

**CAMDEN COUNTY
MUNICIPAL UTILITIES AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDING
DECEMBER 31, 2013 and 2012**

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Roster of Officials
December 31, 2013

Commissioners

Michael G. Brennan
James MacFarlane
Dorothy A. Burley
Herman B. Engelbert
James Bresch
Doreen A. Dixon
Jeffrey S. Swartz
K. K. Wu
Jonathan L. Young, Sr.

Position

Chairman
Vice – Chairman
Treasurer
Commissioner
Commissioner
Commissioner
Commissioner
Commissioner
Commissioner

Other Officials

Andrew Kricun
Kim Michelini
Wayne Planamento
Robert Cornforth
John J. Connolly, Jr.
Laurence E. Rosoff, Esquire
Bank of New York (NJ)

Position

Executive Director / Chief Engineer
Authority Secretary
Chief Financial Officer
Director of Operations and Maintenance
Assistant Director of Operations and Maintenance
Solicitor
Trustee

**CAMDEN COUNTY
MUNICIPAL UTILITIES AUTHORITY**

PART 1

FINANCIAL SECTION

**FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012**

INDEPENDENT AUDITORS' 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, as of and for the years ending December 31, 2013 and 2012 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 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 the 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 Camden County Municipal Utilities Authority, in the County of Camden State of New Jersey as of December 31, 2013 and 2012, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion 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 Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules as listed in the table of contents and the Schedule 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 Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 16, 2014 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
June 16, 2014

**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 AUDITORS' REPORT

The Chairman and Commissioners of the
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, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 16, 2014.

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 opinions 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 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
June 16, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2013. 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 "Statements of Net Position" provide information about the nature and amounts of investments in resources (assets) and the obligations to Authority's creditors (liabilities) with the difference reported as net position.

The "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 "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.

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, 2013 compared to December 31, 2012 and December 31, 2011. 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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
ASSETS:			
Unrestricted Assets:	\$ 17,008,552	\$ 24,150,712	\$ 29,404,947
Restricted Assets:	71,071,790	119,082,125	112,391,485
Plant Property & Equipment, Net of Accumulated Depreciation	513,185,276	498,003,699	480,083,917
Other Capital Assets, Net of Accumulated Depreciation	11,890,435	11,000,979	11,002,087
Total Assets	613,156,053	652,237,515	632,882,436
DEFERRED OUTFLOWS OF RESOURCES			
	298,697	821,555	1,344,413
LIABILITIES			
Current Liabilities	73,022,570	74,460,147	72,533,368
Total Long-Term Liabilities	298,819,926	339,441,197	334,170,186
Total Liabilities	371,842,496	413,901,344	406,703,554
DEFERRED INFLOWS OF RESOURCES			
	832,471	1,056,727	1,300,455.00
NET POSITION			
Net Investment in Capital Assets	226,272,013	177,214,892	166,941,470
Restricted for Bond Covenants	7,706,411	46,691,521	49,140,658
Unrestricted	6,801,359	14,194,586	10,140,712
Total Net Position	\$ 240,779,783	\$ 238,100,999	\$ 226,222,840

CHANGES IN FINANCIAL POSITION

The Authority's net position increased by 1.13% from 2012 and increased from 2011 by 6.43%. The increase from 2012 and 2011 was due to the Property, Plant and Equipment as a result of the construction of the Atlantic Basin Interceptor project.

CHANGES IN FINANCIAL POSITION (CONT'D)

Unrestricted Assets showed a decrease of 29.57% from the prior year and 42.16% from 2011 due to a decrease in Receivables from the New Jersey Environmental Infrastructure Trust.

The Authority's Bond Resolutions and the State Regulations govern Restricted Assets. The category Restricted Assets decreased by 40.32% from 2012 and decreased by 36.76% from 2011 due to a decrease in Cash Held by Fiscal Agent as well as a decrease in restricted investments as the Authority used the Special Reserve Fund to pay down the debt.

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 and the Special Reserve Fund as required by the Bond Resolution.

CHANGES IN NET POSITION

	<u>2013</u>	<u>2012</u>	<u>2011</u>
OPERATING REVENUE			
User Charges and Fees	\$ 78,048,926	\$ 75,259,849	\$ 73,090,543
Other Revenue	5,329,478	6,307,821	6,478,915
Total Operating Revenues	<u>83,378,404</u>	<u>81,567,670</u>	<u>79,569,458</u>
OPERATING EXPENSES			
Administration	6,238,581	5,712,236	7,530,182
Cost of Providing Services	29,260,607	26,068,771	27,813,033
Depreciation	22,038,539	19,900,585	17,913,189
Total Operating Expenses	<u>57,537,727</u>	<u>51,681,592</u>	<u>53,256,404</u>
OPERATING INCOME	<u>25,840,677</u>	<u>29,886,078</u>	<u>26,313,054</u>
NONOPERATING REVENUE (EXPENSES):			
Investment Income	376,820	1,018,758	4,553,243
Gain on Change in OPEB plan		5,418,962	
Interest Expense	(16,853,843)	(19,215,587)	(21,026,239)
Bond Issuance Costs		(1,282,697)	
Contribution to the County of Camden and Indemnification Program	(6,135,172)	(5,092,762)	(3,076,796)
Other Non Operating Revenue (Expense)	(549,698)	(1,853,640)	921,734
TOTAL NON-OPERATING ITEMS	<u>(23,161,893)</u>	<u>(21,006,966)</u>	<u>(18,628,058)</u>
Income Before Contributions	2,678,784	8,879,112	7,684,996
Capital Contributions		2,999,047	1,164,476
Increase in Net Position	2,678,784	11,878,159	8,849,472
Total Net Position Jan. 1	238,100,999	226,222,840	225,561,171
Cumulative Effects of Changes in Accounting Principals			(8,187,803)
Total Net Position Jan. 1	<u>238,100,999</u>	<u>226,222,840</u>	<u>217,373,368</u>
Net Position Dec. 31	<u>\$ 240,779,783</u>	<u>\$ 238,100,999</u>	<u>\$ 226,222,840</u>

CHANGES IN NET POSITION (CONT'D)

Total Operating Revenue showed an overall 2.22% increase from 2012 and a 4.79% increase from the 2011 financial statements. The increase from 2012 and 2011 is a result of the increase in the User Rate. The Authority continues to add billing units as reflected in Connection Fees, however there was a 17.59% decrease in fees as compared to 2012.

The Authority's total operating expenses increased by 11.33% from 2012 and increased by 8.04% from 2011. The increase was due to higher sludge disposal costs in 2013, which resulted in a higher Cost of Providing Service expense. The Authority also incurred higher depreciation expense as projects completed were added to assets being depreciated.

Non-operating Revenue, net of Expenses, decreased by 10.26% compared to 2012 because there was a Gain on Change of OPEB plan in 2012, which was not present in 2013. Additionally, Investment Income fell 63.01% from 2012 and 91.72% from 2011 as a result of the continued use of the Special Reserve to pay down the Authority's debt.

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.

Administration Other Expenses were in excess of budget as a result of an increase in the bad debt allowance. Also, Cost of Providing Services Other Expenses were in excess of budget as a result of higher sludge disposal costs.

DEBT ADMINISTRATION

During fiscal year 2013 the Authority continued to pay down its outstanding debt from operating revenues and using the Special Reserve Fund. This past year the Authority used \$17,396,219 from the Special Reserve Fund to pay down its debt. The Authority had additional borrowings in 2013 from the New Jersey Environmental Infrastructure Trust to fund the Atlantic Basin Extension project.

