

**CAMDEN COUNTY  
MUNICIPAL UTILITIES AUTHORITY**

**REPORT OF AUDIT**

**WITH  
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2018 AND 2017**

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY  
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**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**

Roster of Officials  
December 31, 2018

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**Commissioners**

Michael G. Brennan  
James Bresch  
Jeffrey S. Swartz  
Woodrow Cuffee  
James MacFarlane  
Bradford Stokes  
Anne Cutler  
Stella Sytnik  
Vacant

**Position**

Chairman  
Vice – Chairman  
Treasurer  
Commissioner  
Commissioner  
Commissioner  
Commissioner  
Commissioner  
Commissioner

**Other Officials**

Andrew Kricun  
Scott Schreiber  
Wayne Planamento  
Robert Cornforth  
Leonard Gipson  
Kim Michelini  
Brown & Connery  
Bank of New York Mellon (NJ)

**Position**

Executive Director / Chief Engineer  
Director of Administrative Operations  
Chief Financial Officer  
Director of Operations and Maintenance, Interceptors  
Director of Operations and Maintenance, Main Plant  
Authority Secretary  
Solicitor  
Trustee

**CAMDEN COUNTY  
MUNICIPAL UTILITIES AUTHORITY**

**PART I**

**FINANCIAL SECTION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2018 AND 2017**

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Camden County Municipal Utilities Authority, in the County of Camden, State of New Jersey, a component unit of the County of Camden (Authority), as of and for the years ended December 31, 2018 and 2017 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

**31700**

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Camden County Municipal Utilities Authority, in the County of Camden, State of New Jersey, a component unit of the County of Camden, as of December 31, 2018 and 2017, and the changes in its financial position and its cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

*Adoption of New Accounting Principles*

As discussed in note 1 to the financial statements, during the year ended December 31, 2018, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Our opinion is not modified with respect to this matter.

*Prior Period Restatement*

Because of the implementation of GASB Statement No. 75, net position as of December 31, 2017 has been restated, as discussed in note 11 to the financial statements. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

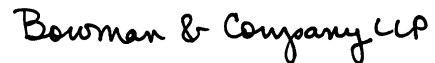
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are also 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 schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
November 18, 2019

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, 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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 18, 2019. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the adoption of a new accounting principle.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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.



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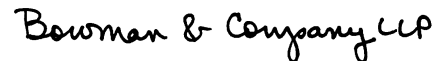
**Compliance and Other Matters**

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  
November 18, 2019

**AMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Years Ended December 31, 2018 and 2017 (unaudited)**

**INTRODUCTION TO THE ANNUAL REPORT**

The following Management’s Discussion and Analysis (MD&A) of the Camden County Municipal Utilities Authority provides an introduction to the financial statements of the Authority for the year ended December 31, 2018. The financial section of the annual report consists of three sections: Management’s Discussion and Analysis (this section), the basic financial statements together with the notes thereto and supplemental information. The financial statements section provides comparisons between current and prior years’ results as well as budgeted and actual results on a supplemental schedule.

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

**THE FINANCIAL STATEMENTS**

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

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

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

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

**SUPPLEMENTARY INFORMATION**

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

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)  
For the Years Ended December 31, 2018 and 2017 (unaudited)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Authority's financial statements, the Management's Discussion and Analysis (MD&A), presents an overview of the Authority's financial performance during the year ended December 31, 2018 compared to December 31, 2017 and December 31, 2016. 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.

The following table provides a summary of the Authority's net position for 2018, 2017 and 2016.

**SUMMARY OF FINANCIAL POSITION**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>			
Unrestricted Assets	\$ 23,522,847	\$ 21,634,960	\$ 15,724,440
Restricted Assets	61,665,623	11,923,028	17,739,278
Capital Assets, Net	455,391,022	448,789,689	464,853,540
Other Capital Assets, Net	12,413,849	11,719,742	12,119,457
	<hr/>		
Total Assets	552,993,341	494,067,419	510,436,715
	<hr/>		
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	8,203,079	8,808,178	12,716,221
	<hr/>		
<b>LIABILITIES</b>			
Current Liabilities	38,822,237	60,649,924	86,266,582
Total Long-Term Liabilities	232,901,616	152,775,701	175,966,113
	<hr/>		
Total Liabilities	271,723,853	213,425,625	262,232,695
	<hr/>		
<b>DEFERRED INFLOWS OF RESOURCES</b>	21,535,130	6,291,417	252,729
	<hr/>		
<b>NET POSITION</b>			
Net Investment in Capital Assets	305,947,174	314,948,322	271,220,124
Restricted for Bond Covenants	6,394,000	6,546,000	7,352,024
Unrestricted	(44,403,737)	(38,335,767)	(17,904,636)
	<hr/>		
Total Net Position	\$ 267,937,437	\$ 283,158,555	\$ 260,667,512
	<hr/>		

GASB 75 was implemented during the year ended December 31, 2018.

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)  
For the Years Ended December 31, 2018 and 2017 (unaudited)**

**CHANGES IN FINANCIAL POSITION**

During the year ended December 31, 2015, the Authority was required to implement Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The pension liability is based on an actuarial estimate and the actual payments may vary as they will be paid over the employees' lifetime through retirement.

During the year ended December 31, 2018, the Authority was required to implement Governmental Accounting Standard Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The net OPEB liability is based on an actuarial estimate and the actual payments may vary as they are paid as billed by the health benefit plans.

The notes to the financial statements provide a more thorough discussion of the implementation of these GASB Statements and the effects to the financial statements. The following table provides an illustration of the impact that GASBS 68, 71 and 75 had to the Authority's Unrestricted Net Position.

**Statement of Net Position - Effect of Pension and OPEB Related Items**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Unrestricted Net Position (Deficit)	\$ (44,403,737)	\$ (38,335,767)	\$ (17,904,636)
Pension Related Items:			
Deferred Outflows Related to Pensions	5,612,980	8,230,985	11,826,865
Less: Accounts Payable Related to Pensions	(1,115,776)	(1,072,518)	(1,067,762)
Less: Accrued Liability Related to Pensions	(557,888)	(536,259)	(533,881)
Less: Net Pension Liability	(22,086,642)	(26,950,224)	(35,597,204)
Less: Deferred Inflows Related to Pensions	(8,662,354)	(6,197,032)	
	<u>(26,809,680)</u>	<u>(26,525,048)</u>	<u>(25,371,982)</u>
OPEB Related Items:			
Deferred Outflows Related to OPEB	2,097,146		
Less: Net OPEB Liability	(24,455,951)		
Less: Deferred Inflows Related to OPEB	(12,828,959)		
	<u>(35,187,764)</u>	<u>-</u>	<u>-</u>
Unrestricted Net Position (Deficit), net of the effect of Pension and OPEB	<u>\$ 17,593,707</u>	<u>\$ (11,810,719)</u>	<u>\$ 7,467,346</u>

Since pension and net OPEB liability are considered long-term liabilities, the Authority's management does not include these amounts when making current operating decisions. Management feels the current ratio, which is the comparison of current assets to current liabilities, combined with the fact that there will be a reduction in current debt service payments in 2019 is the best way to evaluate the operations of the Authority.

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)  
For the Years Ended December 31, 2018 and 2017 (unaudited)**

**CHANGES IN FINANCIAL POSITION (CONT'D)**

In 2018, the Authority's net position decreased by 5.38% from 2017 and increased by 2.79% from 2016. The changes are the result of the implementation of GASB 75 and the continued pay down of long-term debt and related decrease in interest expense. Interest expense in 2018 decreased by \$2,045,233 or 39.58% from 2017 and decreased by \$4,507,001 or 59.08% from 2016.

The purchase of a Municipal Bond Debt Service Reserve Insurance Policy to cover the debt service reserve requirement allowed the Authority to de-obligate \$18,000,000 of investments that were previously restricted. These funds were used to finance a portion of the operations and capital program of the Authority without increasing rates. Management feels a large rate increase would not have been appropriate to finance the additional operation and capital needs due to the previously mentioned significant drop in debt service in 2018 and again in 2020.

The Authority's Bond Resolutions and State Regulations govern Restricted Assets. The category Restricted Assets increased by 417.20% from 2017 and decreased by 247.62% from 2016 due to an increase in Restricted Cash and Cash Equivalents and Cash Held by Fiscal Agents as a result of 2018 Interim Loans issued by the New Jersey Infrastructure Bank intended to finance the costs of several projects undertaken by the Authority during 2018. It is anticipated that permanent long-term financing will be obtained through the New Jersey Infrastructure Bank upon completion of the projects.

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 Debt Service Reserve Fund as required by the Bond Resolution.

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)  
For the Years Ended December 31, 2018 and 2017 (unaudited)**

<b><u>CHANGES IN NET POSITION</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>OPERATING REVENUE</b>			
User Charges and Fees	\$ 84,509,872	\$ 84,011,697	\$ 83,825,295
Other Revenue	6,444,008	6,212,979	7,160,207
Total Operating Revenues	<u>90,953,880</u>	<u>90,224,676</u>	<u>90,985,502</u>
<b>OPERATING EXPENSES</b>			
Administration	10,918,236	9,972,707	11,063,739
Cost of Providing Services	30,109,223	28,057,351	29,540,265
Depreciation	26,320,274	25,482,697	25,487,920
Total Operating Expenses	<u>67,347,733</u>	<u>63,512,755</u>	<u>66,091,924</u>
<b>OPERATING INCOME</b>	<u>23,606,147</u>	<u>26,711,921</u>	<u>24,893,578</u>
<b>NONOPERATING REVENUE (EXPENSES):</b>			
Investment Income	333,554	230,092	214,607
Grant Revenues	50,748	60,571	
Interest Expense	(3,122,100)	(5,167,333)	(7,629,101)
Bond Issuance Costs	(800,116)	(84,573)	(92,541)
Net Gain (Loss) on Other Non-Operating Revenues (Expenses)	(31,264)	(259,635)	(232,067)
<b>TOTAL NON-OPERATING ITEMS</b>	<u>(3,569,178)</u>	<u>(5,220,878)</u>	<u>(7,739,102)</u>
Income Before Contributions	20,036,969	21,491,043	17,154,476
Capital Contributions		1,000,000	1,000,000
Increase in Net Position	20,036,969	22,491,043	18,154,476
Total Net Position Jan. 1, As Originally Stated	283,158,555	260,667,512	242,513,036
Cumulative Effect of Change in Accounting Principle	(35,258,087)		
Total Net Position Jan. 1, As Restated	<u>247,900,468</u>	<u>260,667,512</u>	<u>242,513,036</u>
Net Position Dec. 31	<u>\$ 267,937,437</u>	<u>\$ 283,158,555</u>	<u>\$ 260,667,512</u>

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)  
For the Years Ended December 31, 2018 and 2017 (unaudited)**

**CHANGES IN NET POSITION (CONT'D)**

The 2018 total operating revenue showed an overall increase of 0.81% from 2017 and a decrease of 0.03% from 2016. The change was mainly due to the changes in the connection fees realized.

