017. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of GAAP. The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Statement is effective for periods beginning after June 15, 2015. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement is effective for periods beginning after December 15, 2015. Management does not expect this Statement will have an impact on the notes to the financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The Statement is effective for periods beginning after December 15, 2015. Management has not yet determined the impact of this Statement on the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Management does not expect this Statement will have an impact on the notes to the financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Statement is effective for periods beginning after June 15, 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The Statement is effective for periods beginning after December 15, 2016. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management has not yet determined the impact of this Statement on the financial statements.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**Compliance with Finance Related Legal and Contractual Provisions**

Management of the Authority is unaware of any material violations of finance related legal and contractual provisions.

General Bond Resolution

The Authority is subject to the provisions and restrictions of the 1987 Sewer Revenue Bond Resolution adopted May 26, 1987 and all subsequent supplemental resolutions. An Amended and Restated Sewer Revenue Bond Resolution was adopted on October 10, 1995, in order to consolidate all previous supplemental resolutions to date. A summary of the activities of each fund created by the Bond Resolution is covered below.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)

General Bond Resolution (Cont'd)

Revenue Fund - The Revenue Fund accounts for resources and expenditures of a general nature. If the Authority is not in default in the payment of bond principal or interest and all fund requirements are satisfied, the excess funds may be used by the Authority for any lawful purpose.

Debt Service – The Debt Service Fund must maintain a balance on deposit sufficient to enable the Trustee to withdraw amounts equal to interest due on bonds and loans, principal amounts maturing on bonds and loans and sinking fund installments, when such payments are required.

Debt Service Reserve Fund – The amount of funds on deposit must be maintained at a level equal to Maximum Debt Service to insure funds are available for payment of debt service.

Renewal and Replacement Fund – These funds are maintained for reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements or maintenance items of a type not recurring annually.

Construction Account – The Construction Fund is held by the Trustee and shall be applied to pay the cost of projects and is pledged, pending application to such costs, for the security of the payment of principal and interest on the Sewer Revenue Bonds.

Special Reserve Fund – The Special Reserve Fund accounts for funds in accordance with the Special Reserve Fund Deposit Requirement. (Refer to Note 5 – Special Reserve Fund for a more detailed description)

Excess Expenditures over Appropriations

The following appropriation categories had expenditures that exceeded appropriations for the year ended December 31, 2015:

<u>Category</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>	<u>Comment on Excess</u>
Administration:				
Salaries & Wages	\$ 2,047,293	\$ 2,172,086	\$ 124,793	Unanticipated overtime costs.
Fringe Benefits	2,112,220	3,017,942	905,722	The pension expense in the budget was prepared on a cash basis and not GAAP which included accruals for GASB 68. See Note 5.
Other Expenses	2,831,059	4,912,863	2,081,804	Higher than expected bad debt expense and higher than expected legal and management consulting fees.
Cost of Providing Services:				
Salary & Wages	7,450,303	7,532,326	82,023	Unanticipated overtime costs.
Fringe Benefits	2,421,697	2,454,641	32,944	Unanticipated overtime costs.
Other Expenses	19,161,708	19,563,142	401,434	Higher than expected maintenance costs.
Total Principal Payments on Debt Service	32,013,175	32,050,665	37,490	Debt issued in 2015 required principal payments that were not anticipated when the budget was formed.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)

Debt Service Coverage

Section 4.01 of the Amended and Restated Bond Resolution adopted October 10, 1995 requires certain ratios of Net Revenues at least equal to 1.00 times the Debt Service Requirements of Bonds within the coverage of the County Agreement for such Bond Year. Pursuant to the understanding at the time of issuance of the Sewer Revenue Capital Appreciation Bonds any accretion in value of the Capital Appreciation Bonds above the original principal amount of the Bonds at initial issuance is treated as accreted interest for the purpose of defining coverage within the County Agreement. Compliance with this covenant is calculated as follows:

<u>1995 Bond Resolution</u>	<u>Bond Year Ending December 31, 2015</u>
Gross Revenues:	
Operating Revenues	\$ 89,213,439
Interest Income	187,036
	<hr/>
Total Gross Revenues	89,400,475
Operating Expenses, exclusive of depreciation	<hr/> 39,653,000
Net Revenues	<hr/> 49,747,475
Debt Service Requirement of all Bonds issued under this Resolution (treating all Bonds as a single issue of Bonds for purposes of this calculation) *	<hr/> 48,999,205
Sufficiency of Net Revenues	<hr/> \$ 748,270

The amount of outstanding bonds is less than \$685,500,000 and all such bonds are entitled to the benefits of the County Agreement.

* Annual Debt Service stated above does not include amortization of bond discounts, deferred amount on defeasance or accreted interest on capital appreciation bonds.

Renewal and Replacement/System Reserve Requirement

In accordance with Section 6.15 of the Amended and Restated Bond Resolution adopted October 10, 1995, within thirty (30) days prior to the end of each year, the Authority shall certify as of the end of such year or the beginning of the succeeding year is reasonably required to be held in the System Reserve Account in the Renewal and Replacement Fund as the then-current System Reserve Requirement. As defined in the bond resolution, the system reserve requirement shall mean the greater of:

(a1) the amount stated as required as a reserve in the System Reserve Account in the Consulting Engineer's Certificate most recently filed with the Trustee pursuant to Section 6.15 hereof, plus the	\$ 1,373,000
(a2) Consulting Engineer's Certificate for Plant Renewal and Replacement	<hr/> 1,302,000
Total Consulting Engineer's Certified Amount	<hr/> \$ 2,675,000
or (b) five percent (5%) of the Gross Revenues set forth in the Authority's then current Annual Budget (\$98,351,781 x 5%)	<hr/> \$ 4,917,589
Total Renewal and Replacement / System Reserve	\$ 4,917,589
Amount of Renewal and Replacement / System Reserve Funded	<hr/> 2,360,589
Underfunded Total Renewal and Replacement / System Reserve	<hr/> \$ 2,557,000

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)**Renewal and Replacement/System Reserve Requirement (Cont'd)**

The bond resolution established four (4) levels of funds that must be maintained and are ordered by priority. The fourth and lowest prioritized level is the Renewal and Replacement Fund/System Reserve Account. If there are insufficient funds in this account, the Trustee is directed to transfer funds into the reserve as they become available.

Debt Service Reserve Requirement

Section 1.01 of the Amended and Restated Bond Resolution adopted October 10, 1995 indicates the debt service reserve requirement shall mean the lesser of:

(a) the Maximum Annual Debt Service Requirement of all Bonds issued under this Resolution (treating all Bonds as a single issue of Bonds for purposes of this calculation),	<u>\$ 46,874,882</u>
or	
(b) the sum of:	
(i) the then applicable Periodic Debt Service Reserve Requirement,	\$ 40,387,238
(ii) upon the issuance of any series of Additional Bonds after the 1990 Bonds, the Maximum Annual Debt Service Requirement on all Outstanding Bonds of such series less the amount, if any, of the reduction in the Maximum Annual Debt Service on any series of Bonds refunded with such series of Additional Bonds:	
2000 Series A, 2000-05	\$162,962
2000 Series A, 2000-07	190,388
2003 Series A	317,622
2006 Series A	384,160
2006 Series B (Refunding pre-1990 Bond issue Net Change)	(277,298)
2006 Series A (Refunding)	315,670
2006 Series A (Refunding)	294,519
2008 Series A (Refunding pre-1990 Bond Issue Net Change)	<u>640,036</u>
	2,028,059
(iii) on December 2, 1997, the Maximum Annual Debt Service Requirement on any 1987 Bonds maturing on December 31, 2007 Or December 1, 2017 then outstanding.	<u>-</u>
	42,415,297
Letter of Credit, as more fully described below	<u>40,000,000</u>
Restricted Net Position	<u>\$ 2,415,297</u>

Therefore, the defined Debt Service Reserve Requirement as of December 31, 2015 shall equal \$42,415,297.

The Authority has funded the Debt Service Reserve Requirement as of December 31, 2015 as follows:

Amount on Deposit	\$ 10,026,182
Interest Receivable	13,554
Credit Facility Instrument (Letter of Credit)	<u>40,000,000</u>
	<u>\$ 50,039,736</u>

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)**Debt Service Reserve Requirement (Cont'd)**

Letter of Credit - The Amended and Restated Bond Resolution adopted October 10, 1995 permits the Authority to evidence a portion of the Debt Service Reserve Requirement by a Credit Facility, which would allow for the removal of a corresponding amount of cash from the Debt Service Reserve Fund. On January 27, 2014, the Commissioners approved a resolution that authorized the Authority to accept a Credit Facility from The Bank of New York Mellon (the Facility Provider) in the amount of \$22,000,000. Under the terms of a Reimbursement Agreement, the Facility Provider issued a Letter of Credit to The Bank of New York Mellon, as Trustee, as beneficiary, on February 7, 2014 in the original amount of \$22,000,000. On May 18, 2015, the Authority further approved an insurance policy from AGM for to secure an additional letter of credit in the amount of \$18,000,000. As of December 31, 2015, there have been no draws against these letters of credit.

Subordinate Bond Resolution

The Authority is further subject to the provisions and restrictions of several Subordinate Resolutions initially adopted on July 17, 2006 (the "Subordinate Resolution") as amended and supplemented at the time each subordinate bond is issued. Section 4 of the Subordinate Resolution creates an obligation on the Authority to the payment of principal and interest on the Subordinate Bonds. The Subordinate Bonds are secured by the pledge of amounts which may be withdrawn from the Renewal and Replacement Fund of the General Bond Resolution pursuant to and subject to the limitations of Paragraph (e) of Section 4.12, which states ...the Trustee shall (i) ... withdraw from and pay out of the Renewal and Replacement Fund, free and clear of the lien, pledge and security interest created hereby, any amounts in excess of the foregoing, which amounts as so withdrawn by the Authority may be used or applied by it to any lawful purpose of the Authority. The pledge of revenues and other such funds is subordinate to the provisions of the General Bond Resolution and the lien and pledge created by the General Bond Resolution.

Note 3: DETAIL NOTES - ASSETS**Cash and Cash Equivalents**

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, 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 (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2015 and 2014, the Authority's bank balances of \$20,786,232 and \$38,424,518 were exposed to custodial credit risk as follows:

	<u>2015</u>	<u>2014</u>
Uninsured and Collateralized with Securities Held by Pledging Bank's Trust Department, but not in the Authority's Name	\$ 19,786,232	\$ 37,674,518
Insured by F.D.I.C.	<u>1,000,000</u>	<u>750,000</u>
Total Bank Balance	<u>\$ 20,786,232</u>	<u>\$ 38,424,518</u>

Note 3: DETAIL NOTES – ASSETS (CONT'D)**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 \$8,077,310 as of December 31, 2015 and \$8,119,785 as of December 31, 2014 investments in treasury obligations are held 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 such as Treasury securities in order to limit the exposure of governmental units to credit risk. The Authority has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Authority's investment policies place no limit on the amount the Authority may invest in any one issuer. All of the Authority's investments are in treasury obligations.

As of December 31, 2015 and 2014, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Maturity Date</u>	<u>Moody's Credit Rating</u>	<u>2015 Fair Value</u>	<u>2014 Fair Value</u>
US Treasury Notes	08/31/16	Aaa	\$ 8,077,310	\$ 8,119,785
			<u>\$ 8,077,310</u>	<u>\$ 8,119,785</u>

Service Fees

The following is a three-year comparison of service charge billings and collections for all types of accounts maintained by the Authority:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2015	\$ 14,382,343	\$ 82,716,339	\$ 83,819,110	86.32%
2014	13,622,075	80,687,686	79,927,418	84.75%
2013	12,902,055	78,048,926	77,328,906	85.02%

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Accounts Receivable**

At December 31, 2015 and 2014, the balance in Accounts Receivable was \$13,279,572 and \$14,382,343 respectively. The Authority's policy for allowance for doubtful accounts is to consider any account with a balance greater than 18 months old as a doubtful account.

Delinquent account balances are sold at tax sales by the applicable municipal tax collectors on behalf of the Authority, thereby creating a lien on the property of the delinquent account. Any collection of delinquent account balance by the municipal tax collectors is subsequently forwarded to the Authority.