CAPITAL IMPROVEMENTS AND CONSTRUCTION ACTIVITY

- A) Wastewater Treatment Plant----In 2013, 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 will cost about \$30 million and is being funded through the NJ Environmental Infrastructure Trust. Construction of the facility was completed during the summer of 2012. The contract operator and manufacturer then embarked on startup activities to ensure that the facility met all required performance guarantees. Unfortunately, the facility did not meet its performance test. Fortunately, the CCMUA had required a 100% project performance bond from the manufacturer. The manufacturer and the CCMUA are working together to modify the facility, and the upstream operations in order to achieve a successful project performance test.
- B) Interceptor System----In 2013, the CCMUA worked on two 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 will also result 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. The project was under construction in 2013 and is scheduled for completion 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 2013, the CCMUA had upgraded 25 of Camden's 28 combined sewer overflow outfalls. The CCMUA expects to complete the project by the end of June 2014.

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 the Treasurer 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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 1,622,266	\$ 3,375,906
Accounts Receivable	13,622,075	12,902,055
Accrued Interest Receivable	13	18
Due from State of New Jersey -- NJEIT Receivable	1,576,249	6,934,989
Due from State of New Jersey -- USEDA Central Gateway Project	187,449	937,244
Other	500	500
Total Unrestricted Assets	<u>17,008,552</u>	<u>24,150,712</u>
Restricted Assets:		
Cash and Cash Equivalents	49,256,547	56,393,360
Cash Held by Fiscal Agent	6,684,095	25,306,207
Investments	15,130,381	37,347,231
Accrued Interest Receivable	767	35,327
Total Restricted Assets	<u>71,071,790</u>	<u>119,082,125</u>
Total Current Assets	<u>88,080,342</u>	<u>143,232,837</u>
Noncurrent Assets:		
Restricted Assets:		
Capital Assets:		
Utility Plant-In Service, Net of Accumulated Depreciation	421,710,344	435,465,091
Construction in Progress	91,474,932	62,538,608
Other Capital Assets, Net of Accumulated Depreciation	11,890,435	11,000,979
Total Capital Assets	<u>525,075,711</u>	<u>509,004,678</u>
Total Noncurrent Assets	<u>525,075,711</u>	<u>509,004,678</u>
Total Assets	<u>613,156,053</u>	<u>652,237,515</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pre-Operating Costs	<u>298,697</u>	<u>821,555</u>
Total Deferred Outflows of Resources	<u>298,697</u>	<u>821,555</u>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Net Position
 As of December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 4,650,461	\$ 4,048,337
Accrued Expenses	1,886,687	2,053,165
Reserve for Grant Expenditures:		
Clean Water Enforcement Act	2,837,574	2,797,897
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	9,374,722	8,899,399
	<hr/>	<hr/>
Current Liabilities Payable from Restricted Assets:		
Accounts Payable	2,291,995	5,153,368
Retainages Payable	1,546,939	1,333,629
Current Maturities of Long-Term Debt	57,130,224	55,971,058
Accrued Interest Payable	2,678,690	3,102,693
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	63,647,848	65,560,748
	<hr/>	<hr/>
Long-Term Liabilities Payable:		
Long-term Debt	298,819,926	339,441,197
	<hr/>	<hr/>
Total Long-Term Liabilities	298,819,926	339,441,197
	<hr/>	<hr/>
Total Liabilities	371,842,496	413,901,344
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Deferred Interest Revenue	832,471	1,056,727
	<hr/>	<hr/>
Total Deferred Outflows of Resources	832,471	1,056,727
	<hr/>	<hr/>
NET POSITION		
Net Investment in Capital Assets	226,272,013	177,214,892
Restricted	7,706,411	46,691,521
Unrestricted	6,801,359	14,194,586
	<hr/>	<hr/>
Total Net Position	\$ 240,779,783	\$ 238,100,999
	<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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
OPERATING REVENUE		
User Charges and Fees	\$ 78,048,926	\$ 75,259,849
Connection Fees	2,889,080	3,505,602
Other	2,440,398	2,802,219
Total Operating Revenues	<u>83,378,404</u>	<u>81,567,670</u>
OPERATING EXPENSES		
Administration:		
Salary & Wages	2,052,906	2,097,838
Fringe Benefits	1,881,510	1,929,278
Other Expenses	2,304,165	1,685,120
Cost of Providing Services:		
Salary & Wages	7,421,185	7,261,201
Fringe Benefits	2,166,173	2,222,661
Other Expenses	19,673,249	16,584,909
Depreciation	22,038,539	19,900,585
Total Operating Expenses	<u>57,537,727</u>	<u>51,681,592</u>
OPERATING INCOME	<u>25,840,677</u>	<u>29,886,078</u>
NONOPERATING REVENUE (EXPENSES)		
Investment Income	2,111,754	3,020,235
Gain on Change in OPEB Plan		5,418,962
Unrealized Loss / Gain on Investments	(1,734,934)	(2,001,477)
Interest Expense	(16,853,843)	(19,215,587)
Bond Issuance Costs		(1,282,697)
Contribution to the County of Camden	(3,135,172)	(3,092,762)
County of Camden Indemnification Program	(3,000,000)	(2,000,000)
Amortization of Preoperating Costs	(459,209)	(622,651)
Disposition of Property, Plant and Equipment		(1,004,625)
Community Service Projects	(90,489)	(226,364)
Total Non-operating Revenues (Expenses)	<u>(23,161,893)</u>	<u>(21,006,966)</u>
INCOME BEFORE CONTRIBUTIONS	2,678,784	8,879,112
CAPITAL CONTRIBUTIONS		<u>2,999,047</u>
CHANGE IN NET POSITION	<u>2,678,784</u>	<u>11,878,159</u>
NET POSITION JANUARY 1	<u>238,100,999</u>	<u>226,222,840</u>
NET POSITION DECEMBER 31	<u>\$ 240,779,783</u>	<u>\$ 238,100,999</u>

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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 77,328,906	\$ 72,725,361
Other Operating Receipts	11,438,013	7,012,929
Payments to Suppliers	(25,640,263)	(26,301,362)
Payments to Employees	(9,474,091)	(9,359,039)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	53,652,565	44,077,889
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on Bonds	(29,658,794)	(31,217,676)
Payments of Defeased Bonds		(6,950,000)
Interest Paid on Bonds	(33,632,113)	(33,578,533)
Proceeds from Issuance of Long Term Debt	25,067,674	40,379,509
Proceeds from Refunding Bonds		6,353,090
Premium Received on Bonds Issued	169,044	1,991,275
Bond Issuance Costs		(1,282,697)
Payment of Contribution to County of Camden	(3,135,172)	(3,092,762)
Payment of Indemnification Program to County of Camden	(3,000,000)	(2,000,000)
Acquisition and Construction of Property, Plant and Equipment	(40,757,635)	(33,377,638)
Proceeds of Capital Contributions		2,999,047
	<hr/>	<hr/>
Net Cash Used in Capital and Related Financing Activities	(84,946,996)	(59,776,385)
Cash Flows from Investing Activities:		
Investment Income	2,146,319	3,119,858
Deferred Interest Revenue	(224,256)	(243,728)
Redemption of Investments	20,481,915	37,261,420
	<hr/>	<hr/>
Net Cash Provided by Investing Activities	22,403,978	40,137,550
Net Increase (Decrease) in Cash and Cash Equivalents	(8,890,453)	24,439,054
Cash and Cash Equivalents - January 1	59,769,266	35,330,212
	<hr/>	<hr/>
Cash and Cash Equivalents - December 31	\$ 50,878,813	\$ 59,769,266
	<hr/>	<hr/>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Operating Income	\$ 25,840,677	\$ 29,886,078
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation	22,038,539	19,900,585
Community Service Projects	(90,489)	(226,364)
Gain on Change in OPEB Plan		5,418,962
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(720,020)	(2,534,488)
(Increase) Decrease in Other Unrestricted Assets		355,000
(Increase) Decrease in Grants and Loan Receivable	6,108,535	350,108
Increase (Decrease) in Unrestricted Accounts		
Payable, Accrued Expenses and Deferred Revenues	475,323	(3,653,030)
(Decrease) Increase in Net OPEB Obligation		(5,418,962)
Net Cash Provided by Operating Activities	<u>\$ 53,652,565</u>	<u>\$ 44,077,889</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, 2013 and 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING 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

Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, provide guidance that all entities associated with a primary government are potential component units, and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. In addition, GASB Statement No. 61 clarifies the manner in which component units are presented, whether discretely presented, blended, or included in the fiduciary fund financial statements.