The Authority's total operating expenses in 2018 increased by \$3,834,978 or 6.04% from 2017 and increased by \$1,255,809 or 1.09% from 2016. The increase in 2018 was due to changes in pension expense, chemical expense and repair and maintenance costs.

In 2018, non-operating revenue, net of expenses, decreased by 31.64% compared to 2017 and by 53.88% compared to 2016 because of a reduction in interest expense.

**BUDGETARY HIGHLIGHTS**

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

Administration:

Salary & Wages	\$ 2,112,340	\$ 2,197,924	\$ 85,584	Unanticipated overtime costs.
Other Expenses	4,780,857	6,167,853	1,386,996	Higher than expected insurance expenses due to increase in premium, workers compensation claims paid, and prior year reconciliation adjustment. Increase in costs of permits.

**DEBT ADMINISTRATION**

During the year 2018, the Authority continued to pay down its outstanding debt from operating revenues and using the Debt Service Reserve Fund.

On January 12, 2018, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$2,641,264 at no interest. The maturity date of the loan is June 30, 2021 or the date of closing for the anticipated permanent financing program of NJIB. The loan proceeds held by NJIB are being used to fund the costs of the following projects: Cramer Hill Nature Preserve, 5 Green Infrastructure Projects, and the Sewer Reconstruction Project Phase VI.

On March 20, 2018, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$76,164,967 at no interest. The maturity date of the loan is June 30, 2021 or the date of closing for the anticipated permanent financing program of NJIB. The loan proceeds held by NJIB are being used to fund the costs of the following projects: Anaerobic Digester (AD) Facility and Combine Heat and Power (CHP) Facility.

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)  
For the Years Ended December 31, 2018 and 2017 (unaudited)**

**DEBT ADMINISTRATION (CONT'D)**

On December 21, 2018, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$2,005,428 at no interest. The maturity date of the loan is June 30, 2022 or the date of closing for the anticipated permanent financing program of NJIB. The loan proceeds held by NJIB are being used to fund the costs of the following projects: Cooper Street Pipe Lining and Arch Street Pump Station Upgrades.

**CAPITAL IMPROVEMENTS AND CONSTRUCTION ACTIVITY**

**Note: All of the following construction projects will be funded with New Jersey Environmental Infrastructure Trust loans with 30-year terms and below market interest rates (currently below 1%).**

A) Wastewater Treatment Plant----In 2018, the CCMUA was in the design phase for four improvements to the treatment plant. Construction for each of these projects is set to begin in 2019.

- 1) Improvements to Delaware #1 Water Pollution Control Facility's (WPCF) Raw Sewage Pumps – this improvement will increase the total pumping capacity at the headworks of the plant and will allow for more efficient and accurate control of the pump system via the installation of variable frequency drives. Estimated Cost - \$8,888,800. Estimated completion – Spring 2021.
- 2) Construction of a New Junction Chamber at the Delaware #1 WPCF Headworks – a new junction chamber will be constructed which will allow the Camden City interceptor and the County interceptor to be separated thereby allowing for more flow from each line during storm events. Estimated Cost - \$6,717,770. Estimated completion – Spring 2020.
- 3) Wet Weather Capacity Improvements – Hydraulic bottlenecks within Delaware #1 will be eliminated via construction, which will increase the wet weather capacity of the plant to 185 MGD (currently 150 MGD). Estimated Cost - \$2,929,000. Estimated completion – March 2020.
- 4) Sludge Digester and Combined Heat & Power System – a sludge digester will be constructed which will eliminate 50% of the sludge that is currently being disposed of via landfill at a cost of approximately \$105/ton. Gas produced by the digestion process will be fed to a combined heat and power system, which produce approximately 90% to 95% of the Delaware #1 WPCF's electricity needs. Cost - \$76,164,967 – a 19% grant has been secured for this project. CHP in operation as of October 2019. Digester estimated completion – Summer 2020.

B) Camden City Combined Sewer Overflow System Improvements to Mitigate Combined Sewage Flooding

- 1) Camden City Green and Gray Infrastructure, Phase III. Phase III is similar in scope to Phases I and II. The project is currently in the construction stage and should be completed in 2019. Cost - \$2,641,264.



**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)  
For the Years Ended December 31, 2018 and 2017 (unaudited)**

**CAPITAL IMPROVEMENTS AND CONSTRUCTION ACTIVITY (CONT'D)**

B) Camden City Combined Sewer Overflow System Improvements to Mitigate Combined Sewage Flooding (Cont'd)

- 2) Upgrade to Camden City Collection System – in conjunction with the stormwater pump station, the CCMUA is designing improvements to the Camden City collection system, which will allow for the elimination of flooding at the Central Camden Waterfront during storm events up to a ten-year period. Camden City is responsible for the construction cost associated with this project. Estimated Cost - \$1,460,487. Estimated completion – November 2019.
- 3) Dredging of Camden City Combined Sewer Outfalls – in conjunction with the stormwater pump station and collection system upgrades, the CCMUA is designing a plan to dredge 9 outfalls thereby allowing the combined sewer system to operate as designed. Camden City is responsible for the construction cost associated with the project. Estimated Cost - \$4,125,765. Estimated completion – December 2019.
- 4) Green Infrastructure in Support of Elimination of Flooding in Central Camden Waterfront District Projects – a series of green infrastructure projects is being designed which will eliminate approximately 7,000,000 gallons per year from the combined sewer system. Estimated Cost - \$6,000,000 including a \$2,000,000 grant from the NJEIT. Construction to begin in 2020.

C) Newton Lake Dredging – Design of dredging needed to return Newton Lake to optimal health. The apportionment of the construction cost responsibility, between the County and the CCMUA, remains. Estimated Cost - \$25,000,000. Construction to begin in 2020.

D) Regulatory Requirements ----In March 2015, the NJDEP issued a new permit to the CCMUA, Camden and Gloucester Cities, which requires these entities to work together to develop a long term, sustainable plan to eliminate combined sewage flooding and combined sewage overflows. This will require, ultimately, implementation of a multi-pronged approach including a significant amount of capital improvements to both the CCMUA's sewage treatment plant and the Cities' sewer collection systems. The CCMUA is currently developing the NJDEP-required plan and expects to submit the plan by June 2020.

**ADDITIONAL FINANCIAL INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Comparative Statements of Net Position  
 As of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 12,882,114	\$ 10,175,942
Accounts Receivable	10,617,237	11,453,783
Accrued Interest Receivable	22,996	4,735
Other	500	500
Total Unrestricted Assets	<u>23,522,847</u>	<u>21,634,960</u>
Restricted Assets:		
Cash and Cash Equivalents	21,032,183	8,467,968
Cash Held by Fiscal Agent	33,132,783	643,745
Investments	2,616,944	2,638,124
Due from State of New Jersey -- NJDEP Fund Receivable	4,861,800	102,711
Grants Receivable	1,425	60,571
Accrued Interest Receivable	20,488	9,909
Total Restricted Assets	<u>61,665,623</u>	<u>11,923,028</u>
Total Current Assets	<u>85,188,470</u>	<u>33,557,988</u>
Noncurrent Assets:		
Restricted Assets:		
Capital Assets:		
Utility Plant-In Service, Net of Accumulated Depreciation	412,024,151	437,021,133
Construction in Progress	43,366,871	11,768,556
Other Capital Assets, Net of Accumulated Depreciation	12,413,849	11,719,742
Total Capital Assets	<u>467,804,871</u>	<u>460,509,431</u>
Total Noncurrent Assets	<u>467,804,871</u>	<u>460,509,431</u>
Total Assets	<u>552,993,341</u>	<u>494,067,419</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pre-Operating Costs	14,037	21,058
Deferred Loss on Refunding of Debt	478,916	556,135
Related to OPEB	2,097,146	
Related to Pensions	5,612,980	8,230,985
Total Deferred Outflows of Resources	<u>8,203,079</u>	<u>8,808,178</u>

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Comparative Statements of Net Position  
As of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>LIABILITIES</b>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 10,631,887	\$ 3,929,989
Accounts Payable - Related to Pension	1,115,776	1,072,518
Accrued Expenses	924,490	837,566
Notes Payable		29,000,000
Reserve for Grant Expenditures:		
Clean Water Enforcement Act	3,087,286	2,972,949
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	15,759,439	37,813,022
Current Liabilities Payable from Restricted Assets:		
Retainages Payable	1,419,594	839,560
Current Maturities of Long-Term Debt	20,992,837	20,974,487
Accrued Interest Payable	650,367	1,022,855
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	23,062,798	22,836,902
Long-Term Liabilities Payable:		
Net Pension Liability	22,086,642	26,950,224
Net OPEB Liability	24,455,951	
Accrued Liabilities - Related to Pension	557,888	536,259
Long-term Debt	185,801,135	125,289,218
	<hr/>	<hr/>
Total Long-Term Liabilities	232,901,616	152,775,701
Total Liabilities	<hr/>	<hr/>
	271,723,853	213,425,625
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Interest Revenue	43,817	94,385
Related to OPEB	12,828,959	
Related to Pensions	8,662,354	6,197,032
	<hr/>	<hr/>
Total Deferred Inflows of Resources	21,535,130	6,291,417
<b>NET POSITION</b>		
Net Investment in Capital Assets	305,947,174	314,948,322
Restricted	6,394,000	6,546,000
Unrestricted (Deficit)	(44,403,737)	(38,335,767)
	<hr/>	<hr/>
Total Net Position	\$ 267,937,437	\$ 283,158,555