Capital Assets

During the year ended December 31, 2015 and 2014, the following changes in Capital Assets occurred:

	<u>Balance</u>				<u>Balance</u>
	<u>Jan. 1, 2015</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Dec. 31, 2015</u>
In Service:					
Land	\$ 6,440,900				\$ 6,440,900
Preliminary Treatment Facility	30,970,508				30,970,508
Secondary Treatment Plant	275,745,499	\$ 1,281,472			277,026,971
Interceptors	174,631,809	133,838			174,765,647
Incinerator	3,813,619				3,813,619
Compost Facility	55,342,819				55,342,819
Pump Stations	185,195,654				185,195,654
Metering Stations	5,175,127				5,175,127
Consulting & Engineering	40,121,442				40,121,442
Capitalized Interest	73,517,899				73,517,899
Total In Service	850,955,276	1,415,310	-	-	852,370,586
Assets Under Construction	3,304,149	3,537,684	-	-	6,841,833
Other:					
Administrative Building	2,716,556				2,716,556
Plant Machinery	26,524,560	2,092,592		\$ (726,513)	27,890,639
Sundry	7,704,795	67,053			7,771,848
Total Other	36,945,911	2,159,645	-	(726,513)	38,379,043
Total Capital Assets	891,205,336	7,112,639	-	(726,513)	897,591,462
Less Accumulated Depreciation	379,063,076	25,705,503	-	(21,729)	404,746,850
	\$ 512,142,260	\$ (18,592,864)	\$ -	\$ (704,784)	\$ 492,844,612

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Capital Assets (Cont'd)**

	<u>Balance</u> <u>Jan. 1, 2014</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
In Service:					
Land	\$ 6,440,900				\$ 6,440,900
Preliminary Treatment Facility	30,970,508				30,970,508
Secondary Treatment Plant	238,282,832	\$ 2,162,397	\$ 35,300,270		275,745,499
Interceptors	174,631,809				174,631,809
Incinerator	3,813,619				3,813,619
Compost Facility	55,342,819				55,342,819
Pump Stations	126,283,692		58,911,962		185,195,654
Metering Stations	5,175,127				5,175,127
Consulting & Engineering	40,121,442				40,121,442
Capitalized Interest	73,517,899				73,517,899
Total In Service	754,580,647	2,162,397	94,212,232	-	850,955,276
Assets Under Construction	91,474,932	6,041,449	(94,212,232)	-	3,304,149
Other:					
Administrative Building	2,716,556				2,716,556
Plant Machinery	25,361,053	1,163,507			26,524,560
Sundry	7,704,795				7,704,795
Total Other	35,782,404	1,163,507	-	-	36,945,911
Total Capital Assets	881,837,983	9,367,353	-	-	891,205,336
Less Accumulated Depreciation	356,762,272	22,300,804	-	-	379,063,076
	\$ 525,075,711	\$ (12,933,451)	\$ -	\$ -	\$ 512,142,260

Note 4: DETAIL NOTES – DEFERRED OUTFLOWS OF RESOURCES**Preoperating Costs**

Prior to the operation of sewer plants, the Authority incurred preoperating costs in the amount of \$15,685,747. These costs are being amortized using the straight line method over 40 years from 1981 to 2021. The unamortized portion of preoperating costs is reported in the accompanying financial statements as a deferred outflow of resources.

Note 5: DETAIL NOTES - LIABILITIES**Compensated Absences**

Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Up to ten days of sick leave may also be sold back in accordance with the Authority's Personnel Policy and Labor Contracts. As a result of changes in these contracts, effective December 31, 2013, and changes in the Authority's personnel policy, any unused sick leave accumulated upon retirement or death will no longer be compensated. Vacation days not used during the year may be accumulated and carried forward to the next subsequent year only. The value of vacations days not utilized will be paid to the employee's estate upon death.

Certain full-time employees are entitled to days off in lieu of receiving pay for overtime. Permanent part-time employees are entitled to sick and vacation leave on a prorated basis.

The Authority has the following accrued liabilities for compensated absences at December 31, 2015 and 2014:

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Vacation Time	\$ 425,864	\$ 420,856
Comp Time	283,239	283,481
	<u>\$ 709,103</u>	<u>\$ 704,337</u>

Unearned Clean Water Act Fines

In 1972, Congress enacted the first comprehensive national clean water legislation in response to growing public concern for serious and widespread water pollution. The Clean Water Act (CWA) is the primary federal law that protects our nation's waters, including lakes, rivers, aquifers and coastal areas.

The CWA established the basic structure for regulating discharges of pollutants into the waters of the United States by making it unlawful for any person to discharge any pollutant from a point source unless a permit was obtained under its provisions. The Water Pollution Control Act (WPCA), enacted in 1977, enabled New Jersey to implement the New Jersey Pollutant Discharge Elimination System (NJPDDES) permitting system required under the CWA, whereby a person must obtain a NJPDDES permit in order to discharge a pollutant into surface water or ground water of the State or to release a pollutant into a municipal treatment works.

In 1990, the Legislature enacted substantial amendments to the WPCA, commonly known as the Clean Water Enforcement Act, P.L. 1990, c. 28 (CWEA). The CWEA requires the department to inspect permitted facilities and municipal treatment works at least annually. Additional inspections are required when the permittee is identified as a significant noncomplier. The CWEA also requires the assessment of mandatory minimum penalties for violations of the WPCA that are considered serious violations and for violations by permittees designated as significant noncompliers.

The CWEA mandates that 10 percent of the fines and penalties collected for violations of the CWEA be deposited in the State Licensed Operator Training Account at the NJDEP. The balance collected can be utilized by the Local Agency (the Authority) to offset the cost of the pretreatment program, funding for enforcement purposes and for upgrading municipal treatment facilities.

At December 31, 2015 and 2014, the penalties receivable amounted to \$112,367 and \$122,367, respectively. In accordance with the state statute, no allowance has been made for the collectability of this amount. Also, at December 31, 2015 and 2014, the amount due to the NJDEP for 10 percent of the penalties collected was \$195,084 and \$188,184, respectively.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Retirement Systems**

A substantial number of the Authority's employees participate in the Public Employees' Retirement System ("PERS"), which is administered by the New Jersey Division of Pensions and Benefits. In addition, Authority employees may participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each 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
<http://www.state.nj.us/treasury/pensions>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in PERS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Retirement Systems (Cont'd)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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 ten years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 6.92% in State fiscal year 2015. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Retirement Systems (Cont'd)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

The Authority's contractually required contribution rate for the years ended December 31, 2015 and 2014 was 12.03% and 11.80% of the Authority's covered-employee payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$962,625 and \$913,312 for the years ended December 31, 2015 and 2014. Employee contributions were \$570,141 and \$538,608 for the years ended December 31, 2015 and 2014, respectively.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Authority's contribution amounts for each pay period, 3% of the employees' base salary, are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the years ended December 31, 2015 and 2014, there were no employees participating in the Defined Contribution Retirement Program.

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

Public Employees' Retirement System – At December 31, 2015, the Authority reported a liability of \$25,134,585 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Authority's proportion was 0.1119680574%, which was an increase of 0.0011810634% from its proportion measured as of June 30, 2014.

For the years ended December 31, 2015 and 2014, the Authority recognized pension expense of \$1,186,135 and \$1,809,969, respectively.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Retirement Systems (Cont'd)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2015 and 2014, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>December 31, 2015</u>		<u>December 31, 2014</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience	\$ 599,623			
Changes of Assumptions	2,699,254		\$ 652,251	
Net Difference between Projected and Actual Earnings on Pension Plan Investments		\$ 404,116		\$ 1,236,132
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	719,149	-	651,261	
Authority Contributions Subsequent to the Measurement Date	481,313		481,313	
	<u>\$4,499,339</u>	<u>\$ 404,116</u>	<u>\$ 1,784,825</u>	<u>\$ 1,236,132</u>

The deferred outflows of resources related to pensions totaling \$481,313 and \$481,313 will be included as a reduction of the net pension liability in the years ended December 31, 2016 and 2015.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Retirement Systems (Cont'd)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The Authority will amortize the other deferred outflows of resources and deferred inflows of resources related to PERS over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Retirement Systems (Cont'd)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

<u>December 31, 2015</u>		<u>December 31, 2014</u>	
<u>Year Ending December 31,</u>		<u>Year Ending December 31,</u>	
2016	\$ 686,002	2015	\$ (69,417)
2017	686,002	2016	(69,417)
2018	686,002	2017	(69,417)
2019	995,034	2018	(69,417)
2020	560,870	2019	239,616
		Thereafter	105,432
	<u>\$ 3,613,910</u>		<u>\$ 67,380</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary Increases:	
2012-2021	2.15% - 4.40% Based on Age
Thereafter	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2008 - June 30, 2011

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Retirement Systems (Cont'd)****Actuarial Assumptions (Cont'd)**

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 returns for each major asset class included in PERS's target asset allocation as of June 30, 2015 is summarized in the table on the following page.

<u>Asset Class</u>	<u>Target Allocation %</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015 and 5.39% as of June 30, 2014. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015 and long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Retirement Systems (Cont'd)****Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

The following presents the Authority's proportionate share of the net pension liability at June 30, 2015 calculated using a discount rate of 4.90%, 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% lower or 1% higher than the current rates used:

	<u>December 31, 2015</u>		
	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 31,239,214</u>	<u>\$ 25,134,585</u>	<u>\$ 20,016,508</u>

The following presents the Authority's proportionate share of the net pension liability at June 30, 2014 calculated using a discount rate of 5.39%, 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% lower or 1% higher than the current rates used:

	<u>December 31, 2014</u>		
	1% Decrease <u>(4.39%)</u>	Current Discount Rate <u>(5.39%)</u>	1% Increase <u>(6.39%)</u>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 26,094,589</u>	<u>\$ 20,742,355</u>	<u>\$ 16,247,841</u>

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

Early Retirement Incentive Program – Legislation enacted in 2003 made early retirement available through Early Retirement Incentive Programs. This program, which is subject to the approval of the Authority's governing body (within a limited period of time), was available to employees who met certain minimum requirements. The governing body of the Authority approved the program on June 21, 2004 for eligible members of the PERS. Six employees applied for early retirement during the 2003 program. Program costs are billed annually by the Division of Pensions. As of December 31, 2015 and 2014, the accrued liability to the PERS for the 2003 program was \$345,154 and \$401,156 payable in annual installments of \$56,655 to April 1, 2021.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Post-Employment Benefits**State Health Benefit Plan

Plan Description - The Authority contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan, administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2012, the Authority authorized participation in the SHBP's post-retirement benefit program through resolution number 12:5-85. The Authority will pay the premium for health and prescription benefits for all employees, not covered by another plan, who retire from the Authority with 25 years or more of service credited by a New Jersey pension system.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/.

Funding Policy - - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Authority on a monthly basis. The Authority funds these benefits on a pay-as-you-go basis.

The Authority's contribution to SHBP for post-employment benefits for the years ended December 31, 2015, 2014 and 2013, were \$229,370, \$195,583 and \$212,970, respectively, which equaled the required contributions each year for 2015, 2014 and 2013. There were approximately 20, 15 and 16 retired employees receiving benefits as of December 31, 2015, 2014 and 2013, respectively.

United Food and Commercial Workers and Participating Food Industry Employers TRI-State Health & Welfare Fund Plan

Plan Description - The Authority contributes under provisions of a union contract to the United Food and Commercial Workers post-employment health benefits to eligible retirees and their spouses through the Union's United Food and Commercial Workers and Participating Employers TRI-State Food Industry Health & Welfare Fund Plan (the Fund).

The benefit is provided to eligible retirees hired prior to December 31, 2011 that have been employees for or have at least twenty-five (25) years of service credited by a New Jersey pension system and are over fifty-five (55) years of age. For employees hired on or after January 1, 2012, eligible retirees are those employees that retire from the Authority after twenty-five (25) years or more of service credited by a New Jersey pension system and are over the age of sixty-two (62).

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Post-Employment Benefits (Cont'd)**United Food and Commercial Workers and Participating Food Industry Employers TRI-State Health & Welfare Fund Plan (Cont'd)

Funding Policy - The Authority contributes health insurance and prescription plan premiums to the Fund for eligible retirees and their spouses until they reach the age of sixty-five (65) when they are then required to enroll into the Medicare program for which the Fund coverage is supplemental.

The Authority's post-employment benefits contribution to the Fund for the years ended December 31, 2015, 2014 and 2013 were \$184,226, \$172,762 and \$173,540 for 23, 16 and 16 employees in the plan, respectively, which equaled the required contributions for each year. There were approximately twenty-four (24) retired employees receiving benefits and ninety-six (96) active employees that could become eligible after retirement at December 31, 2015.