The Authority is a component unit of the County as described in Governmental Accounting Standards Board Statement No. 14, as amended by Governmental Accounting Standards Board Statement No. 39. These financial statements would be either blended or discreetly presented as part of the County's financial statements if the County reported using accounting principles generally accepted in the United States of America applicable to governmental entities.

As of December 31, 2013, it has been determined by the Authority that no component units exist.

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.

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

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 fiscal year when the resources are required to be used or the fiscal 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 / Expenditures - 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 fiscal year and to adopt not later than the beginning of the Authority's fiscal 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, deferred loss on defeasance and the annual required contribution for the Authority's OPEB Plan are not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Statement 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 government 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.

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. The Act was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. 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.

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.

Inventory and Prepaid Expenses

Inventory consists principally of chemicals for the treatment of water, 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 recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2013.

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 fixed 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 Discount and Bond Premium

Bond discount and bond premium arising from the issuance of the revenue bonds are recorded as liabilities. They are amortized by the straight-line method from the issue date to maturity as a component of interest expense. Bond discount and bond premium are presented as an adjustment of the face amount on the bonds.

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 from the issue date to maturity as a component of interest expense.

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.

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

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.

Restricted – This component of net position consists of external constraints imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restricts the use of net position.

Unrestricted - This component of net position consists of net position that do 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles****Recently Issued and Adopted Accounting Pronouncements**

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASBS 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This Statement is effective for periods beginning after June 15, 2012. The adoption of GASBS 61 does not have any impact on the Authority's financial statements.

In March 2012, the GASB issued Statement 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. GASBS 66 is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. This Statement is effective for periods beginning after December 15, 2012. The adoption of GASBS 66 does not have any impact on the Authority's financial statements.

New Accounting Standards Pronouncements to be Implemented in the Future

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. GASBS 67 is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2013.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASBS 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. In addition, this Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for periods beginning after June 15, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****New Accounting Standards Pronouncements to be Implemented in the Future (Cont'd)**

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASBS 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for periods beginning after December 15, 2013.

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASBS 70 is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement is effective for periods beginning after June 15, 2013.

In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*—an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

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.

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, principal amounts maturing on bonds 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, 2013:

Category	Appropriation	Expenditures	Excess	Comment on Excess
Administration:				
Other Expenses	\$ 1,488,380	\$ 2,304,165	\$ 815,785	Higher than expected allowance for bad debt and management consulting fees.
Cost of Providing Services:				
Salary & Wages	7,204,770	7,421,185	216,415	Unanticipated overtime costs.
Other Expenses	17,817,588	19,673,249	1,855,661	Sludge disposal site fees were higher than expected.
Total Interest Payments on Debt Service	32,905,497	33,632,113	726,616	Interest paid by bond proceeds and accrual of interest was not appropriated due to budget not being prepared on a GAAP basis.
Total Principal Payments on Debt Service	29,361,044	29,658,794	297,750	NJDEP adjustment to loan principal not known at budget adoption.

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, 2013</u>
Gross Revenues:	
Operating Revenues	\$ 83,378,404
Interest Income	376,820
	<hr/>
Total Gross Revenues	83,755,224
	<hr/>
Operating Expenses, exclusive of depreciation	35,499,188
	<hr/>
Net Revenues	48,256,036
	<hr/>
Debt Service Requirement of all Bonds issued under this Resolution (treating all Bonds as a single issue of Bonds for purposes of this calculation) *	49,653,044
	<hr/>
Less: Disbursements from Investment Obligations held in the Special Reserve Fund	17,132,632
	<hr/>
	32,520,412
	<hr/>
Sufficiency of Net Revenues	\$ 15,735,624
	<hr/> <hr/>

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

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

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>\$ 56,384,784</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:	
1995 Series B	\$114,019
2000 Series A, 2000-05	162,643
2000 Series A, 2000-07	191,488
2003 Series A	317,621
2006 Series A	384,160
2006 Series B (Refunding pre-1990 Bond issue Net Change)	(619,053)
2006 Series A (Refunding)	315,669
2006 Series A (Refunding)	296,407
2008 Series A (Refunding pre-1990 Bond Issue Net Change)	638,963
2012 Series B-R (Refunding)	<u>195,700</u>
	1,997,617
(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>
	<u>\$ 42,384,855</u>

Therefore, the defined Debt Service Reserve Requirement as of December 31, 2013, shall equal \$42,382,904.

The Authority has funded the Debt Service Reserve Requirement as of December 31, 2013 as follows:

Amount on Deposit	\$ 51,213,511
Interest Receivable	<u>752</u>
	<u>\$ 51,214,263</u>

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)**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 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, 2013 and 2012, the Authority's bank balances of \$50,717,312 and \$48,245,143, respectively, were exposed to custodial credit risk as follows:

Uninsured and Collateralized with Securities Held by Pledging Bank's Trust Department, but not in the Authority's Name	<u>\$ 49,967,312</u>	<u>\$ 47,745,143</u>
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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 \$15,130,381 as of December 31, 2013 and \$37,347,231 as of December 31, 2012 investments in treasury obligations, money market funds and state and municipal bonds are held in the name of the Authority.

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

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 either in treasury obligations, money market funds, and state and municipal bonds.

As of December 31, 2013 and 2012, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Maturity Date</u>	<u>S&P Credit Rating</u>	<u>2013 Fair Value</u>	<u>2012 Fair Value</u>
Taxable Municipal Bonds	06/30/13	A+		\$ 7,005,119
Taxable Municipal Bonds	06/30/14	A+	\$ 6,993,036	6,951,238
Taxable Municipal Bonds	04/01/15	N/A		444,485
Taxable Municipal Bonds	06/30/15	AA		1,457,046
Taxable Municipal Bonds	06/30/15	A+		4,859,300
Taxable Municipal Bonds	06/30/16	AA		1,763,390
Taxable Municipal Bonds	06/30/16	A+		1,791,662
US Treasury Bills	08/21/24	N/A	8,137,345	8,135,324
US Treasury NTS	07/15/13	AAA		4,939,667
			<u>\$ 15,130,381</u>	<u>\$ 37,347,231</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>
2013	\$ 12,902,055	\$ 78,048,926	\$ 77,328,906	85.02%
2012	10,367,567	75,259,849	72,725,361	84.93%
2011	9,793,580	73,090,543	72,516,556	87.49%

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

At December 31, 2013 and 2012, the balance in Accounts Receivable was \$13,622,075 and \$12,902,055 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 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, 2013 and 2012, the following changes in Capital Assets occurred:

	<u>Balance</u> <u>Jan. 1, 2013</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
In Service:					
Land	\$ 6,440,900				\$ 6,440,900
Preliminary Treatment Facility	30,970,508				30,970,508
Secondary Treatment Plant	236,218,174	\$ 5,570,087	\$ 669,238	\$ (4,174,667)	238,282,832
Interceptors	174,631,809				174,631,809
Incinerator	3,813,619				3,813,619
Compost Facility	55,342,819				55,342,819
Pump Stations	126,216,897	66,795			126,283,692
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	752,449,194	5,636,882	669,238	(4,174,667)	754,580,647
Assets Under Construction	62,538,608	29,605,562	(669,238)	-	91,474,932
Other:					
Administrative Building	2,614,420	102,136			2,716,556
Plant Machinery	22,695,779	2,665,274			25,361,053
Sundry	7,605,077	99,718			7,704,795
Total Other	32,915,276	2,867,128	-	-	35,782,404
Total Capital Assets	847,903,078	38,109,572		(4,174,667)	881,837,983
Less Accumulated Depreciation	338,898,400	22,038,539		(4,174,667)	356,762,272
	\$ 509,004,678	\$ 16,071,033	\$ -	\$ -	\$ 525,075,711