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

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Comparative Statements of Revenues, Expenses and Changes in Net Position  
 For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUE</b>		
User Charges and Fees	\$ 84,509,872	\$ 84,011,697
Connection Fees	3,441,390	3,415,349
Other	3,002,618	2,797,630
Total Operating Revenues	<u>90,953,880</u>	<u>90,224,676</u>
<b>OPERATING EXPENSES</b>		
Administration:		
Salary & Wages	2,197,924	2,021,046
Fringe Benefits	2,552,459	3,760,471
Other Expenses	6,167,853	4,191,190
Cost of Providing Services:		
Salary & Wages	8,075,545	7,609,465
Fringe Benefits	2,563,591	2,016,014
Other Expenses	19,470,087	18,431,872
Depreciation	26,320,274	25,482,697
Total Operating Expenses	<u>67,347,733</u>	<u>63,512,755</u>
<b>OPERATING INCOME</b>	<u>23,606,147</u>	<u>26,711,921</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment Income	357,803	234,961
Grant Revenues	50,748	60,571
Unrealized Loss on Investments	(24,249)	(4,869)
Interest Expense on Long Term Debt	(2,605,557)	(4,641,997)
Interest Expense on Short Term Debt	(516,543)	(525,336)
Bond Issuance Costs	(800,116)	(84,573)
Amortization of Pre-Operating Costs	(7,021)	(7,019)
Community Service Projects	(24,243)	(252,616)
Total Non-operating Revenues (Expenses)	<u>(3,569,178)</u>	<u>(5,220,878)</u>
<b>INCOME BEFORE CONTRIBUTIONS</b>	20,036,969	21,491,043
<b>CAPITAL CONTRIBUTIONS</b>	-	1,000,000
<b>CHANGE IN NET POSITION</b>	<u>20,036,969</u>	<u>22,491,043</u>
<b>NET POSITION - BEGINNING, AS ORIGINALLY STATED</b>	283,158,555	260,667,512
<b>RESTATEMENT - SEE NOTE 11</b>	<u>(35,258,087)</u>	-
<b>NET POSITION - BEGINNING, AS RESTATED</b>	247,900,468	260,667,512
<b>CHANGE IN NET POSITION</b>	<u>20,036,969</u>	<u>22,491,043</u>
<b>NET POSITION - ENDING</b>	<u>\$ 267,937,437</u>	<u>\$ 283,158,555</u>

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

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**

Comparative Statements of Cash Flows  
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 85,346,418	\$ 85,074,576
Other Operating Receipts	1,858,402	6,492,797
Payments to Suppliers	(18,849,118)	(23,302,576)
Payments to Employees	(15,175,211)	(14,253,931)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	53,180,491	54,010,866
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on Bonds	(19,759,646)	(60,522,266)
Payments of Defeased Bonds		(6,816,901)
Interest Paid on Bonds	(2,820,248)	(5,735,138)
Interest Paid on Notes	(828,719)	(213,160)
Proceeds from Issuance of Long Term Debt	20,803,002	1,370,000
Proceeds from Refunding Bonds	60,008,657	4,356,174
Proceeds from Issuance of Notes		38,000,000
Receipts of Cash Held by Fiscal Agents		991,816
Deposit of Cash With Fiscal Agents	(32,690,189)	
Premium Received on Debt Issued		125,711
Bond Issuance Costs	(800,116)	(84,573)
Receipts from Grants	50,748	60,571
Payment of Notes	(29,000,000)	(15,000,000)
Acquisition and Construction of Capital Assets	(33,173,168)	(9,209,165)
Capital Contributions		1,000,000
	<hr/>	<hr/>
Net Cash Used in Capital and Related Financing Activities	(38,209,679)	(51,676,931)
Cash Flows from Investing Activities:		
Investment Income	328,963	237,540
Deferred Interest Revenue	(50,568)	(158,344)
Redemption of Investments	2,638,124	8,061,922
Purchase of Investments	(2,616,944)	(2,638,124)
	<hr/>	<hr/>
Net Cash Provided by Investing Activities	299,575	5,502,994
Net Increase in Cash and Cash Equivalents	15,270,387	7,836,929
Cash and Cash Equivalents - January 1	18,643,910	10,806,981
	<hr/>	<hr/>
Cash and Cash Equivalents - December 31	\$ 33,914,297	\$ 18,643,910
	<hr/>	<hr/>

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**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Comparative Statements of Cash Flows  
 For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Operating Income	\$ 23,606,147	\$ 26,711,921
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	26,320,274	25,482,697
Pension Liability Expense - GASB 68	284,631	1,153,065
OPEB Expense - GASB 75	(70,323)	
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	836,546	1,062,879
(Increase) Decrease in Grants and Loan Receivable	(4,699,943)	256,718
Increase (Decrease) in Unrestricted Accounts Payable and Accrued Expenses	6,788,822	(679,514)
Increase (Decrease) in Reserve for Grants	114,337	23,100
Net Cash Provided by Operating Activities	<u>\$ 53,180,491</u>	<u>\$ 54,010,866</u>

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

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Notes to Financial Statements  
For the Years Ended December 31, 2018 and 2017

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

The Camden County Municipal Utilities Authority is a public body corporate and politic of the State of New Jersey and was originally 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 for the purpose of acquiring, constructing, maintaining and operating 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 the improvement of conditions affecting the public health.

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

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

**Component Unit**

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the financial statements to emphasize that it is legally separate from the government.

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

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



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

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

**Basis of Presentation**

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

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

**Basis of Accounting**

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

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

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

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

**Budgets and Budgetary Accounting**

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

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

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

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

**Cash, Cash Equivalents and Investments**

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

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

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

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

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

**Prepaid Expenses**

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the applicable year end. The Authority had no prepaid expenses for the year ended December 31, 2018 and 2017.

**Capital Assets**

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

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Costs incurred during construction of an asset are recorded as construction in progress. In the (fiscal) 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 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 Premiums**

Bond premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in a systematic and rational method, from the issue date to maturity as a component of interest expense. Bond premiums are presented as an adjustment of the face amount on the bonds.

**Deferred Outflows and Deferred Inflows of Resources**

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

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

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources: pre-operating costs, loss on refunding of debt, deferred interest revenue, defined benefit pension plans and postemployment benefit plans.

**Compensated Absences**

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

**Unearned Revenue**

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

**Pensions**

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

**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan (the Plan) and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position**

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

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

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

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

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

**Income Taxes**

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

**Operating and Non-Operating Revenues and Expenses**

Operating revenues include all revenues derived from waste water treatment and sewer collection facilities (i.e., user service charges and connection fees) and other revenue sources. Non-operating revenues principally consist of certain grant revenues and 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 waste water treatment and sewer collection facilities and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt, bond issuance costs, amortization and other community service projects.

**Accounting 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.

**Impact of Recently Issued Accounting Policies****Recently Issued and Adopted Accounting Pronouncements**

For the year ended December 31, 2018, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The cumulative effect of adopting this Statement totaled \$35,258,087, and was recognized as a restatement of the Authority's December 31, 2017 net position on the Comparative Statements of Revenues, Expenses and Changes in Net Position (see note 11).

Also, the Authority adopted GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The adoption of this Statement had no impact on the Authority's financial statements.

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

Additionally, the Authority adopted Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The adoption of this Statement had no impact on the Authority's financial statements.

Lastly, the Authority adopted Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The adoption of this Statement had no impact on the Authority's financial statements.

**Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The Statement will become effective for the Authority in the year ending December 31, 2019. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the Authority in the year ending December 31, 2019. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement will become effective for the Authority in the year ending December 31, 2020. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement will become effective for the Authority in the year ending December 31, 2019. Management has not yet determined the impact of this Statement on the financial statements.

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

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. The Statement will become effective for the Authority in the year ending December 31, 2020. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 90, *Major Equity Interests*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement will become effective for the Authority in the year ending December 31, 2019. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Statement will become effective for the Authority in the year ending December 31, 2021. Management has not yet determined the impact of this Statement on the financial statements.

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

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

**General Bond Resolution**

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

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

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

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

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

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

**Special Reserve Fund** – The Special Reserve Fund accounts for funds in accordance with the Special Reserve Fund Deposit Requirement.

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)****Excess Expenditures over Appropriations**

The following appropriation categories had expenditures that exceed appropriations for the year ended December 31, 2018:

<u>Category</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>	<u>Comment on Excess</u>
Administration:				
Salary & Wages	\$ 2,112,340	\$ 2,197,924	\$ 85,584	Unanticipated overtime costs.
Other Expenses	4,780,857	6,167,853	1,386,996	Higher than expected insurance expenses due to increase in premium, workers compensation claims paid, and prior year reconciliation adjustment. Increase in costs of permits.