The Fund issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to: United Food and Commercial Workers and Participating Food Industry Employers TRI-State Health & Welfare Fund Plan 27 Roland Avenue Suite 100, Mt Laurel, NJ 08054.

Lease Obligations

At December 31, 2015, the Authority had lease agreements in effect for the following:

Operating:
 Various Copier/Printer/Scanner Units
 Mailing Machines

Operating Leases - Future minimum rental payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2016	31,148
2017	24,711
2018	11,060
2019	5,756

Current Year Payments under Operating Leases totaled \$32,650.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Long Term Debt**

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
New Jersey Wastewater Treatment / Environmental Infrastructure Trust	\$ 41,343,097	\$ 43,439,674
New Jersey Wastewater Treatment / Environmental Infrastructure Fund	95,198,023	99,977,836
County Agreement Sewer Revenue Bonds, Series 2006A	3,350,000	3,590,000
County Agreement Sewer Revenue Refunding Bonds, Series 2006B	23,550,000	34,495,000
County Agreement Sewer Revenue Capital Appreciation Bonds Series 1990A	42,873,801	53,245,339
County Agreement Sewer Revenue Capital Appreciation Bonds Series 1990B	34,119,898	49,418,788
County Agreement Sewer Revenue Refunding Bonds Series 2008	<u>17,045,000</u>	<u>24,940,000</u>
	<u>257,479,819</u>	<u>309,106,637</u>
Add Amounts:		
Premium on Bonds	4,460,520	5,075,276
Less Amounts:		
Current Maturities	<u>61,270,605</u>	<u>60,831,246</u>
	<u>\$ 200,669,734</u>	<u>\$ 253,350,667</u>

The County has executed a deficiency agreement with the Authority which under its terms and conditions obligates the County to pay all principal debt service deficiencies, not to exceed \$685,500,000 (See Note 1), if any, debt service payments are made by the Authority, including the bonds and loans under the New Jersey Environmental Infrastructure (Wastewater Treatment) Trust and Fund ("NJEIT" and "NJWTT") programs.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Long Term Debt (Cont'd)**

At December 31, 2015, the aggregate principal maturities of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Accretion</u>	<u>Total</u>
2016	\$ 61,270,605	\$ 4,042,897	\$ 4,967,451	\$ 70,280,953
2017	63,423,463	2,900,768	2,901,198	69,225,429
2018	20,846,031	1,704,191	1,214,837	23,765,059
2019	20,893,382	1,561,691	502,815	22,957,888
2020	10,224,845	1,412,405		11,637,250
2021-2025	49,207,798	4,898,151		54,105,949
2026-2030	36,093,988	1,569,734		37,663,722
2031-2034	5,106,008	96,413		5,202,421
	<u>\$ 267,066,120</u>	<u>\$ 18,186,250</u>	<u>\$ 9,586,301</u>	<u>\$ 294,838,671</u>
Adjustments:				
Accreted Interest	(9,586,301)			
Bond Premium	<u>4,460,520</u>			
	<u>\$ 261,940,339</u>			

Revenue Bonds Payable - Series 1990A, 1990B, 2006A, 2006B and 2008

The Revenue Bonds Series 1990A, 1990B, 2006A, 2006B and 2008 are direct obligations of the Authority. The Bonds are secured by a pledge on the Revenues derived by the Authority from the operation of its sewerage treatment facilities.

1990 Refunding

On February 21, 1990, the Authority issued \$115,830,387 County Agreement Sewer Revenue Capital Appreciation Bonds, 1990A Series and \$121,677,019 County Agreement Sewer Revenue Capital Appreciation Bonds, 1990B Series. A majority of the proceeds were utilized to refund or pay a portion of the principal of and interest on the 1987 Sewer Revenue Bonds and the New Jersey Wastewater Treatment Trust and Fund Bonds; permanently finance certain projects through the redemption in whole of the \$109,000,000 1987 Bond Anticipation Notes; make a deposit in the Debt Service Reserve Fund; and pay the expenses incurred in connection with the issuance of the Bonds, including the payment of a municipal bond insurance premium.

As security for the Authority's payment obligations on the 1990A and 1990B Bonds, the Resolution creates a senior lien on and grants a security interest in the gross revenues of the Authority, investment earnings and other cash receipts. Interest on the 1990 Bonds will not be paid semiannually, but only upon maturity or earlier acceleration (capital appreciation bonds). Such interest accrues from the date of issuance and compounds semiannually. The 1990 Bonds are priced to produce an approximate yield to maturity ranging from 6.80% to 7.35%.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**1990 Refunding (Cont'd)**

	<u>Face Value</u>		<u>Accreted Value</u>		<u>Payments</u>		<u>Carrying Value</u>
1990A Bonds:							
Dec. 31, 2015	\$ 115,830,387	\$	36,244,963	\$	109,201,549	\$	42,873,801
Dec. 31, 2014	115,830,387		44,396,665		106,981,712		53,245,340
1990B Bonds:							
Dec. 31, 2015	\$ 121,677,019	\$	28,844,587	\$	116,401,708	\$	34,119,898
Dec. 31, 2014	121,677,019		41,206,135		113,464,367		49,418,787

2006A Revenue

On October 11, 2006, the Authority issued County Agreement Sewer Revenue Bonds, Series 2006A dated September 26, 2006, in the amount of \$5,000,000 to pay expenses incurred in the repair of a force main in the City of Camden and other various projects. The 2006A Bonds have interest rates ranging from 3.45% to 4.05% and mature in various increments through 2026.

2006B Refunding

On September 20, 2006, the Authority issued County Agreement Sewer Revenue Refunding Bonds, Series 2006B dated August 31, 2006, in the amount of \$100,865,000 to refund the 1996 County Sewer Revenue Refunding Bonds, originally issued in the aggregate principal amount of \$139,190,000, and pay expenses incurred in connection with the reissuance of the bonds. The 2006B Bonds have interest rates ranging from 4.00% to 5.00% and mature in various increments through 2017.

2008 Refunding

On July 15, 2008, the Authority issued County Agreement Sewer Revenue Refunding Bonds, Series 2008 dated June 10, 2008, in the amount of \$64,885,000 to refund the 1997 County Sewer Revenue Refunding Bonds, originally issued in the aggregate principal amount of \$85,980,000, and pay expenses incurred in connection with the issuance of the bonds. The 2008 Bonds have interest rates ranging from 4.85% to 5.25% and mature in various increments through 2017.

The 2008 refunding bonds were issued pursuant to a Forward Bond Purchase Contract dated February 23, 2005 between the Authority and Bear, Stearns & Co. Inc., (the "purchaser") in which the Authority granted the Purchaser the option to purchase the 2008 refunding bonds. In consideration of the purchase option the purchaser paid to the Authority an upfront fee of \$600,000.

New Jersey Wastewater Treatment Trust / New Jersey Environmental Infrastructure Trust Programs

The Authority has received loans from the State of New Jersey under the Wastewater Treatment Trust Program / Environmental Infrastructure Trust Program ("NJEIT Trust"). The NJEIT Trust has issued bonds for loans to various entities. The funds on hand at the NJEIT Trust for loans committed to the Authority are included on the books of the Authority as Cash Held by Agent. The NJEIT Trust acts in a trustee capacity for these funds and the drawdown of these funds are subject to the approval of the NJEIT Trust. \$96,375,167 in loans have been issued. They have interest rates ranging from 3.0% to 5.25% and mature in various increments through 2034.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**New Jersey Wastewater Treatment Trust / New Jersey Environmental Infrastructure Trust Programs (Cont'd)**

Under the Wastewater Treatment Fund Program / Environmental Infrastructure Fund Program ("NJEIT Fund"), the State extended several noninterest-bearing loans totaling \$259,422,945. The loans have been recorded as long-term debt, net of original defeased debt of \$29,449,144. When a project is completed, a final expenditure report is submitted to the State. If the total project cost is less than the loan amount, the State will make an adjustment to the final loan payment. The Authority has repaid \$134,775,781 and \$125,282,873 as of December 31, 2015 and 2014, respectively. This debt will mature in various increments through 2034.

Authority Subordinate Bonds

The 2006, 2007, 2008, 2010, 2012, 2013 and 2015 NJEIT Trust and NJEIT Fund Loans were issued as Authority Subordinate Bonds. The Bonds are subordinate to the Revenue Bonds issued under the 1995 Bond Resolution of the Authority. In the event of any insolvency and bankruptcy proceedings, all holders of the Revenue Bonds shall be entitled to receive payment in full of all payments due before the holders of all outstanding Authority Subordinate Bonds are entitled to receive any payment from the Gross Revenues (as defined in the General Bond Resolution).

Special Reserve Fund

Pursuant to the Thirteenth Supplemental Resolution adopted December 27, 1993, the provision to prepay the 1987 Sewer Revenue Bonds and the New Jersey Wastewater Treatment Trust Bonds was eliminated and amended to pay all or any portion of the principal of or interest on the 1990 Bonds when due. The Authority, however, is not obligated to use Special Reserve Fund moneys to redeem the 1990 Bonds and may, with the consent of Financial Guaranty Insurance Company, the issuer of the Municipal Bond New Issue Insurance Policy, apply such moneys to future capital projects or pay administrative costs or expenses of the Authority, including, without limitation, any costs and expenses in any way related to the issuance of Authority obligations or the restructuring of the Special Reserve Fund. The Authority does not have an obligation to further fund the Special Reserve Fund and has paid approximately \$191,650,287 into the Special Reserve Fund as of December 31, 2015.

Note 6: DETAIL NOTES – NET POSITION**Net Position Appropriated – Operating Budget and Capital Budget**

As of December 31, 2015, the Authority had an unrestricted net position deficit balance of \$2,350,784. Even though the budget operates on a cash basis which results in a positive balance, none has been appropriated as support in the operating or capital budget for the year ending December 31, 2016.

As of December 31, 2014, the Authority had an unrestricted net position deficit balance, as restated, of \$10,720,898. However, the budget which is formulated on a cash basis includes \$3,401,873 being appropriated and included as support in the operating budget and none for the capital budget for the year ending December 31, 2015.

Note 7: COMMITMENTS AND CONTINGENCIES

Commitments

The Authority had several outstanding or planned construction projects as of December 31, 2015. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Awarded</u>	<u>Commitments Remaining</u>
Sewage to Heat	Stonehill Contracting	\$ 76,851
Phoenix Park	Mount Construction	181,339
Green and Gray Infrastructure	Command Co.	51,561
Camden Sewer Reconstruction	Petrongolo Contractors	1,730,886
Combined Heat & Power	Camden Bioenergy	1,058,000
Camden CSO Phase B	Montana Construction	455,157
		<u>\$ 3,553,794</u>

Encumbrances

Enterprise funds recognize expenses when they are incurred. Encumbrances do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods or services for both the Unrestricted and Restricted Funds. As of December 31, 2015 and 2014, the Authority had outstanding encumbrances of approximately \$17,030,324 and \$18,451,437, respectively.

Change Orders to Contracts

During the year 2015, the Authority had three contracts that resulted in the total amount of change orders executed for the project to exceed the originally awarded contract price by more than 20 percent. The resolution number and project description are as follows:

<u>Resolution No.</u>	<u>Project Description</u>
R-15:3-49	Construction Improvements to Camden City Combined Sewer Overflow System
R-15:4-69	Construction of the Clementon Force Main Upgrades/Atlantic Basin Interceptor Expansion Project
R-15:6-96	Construction of Phoenix Park

N.J.A.C. 5:30-11.3 (a) 9 and 10 states that the total number of change orders executed for a particular contract shall not cause the originally awarded contract price to be exceeded by more than twenty percent unless otherwise authorized, and that if proposed change orders do exceed that twenty percent limitation, no work shall be performed or purchases made until the procedures of N.J.A.C. 5:30-11.9 have been completed.

N.J.A.C. 5:30-11.9 delineates the required procedures for change orders, which exceed the twenty percent limitation. The Authority has complied with all provisions of N.J.A.C. 5:30-11.9.

Litigation

The Authority is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Authority, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 8: INVESTMENT INCOME

Investment income is comprised of the following elements described below:

Interest income - is the return on the original principal amount invested.

Realized gain – is a gain resulting from selling an asset at a price higher than the original purchase price.