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

	<u>Balance</u> <u>Jan. 1, 2012</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
In Service:					
Land	\$ 6,440,900				\$ 6,440,900
Preliminary Treatment Facility	30,970,508				30,970,508
Secondary Treatment Plant	206,923,284	\$ 1,058,531	\$ 28,236,359		236,218,174
Interceptors	174,631,809				174,631,809
Incinerator	3,813,619				3,813,619
Compost Facility	55,342,819				55,342,819
Pump Stations	126,112,951	103,946			126,216,897
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	723,050,358	1,162,477	28,236,359	-	752,449,194
Assets Under Construction	56,012,735	34,762,232	(28,236,359)	-	62,538,608
Other:					
Administrative Building	2,464,705	149,715			2,614,420
Plant Machinery	25,644,754	2,754,392		\$ (5,703,367)	22,695,779
Sundry	7,847,581	48,044		(290,548)	7,605,077
Total Other	35,957,040	2,952,151	-	(5,993,915)	32,915,276
Total Capital Assets	815,020,133	38,876,860	-	(5,993,915)	847,903,078
Less Accumulated Depreciation	323,934,129	19,900,580		(4,936,309)	338,898,400
	\$ 491,086,004	\$ 18,976,280	\$ -	\$ (1,057,606)	\$ 509,004,678

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. As of December 31, 2013 and 2012, the Preoperating costs, net of amortization were \$298,697 and \$821,555, respectively.

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 years. Up to ten days of sick time may also be sold back in accordance with the Authority's Personnel Policy. Vacation days not used during the year may be accumulated and carried forward to the next subsequent year only.

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 compensates certain employees for unused sick leave upon retirement. The current policy entitles certain employee to receive fifty percent (50%) of his accumulated sick leave as severance pay. There is a maximum payout of \$15,000, which is paid at the rate of pay upon retirement.

The Authority has the following accrued liabilities for compensated absences at December 31, 2013 and 2012:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Sick Time	\$ 507,557	\$ 545,203
Vacation Time	434,767	390,723
Comp Time	283,661	267,848
	<u>\$ 1,225,985</u>	<u>\$ 1,203,774</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, 2013 and 2012, the penalties receivable amounted to \$111,367 and \$191,567, respectively. In accordance with the state statute no allowance has been made for the collectability of this amount. Also, at December 31, 2013 and 2012, the amount due to the NJDEP for 10 percent of the penalties collected was \$168,359 and \$155,133, respectively.

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

The Authority contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. The plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

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

Public Employees' Retirement System - The PERS was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Authority is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Paid by Authority</u>
2013	\$ 268,415	\$ 590,767	\$ 859,182	\$ 859,182
2012	296,755	555,581	852,336	852,336
2011	328,034	493,996	822,030	822,030

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Authority.

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

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, 2013 and 2012, the accrued liability to the PERS for the 2003 program was \$458,464 and \$515,772 payable in annual installments of \$57,308 to April 1, 2021.

Post-Employment BenefitsState 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 contribution to the SHBP for post-employment benefits for the year ended December 31, 2013 was \$212,970 for sixteen (16) retired employees, which equaled the required contributions for this period. There were approximately seventeen (17) employees participants at December 31, 2013.

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

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).

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 year ended December 31, 2013 was \$173,540 for thirteen (13) retired employees which equaled the required contributions for this period. There were approximately ninety-eight (98) employee participants at December 31, 2013.

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, 2013, the Authority had lease agreements in effect for the following:

Operating:
 Various Copier/Printer/Scanner Units
 Mailing System
 Mailing Machine

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

<u>Year</u>	<u>Amount</u>
2014	\$32,686
2015	28,636
2016	22,578
2017	16,141
2018	2,490

Current Year Payments under Operating Leases totaled \$25,079.

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

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
New Jersey Wastewater Treatment / Environmental Infrastructure Trust	\$ 43,851,114	\$ 43,738,549
New Jersey Wastewater Treatment / Environmental Infrastructure Fund	100,309,622	100,365,434
County Agreement Sewer Revenue Bonds, Series 2006A	3,825,000	4,050,000
County Agreement Sewer Revenue Refunding Bonds, Series 2006B	44,920,000	54,865,000
County Agreement Sewer Revenue Capital Appreciation Bonds Series 1990A	62,899,195	71,885,342
County Agreement Sewer Revenue Capital Appreciation Bonds Series 1990B	63,652,008	76,893,772
County Agreement Sewer Revenue Refunding Bonds Series 2008	32,445,000	39,585,000
	<u>351,901,939</u>	<u>391,383,097</u>
Add Amounts:		
Premium on Bonds	6,226,108	7,240,906
Less Amounts:		
Deferred on Refunding	(2,177,897)	(3,211,748)
Current Maturities	<u>(57,130,224)</u>	<u>(55,971,058)</u>
	<u>(53,082,013)</u>	<u>(51,941,900)</u>
	<u>\$ 298,819,926</u>	<u>\$ 339,441,197</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, 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, 2013, the aggregate principal maturities of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Accretion</u>	<u>Total</u>
2014	\$ 57,130,226	\$ 6,021,415	\$ 8,677,926	\$ 71,829,567
2015	59,415,994	5,016,584	6,889,572	71,322,150
2016	60,972,292	3,932,687	4,967,451	69,872,430
2017	63,090,128	2,812,456	2,901,198	68,803,782
2018	20,508,696	1,619,028	1,214,837	23,342,561
2019-2023	58,863,763	5,972,862	502,815	65,339,440
2024-2028	42,645,970	2,543,857		45,189,827
2029-2032	14,428,669	333,529		14,762,198
	<u>\$ 377,055,738</u>	<u>\$ 28,252,418</u>	<u>\$ 25,153,799</u>	<u>\$ 430,461,955</u>
Adjustments:				
Accreted Interest	(25,153,799)			
Bond Premium	6,226,108			
Deferred Amount on Refunding	<u>(2,177,897)</u>			
	<u>\$ 355,950,150</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, 2013	\$ 115,830,387	\$ 51,663,614	\$ 104,594,808	\$ 62,899,193
Dec. 31, 2012	115,830,387	58,083,328	102,028,373	71,885,342
1990B Bonds:				
Dec. 31, 2013	\$ 121,677,019	\$ 52,282,069	\$ 110,307,080	\$ 63,652,008
Dec. 31, 2012	121,677,019	62,130,282	106,913,529	76,893,772

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. \$90,934,917 in loans have been issued. They have interest rates ranging from 3.0% to 5.25% and mature in various increments through 2032.

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 \$250,467,103. The loans have been recorded as long-term debt, net of original defeased debt of \$29,449,144. When a project is completed the final expenditures 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 \$120,708,335 and \$105,281,774 as of December 31, 2013 and 2012, respectively. This debt will mature in various increments through 2032.

Authority Subordinate Bonds

The 2006, 2007, 2008 and 2010 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 has paid approximately \$191,650,287 into the Special Reserve Fund as of December 31, 2013.

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

As of December 31, 2013, the Authority had a balance an unrestricted net position of \$6,801,359; however, \$3,310,756 has been appropriated and included as support in the operating budget for the year ending December 31, 2014.

As of December 31, 2012, the Authority had a balance an unrestricted net position of \$14,194,586; however, \$3,135,172 has been appropriated and included as support in the operating budget for the year ending December 31, 2013.

Net Position Appropriated – Capital Budget

As of December 31, 2013, the Authority had a balance an unrestricted net position of \$6,801,359; none has been appropriated and included as support in the capital budget for the year ending December 31, 2014.

As of December 31, 2012, the Authority had a balance an unrestricted net position of \$14,194,586; however, \$850,000 has been appropriated and included as support in the capital budget for the year ending December 31, 2013.