**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, 2018</u>	<u>Bond Year Ending December 31, 2017</u>
Gross Revenues:		
Operating Revenues	\$ 90,953,880	\$ 90,224,676
Interest Income	357,803	234,961
Total Gross Revenues	91,311,683	90,459,637
Operating Expenses, exclusive of depreciation	41,027,459	38,030,058
Net Revenues	50,284,224	52,429,579
Debt Service Requirement of all Bonds issued under this Resolution (treating all Bonds as a single issue of Bonds for purposes of this calculation) *	12,282,184	56,068,075
Temporary Funding Notes		(13,583,459)
	12,282,184	42,484,616
Sufficiency of Net Revenues	\$ 38,002,040	\$ 9,944,963

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

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



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

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

	<u>Bond Year Ending December 31, 2018</u>	<u>Bond Year Ending December 31, 2017</u>
(a1) the amount stated as required as a reserve in the System Reserve Account in the Consulting Engineer's Certificate most recently filed with the Trustee pursuant to Section 6.15 hereof, plus the	\$ 3,054,000	\$ 3,028,000
(a2) Consulting Engineer's Certificate for Plant Renewal and Replacement	<u>3,340,000</u>	<u>3,518,000</u>
Total Consulting Engineer's Certified Amount	<u>\$ 6,394,000</u>	<u>\$ 6,546,000</u>
or (b) five percent (5%) of the Gross Revenues set forth in the Authority's then current Annual Budget (\$92,250,414 x 5% for 2018) and (\$93,608,035 x 5% for 2017)	<u>\$ 4,612,521</u>	<u>\$ 4,680,402</u>
Total Renewal and Replacement / System Reserve	\$ 6,394,000	\$ 6,546,000
Amount of Renewal and Replacement / System Reserve Funded	<u>6,394,000</u>	<u>6,546,000</u>
Overfunded Total Renewal and Replacement / System Reserve	<u>\$ -</u>	<u>\$ -</u>

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

**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:

	<u>Bond Year Ending December 31, 2018</u>	<u>Bond Year Ending December 31, 2017</u>
(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), or	\$ 12,200,613	\$ 12,294,388
(b) the sum of:		
(i) the then applicable Periodic Debt Service Reserve Requirement,	\$ 40,387,238	\$ 40,387,238
(ii) upon the issuance of any series of Additional Bonds after the 1990 Bonds, the Maximum Annual Debt Service Requirement on all Outstanding Bonds of such series less the amount, if any, of the reduction in the Maximum Annual Debt Service on any series of Bonds refunded with such series of Additional Bonds:		
2000 Series A, 2000-05	162,643	162,643
2000 Series A, 2000-07		93,776
2003 Series A	317,621	317,621
2006 Series A	384,160	384,160
2006 Series A (Refunding)	315,670	315,670
2006 Series A (Refunding)	295,519	295,519
(iii) on December 2, 1997, the Maximum Annual Debt Service Requirement on any 1987 Bonds maturing on December 31, 2007 Or December 1, 2018 then outstanding.	-	-
	<u>\$ 41,862,851</u>	<u>\$ 41,956,627</u>
Letter of Credit, as more fully described below	<u>12,200,613</u>	<u>12,294,388</u>
Restricted Net Position	<u>\$ -</u>	<u>\$ -</u>

Therefore, the defined Debt Service Reserve Requirement as of December 31, 2018 and 2017 shall equal \$12,200,613 and \$12,294,388, respectively.

The Authority has funded the Debt Service Reserve Requirement as of December 31, 2018 as follows:

	<u>Bond Year Ending December 31, 2018</u>	<u>Bond Year Ending December 31, 2017</u>
Amount on Deposit	\$ 4,300,152	\$ 4,299,445
Interest Receivable	10,923	7,054
Credit Facility Instrument (Letter of Credit)	<u>18,000,000</u>	<u>18,000,000</u>
	<u>\$ 22,311,075</u>	<u>\$ 22,306,499</u>

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

**Letter of Credit** - The Amended and Restated Bond Resolution adopted October 10, 1995 permits the Authority to evidence a portion of the Debt Service Reserve Requirement by a Credit Facility, which would allow for the removal of a corresponding amount of cash from the Debt Service Reserve Fund. On May 18, 2015, the Authority accepted a Credit Facility from Assured Municipal Corporation "AGM" in the form of Municipal Bond Debt Service Reserve Insurance Policy in the amount of \$18,000,000. The policy allows the Authority to use cash and investments in the Debt Service Reserve to make current payments for debt principal and interest up to the amount of policy. The policy serves as the replacement of the cash and investments to meet the debt service reserve requirement as indicated in Section 1.01 of the amended and restated bond resolution adopted October 10, 1995.

**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, 2018 and 2017, the Authority's bank balances were exposed to custodial credit risk as follows:

	<u>2018</u>	<u>2017</u>
Uninsured and Collateralized with Securities Held by Pledging Bank's Trust Department, but not in the Authority's Name	\$ 21,634,279	\$ 20,965,522
Insured by F.D.I.C.	<u>1,000,000</u>	<u>1,000,000</u>
Total Bank Balance	<u>\$ 22,634,279</u>	<u>\$ 21,965,522</u>

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

New Jersey authorities are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey authorities. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or other obligations of the local unit or units within which the Authority is located, bonds or other obligations approved by the Division of Investment in the Department of Treasury for investment by authorities, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. The Authority has no investment policy that would further limit its investment choices.

**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. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority has no investment policy to limit its exposure to custodial credit risk. All of the Authority's \$2,616,944 as of December 31, 2018 and \$2,638,124 as of December 31, 2017 investments in treasury obligations are uninsured and unregistered with securities held by the counterparty's trust department in the Authority's name.

**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. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority's investment policies place no limit on the amount the Authority may invest in any one issuer. All of the Authority's investments are in short-term treasury obligations investments.

As of December 31, 2018 and 2017, the Authority had the following investments:

<u>Investment</u>	<u>Maturity Date</u>	<u>Moody's Credit Rating</u>	<u>Fair Value Hierarchy Level *</u>	<u>2018 Fair Value</u>	<u>2017 Fair Value</u>
US Treasury Notes	08/31/19	Aaa	Level 1	<u>\$2,616,944</u>	<u>\$2,638,124</u>

\* Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Level 3 inputs are unobservable inputs for the asset; they should be used only when the relevant Level 1 and Level 2 inputs are unavailable.

**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. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority does not have a formal investment 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 other counterparty to an investment will not fulfill its obligations. As stated in note 1, investments are purchased in accordance with N.J.S.A. 40A:5-15.1. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority has no investment policy that would further limit its exposure to credit risk.

**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>Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2018	\$ 11,453,783	\$ 84,509,872	\$ 85,346,418	88.94%
2017	12,516,662	84,011,697	85,074,576	88.13%
2016	13,279,572	83,825,295	84,588,205	87.11%

**Accounts Receivable**

At December 31, 2018 and 2017, the balance in Accounts Receivable was \$10,617,237 and \$11,453,783, respectively. The Authority's policy for allowance for doubtful accounts is to consider any account with a balance greater than 18 months old as doubtful accounts.

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

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

During the year ended December 31, 2018, the following changes in Capital Assets occurred:

	<u>Balance</u> <u>Jan. 1, 2018</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Capital Assets, not being depreciated:					
Land	\$ 6,440,900				\$ 6,440,900
Construction in Progress	11,768,556	\$ 30,912,170	\$ 686,145		43,366,871
Total Capital Assets not being depreciated	18,209,456	30,912,170	686,145	\$ -	49,807,771
Capital Assets, being depreciated:					
Plant, In Service:					
Preliminary Treatment Facility	30,970,508				30,970,508
Secondary Treatment Plant	285,501,139		(686,145)		284,814,994
Interceptors	174,765,647		(133,838)		174,631,809
Incinerator	3,813,619				3,813,619
Compost Facility	55,342,819				55,342,819
Pump Stations	185,167,629		133,838		185,301,467
Metering Stations	5,175,127				5,175,127
Consulting & Engineering	40,121,442				40,121,442
Capitalized Interest	73,517,899				73,517,899
Other:					
Administrative Building	2,716,556	12,500			2,729,056
Plant Machinery	32,554,062	1,894,226		(52,168)	34,396,120
Sundry	8,346,468	796,818		(72,973)	9,070,313
Total Capital Assets being depreciated	897,992,915	2,703,544	(686,145)	(125,141)	899,885,173
Less Accumulated Depreciation	455,692,940	26,320,274		(125,141)	481,888,073
Total Capital Assets being depreciated, Net	442,299,975	(23,616,730)	(686,145)	-	417,997,100
Total Capital Assets, Net	\$ 460,509,431	\$ 7,295,440	\$ -	\$ -	\$ 467,804,871

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

During the year ended December 31, 2017, the following changes in Capital Assets occurred:

	<u>Balance</u>				<u>Balance</u>
	<u>Jan. 1, 2017</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Dec. 31, 2017</u>
Capital Assets, not being depreciated:					
Land	\$ 6,440,900				\$ 6,440,900
Construction in Progress	12,320,305	\$ 7,236,273	\$ (7,788,022)		11,768,556
<b>Total Capital Assets not being depreciated</b>	<b>18,761,205</b>	<b>7,236,273</b>	<b>(7,788,022)</b>	<b>\$ -</b>	<b>18,209,456</b>
Capital Assets, being depreciated:					
Plant, In Service:					
Preliminary Treatment Facility	30,970,508				30,970,508
Secondary Treatment Plant	277,713,117		7,788,022		285,501,139
Interceptors	174,765,647				174,765,647
Incinerator	3,813,619				3,813,619
Compost Facility	55,342,819				55,342,819
Pump Stations	185,167,629				185,167,629
Metering Stations	5,175,127				5,175,127
Consulting & Engineering	40,121,442				40,121,442
Capitalized Interest	73,517,899				73,517,899
Other:					
Administrative Building	2,716,556				2,716,556
Plant Machinery	30,840,840	1,713,222			32,554,062
Sundry	8,276,832	69,636			8,346,468
<b>Total Capital Assets being depreciated</b>	<b>888,422,035</b>	<b>1,782,858</b>	<b>7,788,022</b>	<b>-</b>	<b>897,992,915</b>
<b>Less Accumulated Depreciation</b>	<b>430,210,243</b>	<b>25,482,697</b>			<b>455,692,940</b>
<b>Total Capital Assets being depreciated, Net</b>	<b>458,211,792</b>	<b>(23,699,839)</b>	<b>7,788,022</b>	<b>-</b>	<b>442,299,975</b>
<b>Total Capital Assets, Net</b>	<b>\$ 476,972,997</b>	<b>\$ (16,463,566)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 460,509,431</b>

**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.

**Deferred Loss of Defeasance of Debt**

In 2016 and 2017, the New Jersey Environmental Infrastructure Trust advance refunded the Authority's 2008A, 2010B, and 2010A Serial Bonds. The advance refundings resulted in differences between the reacquisition price and net carrying amount of the old debt in the aggregate amount of \$653,591. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations as a component of interest expense over the life of the refunding bonds.