Change in the fair value of investments - takes into account all changes in fair value that occurred during the year.

The Authority's investment income for the years ended December 31, 2015 and 2014:

	December 31,	
	<u>2015</u>	<u>2014</u>
Investment Income:		
Interest Income	\$ 207,134	\$ 263,113
Change in the Fair Value of Investments	(33,408)	(15,969)
	<u>\$ 173,726</u>	<u>\$ 247,144</u>

Note 9: RELATED PARTY TRANSACTIONS**Related Party Transactions**

The Commissioners of the Authority are appointed by the Board of Chosen Freeholders of the County of Camden. Accordingly, the Freeholders have the ability to influence the nature and amounts of business done by the Authority. The Authority and the County have engaged in significant transactions with each other. These transactions include the cooperative purchasing and economic development activities.

Note 10: RISK MANAGEMENT

The Authority is a member of the Camden County Insurance Commission (the "Commission"), established on January 21, 2010, by a Camden County Board resolution pursuant to N.J.S.A. 40A:10-6. The commission is a public entity risk pool serving Camden County, Camden County College, Camden County Board of Social Services, Camden County Utility Authority, Camden County Health Services, Camden County Pollution Control Financing Authority, Camden County Improvement Authority, and Camden County Department of Police Services. The Commission provides the following insurance Workers' Compensation including Employers' Liability, General Liability other than motor vehicles, Property damage other than motor vehicles, Automobile Liability and damage Public Officials Liability, Legal/Employment Practices Liability, Crime, Pollution Liability, Medical Professional Liability Employed Lawyers Liability.

The Commission is governed by three County officials who serve as commissioners and are appointed by the Camden County Board of Freeholders.

Excess insurance is managed by the New Jersey Counties Excess Joint Insurance Fund (Fund), a public entity risk pool, established on March 1, 2010 and currently includes the following New Jersey Counties, Camden, Gloucester, Burlington, Salem, Cumberland, Union County, Mercer County, Hudson County, Ocean County and Atlantic County. Contributions established by the Fund are paid by the Camden County Insurance Commission.

Note 10: RISK MANAGEMENT (CONT'D)

Contributions to the Commission, including reserves for contingencies, are payable installments that are established by the Commission and are based on assumptions determined by each Commission's actuaries. The Commissioner of Insurance of the State of New Jersey may order additional assessments imposed on each member to supplement each Funds' claim, loss retention or administrative accounts to assure the payment of each Funds' obligations. The Funds publish their own financial reports for the year ended December 31, which may be obtained from:

Camden County Insurance Commission
9 Campus Drive – Suite 16
Parsippany, NJ 07054

New Jersey Counties Excess Joint Insurance Fund
9 Campus Drive – Suite 16
Parsippany, NJ 07054

The Authority is partially self-insured for workers' compensation through a joint insurance program with the County of Camden. The County submits invoices to the Authority for their share of the workers' compensation costs incurred for the year. The County has established this trust fund and as of December 31, 2015 and 2014, the balance in the Reserve for Workers' Compensation Insurance Trust Fund was \$2,000,073 (unaudited) and \$1,737,663. The 2016 County Budget includes an appropriation in the amount of \$1,000,000 to provide for future claims.

Note 11: SUBSEQUENT EVENTS**New Jersey Environmental Infrastructure Trust Programs:**

Subsequent to December 31, 2015, the Authority participated in the New Jersey Environmental Infrastructure Trust's (the "NJEIT") Refunding Program. On May 10, 2016 the NJEIT issued the Refunding Bond Series 2016A-R1 to refund the NJEIT Series 2008A Bonds and 2016A-R2 to refund the NJEIT Series 2010B Bonds. These refundings resulted in total savings, in the form of principal and interest savings credits, to the Authority of approximately \$1,341,402 in total debt service through August 1, 2030.

Note 12: RESTATEMENT OF NET POSITION

As indicated in note 1 to the financial statements, the Authority adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, for the year ended December 31, 2013. As a result of implementing these two Statements, a restatement of unrestricted net position on the comparative statements of revenues, expenses and changes in net position was required to record the Authority's proportionate share of its net pension liability.

The cumulative effect on the financial statements as reported for December 31, 2013 is as follows:

	<u>GASBS 68 and 71 Implementation</u>				<u>As Restated December 31, 2013</u>
	<u>As Previously Reported December 31, 2013</u>	<u>Deferred Outflows (1)</u>	<u>Accounts Payable and Accrued Expense (2)</u>	<u>Net Pension Liability (3)</u>	
Net Position:					
Net Investment					
in Capital Assets	\$ 226,272,013				\$ 226,272,013
Restricted	7,706,411				7,706,411
Unrestricted (Deficit)	6,801,359	\$ 456,656	\$ (1,261,018)	\$ (20,402,618)	(14,405,621)
Total Net Position	<u>\$ 240,779,783</u>	<u>\$ 456,656</u>	<u>\$ (1,261,018)</u>	<u>\$ (20,402,618)</u>	<u>\$ 219,572,803</u>

(1) Represents the Authority's Proportionate Share of the PERS Plan Total Deferred Outflows of Resources at June 30, 2013 plus an Accrual for the Authority's June 30, 2014 PERS Plan Required Contribution (April 1, 2015 PERS Pension Invoice), Contribution Subsequent to the Measurement Date.

(2) Represents the Authority's Accounts Payable for the June 30, 2013 PERS Plan Required Contribution (April 1, 2014 PERS Pension Invoices), plus an Accrual for the Authority's June 30, 2014 PERS Plan Required Contribution (April 1, 2015 PERS Pension Invoice).

(3) Represents the Authority's Proportionate Share of the PERS, June 30, 2013 Net Pension Liability.

Note 12: RESTATEMENT OF NET POSITION

The following represents the cumulative effects of the restatement on the respective financial statement balances of the Authority for the year ended December 31, 2014:

Statement of Net Position - December 31, 2014

	<u>Previously Reported</u>	<u>Cumulative Effect - Increase / (Decrease)</u>	<u>Restated Balance</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pensions	\$ -	\$ 1,784,825	\$ 1,784,825
Deferred Loss on Refunding of Debt	-	1,327,508	1,327,508
	<u>134,153</u>	<u>3,112,334</u>	<u>3,246,487</u>
LIABILITIES			
Current Liabilities Payable from Unrestricted Assets:			
Accounts Payable - Related to Pension	-	913,312	913,312
Total Current Liabilities Payable from Unrestricted Assets	<u>7,904,798</u>	<u>913,312</u>	<u>8,818,110</u>
Total Current Liabilities	<u>73,178,708</u>	<u>913,312</u>	<u>74,092,020</u>
Long-term Liabilities:			
Net Pension Liability	-	20,742,355	20,742,355
Accrued Liabilities - Related to Pension	-	481,313	481,313
Long-term Debt	<u>252,023,159</u>	<u>1,327,508</u>	<u>253,350,667</u>
Total Long-term Liabilities	<u>252,023,159</u>	<u>22,551,176</u>	<u>274,574,335</u>
Total Liabilities	<u>325,201,867</u>	<u>23,464,488</u>	<u>348,666,355</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	-	1,236,132	1,236,132
Total Deferred Inflows of Resources	<u>624,599</u>	<u>1,236,132</u>	<u>1,860,731</u>
NET POSITION			
Unrestricted	<u>10,867,389</u>	<u>(21,588,287)</u>	<u>(10,720,898)</u>
Total Net Position	<u>253,473,420</u>	<u>(21,588,287)</u>	<u>231,885,133</u>

Note 12: RESTATEMENT OF NET POSITION (CONT'D)

The following represents the cumulative effects of the restatement on the respective financial statement balances of the Authority for the year ended December 31, 2014 (Cont'd):

Statement of Revenues, Expenses and Changes in Net Position - December 31, 2014

	<u>Previously Reported</u>	<u>Cumulative Effect - Increase / (Decrease)</u>	<u>Restated Balance</u>
Operating Expenses:			
Administration:			
Employee Benefits	\$ 1,775,119	\$ 381,307	\$ 2,156,426
Total Administration	<u>7,113,141</u>	<u>381,307</u>	<u>7,494,448</u>
Cost of Providing Service:			
Employee Benefits	<u>2,123,851</u>	<u>-</u>	<u>2,123,851</u>
Total Cost of Providing Service	<u>28,934,742</u>	<u>-</u>	<u>28,934,742</u>
Total Operating Expenses	<u>58,348,687</u>	<u>381,307</u>	<u>58,729,994</u>
Operating Income	<u>29,851,212</u>	<u>(381,307)</u>	<u>29,469,905</u>
Change in Net Position	<u>12,693,637</u>	<u>(381,307)</u>	<u>12,312,330</u>
Net Position - Beginning	<u>240,779,783</u>	<u>(21,206,980)</u>	<u>219,572,803</u>
Net Position - Ending	<u>253,473,420</u>	<u>(21,588,287)</u>	<u>231,885,133</u>

REQUIRED SUPPLEMENTARY INFORMATION

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of the Authority's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Three Years

	<u>Measurement Date Ending June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability	0.1119680574%	0.1107869940%	0.1067529933%
Authority's Proportionate Share of the Net Pension Liability	\$ 25,134,585	\$ 20,742,355	\$ 20,402,618
Authority's Covered-Employee Payroll	\$ 7,714,388	\$ 7,439,088	\$ 7,312,844
Authority's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	325.81%	278.83%	279.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of the Authority's Contributions
 Public Employees' Retirement System (PERS)
 Last Fiscal Years

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 962,625	\$ 913,312	\$ 804,362
Contributions in Relation to the Contractually Required Contribution	<u>(962,625)</u>	<u>(913,312)</u>	<u>(804,362)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	\$ 8,003,763	\$ 7,738,097	\$ 7,479,662
Contributions as a Percentage of Authority's Covered-Employee Payroll	12.03%	11.80%	10.75%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Notes to Required Supplementary Information
For the Year Ended December 31, 2015

Note 1: POSTEMPLOYMENT BENEFITS - PENSION

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

SUPPLEMENTARY SCHEDULES

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Combining Schedule of Revenues, Expenses and Changes in Net Position
Restricted and Unrestricted Accounts
For the Year Ended December 31, 2015

	Unrestricted		R e s t r i c t e d			Total
	Revenue	General Reserve	Debt Service	Debt Service Reserve	Renewal and Replacement	
Operating Revenues	\$ 89,213,439					\$ 89,213,439
Operating Expenses	39,653,000	\$ 25,705,503				65,358,503
Operating Income (Loss)	49,560,439	(25,705,503)	-	-	-	23,854,936
Non-operating Revenue (Expenses):						
Investment Income	12,546			\$ 174,347	\$ 143	187,036
Interest Expense			\$ (11,445,724)			(11,445,724)
Bond Issuance Costs		(262,727)				(262,727)
Contribution to the County of Camden		(3,401,873)				(3,401,873)
Preoperating and Debt Amortization Costs		401,039				401,039
Disposition of Property, Plant and Equipment		(704,784)				(704,784)
Total Non-operating Revenue (Expenses)	12,546	(3,968,345)	(11,445,724)	174,347	143	(15,227,033)
Income (Loss) Before Contributions and Transfers	49,572,985	(29,673,848)	(11,445,724)	174,347	143	8,627,903
Capital Contributions		2,000,000				2,000,000
Transfers	(41,202,871)	24,353,602	52,498,684	(38,206,403)	2,556,988	
Change in Net Position	8,370,114	(3,320,246)	41,052,960	(38,032,056)	2,557,131	10,627,903
Total Net Position, January 1,	(10,720,898)	240,851,180	(41,052,960)	40,447,353	2,360,458	231,885,133
Total Net Position, December 31	\$ (2,350,784)	\$ 237,530,934	\$ -	\$ 2,415,297	\$ 4,917,589	\$ 242,513,036
Analysis of Balance, December 31:						
Net Investment in Capital Assets		\$ 237,530,934				\$ 237,530,934
Restricted for Bond Resolution Covenants				\$ 2,415,297	\$ 4,917,589	7,332,886
Unrestricted	\$ (2,350,784)					(2,350,784)
	\$ (2,350,784)	\$ 237,530,934	\$ -	\$ 2,415,297	\$ 4,917,589	\$ 242,513,036