Note 7: COMMITMENTS AND CONTINGENCIES**Commitments**

The Authority had several outstanding or planned construction projects as of December 31, 2013. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Awarded</u>	<u>Commitments Remaining</u>
Camden City CSO Systems Upgrades	Montana Construction	\$ 2,495,996
Atlantic Basin Interceptor	Metra Industries	1,183,453
Atlantic Basin Interceptor	Pioneer Pipe	244,550
Atlantic Basin Interceptor	Clyde Lattimer & Son	28,945
Atlantic Basin Interceptor	PKF Mark III	2,522,853
Atlantic Basin Interceptor	Centerpoint Associates	80,552
Atlantic Basin Interceptor	P&A Construction	241,688
Atlantic Basin Interceptor	Underground Utilities	687,429
		<u>\$ 7,485,466</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, 2013 and 2012, the Authority had outstanding encumbrances of approximately \$10,475,005 and \$18,721,372, respectively.

Change Orders to Contracts

During the year 2013, the Authority had four 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-13:3-56	Sludge Drying Facility
R-13:7-91	Supply and Delivery of Electric Motors and Controls
R-13:7-92	Removal and Replacement of Carbon in Odor Control System
R-13:9-129	Emergency Utility Work

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, 2013 and 2012:

	December 31,	
	<u>2013</u>	<u>2012</u>
Investment Income:		
Interest Income	\$ 2,111,754	\$ 3,020,235
Change in the Fair Value of Investments	(1,734,934)	(2,001,477)
	<u>\$ 376,820</u>	<u>\$ 1,018,758</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 exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded coverage for the past several years.

The Authority is self-insured for workers' compensation through a joint insurance program with the County. The County submits invoices to the Authority for their share of the workers' compensation costs incurred for the year. The County has established this fund and as of December 31, 2013 and 2012, the balance in the Reserve for Workers' Compensation Insurance Trust Fund was \$1,097,665 (unaudited) and \$89,076.69 (unaudited). The 2014 County Budget introduced on March 18, 2014 includes an appropriation in the amount of \$1,500,000 to provide for future claims.

Note 11: SUBSEQUENT EVENTS

Subsequent to Dec. 31, 2013 the Authority entered in to a three (3) year letter of credit agreement with the Bank of New York that allows the Authority to use funds restricted by bond covenants to immediately pay for debt service payments in 2014 and 2015. This permits the use of other funds to be used for operating expenditures. The total fees for the letter of credit are expected to be about \$325,000 over the three (3) year period.

SUPPLEMENTAL EXHIBITS

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, 2013

	R e s t r i c t e d					Total
	Unrestricted	General Reserve	Debt Service	Debt Service Reserve	Renewal and Replacement	
Operating Revenues	\$ 83,378,404					\$ 83,378,404
Operating Expenses	35,499,188	\$ 22,038,539		212,197	146	57,537,727
Operating Income (Loss)	47,879,216	(22,038,539)				25,840,677
Non-operating Revenue (Expenses):						
Investment Income	7,147		\$ 40,280	\$ 212,197	146	2,111,754
Unrealized Gain / Loss on Investments			(16,853,843)			(1,734,934)
Interest Expense						(16,853,843)
Contribution to the County of Camden		(3,135,172)				(3,135,172)
County of Camden Indemnification Program		(3,000,000)				(3,000,000)
Amortization of Preoperating Costs		(459,209)				(459,209)
Community Service Projects	(90,489)					(90,489)
Total Non-operating Revenue (Expenses)	(83,342)	(6,594,381)	(16,813,563)	212,197	146	(23,161,893)
Income (Loss) Before Contributions and Transfers	47,795,874	(28,632,920)	(16,813,563)	212,197	146	2,678,784
Transfers	(55,189,101)	77,690,041	16,078,400	(21,446,707)		(17,132,633)
Change in Net Position	(7,393,227)	49,057,121	(735,163)	(21,234,510)	146	2,678,784
Total Net Position, January 1,	14,194,586	177,214,892	(59,073,751)	79,132,868	2,360,164	238,100,999
Total Net Position, December 31	\$ 6,801,359	\$ 226,272,013	\$ (59,808,914)	\$ 57,898,358	\$ 2,360,310	\$ 240,779,783
Analysis of Balance, December 31:						
Net Investment in Capital Assets		\$ 226,272,013				\$ 226,272,013
Restricted for Bond Resolution Covenants			\$ (59,808,914)	\$ 57,898,358	\$ 2,360,310	\$ 7,706,411
Unrestricted	\$ 6,801,359					6,801,359
	\$ 6,801,359	\$ 226,272,013	\$ (59,808,914)	\$ 57,898,358	\$ 2,360,310	\$ 240,779,783

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, 2013

	<u>Restricted</u>					<u>Total</u>						
	<u>Unrestricted</u>	<u>Operating Accounts</u>	<u>Debt Service Reserve</u>	<u>Renewal and Replacement</u>	<u>Construction</u>		<u>Special Reserve</u>					
Cash, Cash Equivalents and Investments--January 1, 2013	\$	3,375,906	\$	53,791,346	\$	2,360,152	\$	13,316,853	\$	24,272,240	\$	97,116,497
Cash Receipts:												
User Charges		77,328,906										77,328,906
Investment Income		7,152		246,760		143				1,892,264		2,146,319
Proceeds from Issuance of Long Term Debt				25,236,718								25,236,718
Connection Fees and Other Revenues		11,438,013										11,438,013
Transfer from Other Restricted Accounts				17,132,633								17,132,633
Transfer from Unrestricted Accounts				24,191,854				30,997,247				55,189,101
Change in the Fair Value of Investments				40,279						(1,775,214)		(1,734,935)
Total Cash Receipts and Investments Available		92,149,977		120,639,590		2,360,295		44,314,100		24,389,290		283,853,252
Cash Disbursements:												
Operating Expenditures		35,023,865										35,023,865
Deferred Interest Revenue		224,256										224,256
Community Service Projects		90,489										90,489
Debt Principal Payments				29,658,794								29,658,794
Interest Paid				33,632,113								33,632,113
Payment of Contribution to County of Camden				3,135,172								3,135,172
Payment of Indemnification Program to County of Camden				3,000,000								3,000,000
Capital Expenditures, Net of Change in Retainages								40,757,635				40,757,635
Transfer to Restricted Accounts		55,189,101								17,132,633		55,189,101
Transfer to Other Restricted Accounts												17,132,633
Total Cash Disbursements		90,527,711		69,426,079		40,757,635		17,132,633		17,132,633		217,844,058
Cash, Cash Equivalents and Investments--December 31, 2013	\$	1,622,266	\$	51,213,511	\$	2,360,295	\$	3,556,465	\$	7,256,657	\$	66,009,194
Analysis of Balance December 31, 2013												
Cash and Cash Equivalents	\$	1,622,266	\$	43,076,166	\$	2,360,295	\$	3,556,465	\$	263,621	\$	50,878,813
Investments:												
U.S. and Municipal Government Securities				8,137,345						6,993,036		15,130,381
	\$	1,622,266	\$	51,213,511	\$	2,360,295	\$	3,556,465	\$	7,256,657	\$	66,009,194