**Note 5: DETAIL NOTES – LIABILITIES****Short-term Liabilities**

Short-term debt provides financing for governmental activities.

On July 17, 2018, the Authority issued Tax-Exempt Subordinate Temporary Funding Note, Series A of 2018 in the amount of \$13,500,000, with a stated interest rate of 2.849%. This note, with a maturity date of December 31, 2018, was issued to (i) refund the Authority's then outstanding Temporary Funding Notes, Series A and B of 2017; and (ii) fund a deficit in the Authority's revenue. The gross revenues of the Authority are hereby irrevocably pledged for the punctual payment of the principal and interest of this note according to its terms, said pledge being subordinate to the pledge of gross revenues made by the Authority as security for the Priority Bonds (as defined in the Resolution).

During the years ended December 31, 2018 and 2017, the following changes occurred in short-term liabilities:

	<u>2018</u>	<u>2017</u>
Balance, January 1	\$ 29,000,000	\$ 6,000,000
Increases	13,500,000	38,000,000
Decreases	<u>(42,500,000)</u>	<u>(15,000,000)</u>
Balance, December 31	<u>\$ -</u>	<u>\$ 29,000,000</u>

**Long-term Liabilities**

During the year ended December 31, 2018, the following changes occurred in long-term obligations:

	<u>(Restated)</u>			<u>Balance</u>	<u>Due Within</u>
	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>Jan. 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Dec. 31, 2018</u>	<u>One Year</u>
<b>Bonds and Loans Payable:</b>					
Revenue Bonds Payable	\$ 39,629,148	\$ 20,803,002	\$ 3,052,476	\$ 57,379,674	\$ 3,162,566
Loans Payable	83,069,668	60,008,657	7,398,158	135,680,167	7,105,271
Capital Appreciation Bonds Payable	19,732,348	1,214,837	10,725,000	10,222,185	10,725,000
Add:					
Premium on Bonds	3,832,541		320,595	3,511,946	
<b>Total Bonds and Loans Payable</b>	<u>146,263,705</u>	<u>82,026,496</u>	<u>21,496,229</u>	<u>206,793,972</u>	<u>20,992,837</u>
<b>Other Liabilities:</b>					
Net Pension Liability	26,950,224	12,609,274	17,472,856	22,086,642	
Accrued Liability - Related to Pensions	536,259	557,888	536,259	557,888	
Net OPEB Liability	<u>29,252,884</u>	<u>9,108,737</u>	<u>13,905,670</u>	<u>24,455,951</u>	
<b>Total Other Liabilities</b>	<u>56,739,367</u>	<u>22,275,899</u>	<u>31,914,785</u>	<u>47,100,481</u>	<u>-</u>
<b>Total Long-Term Liabilities</b>	<u>\$ 203,003,072</u>	<u>\$ 104,302,395</u>	<u>\$ 53,411,014</u>	<u>\$ 253,894,453</u>	<u>\$ 20,992,837</u>



**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Long-term Liabilities (Cont'd)**

During the year ended December 31, 2017, the following changes occurred in long-term obligations:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>Jan. 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Dec. 31, 2017</u>	<u>One Year</u>
<b>Bonds and Loans Payable:</b>					
Revenue Bonds Payable	\$ 63,393,775	\$ 2,726,000	\$ 26,490,627	\$ 39,629,148	\$ 3,052,477
Loans Payable	91,254,232	3,000,174	11,184,738	83,069,668	7,197,010
Capital Appreciation Bonds Payable	49,396,150	2,901,198	32,565,000	19,732,348	10,725,000
Add:					
Premium on Bonds	4,601,235	211,539	980,233	3,832,541	
<b>Total Bonds and Loans Payable</b>	<b>208,645,392</b>	<b>8,838,911</b>	<b>71,220,598</b>	<b>146,263,705</b>	<b>20,974,487</b>
<b>Other Liabilities:</b>					
Net Pension Liability	35,597,204	9,915,554	18,562,534	26,950,224	
Accrued Liability - Related to Pensions	533,881	536,259	533,881	536,259	
<b>Total Other Liabilities</b>	<b>36,131,085</b>	<b>10,451,813</b>	<b>19,096,415</b>	<b>27,486,483</b>	<b>-</b>
<b>Total Long-Term Liabilities</b>	<b>\$ 244,776,477</b>	<b>\$ 19,290,724</b>	<b>\$ 90,317,013</b>	<b>\$ 173,750,188</b>	<b>\$ 20,974,487</b>

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

The Revenue Bonds Series 1990A, 1990B, and 2006A 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%. The 1990A Bonds have final maturity in 2019 and the 1990B Bonds matured in 2017.

	<u>Face Value</u>	<u>Accreted Value</u>	<u>Payments</u>	<u>Carrying Value</u>
1990A Bonds:				
Dec. 31, 2018	\$ 115,830,387	\$ 8,949,450	\$ 114,557,650	\$ 10,222,187
Dec. 31, 2017	\$ 115,830,387	\$ 17,091,639	\$ 113,189,678	\$ 19,732,348

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Special Reserve Fund**

Pursuant to the Thirteenth Supplemental Resolution adopted December 27, 1993, the provision to prepay the 1987 Sewer Revenue Bonds and the New Jersey Wastewater Treatment Trust Bonds was eliminated and amended to pay all or any portion of the principal of or interest on the 1990 Bonds when due. The Authority, however, is not obligated to use Special Reserve Fund moneys to redeem the 1990 Bonds and may, with the consent of Financial Guaranty Insurance Company, the issuer of the Municipal Bond New Issue Insurance Policy, apply such moneys to future capital projects or pay administrative costs or expenses of the Authority, including, without limitation, any costs and expenses in any way related to the issuance of Authority obligations or the restructuring of the Special Reserve Fund. The Authority does not have an obligation to further fund the Special Reserve Fund and has paid approximately \$191,650,287 into the Special Reserve Fund as of December 31, 2018 and 2017.

**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.

**New Jersey Infrastructure Bank (NJIB) (f.k.a. New Jersey Environmental Infrastructure Trust)**

The Authority has received loans from the State of New Jersey under the Wastewater Treatment Trust Program / Environmental Infrastructure Trust Program ("NJEIT Trust"). The NJIB has issued bonds for loans to various entities. The funds on hand at the NJIB for loans committed to the Authority are included on the books of the Authority as Cash Held by Agent. The NJIB acts in a trustee capacity for these funds and the drawdown of these funds are subject to the approval of the NJIB. \$127,962,896 in loans have been issued. They have interest rates ranging from 3.0% to 5.25% and mature in various increments through 2046.

Under the Wastewater Treatment Fund Program / Environmental Infrastructure Fund Program ("NJEIT Fund"), the State extended several noninterest-bearing loans totaling \$324,469,388. The loans have been recorded as long-term debt, net of original defeased debt of \$31,411,706. When a project is completed, a final expenditure report is submitted to the State. If the total project cost is less than the loan amount, the State will make an adjustment to the final loan payment. The Authority has repaid \$159,305,080 and \$152,108,073 as of December 31, 2018 and 2017 respectively. This debt will mature in various increments through 2046.

During 2018, the following interim loans closed under this program:

On January 12, 2018, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$2,641,264 at no interest. The maturity date of the loan is June 30, 2021 or the date of closing for the anticipated permanent financing program of NJIB. The loan proceeds held by NJIB are being used to fund the costs of the following projects: Cramer Hill Nature Preserve, 5 Green Infrastructure Projects, and the Sewer Reconstruction Project Phase VI.

On March 20, 2018, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$76,164,967 at no interest. The maturity date of the loan is June 30, 2021 or the date of closing for the anticipated permanent financing program of NJIB. The loan proceeds held by NJIB are being used to fund the costs of the following projects: Anaerobic Digester (AD) Facility and Combine Heat and Power (CHP) Facility.

On December 21, 2018, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$2,005,428 at no interest. The maturity date of the loan is June 30, 2022 or the date of closing for the anticipated permanent financing program of NJIB. The loan proceeds held by NJIB are being used to fund the costs of the following projects: Cooper Street Pipe Lining and Arch Street Pump Station Upgrades.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****New Jersey Infrastructure Bank (NJIB) (Cont'd)**Authority Subordinate Bonds

The 2006, 2007, 2008, 2010, 2012, 2013, 2015, 2016, 2017 and 2018 NJIB Trust and 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).

The following schedule reflects the Debt Requirements until 2046.

	<u>Principal</u>	<u>Interest</u>	<u>Accretion</u>	<u>Total</u>
2019	\$ 20,992,837	\$ 1,550,656	\$ 502,815	\$ 23,046,308
2020	10,301,299	1,402,312		11,703,611
2021	88,574,874	1,248,087		89,822,961
2022	11,901,523	1,118,569		13,020,092
2023	10,020,636	982,709		11,003,345
2024-2028	42,934,527	2,818,749		45,753,276
2029-2033	16,706,199	570,092		17,276,291
2034-2038	1,005,311	121,238		1,126,549
2039-2043	822,271	70,306		892,577
2044-2046	525,364	15,225		540,589
	<u>203,784,841</u>	<u>\$ 9,897,943</u>	<u>\$ 502,815</u>	<u>\$ 214,185,599</u>

## Adjustments:

Accreted Interest	(502,815)
Bond Premium	<u>3,511,946</u>
	<u>\$ 206,793,972</u>

**Compensated Absences**

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

The Authority has the following accrued liabilities for compensated absences at December 31, 2018 and 2017:

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Vacation Time	\$ 461,686	\$ 419,216
Comp Time	<u>349,682</u>	<u>331,686</u>
	<u>\$ 811,368</u>	<u>\$ 750,902</u>

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****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, 2018 and 2017, the penalties receivable amounted to \$211,617 and \$113,700, respectively. In accordance with the state statute, no allowance has been made for the collectability of this amount. Also, at December 31, 2018 and 2017, the amount due to the NJDEP for 10 percent of the penalties collected was \$251,596 and \$213,484, respectively.