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Cash Receipts, Cash Disbursements
 and Changes in Cash, Cash Equivalents and Investments
 For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Restricted</u>			
	<u>Operating Accounts</u>	<u>Debt Service Reserve</u>	<u>Renewal and Replacement</u>	<u>Construction</u>	
Cash, Cash Equivalents and Investments--January 1, 2015	\$ 4,779,720	\$ 36,999,713	\$ 2,360,441	\$ 4,818,876	\$ 48,958,750
Cash Receipts:					
User Charges	83,819,110				83,819,110
Investment Income	12,520	194,466	148		207,134
Proceeds from Issuance of Long Term Debt		7,479,171			7,479,171
Capital Contributions	2,000,000				2,000,000
Transfer from Unrestricted Accounts		41,632,156		4,996,128	46,628,284
Connection Fees and Other Revenues	6,561,991				6,561,991
Change in the Fair Value of Investments		(33,408)			(33,408)
Total Cash Receipts and Investments Available	<u>97,173,341</u>	<u>86,272,098</u>	<u>2,360,589</u>	<u>9,815,004</u>	<u>195,621,032</u>
Cash Disbursements:					
Operating Expenditures	38,432,559				38,432,559
Deferred Interest Revenue		192,691			192,691
Payments of Defeased Bonds		7,802,000			7,802,000
Debt Principal Payments		52,563,914			52,563,914
Interest Paid		12,022,711			12,022,711
Bond Issuance Costs		262,727			262,727
Payment of Contribution to County of Camden		3,401,873			3,401,873
Capital Expenditures, Net of Change in Retainages				8,490,964	8,490,964
Transfer to Restricted Accounts	46,628,284				46,628,284
Total Cash Disbursements	<u>85,060,843</u>	<u>76,245,916</u>		<u>8,490,964</u>	<u>169,797,723</u>
Cash, Cash Equivalents and Investments--December 31, 2015	<u>\$ 12,112,498</u>	<u>\$ 10,026,182</u>	<u>\$ 2,360,589</u>	<u>\$ 1,324,040</u>	<u>\$ 25,823,309</u>
<u>Analysis of Balance December 31, 2015</u>					
Cash and Cash Equivalents	\$ 12,112,498	\$ 1,948,872	\$ 2,360,589	\$ 1,324,040	\$ 17,745,999
Investments:					
U.S. and Municipal Government Securities		8,077,310			8,077,310
	<u>\$ 12,112,498</u>	<u>\$ 10,026,182</u>	<u>\$ 2,360,589</u>	<u>\$ 1,324,040</u>	<u>\$ 25,823,309</u>

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Sewer Operations -- Revenues, Operating Appropriations,
 Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
 For the Year Ended December 31, 2015

	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable-- (Unfavorable)</u>
Operating Revenues:				
User Charges and Fees	\$ 84,731,788	\$ 84,731,788	\$ 82,716,339	\$ (2,015,449)
Connection Fees	7,616,939	7,616,939	3,868,283	(3,748,656)
Other Operating Revenues	2,402,088	2,402,088	2,628,817	226,729
Total Operating Revenues	94,750,815	94,750,815	89,213,439	(5,537,376)
Non-Operating Revenues:				
Interest on Investments and Deposits	12,000	12,000	187,036	175,036
Elimination of Restrictions on Previously Restricted Funds (Budgetary Basis Only)	5,655,582	5,655,582	5,655,582	
Total Non-Operating Revenues	5,667,582	5,667,582	5,842,618	175,036
Total Budget Revenues	100,418,397	100,418,397	95,056,057	(5,362,340)
Operating Appropriations:				
Administration:				
Salary & Wages	2,047,293	2,047,293	2,172,086	(124,793)
Fringe Benefits	2,112,220	2,112,220	3,017,942	(905,722)
Other Expenses	2,831,059	2,831,059	4,912,863	(2,081,804)
Total Administration	6,990,572	6,990,572	10,102,891	(3,112,319)
Cost of Providing Services:				
Salary & Wages	7,450,303	7,450,303	7,532,326	(82,023)
Fringe Benefits	2,421,697	2,421,697	2,454,641	(32,944)
Other Expenses	19,161,708	19,161,708	19,563,142	(401,434)
Total Cost of Providing Services	29,033,708	29,033,708	29,550,109	(516,401)
Total Principal Payments on Debt Service	32,013,175	32,013,175	32,050,665	(37,490)
Total Operating Appropriations	68,037,455	68,037,455	71,703,665	(3,666,210)
Non-Operating Appropriations:				
Contribution to the County of Camden	3,401,873	3,401,873	3,401,873	
Interest Payments	32,380,942	32,380,942	31,460,869	920,073
Total Non-Operating Appropriations	35,782,815	35,782,815	34,862,742	920,073
Total Budget Appropriations	103,820,270	103,820,270	106,566,407	(2,746,137)
Excess of Expenses and Other Costs over Revenues	\$ (3,401,873)	\$ (3,401,873)	\$ (11,510,350)	\$ (8,108,477)

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Sewer Operations -- Revenues, Operating Appropriations,
 Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
 For the Year Ended December 31, 2015

Adjustments to Reconcile Excess Expenses and Other Costs	
Over Revenues to GAAP Basis Operating Income:	
Excess of Expenses and Other Costs over Revenues (Schedule 3)	\$ (11,510,350)
Less: Investment Income	(187,036)
Less: Other Non-Operating Revenue	(5,655,582)
Less: Depreciation	(25,705,503)
Add: Contribution to the County of Camden	3,401,873
Add: Principal Payments on Bonds	32,050,665
Add: Interest Payments	<u>31,460,869</u>
Total Operating Income (Exhibit B)	<u>\$ 23,854,936</u>

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Analysis of Investment Income Receivable
 For the Year Ended December 31, 2015

	<u>Balance Jan. 1, 2015</u>	<u>Investment Income Earned</u>	<u>Investment Income Collected</u>	<u>Balance Dec. 31, 2015</u>
Unrestricted Assets:				
Revenue Account	\$ 31	\$ 12,546	\$ 12,520	\$ 57
Restricted Assets:				
Debt Service Reserve Account	262	174,347	161,055	13,554
Renewal and Replacement Account	17	143	148	12
	<u>279</u>	<u>174,490</u>	<u>161,203</u>	<u>13,566</u>
	<u>\$ 310</u>	<u>\$ 187,036</u>	<u>\$ 173,723</u>	<u>\$ 13,623</u>
			\$ 14,440	
			192,691	
			<u>(33,408)</u>	
			<u>\$ 173,723</u>	

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Jan. 1, 2015</u>	<u>Bonds Issued</u>	<u>Paid 2015</u>	<u>Balance Dec. 31, 2015</u>		
			<u>Date</u>	<u>Amount</u>							
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2006A - Winslow	06/22/06	\$ 3,383,431	08/01/16	\$ 246,643	5.13%						
			08/01/17	255,168	5.25%						
			08/01/18	268,216	5.25%						
			08/01/19	285,889	5.25%						
			08/01/20	298,721	5.25%						
						<u>\$ 1,354,637</u>			<u>\$ 1,587,946</u>	<u>\$ 233,309</u>	<u>\$ 1,354,637</u>
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2006A	06/22/06	9,750,000				495,000	495,000	-			
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2006A - Odor Control	06/22/06	3,088,956	08/01/16	\$ 229,121	5.13%						
			08/01/17	238,569	5.25%						
			08/01/18	252,728	5.25%						
			08/01/19	266,828	5.25%						
			08/01/20	280,949	5.25%						
						<u>\$ 1,268,195</u>			<u>1,487,863</u>	<u>219,668</u>	<u>1,268,195</u>
County Agreement Sewer Revenue Refunding Bonds, Series 2006B	09/20/06	100,865,000	07/15/16	11,495,000	5.00%						
			07/15/17	12,055,000	5.00%						
				<u>\$ 23,550,000</u>		<u>34,495,000</u>	<u>10,945,000</u>	<u>23,550,000</u>			
County Agreement Sewer Revenue Bonds, Series 2006A	10/11/06	5,000,000	07/15/16	\$ 250,000	3.60%						
			07/15/17	260,000	3.75%						
			07/15/18	270,000	3.75%						
			07/15/19	280,000	3.80%						
			07/15/20	290,000	3.85%						
			07/15/21	300,000	4.05%						
			07/15/22	315,000	4.05%						
			07/15/23	325,000	4.05%						
			07/15/24	340,000	4.05%						
			07/15/25	355,000	4.05%						
			07/15/26	365,000	4.05%						
						<u>\$ 3,350,000</u>			<u>3,590,000</u>	<u>240,000</u>	<u>3,350,000</u>
			NJEIT Sewer Wastewater Treatment Bonds, Series 2007A	11/08/07	2,940,000	08/01/16	\$ 145,000	5.00%			
	<u>\$ 145,000</u>						<u>2,430,000</u>	<u>2,285,000</u>	<u>145,000</u>		
NJEIT Sewer Wastewater Treatment Bonds, Series 2008A	11/08/08	6,110,000	08/01/16	\$ 275,000	5.00%						
			08/01/17	290,000	5.00%						
			08/01/18	305,000	5.00%						

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Jan. 1, 2015</u>	<u>Bonds Issued</u>	<u>Paid 2015</u>	<u>Balance Dec. 31, 2015</u>
			<u>Date</u>	<u>Amount</u>					
NJEIT Sewer Wastewater Treatment Bonds, Series 2008A (Cont'd)			08/01/19	\$ 320,000	5.25%				
			08/01/20	335,000	5.50%				
			08/01/21	350,000	5.50%				
			08/01/22	370,000	5.50%				
			08/01/23	390,000	5.50%				
			08/01/24	415,000	5.00%				
			08/01/25	435,000	5.00%				
			08/01/26	455,000	5.00%				
			08/01/27	480,000	5.00%				
			08/01/28	505,000	5.00%				
				<u>\$ 4,925,000</u>		\$ 5,185,000		\$ 260,000	\$ 4,925,000
County Agreement Sewer Revenue Refunding Bonds, Series 2008	06/11/08	\$ 64,885,000	07/15/16	\$ 8,305,000	5.25%				
			07/15/17	8,740,000	5.25%				
				<u>\$ 17,045,000</u>		24,940,000		7,895,000	17,045,000
NJEIT Sewer Wastewater Treatment Bonds, Series 2010A	03/20/10	2,105,000	08/01/16	\$ 90,000	5.00%				
			08/01/17	95,000	5.00%				
			08/01/18	100,000	5.00%				
			08/01/19	105,000	4.00%				
			08/01/20	110,000	5.00%				
			08/01/21	115,000	3.00%				
			08/01/22	120,000	4.00%				
			08/01/23	125,000	4.00%				
			08/01/24	130,000	4.00%				
			08/01/25	135,000	4.00%				
			08/01/26	140,000	3.50%				
			08/01/27	145,000	4.00%				
			08/01/28	150,000	4.00%				
			08/01/29	155,000	4.00%				
							<u>\$ 1,715,000</u>		1,800,000
NJEIT Sewer Wastewater Treatment Bonds, Series 2010B	12/02/10	4,865,000	08/01/16	\$ 195,000	5.00%				
			08/01/17	205,000	5.00%				
			08/01/18	215,000	5.00%				
			08/01/19	225,000	5.00%				
			08/01/20	235,000	5.00%				
			08/01/21	245,000	5.00%				
			08/01/22	260,000	5.00%				
			08/01/23	270,000	5.00%				
			08/01/24	285,000	5.00%				
			08/01/25	300,000	5.00%				
			08/01/26	315,000	5.00%				
			08/01/27	330,000	5.00%				