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, 2013

	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable-- (Unfavorable)</u>
Operating Revenues:				
User Charges and Fees	\$ 80,695,540	\$ 80,695,540	\$ 78,048,926	\$ (2,646,614)
Connection Fees	3,685,176	3,685,176	2,889,080	(796,096)
Other Operating Revenues	2,307,082	2,307,082	2,440,398	133,316
Total Operating Revenues	86,687,798	86,687,798	83,378,404	(3,309,394)
Non-Operating Revenues:				
Interest on Investments and Deposits	100,000	100,000	231,549	131,549
Other Non-Operating Revenue	11,821,131	11,821,131	17,132,632	5,311,501
Total Non-Operating Revenues	11,921,131	11,921,131	17,364,181	5,443,050
Total Budget Revenues	98,608,929	98,608,929	100,742,585	2,133,656
Operating Appropriations:				
Administration:				
Salary & Wages	2,090,920	2,090,920	2,052,906	38,014
Fringe Benefits	2,110,028	2,110,028	1,881,510	228,518
Other Expenses	1,488,380	1,488,380	2,304,165	(815,785)
Total Administration	5,689,328	5,689,328	6,238,581	(549,253)
Cost of Providing Services:				
Salary & Wages	7,204,770	7,204,770	7,421,185	(216,415)
Fringe Benefits	2,630,702	2,630,702	2,166,173	464,529
Other Expenses	17,817,588	17,817,588	19,673,249	(1,855,661)
Total Cost of Providing Services	27,653,060	27,653,060	29,260,607	(1,607,547)
Total Principal Payments on Debt Service	29,361,044	29,361,044	29,658,794	(297,750)
Total Operating Appropriations	62,703,432	62,703,432	65,157,982	(2,454,550)
Non-Operating Appropriations:				
Contribution to the County of Camden	3,135,172	3,135,172	3,135,172	
County of Camden Indemnification Program	3,000,000	3,000,000	3,000,000	
Interest Payments	32,905,497	32,905,497	33,632,113	(726,616)
Total Non-Operating Appropriations	39,040,669	39,040,669	39,767,285	(726,616)
Total Budget Appropriations	101,744,101	101,744,101	104,925,267	(3,181,166)
Excess of Expenses and Other Costs over Revenues	\$ (3,135,172)	\$ (3,135,172)	\$ (4,182,682)	\$ (1,047,510)

(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, 2013

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)	\$	(4,182,682)
Less: Investment Income		(231,549)
Less: Other Non-Operating Revenue		(17,132,632)
Less: Depreciation		(22,038,539)
Add: Contribution to the County of Camden		3,135,172
Add: County of Camden Indemnification Agreement		3,000,000
Add: Principal Payments on Bonds		29,658,794
Add: Interest Payments		<u>33,632,113</u>
Total Operating Income (Exhibit B)	\$	<u>25,840,677</u>

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Analysis of Investment Income Receivable
 For the Year Ended December 31, 2013

	<u>Balance</u> <u>Jan. 1, 2013</u>	<u>Investment</u> <u>Income Earned</u>	<u>Investment</u> <u>Income Collected</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Unrestricted Assets:				
Revenue Account	\$ 18	\$ 7,147	\$ 7,152	\$ 13
Restricted Assets:				
Debt Service Reserve Account	35,315	212,197	246,760	752
Renewal and Replacement Account	12	146	143	15
Special Reserve Account		1,892,264	1,892,264	
	<u>35,327</u>	<u>2,104,607</u>	<u>2,139,167</u>	<u>767</u>
	<u>\$ 35,345</u>	<u>\$ 2,111,754</u>	<u>\$ 2,146,319</u>	<u>\$ 780</u>

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds Payable
For the Year Ended December 31, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Date	Amount	Interest Rate	Balance Jan. 1, 2013	Bonds Issued	Paid 2013	Balance Dec. 31, 2013
2006 NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2006A - Winslow	06/22/06	\$ 3,383,431	08/01/14	\$ 219,714	5.00%	\$ 2,018,431		210,770	\$ 1,807,661
			08/01/15	233,309	5.13				
			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>\$ 1,807,661</u>				\$ 210,770	\$ 1,807,661
2006 NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2006A	06/22/06	9,750,000	08/01/14	\$ 470,000	5.00%			450,000	965,000
			08/01/15	495,000	5.00				
				<u>\$ 965,000</u>					
2006 NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2006A - Odor Control	06/22/06	3,088,956	08/01/14	\$ 205,338	5.00%				1,693,200
			08/01/15	219,668	5.13				
			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>\$ 1,693,200</u>				195,756	1,693,200
2006 County Agreement Sewer Revenue Refunding Bonds, Series 2006B	09/20/06	100,865,000	07/15/14	\$ 10,425,000	5.00%				44,920,000
			07/15/15	10,945,000	5.00				
			07/15/16	11,495,000	5.00				
			07/15/17	12,055,000	5.00				
				<u>\$ 44,920,000</u>				9,945,000	44,920,000
2006 County Agreement Sewer Revenue Bonds, Series 2006A	10/11/06	5,000,000	07/15/14	\$ 235,000	3.50%				3,825,000
			07/15/15	240,000	3.55				
			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>\$ 3,825,000</u>				225,000	3,825,000

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds Payable
For the Year Ended December 31, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Date	Amount	Interest Rate	Balance Jan. 1, 2013	Bonds Issued	Paid 2013	Balance Dec. 31, 2013
2007 NJEIT Sewer Wastewater Treatment Bonds, Series 2007A	11/08/07	\$ 2,940,000	08/01/14	\$ 135,000	3.60%				
			08/01/15	140,000	5.00				
			08/01/16	145,000	5.00				
			08/01/17	155,000	5.00				
			08/01/18	160,000	5.00				
			08/01/19	170,000	4.00				
			08/01/20	175,000	4.00				
			08/01/21	185,000	5.00				
			08/01/22	195,000	5.00				
			08/01/23	205,000	4.25				
			08/01/24	210,000	4.50				
			08/01/25	220,000	4.50				
			08/01/26	230,000	4.50				
08/01/27	240,000	4.25							
				<u>\$ 2,565,000</u>		\$ 2,695,000	\$ 130,000	\$ 2,565,000	
2008 NJEIT Sewer Wastewater Treatment Bonds, Series 2008A	11/08/08	6,110,000	08/01/14	\$ 250,000	5.00%				
			08/01/15	260,000	5.00				
			08/01/16	275,000	5.00				
			08/01/17	290,000	5.00				
			08/01/18	305,000	5.00				
			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>\$ 5,435,000</u>		5,670,000	235,000	5,435,000	
2008 County Agreement Sewer Revenue Refunding Bonds (Series 2008)	06/11/08	64,885,000	07/15/14	\$ 7,505,000	5.20%				
			07/15/15	7,895,000	5.20				
			07/15/16	8,305,000	5.25				
			07/15/17	8,740,000	5.25				
				<u>\$ 32,445,000</u>		39,585,000	7,140,000	32,445,000	

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds Payable
For the Year Ended December 31, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Date	Amount	Interest Rate	Balance Jan. 1, 2013	Bonds Issued	Paid 2013	Balance Dec. 31, 2013			
2010 NJEIT Sewer Wastewater Treatment Bonds, Series 2010A	03/20/10	\$ 2,105,000	08/01/14	\$ 80,000	5.00%							
			08/01/15	85,000	5.00							
			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>\$ 1,880,000</u>				\$ 80,000	\$ 1,880,000			
2010 NJEIT Sewer Wastewater Treatment Bonds, Series 2010B	12/02/10	4,865,000	08/01/14	\$ 175,000	5.00%							
			08/01/15	185,000	5.00							
			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										
08/01/28	350,000	5.00										
08/01/29	365,000	5.00										
08/01/30	385,000	5.00										
				<u>\$ 4,540,000</u>				165,000	4,540,000			
2010 NJEIT Sewer Wastewater Treatment Refunding 2003A	08/18/10	1,465,000	08/01/14	\$ 70,635	5.00%							
			08/01/15	75,353	4.00							
			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>\$ 883,063</u>				65,909	883,063

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds Payable
For the Year Ended December 31, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Date	Amount	Interest Rate	Balance Jan. 1, 2013	Bonds Issued	Paid 2013	Balance Dec. 31, 2013
2010 NJEIT Sewer Wastewater Treatment Partial Refunding 2006A	08/18/10	\$ 609,100	08/01/24	\$ 609,100	2.14%	\$ 609,100			\$ 609,100
				\$ 609,100					
2012 NJEIT Sewer Wastewater Treatment Bonds, Series 2012A (CW)	05/03/12	1,100,000	08/01/14	\$ 40,000	3.00%				
			08/01/15	40,000	4.00				
			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							
		\$ 1,100,000				1,100,000			1,100,000
2012 NJEIT Sewer Wastewater Treatment Bonds, Series 2012A (PF) (CW)	05/03/12	14,375,000	08/01/15	\$ 570,000	4.00%				
			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				
			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							
		\$ 14,375,000				14,375,000			14,375,000