**Net Pension Liability**

For details on the net pension liability, see the Pension Plans section that follows. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

**Net OPEB Liability**

For details on the net OPEB liability, see the Post Employment Benefits Other Than Pensions section that follows. The Authority's annual required contribution to the OPEB plans is budgeted and paid on an annual basis.

**Lease Obligations**

At December 31, 2018, the Authority had operating lease agreements in effect for various copier units and mailing machines.

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

<u>Year</u>	<u>Amount</u>
2019	\$ 19,742
2020	13,687
2021	3,713
2022	1,718
2023	430

Current year payments under operating leases totaled \$28,121.

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

A substantial number of Authority employees participate in the Public Employees' Retirement System ("PERS"), a defined benefit pension plan, which is administered by the New Jersey Division of Pensions and Benefits ("the Division"). In addition, Authority employees may participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

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

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

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

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

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

**Tier    Definition**

- |   |  |
|---|--|
| 1 | Members who were enrolled prior to July 1, 2007  |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010 |
| 4 | Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011          |
| 5 | Members who were eligible to enroll on or after June 28, 2011                              |

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

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

**Contributions**

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018 and 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10% in State fiscal year 2018. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

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

**Public Employees' Retirement System (Cont'd)** - The Authority's contractually required contribution rate for the years ended December 31, 2018 and 2017 was 12.97% and 13.48% of the Authority's covered payroll. These amounts were actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2018, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2018 was \$1,115,776, and was paid by April 1, 2019. Based on the PERS measurement date of June 30, 2017, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$1,072,518, which was paid by April 1, 2018. Employee contributions to the Plan during the years ended December 31, 2018 and 2017 were \$648,071 and \$588,038, respectively.

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

For the year ended December 31, 2018, employee contributions totaled \$3,711. The Authority recognized pension expense of \$3,807 for the year ended December 31, 2018, which equaled the required contributions. There were no forfeitures during the year. For the year ended December 31, 2017, there were no employees participating in DCRP.

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

At December 31, 2018, the Authority's proportionate share of the net pension liability was \$22,086,642. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2018 measurement date, the Authority's proportion was .1121747151%, which was a decrease of .0035988030% from its proportion measured as of June 30, 2017.

At December 31, 2017, the Authority's proportionate share of the net pension liability was \$26,950,224. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the Authority's proportion was .1157735181%, which was a decrease of .0044177434% from its proportion measured as of June 30, 2016.

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

For the years ended December 31, 2018 and 2017, the Authority recognized pension expense of \$1,357,150 and \$2,220,818, respectively. These amounts were based on the plan's June 30, 2018 and 2017 measurement dates, respectively.

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2018 and 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Differences between Expected and Actual Experience	\$ 421,196	\$ 113,886	\$ 634,585	\$ -
Changes of Assumptions	3,639,513	7,062,134	5,429,541	5,409,636
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	207,174	183,513	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	994,383	1,279,160	1,447,087	787,396
Authority Contributions Subsequent to the Measurement Date	557,888	-	536,259	-
	<u>\$ 5,612,980</u>	<u>\$ 8,662,354</u>	<u>\$ 8,230,985</u>	<u>\$ 6,197,032</u>

The deferred outflows of resources related to pensions totaling \$557,888 and \$536,259 will be included as a reduction of the net pension liability in the years ended December 31, 2019 and 2018, respectively. This amount is based on an estimated April 1, 2020 and April 1, 2019 contractually required contribution, prorated from the pension plans measurement date of June 30, 2018 and June 30, 2017 to the Authority's year end of December 31, 2018 and 2017.



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

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - The Authority will amortize the other deferred outflows of resources and deferred inflows of resources related to PERS over the following number of years:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	-	5.00
June 30, 2018	-	5.00
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

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

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b><u>December 31,</u></b>	
2019	\$ 286,066
2020	(157,634)
2021	(1,674,688)
2022	(1,547,747)
2023	<u>(513,259)</u>
	<u>\$ (3,607,262)</u>

**Actuarial Assumptions – PERS**

The net pension liability was measured as of June 30, 2018 and 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018 and 2017. These actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Actuarial Assumptions – PERS (Cont'd)**

For the June 30, 2018 measurement date, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For the June 30, 2017 measurement date, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 and 2016 are summarized in the table on the following page.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Actuarial Assumptions – PERS (Cont'd)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability at June 30, 2018 was 5.66%. The respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2046; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Actuarial Assumptions – PERS (Cont'd)**

**Discount Rate (Cont'd)** - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00%. The respective single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

**Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate – PERS**

The following presents the Authority's proportionate share of the net pension liability at June 30, 2018, the plans measurement date, calculated using a discount rate of 5.66%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>December 31, 2018</b>		
	<b>1% Decrease (4.66%)</b>	<b>Current Discount Rate (5.66%)</b>	<b>1% Increase (6.66%)</b>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 27,771,408</u>	<u>\$ 22,086,642</u>	<u>\$ 17,317,488</u>

The following presents the Authority's proportionate share of the net pension liability at June 30, 2017, the plans measurement date, calculated using a discount rate of 5.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>December 31, 2017</b>		
	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 33,433,583</u>	<u>\$ 26,950,224</u>	<u>\$ 21,548,784</u>

**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, 2018 and 2017, the accrued liability to the PERS for the 2003 program was \$174,139 and \$231,494 payable in annual installments of \$56,655 to April 1, 2021.

**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan****General Information about the OPEB Plan**

**Plan Description and Benefits Provided** - The Authority contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug benefit coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****General Information about the OPEB Plan (Cont'd)**

**Contributions** - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Authority was billed monthly by the Plan and for the year ended December 31, 2018, the Authority paid \$291,047. This amount represents 3.38% of the Authority's covered payroll. Retiree contributions for the year ended December 31, 2018 was not made available by the Plan.

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

**OPEB Liability** - At December 31, 2018, the Authority's proportionate share of the net OPEB liability was \$22,086,328.

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

The Authority's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the Authority's proportion was .140977% which was an increase of .009444% from its proportion measured as of the June 30, 2017 measurement date.

**OPEB Expense** - At December 31, 2018, the Authority's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2018 measurement date is \$692,405. As previously mentioned, for the year ended December 31, 2018, the Authority made contributions to the Plan totaling \$291,047.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2018, the Authority had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>December 31, 2018</u>	
	Measurement Date	
	June 30, 2018	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 4,484,312
Changes of Assumptions	-	5,602,486
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	11,672	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	1,878,623	2,598,997
Authority Contributions Subsequent to the Measurement Date	-	-
	<u>\$ 1,890,295</u>	<u>\$ 12,685,795</u>

The Authority reported no deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date.



**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - The Authority will amortize the deferred outflow of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14

Amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

<b>Year Ending <u>Dec. 31,</u></b>	
2019	\$ (1,646,585)
2020	(1,646,585)
2021	(1,646,585)
2022	(1,647,818)
2023	(1,649,811)
Thereafter	(2,558,116)
	<u>\$ (10,795,500)</u>

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****Actuarial Assumptions**

The actuarial valuation at June 30, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
Through 2026	1.65% - 8.98%
Thereafter	2.65% - 9.98%

\* Salary Increases are Based on the Defined Benefit Plan that the Member is Enrolled in and his or her Age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2017 valuation were based on the results of the Public Employees' Retirement System (PERS) experience study. The PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pays interest to participants on a monthly basis.

**Discount Rate** - The discount rate used to measure the OPEB Liability at June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****Actuarial Assumptions (Cont'd)**

**Health Care Trend Assumptions** - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The net OPEB liability as of June 30, 2018, the plans measurement date, for the Authority calculated using a discount rate of 3.87%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<u>December 31, 2018</u>		
	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Authority's Proportionate Share of the Net OPEB Liability	\$ 25,913,102	\$ 22,086,328	\$ 19,029,602

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The Authority's proportionate share of the net OPEB liability as of June 30, 2018, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	<u>December 31, 2018</u>		
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Authority's Proportionate Share of the Net OPEB Liability	\$ 18,423,539	\$ 22,086,328	\$ 26,826,522

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

**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan**

**General Information about the OPEB Plan**

**Plan Description and Benefits Provided**

The Authority has established a postemployment benefit plan to assist retirees in paying for medical coverage. No assets are accumulated in a trust. In accordance with GASB Statement 75, this plan is considered a Single Employer, Defined Benefit OPEB Plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement 75.

**Employees Covered by Benefit Terms**

At December 31, 2018, the following employees were covered by the benefit terms:

	<b>December 31, 2018</b>
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	52
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	
Active Employees	97
	149

**Contributions**

Employees are not required to contribute to the plan.

**Net OPEB Liability**

The Authority's total OPEB liability of \$2,369,623 as of December 31, 2018 was measured as of December 31, 2018. The liabilities were determined by an actuarial valuation as of December 31, 2017 with the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of December 31, 2018.

**Actuarial Assumptions and Other Inputs**

The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% Annually
Salary Increases	2.75% Annually
Discount Rate	4.10%
Healthcare Cost Trend Rates	
Medical and Prescription (Non-Medicare Eligible)	9.00% decreasing 0.33% each year through 2033 when it reaches the ultimate rate of 4.00%.
Dental and Vision	3.50%
Retirees' Share of Benefit-Related Costs	None

The discount rate was based on the Bond Buyer 20-Bond GO Index.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****Actuarial Assumptions and Other Inputs (Cont'd)**

Mortality rates used were as follows:

- Active Employees – RP-2000 Employee Mortality with Blue Collar Adjustment projected with scale AA to 2020.
- Non-disabled Retiree – RP-2000 Healthy Annuitant projected with scale AA to 2020.
- Disabled Retiree – RP-2000 Disabled Retiree Mortality projected with scale AA to 2020.