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Jan. 1, 2015</u>	<u>Bonds Issued</u>	<u>Paid 2015</u>	<u>Balance Dec. 31, 2015</u>
			<u>Date</u>	<u>Amount</u>					
NJEIT Sewer Wastewater Treatment Bonds, Series 2010B (Cont'd)			08/01/28	\$ 350,000	5.00%				
			08/01/29	365,000	5.00%				
			08/01/30	385,000	5.00%				
				<u>\$ 4,180,000</u>		<u>\$ 4,365,000</u>		<u>\$ 185,000</u>	<u>\$ 4,180,000</u>
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2010 (Refunding 2003A)	08/18/10	\$ 1,465,000	08/01/16	\$ 75,793	4.00%				
			08/01/17	81,553	4.20%				
			08/01/18	86,296	4.25%				
			08/01/19	91,375	5.00%				
			08/01/20	96,265	5.00%				
			08/01/21	101,053	4.50%				
			08/01/22	100,449	4.75%				
			08/01/23	104,291	4.75%				
						<u>\$ 737,075</u>		<u>812,428</u>	
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2010 (Partial Refunding 2006A)	08/18/10	609,100	08/01/24	\$ 609,100	2.14%				
				<u>\$ 609,100</u>		<u>609,100</u>			<u>609,100</u>
NJEIT Sewer Wastewater Treatment Bonds, Series 2012A (CW)	05/03/12	1,100,000	08/01/16	\$ 45,000	5.00%				
			08/01/17	45,000	5.00%				
			08/01/18	50,000	5.00%				
			08/01/19	50,000	5.00%				
			08/01/20	55,000	5.00%				
			08/01/21	55,000	5.00%				
			08/01/22	60,000	5.00%				
			08/01/23	60,000	5.00%				
			08/01/24	65,000	5.00%				
			08/01/25	70,000	5.00%				
			08/01/26	70,000	5.00%				
			08/01/27	75,000	3.00%				
			08/01/28	75,000	3.00%				
			08/01/29	80,000	3.13%				
			08/01/30	80,000	3.20%				
			08/01/31	85,000	3.25%				
			<u>\$ 1,020,000</u>			<u>1,060,000</u>		<u>40,000</u>	<u>1,020,000</u>
NJEIT Sewer Wastewater Treatment Bonds, Series 2012A (PF) (CW)	05/03/12	14,375,000	08/01/16	\$ 590,000	5.00%				
			08/01/17	620,000	5.00%				
			08/01/18	655,000	5.00%				
			08/01/19	685,000	5.00%				
			08/01/20	720,000	5.00%				
			08/01/21	755,000	5.00%				
			08/01/22	795,000	5.00%				

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Jan. 1, 2015</u>	<u>Bonds Issued</u>	<u>Paid 2015</u>	<u>Balance Dec. 31, 2015</u>
			<u>Date</u>	<u>Amount</u>					
NJEIT Sewer Wastewater Treatment Bonds, Series 2012A (PF) (CW) (Cont'd)			08/01/23	\$ 835,000	5.00%				
			08/01/24	875,000	5.00%				
			08/01/25	920,000	5.00%				
			08/01/26	965,000	5.00%				
			08/01/27	1,015,000	3.00%				
			08/01/28	1,045,000	3.00%				
			08/01/29	1,075,000	3.13%				
			08/01/30	1,110,000	3.20%				
			08/01/31	1,145,000	3.25%				
					<u>\$ 13,805,000</u>		<u>\$ 14,375,000</u>		<u>\$ 570,000</u>
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2012B-R (Refunding 1995B)	08/14/2012	\$ 545,000				190,000		190,000	-
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2012B-R (Partial Refunding 2006A)	08/14/2012	5,808,090	08/01/16	\$ 481,492	3.125%				
			08/01/17	495,610	4.00%				
			08/01/18	518,237	4.00%				
			08/01/19	536,474	4.00%				
			08/01/20	559,152	4.00%				
			08/01/21	581,949	4.00%				
			08/01/22	604,010	4.00%				
			08/01/23	630,382	4.00%				
			08/01/25	687,611	4.00%				
			08/01/26	713,173	4.00%				
				<u>\$ 5,808,090</u>		<u>5,808,090</u>			<u>5,808,090</u>
NJEIT Sewer Wastewater Treatment Bonds, Series 2013A (CW)	05/03/12	1,820,000	09/01/16	\$ 75,000	4.00%				
			09/01/17	75,000	4.00%				
			09/01/18	80,000	4.00%				
			09/01/19	85,000	4.00%				
			09/01/20	85,000	4.00%				
			09/01/21	90,000	4.00%				
			09/01/22	95,000	4.00%				
			09/01/23	100,000	5.00%				
			09/01/24	105,000	5.00%				
			09/01/25	110,000	3.00%				
			09/01/26	110,000	3.00%				
			09/01/27	115,000	3.00%				
			09/01/28	120,000	3.00%				
			09/01/29	120,000	3.00%				
			09/01/30	125,000	3.00%				
			09/01/31	130,000	3.00%				
			09/01/32	130,000	3.00%				
				<u>\$ 1,750,000</u>		<u>1,820,000</u>		<u>70,000</u>	<u>1,750,000</u>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Jan. 1, 2015</u>	<u>Bonds Issued</u>	<u>Paid 2015</u>	<u>Balance Dec. 31, 2015</u>
			<u>Date</u>	<u>Amount</u>					
2014 NJEIT IFP Green and Grey - Trust (Interim financing)	06/30/14	\$ 1,414,250				\$ 1,414,250		\$ 1,414,250	-
NJEIT Sewer Wastewater Treatment Bonds, Series 2015A-1 (CW) 14	05/28/15	1,325,000	08/01/16	\$ 45,000	5.00%				
			08/01/17	45,000	5.00%				
			08/01/18	50,000	5.00%				
			08/01/19	50,000	5.00%				
			08/01/20	55,000	5.00%				
			08/01/21	55,000	5.00%				
			08/01/22	60,000	5.00%				
			08/01/23	65,000	5.00%				
			08/01/24	65,000	5.00%				
			08/01/25	70,000	5.00%				
			08/01/26	70,000	5.00%				
			08/01/27	75,000	4.00%				
			08/01/28	80,000	4.00%				
			08/01/29	80,000	4.00%				
			08/01/30	85,000	4.00%				
			08/01/31	90,000	4.00%				
			08/01/32	90,000	4.00%				
			08/01/33	95,000	4.00%				
			08/01/34	100,000	4.00%				
				<u>\$ 1,325,000</u>			<u>\$ 1,325,000</u>		<u>\$ 1,325,000</u>
NJEIT Sewer Wastewater Treatment Bonds, Series 2015A-1 (CW) 10-2	05/28/15	355,000	08/01/16	\$ 15,000	5.00%				
			08/01/17	15,000	5.00%				
			08/01/18	15,000	5.00%				
			08/01/19	15,000	5.00%				
			08/01/20	15,000	5.00%				
			08/01/21	20,000	5.00%				
			08/01/22	20,000	5.00%				
			08/01/23	20,000	5.00%				
			08/01/24	20,000	5.00%				
			08/01/25	20,000	5.00%				
			08/01/26	20,000	5.00%				
			08/01/27	25,000	4.00%				
			08/01/28	25,000	4.00%				
			08/01/29	25,000	4.00%				
			08/01/30	25,000	4.00%				
			08/01/31	30,000	4.00%				
			08/01/32	30,000	4.00%				
				<u>\$ 355,000</u>			<u>355,000</u>		<u>355,000</u>
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2012B-R (Refunding 2007A)	11/24/15	1,876,000	08/01/17	\$ 133,000	5.00%				
			08/01/18	137,000	5.00%				
			08/01/19	146,000	5.00%				

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Jan. 1, 2015</u>	<u>Bonds Issued</u>	<u>Paid 2015</u>	<u>Balance Dec. 31, 2015</u>
			<u>Date</u>	<u>Amount</u>					
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2012B-R (Refunding 2007A) (Cont'd)			08/01/20	\$ 151,000	5.00%				
			08/01/21	162,000	5.00%				
			08/01/22	170,000	5.00%				
			08/01/23	179,000	5.00%				
			08/01/24	185,000	5.00%				
			08/01/25	195,000	5.00%				
			08/01/26	204,000	5.00%				
			08/01/27	214,000	5.00%				
				<u>\$ 1,876,000</u>			\$ 1,876,000		\$ 1,876,000
NJEIT Sewer Wastewater Treatment Bonds, Series 2015A-2 (CW) 06-02	11/24/15	\$ 365,000	08/01/17	\$ 20,000	5.00%				
			08/01/18	20,000	5.00%				
			08/01/19	20,000	5.00%				
			08/01/20	20,000	5.00%				
			08/01/21	25,000	5.00%				
			08/01/22	25,000	5.00%				
			08/01/23	25,000	5.00%				
			08/01/24	25,000	5.00%				
			08/01/25	30,000	5.00%				
			08/01/26	30,000	3.00%				
			08/01/27	30,000	3.00%				
			08/01/28	30,000	3.00%				
			08/01/29	30,000	3.00%				
			08/01/30	35,000	3.00%				
			<u>\$ 365,000</u>			365,000		365,000	
NJEIT Sewer Wastewater Treatment Bonds, Series 2015A-2 (CW) 14-1	11/24/15	105,000	08/01/17	\$ 5,000	5.00%				
			08/01/18	5,000	5.00%				
			08/01/19	5,000	5.00%				
			08/01/20	5,000	5.00%				
			08/01/21	5,000	5.00%				
			08/01/22	5,000	5.00%				
			08/01/23	5,000	5.00%				
			08/01/24	5,000	5.00%				
			08/01/25	5,000	5.00%				
			08/01/26	5,000	3.00%				
			08/01/27	5,000	3.00%				
			08/01/28	5,000	3.00%				
			08/01/29	5,000	3.00%				
			08/01/30	5,000	3.00%				
			08/01/31	5,000	3.00%				
			08/01/32	10,000	3.00%				
08/01/33	10,000	3.125%							
08/01/34	10,000	3.125%							
			<u>\$ 105,000</u>			105,000		105,000	

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Jan. 1, 2015</u>	<u>Bonds Issued</u>	<u>Paid 2015</u>	<u>Balance Dec. 31, 2015</u>
						\$ 106,464,677	\$ 4,026,000	\$ 25,202,580	\$ 85,288,097
			Grand Total						
							\$ 3,290,250	\$ 3,559,250	
		Refunding Cash					735,750	21,643,330	
		Cash							
							<u>\$ 4,026,000</u>	<u>\$ 25,202,580</u>	
									\$ 40,595,000
		County Agreement Sewer Revenue Refunding Bonds							3,350,000
		County Agreement Sewer Revenue Bonds							11,653,097
		NJEIT Refunding Bonds							29,690,000
		NJWTT / NJEIT Serial Bonds							<u>\$ 85,288,097</u>

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2015</u>	<u>Bonds Issued</u>	<u>Paid 2015</u>	<u>Balance Dec. 31, 2015</u>
1995 NJWTT Loan Series B	11/09/95	\$ 2,220,335			\$ 114,020		\$ 114,020	-
2000 NJEIT Loan Series 2000A-2	11/09/00	2,908,943	02/01/16	\$ 18,173				
			08/01/16	144,381				
			02/01/17	14,938				
			08/01/17	145,736				
			02/01/18	11,505				
			08/01/18	149,187				
			02/01/19	7,891				
			08/01/19	154,752				
			02/01/20	4,036				
			08/01/20	73,834				
				<u>\$ 724,433</u>	886,218		161,785	\$ 724,433
2000 NJEIT Loan Series 2000B-2	11/09/00	3,501,500	02/01/16	\$ 21,382				
			08/01/16	169,006				
			02/01/17	17,599				
			08/01/17	171,374				
			02/01/18	13,563				
			08/01/18	80,213				
				<u>\$ 473,137</u>	664,625		191,488	473,137
2003 NJEIT Loan Series 2003	11/08/03	3,755,879	02/01/16	\$ 30,146				
			08/01/16	166,853				
			02/01/17	27,412				
			08/01/17	172,663				
			02/01/18	24,362				
			08/01/18	178,157				
			02/01/19	21,093				
			08/01/19	183,433				
			02/01/20	17,035				
			08/01/20	187,918				
			02/01/21	12,763				
			08/01/21	192,190				
			02/01/22	8,726				
			08/01/22	188,153				

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2015</u>	<u>Bonds Issued</u>	<u>Paid 2015</u>	<u>Balance Dec. 31, 2015</u>	
2003 NJEIT Loan Series 2003 (Cont'd)			02/01/23	\$ 4,464					
			08/01/23	192,436					
				<u>\$ 1,607,804</u>	\$ 1,810,271		\$ 202,467	\$ 1,607,804	
2006 NJEIT Loan Series 2006B	11/09/06	\$ 25,351,847	02/01/16	\$ 275,105					
			08/01/16	1,216,120					
			02/01/17	251,580					
			08/01/17	1,237,836					
			02/01/18	231,855					
			08/01/18	1,263,352					
			02/01/19	211,225					
			08/01/19	1,278,914					
			02/01/20	189,871					
			08/01/20	1,302,802					
			02/01/21	167,613					
			08/01/21	1,325,784					
			02/01/22	143,725					
			08/01/22	1,347,138					
			02/01/23	118,905					
			08/01/23	1,376,607					
			02/01/24	92,179					
			08/01/24	1,395,122					
			02/01/25	59,605					
			08/01/25	1,434,934					
02/01/26	30,379								
08/01/26	1,459,998								
				<u>\$ 16,410,648</u>	17,901,421		1,490,773	16,410,648	
2007 NJEIT Loan Series 2007A	11/08/07	7,612,500	02/01/16	\$ 93,130					
			08/01/16	351,795					
			02/01/17	86,664					
			08/01/17	363,167					
			02/01/18	79,751					
			08/01/18	365,174					
			02/01/19	72,616					
			08/01/19	375,877					