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds Payable
For the Year Ended December 31, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Date	Amount	Interest Rate	Balance Jan. 1, 2013	Bonds Issued	Paid 2013	Balance Dec. 31, 2013	
2012 NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2012B-R (1995B)	08/14/2012	\$ 545,000	08/01/14	\$ 180,000	3.00%	\$ 545,000	\$	175,000	\$ 370,000	
			08/01/15	190,000	3.00					
<hr/>										
2012 NJEIT Sewer Wastewater Treatment Refunding Partial Series 2006A	08/14/2012	50,808,090	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					
<hr/>										
						\$ 5,808,090				
<hr/>										
2013 NJEIT Sewer Wastewater Treatment Bonds, Series 2013A (CW)	05/03/12	1,820,000	09/01/15	\$ 70,000	4.00%	\$	\$	\$	\$	
			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								
<hr/>										
						\$ 1,820,000				
<hr/>										
Grand Total						\$ 142,238,549	\$ 1,820,000	\$ 19,017,435	\$ 125,041,114	

County Agreement Sewer Revenue Refunding Bonds	\$ 77,365,000
County Agreement Sewer Revenue Bonds	3,825,000
NJEIT Refunding Bonds	12,136,114
NJWTT / NJEIT Serial Bonds	31,715,000
	<hr/>
	\$ 125,041,114

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2013

Purpose	Date of Award	Original Award	Date	Loan Payments		Balance Jan. 1, 2013	Bonds Issued	Principal Payments 2013	Balance Dec. 31, 2013
				Amount					
1991 NJWTT Loans Series B	12/01/91	\$ 5,730,078		\$ 297,750		\$ 297,750		\$ 297,750	\$ -
1995 NJWTT Loan Series B	11/09/95	2,220,335	02/01/14 08/01/14 02/01/15 08/01/15	\$ 7,179 105,747 3,730 110,290					
				<u>\$ 226,946</u>		<u>341,071</u>		<u>114,126</u>	<u>226,945</u>
2000 NJEIT Loan Series 2000A-2	11/09/00	2,908,943	02/01/14 08/01/14 02/01/15 08/01/15 02/01/16 08/01/16 02/01/17 08/01/17 02/01/18 08/01/18 02/01/19 08/01/19 02/01/20 08/01/20	\$ 24,041 136,481 21,230 140,555 18,173 144,381 14,938 145,736 11,505 149,187 7,891 154,752 4,036 73,835					
				<u>\$ 1,046,741</u>		<u>1,208,067</u>		<u>161,326</u>	<u>1,046,741</u>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2013

Purpose	Date of Award	Original Award	Date	Loan Payments		Balance Jan. 1, 2013	Bonds Issued	Principal Payments 2013	Balance Dec. 31, 2013	
				Amount						
2000 NJEIT Loan Series 2000B-2	11/09/00	\$ 3,501,500	02/01/14	\$ 28,314						
			08/01/14	160,560						
			02/01/15	25,008						
			08/01/15	166,480						
			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	80,212						
				\$ 853,498		\$ 1,042,525	\$	189,027	\$ 853,498	
2003 NJEIT Loan Series 2003	11/08/03	3,755,879	02/01/14	\$ 36,084						
			08/01/14	164,247						
			02/01/15	32,880						
			08/01/15	169,587						
			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									
02/01/23	4,464									
08/01/23	192,436									
				\$ 2,010,602		\$ 2,208,370	\$	197,768	\$ 2,010,602	

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2013

Purpose	Date of Award	Original Award	Date	Loan Payments Amount	Balance Jan. 1, 2013	Bonds Issued	Principal Payments 2013	Balance Dec. 31, 2013
2006 NJEIT Loan Series 2006B	11/09/06	\$ 25,351,847	02/01/14	\$ 318,763				
			08/01/14	1,169,295				
			02/01/15	297,500				
			08/01/15	1,193,273				
			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>\$ 19,389,480</u>	<u>\$ 20,882,062</u>	<u>\$</u>	<u>1,492,582</u>	<u>\$ 19,389,480</u>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2013

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2013</u>	<u>Bonds Issued</u>	<u>Principal Payments 2013</u>	<u>Balance Dec. 31, 2013</u>
2007 NJEIT Loan Series 2007A	11/08/07	\$ 7,612,500	02/01/14	\$ 103,709				
			08/01/14	344,534				
			02/01/15	99,374				
			08/01/15	349,119				
			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				
			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>\$ 6,271,070</u>	<u>\$ 6,718,510</u>	<u>\$</u>	<u>447,440</u>	<u>\$ 6,271,070</u>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2013

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2013</u>	<u>Bonds Issued</u>	<u>Principal Payments 2013</u>	<u>Balance Dec. 31, 2013</u>
2008 NJEIT Loan Series 2008A	11/06/08	\$ 16,042,800	02/01/14	\$ 235,907				
			08/01/14	657,509				
			02/01/15	225,367				
			08/01/15	663,834				
			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				
			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>\$ 13,373,511</u>	<u>\$ 14,261,447</u>	<u>\$</u>	<u>887,936</u>	<u>\$ 13,373,511</u>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2013

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2013</u>	<u>Bonds Issued</u>	<u>Principal Payments 2013</u>	<u>Balance Dec. 31, 2013</u>
2010 NJEIT Loan Series 2010A	03/20/10	\$ 6,212,000	02/01/14	\$ 36,964				
			08/01/14	73,929				
			02/01/15	36,964				
			08/01/15	73,929				
			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				
			02/01/29	36,964				
			08/01/29	73,929				
				<u>\$ 1,774,285</u>	<u>\$ 1,885,178</u>	<u>\$ 110,893</u>	<u>\$ 1,774,285</u>	

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2013

Purpose	Date of Award	Original Award	Date	Loan Payments Amount	Balance Jan. 1, 2013	Bonds Issued	Principal Payments 2013	Balance Dec. 31, 2013
2010 NJEIT Loan Series Fall 2010B	03/20/10	\$ 14,867,980	02/01/14	\$ 260,842				
			08/01/14	521,683				
			02/01/15	260,842				
			08/01/15	521,684				
			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				
					\$ 14,085,455		\$ 782,525	\$ 13,302,930
				\$ 13,302,930				

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2013

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2013</u>	<u>Bonds Issued</u>	<u>Principal Payments 2013</u>	<u>Balance Dec. 31, 2013</u>
2012 NJEIT Loan Series 2012ABC (CW)	05/03/12	\$ 3,397,500	02/01/14	\$ 62,917				
			08/01/14	125,833				
			02/01/15	62,917				
			08/01/15	125,833				
			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				
					\$ 3,397,500			\$ 3,397,500
					\$ 3,397,500			\$ 3,397,500

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2013

Purpose	Date of Award	Original Award	Date	Loan Payments		Balance Jan. 1, 2013	Bonds Issued	Principal Payments 2013	Balance Dec. 31, 2013	
				Amount						
2012 NJEIT Loan Series 2012ABC (PF) (CW)	05/03/12	\$ 34,037,500	08/01/15	\$	456,061					
			02/01/16		278,030					
			08/01/16		906,061					
			02/01/17		728,030					
			08/01/17		1,456,061					
			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								
		\$ 34,037,500				\$ 34,037,500			\$ 34,037,500	