Termination rates were based on a 30% for male employees and 25% for female employees with less than 1 year of service grading down to 0.00% for employees with more than 10 years of service.

An experience study was not performed on the actuarial assumptions used in this valuation since the plan had insufficient data to produce a study with credible results. Mortality rates and termination rates were based on standard tables either issued by the SOA or developed for the applicable grade of employee. The actuary has used his/her professional judgement in applying these assumptions to this plan.

**Changes in the Total OPEB Liability**

The following table shows the change in the total OPEB liability for the year ended December 31, 2018:

Balance at Beginning of Year		\$ 2,399,385
Changes for the Year:		
Service Cost	\$ 178,346	
Interest Cost	79,321	
Benefit Payments	(367,039)	
Differences Between Expected and Actual Experience	258,565	
Actuarial Assumption Changes	(178,955)	
Net Changes		<u>(29,762)</u>
Balance at End of Year		<u><u>\$ 2,369,623</u></u>

Changes in Benefits Terms – There were no changes of benefit terms at December 31, 2018.

Changes in Assumptions – For 2018, the discount rate changed from 3.44% as of December 2017 to 4.10% as of December 31, 2018.

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<b>December 31, 2018</b>		
	<b>1.00% Decrease <u>(3.10%)</u></b>	<b>Current Discount Rate <u>(4.10%)</u></b>	<b>1.00% Increase <u>(5.10%)</u></b>
Total OPEB Liability	\$ 2,530,625	\$ 2,369,623	\$ 2,226,574

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>December 31, 2018</b>		
	<b>1.00% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1.00% Increase</b>
Total OPEB Liability	\$ 2,185,296	\$ 2,369,623	\$ 2,583,448

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2018, the Authority recognized OPEB expense of \$273,590. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>December 31, 2018</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions or Other Inputs	\$ -	\$ 143,164
Differences Between Expected and Actual Experience	206,851	-
	<u>\$ 206,851</u>	<u>\$ 143,164</u>

**Note 5: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending December 31,</b>	
2019	\$ 15,923
2020	15,923
2021	15,923
2022	15,918
2023	-
Thereafter	-
	<u>\$ 63,687</u>

**Postemployment Benefits Other Than Pensions (OPEB) – Summary of State and Authority Plans**

At December 31, 2018, the Authority reported deferred outflows of resources, net OPEB liability and deferred inflows of resources related to OPEB from the following sources:

	<b>(Restated) Balance December 31, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance December 31, 2018</b>
<b>Deferred Outflows of Resources - Related to OPEB</b>				
State Plan	\$ 4,602	\$ 2,150,519	\$ (264,826)	\$ 1,890,295
Authority Plan		258,565	(51,714)	206,851
	<u>\$ 4,602</u>	<u>\$ 2,409,084</u>	<u>\$ (316,540)</u>	<u>\$ 2,097,146</u>
<b>Net OPEB Liability</b>				
State Plan	\$ 26,853,499	\$ 8,592,505	\$ (13,359,676)	\$ 22,086,328
Authority Plan	2,399,385	516,232	(545,994)	2,369,623
	<u>\$ 29,252,884</u>	<u>\$ 9,108,737</u>	<u>\$ (13,905,670)</u>	<u>\$ 24,455,951</u>
<b>Deferred Inflows of Resources - Related to OPEB</b>				
State Plan	\$ 6,009,805	\$ 8,587,401	\$ (1,911,411)	\$ 12,685,795
Authority Plan		178,955	(35,791)	143,164
	<u>\$ 6,009,805</u>	<u>\$ 8,766,356</u>	<u>\$ (1,947,202)</u>	<u>\$ 12,828,959</u>

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

As of December 31, 2018, the Authority had an unrestricted net position deficit balance of \$44,403,737. Even though the budget operates on a cash basis which results in a positive balance, none has been appropriated as support in the introduced operating or capital budget for the year ending December 31, 2019.

As of December 31, 2017, the Authority had an unrestricted net position deficit balance of \$38,335,767. However, the budget which is formulated on a cash basis includes \$3,820,618 being appropriated and included as support in the adopted operating budget and none for the capital budget for the year ending December 31, 2018.

**Note 7: COMMITMENTS**

The Authority had several outstanding or planned construction projects as of December 31, 2018. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Awarded</u>	<u>Commitments Remaining</u>
Green and Grey Infrastructure	Mount Construction	\$ 978,091
Combined Heat and Power	Camden Bioenergy	7,180,169
Sludge Digester	Northeast Remsco	29,047,459
Cramer Hill Nature Preserve	Neri's Construction	126,385
Camden Green Infrastructure	Command Co.	278,828
		<u>\$ 37,610,932</u>

**Note 8: DEFERRED COMPENSATION**

The Authority offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Authority or its creditors. Since the Authority does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Authority's financial statements.

**Note 9: RISK MANAGEMENT**

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



**Note 9: RISK MANAGEMENT (CONT'D)**

Contributions to the Commission, including reserves for contingencies, are payable installments that are established by the Commission and are based on assumptions determined by each Commission's actuaries. The Commissioner of Insurance of the State of New Jersey may order additional assessments imposed on each member to supplement each Commission's claim, loss retention or administrative accounts to assure the payment of each Commission's obligations.

The Commission's publish their own financial reports each year, which may be obtained from:

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

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

The Authority is partially self-insured for workers' compensation through a joint insurance program with the County of Camden. The County submits invoices to the Authority for their share of the workers' compensation costs incurred for the year. The County has established this trust fund and as of December 31, 2018 and 2017, the balance in the Reserve for Workers' Compensation Insurance Trust Fund was \$3,222,503 and \$2,400,931, respectively. The 2019 County Budget includes an appropriation in the amount of \$200,000 to provide for future claims.

**Note 10: CONTINGENCIES**

**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 11: RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS**

As indicated in note 1 to the financial statements, the Authority adopted GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions., for the year ended December 31, 2018. As a result of implementing this Statement, a restatement of unrestricted net position was required to record the Authority's net OPEB liability. The cumulative effect on the financial statements as reported for December 31, 2017 is as follows:

Net Position, as Previously Reported December 31, 2017	\$283,158,555
Prior Period Adjustment for GASB 75	<u>(35,258,087)</u>
Net Position, as Restated December 31, 2017	<u>\$247,900,468</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**

Required Supplementary Information  
 Schedule of the Authority's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System (PERS)  
 Last Six Plan Years

	<b>Measurement Date Ending June 30,</b>					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability	0.1121747151%	0.1157735181%	0.1201912615%	0.1119680574%	0.1107869940%	0.1067529933%
Authority's Proportionate Share of the Net Pension Liability	\$ 22,086,642	\$ 26,950,224	\$ 35,597,204	\$ 25,134,585	\$ 20,742,355	\$ 20,402,618
Authority's Covered Payroll (Plan Measurement Period)	\$ 7,810,320	\$ 8,072,408	\$ 8,089,364	\$ 7,714,388	\$ 7,438,099	\$ 7,312,844
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	282.79%	333.86%	440.05%	325.81%	278.87%	279.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

	<b>Year Ended December 31,</b>					
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Authority's Contractually Required Contribution	\$ 1,115,776	\$ 1,072,518	\$ 1,067,762	\$ 962,625	\$ 913,312	\$ 804,362
Authority's Contribution in Relation to the Contractually Required Contribution	(1,115,776)	(1,072,518)	(1,067,762)	(962,625)	(913,312)	(804,362)
Authority's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered Payroll (Calendar Year)	\$ 8,600,601	\$ 7,958,244	\$ 8,052,123	\$ 8,003,763	\$ 7,738,097	\$ 7,479,662
Authority's Contributions as a Percentage of its Covered Payroll	12.97%	13.48%	13.26%	12.03%	11.80%	10.75%

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

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**

Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net OPEB Liability -  
State Health Benefits Local Government Retired Employees Plan  
Last Two Plan Years

	<u>Measurement Date Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.140977%	0.131533%
Authority's Proportionate Share of the Net OPEB Liability	\$ 22,086,328	\$ 26,853,499
Authority's Covered Payroll (Plan Measurement Period)	\$ 8,378,371	\$ 7,884,195
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	263.61%	340.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.03%

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

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Required Supplementary Information  
 Schedule of the Authority's OPEB Contributions -  
 State Health Benefits Local Government Retired Employees Plan  
 Last Two Years

	<u>Year Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Authority's Required Contributions	\$ 291,047	\$ 332,198
Authority's Contributions in Relation to the Required Contribution	<u>(291,047)</u>	<u>(332,198)</u>
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Calendar Year)	\$ 8,600,601	\$ 7,958,244
Authority's Contributions as a Percentage of Covered Payroll	3.38%	4.17%

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

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Required Supplementary Information  
 Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios - Authority Plan  
 Year Ended December 31, 2018

<b>Total OPEB Liability</b>	<b><u>December 31, 2018</u></b>
Service Cost	\$ 178,346
Interest Cost	79,321
Benefit Payments	(367,039)
Differences Between Expected and Actual Experience	258,565
Actuarial Assumption Changes	<u>(178,955)</u>
Net Change in Total OPEB Liability	(29,762)
Total OPEB Liability - Beginning of Fiscal Year	<u>2,399,385</u>
Total OPEB Liability - End of Fiscal Year	<u><u>\$ 2,369,623</u></u>
Covered-Employee Payroll	\$ 7,810,000
Total OPEB Liability as a Percentage of Covered-Employee Payroll	30.34%

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

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**

Notes to Required Supplementary Information  
For the Years Ended December 31, 2018 and 2017

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**Note 1: POSTEMPLOYMENT BENEFITS - PENSION****Public Employees' Retirement System (PERS)**Changes in Benefit Terms

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017 and 5.66% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

For 2015, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually.