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2015</u>	<u>Bonds Issued</u>	<u>Paid 2015</u>	<u>Balance Dec. 31, 2015</u>
2007 NJEIT Loan Series 2007A (Cont'd)			02/01/20	\$ 66,550				
			08/01/20	378,732				
			02/01/21	60,307				
			08/01/21	390,327				
			02/01/22	52,056				
			08/01/22	399,915				
			02/01/23	43,360				
			08/01/23	409,058				
			02/01/24	35,589				
			08/01/24	410,206				
			02/01/25	27,160				
			08/01/25	419,616				
			02/01/26	18,329				
			08/01/26	428,625				
			02/01/27	9,098				
			08/01/27	437,232				
				<u>\$ 5,374,334</u>		<u>\$ 5,822,827</u>		<u>\$ 448,493</u>
2008 NJEIT Loan Series 2008A	11/06/08	\$ 16,042,800	02/01/16	\$ 214,406				
			08/01/16	678,168				
			02/01/17	202,812				
			08/01/17	691,870				
			02/01/18	190,585				
			08/01/18	704,940				
			02/01/19	177,726				
			08/01/19	717,377				
			02/01/20	163,560				
			08/01/20	728,507				
			02/01/21	148,024				
			08/01/21	738,267				
			02/01/22	131,793				
			08/01/22	755,764				
			02/01/23	114,634				
			08/01/23	772,333				
02/01/24	96,547							
08/01/24	796,406							
02/01/25	79,050							

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2015</u>	<u>Bonds Issued</u>	<u>Paid 2015</u>	<u>Balance Dec. 31, 2015</u>
2008 NJEIT Loan Series 2008A (Cont'd)			08/01/25	\$ 812,638				
			02/01/26	60,711				
			08/01/26	828,026				
			02/01/27	41,528				
			08/01/27	851,004				
			02/01/28	21,291				
			08/01/28	872,927				
				<u>\$ 11,590,894</u>		<u>\$ 12,480,095</u>		<u>\$ 889,201</u>
2010 NJEIT Loan Series 2010A	03/20/10	\$ 2,070,000	02/01/16	\$ 36,964				
			08/01/16	73,929				
			02/01/17	36,964				
			08/01/17	73,928				
			02/01/18	36,964				
			08/01/18	73,929				
			02/01/19	36,964				
			08/01/19	73,929				
			02/01/20	36,964				
			08/01/20	73,929				
			02/01/21	36,964				
			08/01/21	73,929				
			02/01/22	36,964				
			08/01/22	73,929				
			02/01/23	36,964				
			08/01/23	73,928				
			02/01/24	36,964				
			08/01/24	73,929				
			02/01/25	36,964				
			08/01/25	73,929				
02/01/26	36,964							
08/01/26	73,929							
02/01/27	36,964							
08/01/27	73,929							
02/01/28	36,964							
08/01/28	73,928							

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2015</u>	<u>Bonds Issued</u>	<u>Paid 2015</u>	<u>Balance Dec. 31, 2015</u>	
2010 NJEIT Loan Series 2010A (Cont'd)			02/01/29	\$ 36,964					
			08/01/29	73,930					
				<u>\$ 1,552,500</u>	\$ 1,663,393		\$ 110,893	\$ 1,552,500	
2010 NJEIT Loan Series Fall 2010B	03/20/10	\$ 14,867,980	02/01/16	\$ 260,842					
			08/01/16	521,683					
			02/01/17	260,842					
			08/01/17	521,683					
			02/01/18	260,842					
			08/01/18	521,683					
			02/01/19	260,842					
			08/01/19	521,684					
			02/01/20	260,842					
			08/01/20	521,683					
			02/01/21	260,842					
			08/01/21	521,683					
			02/01/22	260,842					
			08/01/22	521,683					
			02/01/23	260,842					
			08/01/23	521,684					
			02/01/24	260,842					
			08/01/24	521,683					
			02/01/25	260,842					
			08/01/25	521,683					
			02/01/26	260,842					
			08/01/26	521,683					
			02/01/27	260,842					
			08/01/27	521,684					
			02/01/28	260,842					
			08/01/28	521,683					
			02/01/29	260,842					
			08/01/29	521,683					
			02/01/30	260,842					
			08/01/30	521,684					
							<u>\$ 11,737,879</u>	12,520,405	

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments</u> <u>Amount</u>	<u>Balance</u> <u>Jan. 1, 2015</u>	<u>Bonds</u> <u>Issued</u>	<u>Paid</u> <u>2015</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
2012 NJEIT Loan Series 2012ABC (CW)	05/03/12	\$ 3,397,500	02/01/16	\$ 62,917				
			08/01/16	125,833				
			02/01/17	62,917				
			08/01/17	125,833				
			02/01/18	62,917				
			08/01/18	125,833				
			02/01/19	62,917				
			08/01/19	125,833				
			02/01/20	62,917				
			08/01/20	125,833				
			02/01/21	62,917				
			08/01/21	125,833				
			02/01/22	62,917				
			08/01/22	125,833				
			02/01/23	62,917				
			08/01/23	125,833				
			02/01/24	62,917				
			08/01/24	125,833				
			02/01/25	62,917				
			08/01/25	125,833				
			02/01/26	62,917				
			08/01/26	125,833				
			02/01/27	62,917				
			08/01/27	125,833				
			02/01/28	62,917				
			08/01/28	125,833				
			02/01/29	62,917				
			08/01/29	125,833				
			02/01/30	62,917				
			08/01/30	125,833				
			02/01/31	62,917				
08/01/31	125,833							
				<u>\$ 3,020,000</u>	<u>\$ 3,208,750</u>		<u>\$ 188,750</u>	<u>\$ 3,020,000</u>
2012 NJEIT Loan Series 2012ABC (PF) (CW)	05/03/12	34,037,500	02/01/16	\$ 278,030				
			08/01/16	906,061				
			02/01/17	728,030				
			08/01/17	1,456,061				

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2015</u>	<u>Bonds Issued</u>	<u>Paid 2015</u>	<u>Balance Dec. 31, 2015</u>	
2012 NJEIT Loan Series 2012ABC (PF) (CW) (Cont'd)			02/01/18	\$ 728,030					
			08/01/18	1,456,061					
			02/01/19	728,030					
			08/01/19	1,456,061					
			02/01/20	728,030					
			08/01/20	1,456,061					
			02/01/21	728,030					
			08/01/21	1,456,061					
			02/01/22	728,030					
			08/01/22	1,456,061					
			02/01/23	728,030					
			08/01/23	1,456,061					
			02/01/24	728,030					
			08/01/24	1,456,061					
			02/01/25	728,030					
			08/01/25	1,456,061					
			02/01/26	728,030					
			08/01/26	1,456,061					
			02/01/27	728,030					
			08/01/27	1,456,061					
			02/01/28	728,030					
			08/01/28	1,456,061					
			02/01/29	728,030					
			08/01/29	1,456,061					
			02/01/30	728,030					
			08/01/30	1,456,061					
			02/01/31	728,030					
			08/01/31	1,092,044					
					<u>\$ 33,581,439</u>	<u>\$ 34,037,500</u>		<u>\$ 456,061</u>	<u>\$ 33,581,439</u>
	2013 NJEIT Loan Series 2013A (CW)	09/01/13	\$ 4,625,562	02/01/16	\$ 88,106				
				08/01/16	176,212				
02/01/17				88,106					
08/01/17				176,212					
02/01/18				88,106					
08/01/18				176,212					
			02/01/19	88,106					

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments</u> <u>Amount</u>	<u>Balance</u> <u>Jan. 1, 2015</u>	<u>Bonds</u> <u>Issued</u>	<u>Paid</u> <u>2015</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	
2013 NJEIT Loan Series 2013A (CW) (Cont'd)			08/01/19	\$ 176,212					
			02/01/20	88,106					
			08/01/20	176,212					
			02/01/21	88,106					
			08/01/21	176,212					
			02/01/22	88,106					
			08/01/22	176,212					
			02/01/23	88,106					
			08/01/23	176,212					
			02/01/24	88,106					
			08/01/24	176,212					
			02/01/25	88,106					
			08/01/25	176,212					
			02/01/26	88,106					
			08/01/26	176,212					
			02/01/27	88,106					
			08/01/27	176,212					
			02/01/28	88,106					
			08/01/28	176,212					
			02/01/29	88,106					
			08/01/29	176,212					
			02/01/30	88,106					
			08/01/30	176,212					
			02/01/31	88,106					
			08/01/31	176,212					
			02/01/32	88,106					
			08/01/32	132,159					
					<u>\$ 4,449,350</u>	<u>\$ 4,625,562</u>		<u>\$ 176,212</u>	<u>\$ 4,449,350</u>
	2014 NJEIT IFP Green and Grey - Fund (Interim Loan)	06/30/14	\$ 4,242,750			4,242,750		4,242,750	-
	2015 NJEIT Loan Series 2015A-1 (CW) 14	05/28/15	2,242,750	02/01/16	\$ 39,347				
				08/01/16	78,693				
				02/01/17	39,346				
			08/01/17	78,693					
			02/01/18	39,347					
			08/01/18	78,693					

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments</u> <u>Amount</u>	<u>Balance</u> <u>Jan. 1, 2015</u>	<u>Bonds</u> <u>Issued</u>	<u>Paid</u> <u>2015</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	
2015 NJEIT Loan Series 2015A-1 (CW) 14 (Cont'd)			02/01/19	\$ 39,346					
			08/01/19	78,693					
			02/01/20	39,347					
			08/01/20	78,693					
			02/01/21	39,346					
			08/01/21	78,693					
			02/01/22	39,347					
			08/01/22	78,693					
			02/01/23	39,346					
			08/01/23	78,693					
			02/01/24	39,347					
			08/01/24	78,693					
			02/01/25	39,346					
			08/01/25	78,693					
			02/01/26	39,347					
			08/01/26	78,693					
			02/01/27	39,346					
			08/01/27	78,693					
			02/01/28	39,347					
			08/01/28	78,693					
			02/01/29	39,346					
			08/01/29	78,693					
			02/01/30	39,347					
			08/01/30	78,693					
			02/01/31	39,346					
			08/01/31	78,693					
			02/01/32	39,347					
			08/01/32	78,693					
			02/01/33	39,346					
			08/01/33	78,693					
			02/01/34	39,346					
			08/01/34	78,693					
					<u>\$ 2,242,750</u>				
						<u>\$ 2,242,750</u>			<u>\$ 2,242,750</u>
2015 NJEIT Loan Series 2015A-1 (CW) 10-2	05/28/15	\$ 993,413	02/01/16	\$ 18,744					
			08/01/16	37,487					
			02/01/17	18,744					

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments</u> <u>Amount</u>	<u>Balance</u> <u>Jan. 1, 2015</u>	<u>Bonds</u> <u>Issued</u>	<u>Paid</u> <u>2015</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
2015 NJEIT Loan Series 2015A-1 (CW) 10-2 (Cont'd)			08/01/17	\$ 37,487				
			02/01/18	18,744				
			08/01/18	37,487				
			02/01/19	18,744				
			08/01/19	37,487				
			02/01/20	18,744				
			08/01/20	37,487				
			02/01/21	18,744				
			08/01/21	37,487				
			02/01/22	18,744				
			08/01/22	37,487				
			02/01/23	18,744				
			08/01/23	37,487				
			02/01/24	18,744				
			08/01/24	37,487				
			02/01/25	18,744				
			08/01/25	37,487				
			02/01/26	18,744				
			08/01/26	37,487				
			02/01/27	18,744				
			08/01/27	37,487				
			02/01/28	18,744				
			08/01/28	37,487				
			02/01/29	18,744				
			08/01/29	37,487				
			02/01/30	18,744				
			08/01/30	37,487				
			02/01/31	18,744				
			08/01/31	37,487				
			02/01/32	18,743				
			08/01/32	37,487				
					<u>\$ 955,926</u>			
					<u>\$ 993,413</u>			
						<u>\$ 37,487</u>		<u>\$ 955,926</u>
2015 NJEIT Loan Series 2015A-2 (CW) 06-02	11/24/15	\$ 1,159,679	08/01/16	\$ 52,713				
			02/01/17	26,356				
			08/01/17	52,713				
			02/01/18	26,356				