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2013

Purpose	Date of Award	Original Award	Date	Loan Payments Amount	Balance Jan. 1, 2013	Bonds Issued	Principal Payments 2013	Balance Dec. 31, 2013	
2013 NJEIT Loan Series 2013A (CW)	09/01/13	\$ 4,624,562	08/01/15	\$ 176,212					
			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					
			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>\$ 4,625,562</u>				<u>\$ 4,625,562</u>	
Grand Total					\$ 100,365,435	\$ 4,625,562	\$ 4,681,373	\$ 100,309,624	

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Capital Appreciation Bonds
 For the Year Ended December 31, 2013

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Date</u>	<u>Maturity of Bonds Amount</u>	<u>Year</u>	<u>Bond Accretion Amount</u>	<u>Balance Jan. 1, 2013</u>	<u>Accretion 2013</u>	<u>Paid 2013</u>	<u>Balance Dec. 31, 2013</u>			
1990 Capital Appreciation Bonds Series A	02/22/90	\$ 115,830,388	09/01/14	\$ 14,020,000	2014	\$ 4,366,146							
			09/01/15	14,015,000	2015	3,643,462							
			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	502,814							
				<u>\$ 77,525,000</u>		<u>\$ 14,625,806</u>	<u>\$ 71,885,342</u>	<u>\$ 5,038,851</u>	<u>\$ 14,025,000</u>	<u>\$ 62,899,193</u>			
1990 Capital Appreciation Bonds Series B	02/22/90	121,677,020	09/01/14	\$ 18,545,000	2014	\$ 4,311,780							
			09/01/15	18,545,000	2015	3,246,110							
			09/01/16	18,545,000	2016	2,100,652							
			09/01/17	18,545,000	2017	869,450							
				<u>\$ 74,180,000</u>		<u>\$ 10,527,992</u>	<u>76,893,772</u>	<u>5,303,236</u>	<u>18,545,000</u>	<u>63,652,008</u>			
Grand Total										<u>\$ 148,779,114</u>	<u>\$ 10,342,087</u>	<u>\$ 32,570,000</u>	<u>\$ 126,551,201</u>

1990 Capital Appreciation Bonds \$ 126,551,201

**CAMDEN COUNTY
MUNICIPAL UTILITIES AUTHORITY**

PART 2

SINGLE AUDIT SECTION

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND
STATE OF NEW JERSEY CIRCULAR 04-04-OMB**

INDEPENDENT AUDITORS' 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) compliance with the types of compliance requirements described in the OMB Circular A-133 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, 2013. 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 requirements of laws, regulations, contracts, and grants 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 Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and State of New Jersey Circular 04-04-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 and 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, 2013.

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 OMB Circular A-133 and State of New Jersey Circular 04-04-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 program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey Circular 04-04-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
June 16, 2014

Camden County Municipal Utilities Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

<u>Federal Grantor/ Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity ID Number</u>	<u>Local Government Identifying Number</u>	<u>Program or Award Amount</u>	<u>Matching Contribution</u>	<u>Grant Period</u>	
						<u>From</u>	<u>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							
Atlantic Basin Interceptor Project	66.458	640-10 (Fund)	0132-052, 056	\$ 34,037,500	N/A	11/01/11	08/01/31
Atlantic Basin Interceptor Project	66.458.ARRA	640-10 (Fund)	0132-052, 056	2,000,000	N/A	11/01/11	08/01/31
Atlantic Basin Interceptor Project	66.458	640-10-1	0132-052, 056	4,625,562	N/A	11/02/12	08/01/32
Total U.S. Department of Environmental Protection Agency							
Total Federal Awards							

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.

Balance Dec. 31, 2012	Receipts or Revenue Recognized	Disbursements or Expenditures	Balance Dec. 31, 2013	(Memo Only)	
				Cash Received (Memo Only)	Accumulated Expenditures
\$ 14,220,352		\$ 14,220,352		\$ 20,310,410	\$ 34,037,500
835,173		835,173		1,193,412	2,000,000
	\$ 4,625,562	2,767,525	\$ 1,858,037	2,719,717	2,767,525
15,055,525	4,625,562	17,823,050	1,858,037	24,223,539	38,805,025
<u>\$ 15,055,525</u>	<u>\$ 4,625,562</u>	<u>\$ 17,823,050</u>	<u>\$ 1,858,037</u>	<u>\$ 24,223,539</u>	<u>\$ 38,805,025</u>

Camden County Municipal Utilities Authority
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2013

<u>State Grantor/ Program Title</u>	<u>State GMIS Number</u>	<u>Pass-through Grantors' Number</u>	<u>Local Government Identifying 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	N/A	640-05	0132-052, 056	\$ 6,678,630	11/01/00	11/01/20
System Upgrade, Combined Sewer Solids and Floatables Control Facilities	N/A	640-08-1,709-03,04	0132-052, 056	34,478,511	11/01/06	08/01/26
Supplemental Grant for Sludge Drying, Pure Oxygen System	N/A	640-06,09,11-1	0132-052, 056	20,022,213	11/01/10	08/01/30
Atlantic Basin Interceptor (Trust Only)	N/A	640-10	0132-052, 056	14,513,000	11/01/11	08/01/31
PTF Influent Structure Concrete Rehabilitation	N/A	640-12	0132-052, 056	4,575,300	11/01/11	08/01/31
Atlantic Basin Interceptor (Trust Only)	N/A	640-10-1	0132-052, 056	1,863,074	11/02/12	08/01/32
Passed thru City of Camden:						
Central Gateway Project	N/A	366-08	0132-013	3,334,000	11/01/08	08/01/28
Total Department of Environmental Protection						
Total State Financial Assistance						

(1) Additional funding

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.

<u>Balance</u> <u>Dec. 31, 2012</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, 2013</u>		<u>Cash Received</u> <u>(Memo Only)</u>	<u>Accumulated</u> <u>Expenditures</u>
					<u>Project Funds</u> <u>Balance</u>	<u>Unreimbursed</u> <u>Expenditures</u>		
\$ 193,088					\$ 193,088			\$ 6,485,542
11,212,587				\$ 4,860,620	6,351,967	\$ 150,864	\$ 4,766,899	28,126,544
2,184,328		(1)	\$ 377,542	2,561,870		1,887,057	978,559	20,022,213
5,853,651				5,807,551	46,100		8,702,400	14,466,900
	\$ 1,863,074			995,578	867,496	15,936	22,263	4,575,300
							915,398	995,578
136,718					136,718			3,197,282
19,580,372	1,863,074		377,542	14,225,619	7,595,369	2,053,857	15,385,519	77,869,359
\$ 19,580,372	\$ 1,863,074		\$ 377,542	\$ 14,225,619	\$ 7,595,369	\$ 2,053,857	\$ 15,385,519	\$ 77,869,359

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended December 31, 2013

Note 1: **GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Camden County Municipal Utilities Authority, County of Camden, State of New Jersey. The Authority is defined in the Notes to the Financial Statements, Note 1.

Note 2: **BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the accrual basis of accounting as promulgated by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is described in the Notes to the Financial Statements, Note 1.

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: **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 3

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified Opinion

Internal control over financial reporting:

Material weaknesses identified? yes X no

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over compliance:

Material weaknesses identified? yes X no

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>66.458</u> <hr/> <hr/> <hr/> <hr/>	Capitalization Grants for Clean Water State Revolving Funds <hr/> <hr/> <hr/> <hr/>

Dollar threshold used to determine Type A programs \$ 534,692

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, 2013

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

State Financial Assistance

Internal control over compliance:

Material weaknesses identified? ___ yes X no

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

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a)) or New Jersey Circular 04-04-OMB? ___ yes X no

Identification of major programs:

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

Dollar threshold used to determine Type A programs \$ 426,769

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, 2013

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, 2013

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 OMB Circular A-133.

None

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

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 OMB Circular A-133 and State of New Jersey Circular 04-04-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 04-04-OMB.

FINANCIAL STATEMENT FINDINGS

None

FEDERAL AWARDS

None

STATE FINANCIAL ASSISTANCE PROGRAMS

None

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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