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments</u> <u>Amount</u>	<u>Balance</u> <u>Jan. 1, 2015</u>	<u>Bonds</u> <u>Issued</u>	<u>Paid</u> <u>2015</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	
2015 NJEIT Loan Series 2015A-2 (CW) 06-02 (Cont'd)			08/01/18	\$ 52,713					
			02/01/19	26,356					
			08/01/19	52,713					
			02/01/20	26,356					
			08/01/20	52,713					
			02/01/21	26,356					
			08/01/21	52,713					
			02/01/22	26,356					
			08/01/22	52,713					
			02/01/23	26,356					
			08/01/23	52,713					
			02/01/24	26,356					
			08/01/24	52,713					
			02/01/25	26,356					
			08/01/25	52,713					
			02/01/26	26,356					
			08/01/26	52,713					
			02/01/27	26,356					
			08/01/27	52,713					
			02/01/28	26,356					
			08/01/28	52,713					
			02/01/29	26,356					
			08/01/29	52,713					
			02/01/30	26,356					
			08/01/30	52,713					
					<u>\$ 1,159,679</u>		<u>\$ 1,159,679</u>	<u>\$ 1,159,679</u>	
	2015 NJEIT loan Series 2015A-2 (CW) 14-1	11/24/15	\$ 317,250	08/01/16	\$ 11,331				
				02/01/17	5,665				
08/01/17				11,330					
02/01/18				5,665					
08/01/18				11,331					
02/01/19				5,665					
08/01/19				11,330					
02/01/20				5,665					
08/01/20				11,331					
02/01/21				5,665					

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments</u> <u>Amount</u>	<u>Balance</u> <u>Jan. 1, 2015</u>	<u>Bonds</u> <u>Issued</u>	<u>Paid</u> <u>2015</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
2015 NJEIT loan Series 2015A-2 (CW) 14-1 (Cont'd)			08/01/21	\$ 11,330				
			02/01/22	5,665				
			08/01/22	11,331				
			02/01/23	5,665				
			08/01/23	11,330				
			02/01/24	5,665				
			08/01/24	11,331				
			02/01/25	5,665				
			08/01/25	11,330				
			02/01/26	5,665				
			08/01/26	11,331				
			02/01/27	5,665				
			08/01/27	11,330				
			02/01/28	5,665				
			08/01/28	11,331				
			02/01/29	5,665				
			08/01/29	11,330				
			02/01/30	5,665				
			08/01/30	11,331				
			02/01/31	5,665				
			08/01/31	11,330				
			02/01/32	5,665				
			08/01/32	11,331				
			02/01/33	5,665				
			08/01/33	11,330				
			02/01/34	5,665				
			08/01/34	11,331				
				<u>\$ 317,250</u>		<u>\$ 317,250</u>		<u>\$ 317,250</u>
				Grand Total	<u>\$ 99,977,837</u>	<u>\$ 4,713,092</u>	<u>\$ 9,492,906</u>	<u>\$ 95,198,023</u>
		Refunding Cash				\$ 2,242,750	\$ 4,242,750	
		Cash Held by Fiscal Agent				2,470,342		
		Cash					<u>5,250,156</u>	
						<u>\$ 4,713,092</u>	<u>\$ 9,492,906</u>	

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Capital Appreciation Bonds
 For the Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds</u>		<u>Bond Accretion</u>		<u>Balance Jan. 1, 2015</u>	<u>Accretion 2015</u>	<u>Paid 2015</u>	<u>Balance Dec. 31, 2015</u>	
			<u>Date</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>					
1990 Capital Appreciation Bonds Series A	02/22/90	\$ 115,830,388	09/01/16	\$ 14,020,000	2016	\$ 2,866,799					
			09/01/17	14,020,000	2017	2,031,748					
			09/01/18	10,725,000	2018	1,214,837					
			09/01/19	10,725,000	2019	502,815					
				<u>\$ 49,490,000</u>		<u>\$ 6,616,199</u>					
							<u>\$ 53,245,339</u>	<u>\$ 3,643,462</u>	<u>\$ 14,015,000</u>	<u>\$ 42,873,801</u>	
1990 Capital Appreciation Bonds Series B	02/22/90	121,677,020	09/01/16	\$ 18,545,000	2016	\$ 2,100,652					
			09/01/17	18,545,000	2017	869,450					
				<u>\$ 37,090,000</u>		<u>\$ 2,970,102</u>					
							<u>49,418,788</u>	<u>3,246,110</u>	<u>18,545,000</u>	<u>34,119,898</u>	
							<u>Grand Total</u>	<u>\$ 102,664,127</u>	<u>\$ 6,889,572</u>	<u>\$ 32,560,000</u>	<u>\$ 76,993,699</u>

**CAMDEN COUNTY
MUNICIPAL UTILITIES AUTHORITY**

PART II

SINGLE AUDIT SECTION

**FOR THE YEAR ENDED
DECEMBER 31, 2015**

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
AND STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

The Chairman and Commissioners of the
Camden County Municipal Utilities Authority
Camden County, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Camden County Municipal Utilities Authority's (Authority), in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of Authority's major federal and state programs for the year ended December 31, 2015. The Authority's major federal and state 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal and state 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; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB 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 or state program occurred. An audit includes examining, on a test basis, evidence about the 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 and state program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Camden County Municipal Utilities 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 and state programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of New Jersey Circular 15-08-OMB, 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 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 or state 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 or state 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 or state 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 the Uniform Guidance and the State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
July 12, 2016

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2015

<u>Federal Grantor/ Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>State GMIS Number</u>	<u>Pass-through Entity Id Number</u>	<u>Program or Award Amount</u>	<u>Grant Period From To</u>	
<u>U.S. Department of Environmental Protection Agency</u>						
Pass Through N.J. Department of Environmental Protection Agency						
Capitalization Grants for Clean Water State Revolving Funds						
Camden City Green & Grey Infrastructure Improvement Project	66.458	042-4860-711-009	S340640-10-2	\$ 2,000,000	05/28/15	08/01/34
Total Federal Awards - U.S. Department of Environmental Protection Agency						

The accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance and Notes to Financial Statements are an integral part of this schedule.

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2015

<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Receipts or</u> <u>Revenue</u> <u>Recognized</u>	<u>Passed-</u> <u>Through to</u> <u>Subrecipients</u>	<u>Total Federal</u> <u>Disbursements /</u> <u>Expenditures</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Unreimbursed</u> <u>Expenditures</u>	<u>(Memo Only)</u>	
						<u>Cash Received</u> <u>(Memo Only)</u>	<u>Accumulated</u> <u>Expenditures</u>
\$ -	\$ 2,000,000	\$ -	\$ 1,475,881	\$ 524,119	\$ 55,753	\$ 1,420,128	\$ 1,475,881
\$ -	\$ 2,000,000	\$ -	\$ 1,475,881	\$ 524,119	\$ 55,753	\$ 1,420,128	\$ 1,475,881

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2015

<u>State Grantor/ Program Title</u>	<u>State GMIS Number</u>	<u>Pass-through Grantors' Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>	
				<u>From</u>	<u>To</u>
<u>Department of Environmental Protection:</u>					
NJ Environmental Infrastructure Trust Program:					
Winslow Sewer Treatment Plant Expansion	042-4860-510-022-14/15	640-05	\$ 6,678,630	11/01/00	11/01/20
System Upgrade, Combined Sewer Solids and Floatables Control Facilities	042-4860-510-009-14/15	640-08,709-03&04	34,229,815	11/01/06	08/01/26
Camden City Green & Grey Infrastructure Improvement Project	042-4860-711-009	S340640-14	3,657,000	05/28/15	08/01/34
Camden City Green & Grey Infrastructure Improvement Project - Supplemental	042-4860-711-009	S340640-14-1	423,000	05/28/15	08/01/34
Atlantic Basin Interceptor	042-4860-510-044	S340640-10-2	1,379,740	05/28/15	08/01/34
Atlantic Basin Interceptor - Supplemental	042-4860-510-044	S340640-06-02	1,546,238	05/28/15	08/01/30
NJ Environmental Infrastructure Trust Interim Financing Program:					
Camden City Green & Grey Infrastructure Improvement Project	042-4860-711-009	640-14	5,657,000	06/30/14	05/20/15

Total State Financial Assistance - Department of Environmental Protection

The accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance and Notes to Financial Statements are an integral part of this schedule.

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2015

<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Receipts or</u> <u>Revenue</u> <u>Recognized</u>	<u>Key</u>	<u>Adjustment</u>	<u>Disbursements</u> <u>or Expenditures</u>	<u>Balance</u> <u>Dec. 31, 2015</u> <u>Project Funds</u> <u>Balance</u>	<u>Unreimbursed</u> <u>Expenditures</u>	<u>Cash Received</u> <u>(Memo Only)</u>	<u>Accumulated</u> <u>Expenditures</u>
\$ 193,088					\$ 193,088			\$ 6,485,542
4,136,185		(1)	\$ (103,752)	\$ 1,268,167	2,764,266	\$ 190,145	\$ 1,078,022	31,465,549
		(2)	3,398,765	2,440,409	958,356	101,944	324,182	2,698,644
	\$ 423,000				423,000			
	1,379,740			1,379,740	-		1,379,740	1,379,740
	1,546,238				1,546,238			
3,398,765		(2)	(3,398,765)		-			5,657,000
<u>\$ 7,728,038</u>	<u>\$ 3,348,978</u>		<u>\$ (103,752)</u>	<u>\$ 5,088,316</u>	<u>\$ 5,884,948</u>	<u>\$ 292,089</u>	<u>\$ 2,781,944</u>	<u>\$ 47,686,475</u>

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended December 31, 2015

Note 1: **GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Camden County Municipal Utilities Authority, County of Camden, State of New Jersey (hereafter referred to as the "Authority") under programs of the federal government and state government for the year ended December 31, 2015. The Authority is defined in note 1 to the financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because these schedules present only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position and changes in operations of the Authority.

Note 2: **BASIS OF ACCOUNTING**

Expenditures reported on the schedules are reported on the accrual basis of accounting as promulgated by the Bureau of Authority Regulation, Department of Community Affairs, State of New Jersey. This basis of accounting is described in note 1 to the financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3: **RELATIONSHIP TO FINANCIAL STATEMENTS**

The amounts reported in the accompanying schedules agree with amounts reported in the Authority's financial statements.

Note 4: **RELATIONSHIP TO FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with amounts reported in the related federal and state financial reports.

Note 5: **ADJUSTMENTS**

Adjustment 1 in the Schedule of Expenditures of State Financial Assistance is a result of a reduction in the loan amount that was utilized by the grantor for a debt refunding. The refunding resulted in a net savings to the Authority of \$431,117 over the life of the loan through 2024.

Adjustment 2 in the Schedule of Expenditures of State Financial Assistance represents the issuing of permanent financing and the payoff of an interim loan from 2014. The 2014 interim loan was required in order to meet the construction time tables for the Camden City Green and Grey Infrastructure Project.

Note 6: **MAJOR PROGRAMS**

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

**CAMDEN COUNTY
MUNICIPAL UTILITIES AUTHORITY**

PART III

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2015**

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2015

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to determine Type A programs \$ 750,000

Auditee qualified as low-risk auditee? X yes no

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2015

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? ___ yes X no

Identification of major programs:

<u>GMIS Numbers</u>	<u>Name of State Program</u>
<u>042-040-4860-510</u>	<u>NJ Environmental Infrastructure Trust Program</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to determine Type A programs \$ 750,000

Auditee qualified as low-risk auditee? X yes ___ no

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015

Section 2- Schedule of Financial Statement Findings

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

None

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015

Section 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

None

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015

Section 4- Schedule of State Financial Assistance 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 State programs, as required by State of New Jersey Circular 15-08-OMB.

None

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with *Government Auditing Standards*, OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

None

FEDERAL AWARDS

None

STATE FINANCIAL ASSISTANCE PROGRAMS

None

31700

APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the Authority officials during the course of the audit.

Respectfully submitted,

Bowman & Company LLP
BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