**Note 2: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)****State Health Benefits Local Government Retired Employees Plan**Changes in Benefit Terms

None

Changes in Assumptions

In 2017, the discount rate changed to 3.58% from 2.85%. In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

**Authority Plan**Changes in Benefit Terms

None

Changes in Assumptions

For 2018, the discount rate changed from 3.44% as of December 31, 2017 to 4.10% as of December 31, 2018.



## **SUPPLEMENTARY SCHEDULES**

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Combining Schedule of Revenues, Expenses and Changes in Net Position  
Restricted and Unrestricted Accounts  
For the Year Ended December 31, 2018

	R e s t r i c t e d					
	Unrestricted					
	Revenue	General Reserve	Debt Service	Debt Service Reserve	Renewal and Replacement	Total
Operating Revenues	\$ 90,953,880					\$ 90,953,880
Operating Expenses	41,027,459	\$ 26,320,274				67,347,733
Operating Income (Loss)	49,926,421	(26,320,274)				23,606,147
Non-operating Revenue (Expenses):						
Investment Income	172,871	53		\$ 104,602	\$ 80,277	357,803
Grant Revenues	50,748					50,748
Unrealized Loss on Investments			\$	(24,249)		(24,249)
Interest Expense on Long Term Debt			(2,605,557)			(2,605,557)
Interest Expense on Short Term Debt			(516,543)			(516,543)
Bond Issuance Costs		(800,116)				(800,116)
Amortization of Pre-operating Costs		(7,021)				(7,021)
Community Service Projects		(24,243)				(24,243)
Total Non-operating Revenue (Expenses)	223,619	(831,327)	(3,146,349)	104,602	80,277	(3,569,178)
Income (Loss) Before Contributions and Transfers	50,150,040	(27,151,601)	(3,146,349)	104,602	80,277	20,036,969
Transfers	(20,959,923)	18,150,453	3,146,349	(104,602)	(232,277)	
Change in Net Position	29,190,117	(9,001,148)			(152,000)	20,036,969
Total Net Position, January 1, As Restated	(73,593,854)	314,948,322			6,546,000	247,900,468
Total Net Position, December 31	\$ (44,403,737)	\$ 305,947,174	\$ -	\$ -	\$ 6,394,000	\$ 267,937,437
Analysis of Balance, December 31:						
Net Investment in Capital Assets		\$ 305,947,174				\$ 305,947,174
Restricted for Bond Resolution Covenants				\$	6,394,000	6,394,000
Unrestricted	\$ (44,403,737)				(44,403,737)	(44,403,737)
	\$ (44,403,737)	\$ 305,947,174	\$ -	\$ -	\$ 6,394,000	\$ 267,937,437

**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, 2018

	<u>Unrestricted</u>		<u>Restricted</u>		<u>Total</u>
	<u>Operating Accounts</u>	<u>Debt Service Reserve</u>	<u>Renewal and Replacement</u>	<u>Construction</u>	
Cash, Cash Equivalents and Investments--January 1, 2018	\$ 10,175,942	\$ 4,299,445	\$ 6,546,000	\$ 260,647	\$ 21,282,034
Cash Receipts:					
User Charges	85,346,418				85,346,418
Investment Income	154,608	121,919	73,567	49	350,143
Proceeds from Issuance of Long Term Debt, Net of Cash Held by Fiscal Agents					
Proceeds from Issuance of Notes	13,500,000	48,121,470			48,121,470
Non-operating Revenues	50,748				13,500,000
Connection Fees and Other Revenues	1,858,402	(21,180)			50,748
Change in the Fair Value of Investments					1,858,402
Total Cash Receipts and Investments Available	111,086,118	52,521,654	6,619,567	260,696	170,488,035
Cash Disbursements:					
Operating Expenditures	34,024,329				34,024,329
Deferred Interest Revenue		50,568			50,568
Debt Principal Payments	42,500,000	19,759,646			62,259,646
Interest Paid		3,648,967			3,648,967
Bond Issuance Costs		800,116			800,116
Capital Expenditures, Net of Change in Retainages Transfer to Restricted Accounts	21,679,675	23,962,205		33,173,168 (45,641,880)	33,173,168
Total Cash Disbursements	98,204,004	48,221,502		(12,468,712)	133,956,794
Cash, Cash Equivalents and Investments--December 31, 2018	\$ 12,882,114	\$ 4,300,152	\$ 6,619,567	\$ 12,729,408	\$ 36,531,241
<u>Analysis of Balance December 31, 2018</u>					
Cash and Cash Equivalents	\$ 12,882,114	\$ 1,683,208	\$ 6,619,567	\$ 12,729,408	\$ 33,914,297
Investments:					
U.S. and Municipal Government Securities	2,616,944	2,616,944			2,616,944
	\$ 12,882,114	\$ 4,300,152	\$ 6,619,567	\$ 12,729,408	\$ 36,531,241

**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, 2018

	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable-- (Unfavorable)</u>
<b>Operating Revenues:</b>				
User Charges and Fees	\$ 85,537,108	\$ 85,537,108	\$ 84,509,872	\$ (1,027,236)
Connection Fees	4,273,200	4,273,200	3,441,390	(831,810)
Other Operating Revenues	2,428,106	2,428,106	3,002,618	574,512
<b>Total Operating Revenues</b>	<b>92,238,414</b>	<b>92,238,414</b>	<b>90,953,880</b>	<b>(1,284,534)</b>
<b>Non-Operating Revenues:</b>				
Interest on Investments and Deposits	12,000	12,000	357,803	345,803
Grant Revenues			50,748	50,748
<b>Total Non-Operating Revenues</b>	<b>12,000</b>	<b>12,000</b>	<b>408,551</b>	<b>396,551</b>
<b>Total Budget Revenues</b>	<b>92,250,414</b>	<b>92,250,414</b>	<b>91,362,431</b>	<b>(887,983)</b>
<b>Operating Appropriations:</b>				
<b>Administration:</b>				
Salary & Wages	2,112,340	2,112,340	2,197,924	(85,584)
Fringe Benefits	2,777,633	2,777,633	2,338,150	439,483
Other Expenses	4,780,857	4,780,857	6,167,853	(1,386,996)
<b>Total Administration</b>	<b>9,670,830</b>	<b>9,670,830</b>	<b>10,703,927</b>	<b>(1,033,097)</b>
<b>Cost of Providing Services:</b>				
Salary & Wages	8,119,604	8,119,604	8,075,545	44,059
Fringe Benefits	2,993,194	2,993,194	2,563,591	429,603
Other Expenses	22,333,250	22,333,250	19,470,087	2,863,163
<b>Total Cost of Providing Services</b>	<b>33,446,048</b>	<b>33,446,048</b>	<b>30,109,223</b>	<b>3,336,825</b>
<b>Total Principal Payments on Debt Service</b>	<b>40,640,458</b>	<b>40,640,458</b>	<b>40,617,457</b>	<b>23,001</b>
<b>Total Operating Appropriations</b>	<b>83,757,336</b>	<b>83,757,336</b>	<b>81,430,607</b>	<b>2,326,729</b>
<b>Non-Operating Appropriations:</b>				
Interest Payments	12,313,696	12,313,696	11,264,289	1,049,407
<b>Total Non-Operating Appropriations</b>	<b>12,313,696</b>	<b>12,313,696</b>	<b>11,264,289</b>	<b>1,049,407</b>
<b>Total Budget Appropriations</b>	<b>96,071,032</b>	<b>96,071,032</b>	<b>92,694,896</b>	<b>3,376,136</b>
<b>Excess of Expenses and Other Costs over Revenues</b>	<b>\$ (3,820,618)</b>	<b>\$ (3,820,618)</b>	<b>\$ (1,332,465)</b>	<b>\$ 2,488,153</b>

(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, 2018

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## 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)	\$ (1,332,465)
Less: Investment Income	(357,803)
Less: Grant Revenues	(50,748)
Less: Depreciation	(26,320,274)
Less: GASB 68 Pension Expense	(284,632)
Add: GASB 75 OPEB Expense Adjustment	70,323
Add: Principal Payments on Bonds	40,617,457
Add: Interest Payments	<u>11,264,289</u>

## Total Operating Income (Exhibit B)

	<u>\$ 23,606,147</u>
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**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Analysis of Investment Income Receivable  
 For the Year Ended December 31, 2018

	<u>Balance</u> <u>Jan. 1, 2018</u>	<u>Investment</u> <u>Income Earned</u>	<u>Investment</u> <u>Income Collected</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Unrestricted Assets:				
Revenue Account	\$ 4,735	\$ 172,865	\$ 154,604	\$ 22,996
Restricted Assets:				
Debt Service Reserve Account	7,054	104,602	100,733	10,923
Renewal and Replacement Account	2,855	80,277	73,567	9,565
Construction Account	2	53	49	6
Special Reserve Account	6	6	6	6
	<u>9,911</u>	<u>184,938</u>	<u>174,355</u>	<u>20,494</u>
	\$ 14,646	\$ 357,803	\$ 328,959	\$ 43,490
		Cash Collections	\$ 350,139	
		Change in Fair Market Value	<u>(21,180)</u>	
			<u>\$ 328,959</u>	

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Bonds Payable  
 For the Year Ended December 31, 2018

<b>Purpose</b>	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Maturities of Bonds Date</b>	<b>Maturities of Bonds Amount</b>	<b>Interest Rate</b>	<b>Balance Jan. 1, 2018</b>	<b>Bonds Issued</b>	<b>Paid 2018</b>	<b>Balance Dec. 31, 2018</b>
NJ/EIT Sewer Wastewater Treatment Refunding Bonds, Series 2006A - Winslow	06/22/06	\$ 3,383,431	08/01/19	\$ 285,889	5.25%	\$ 852,826			\$ 584,611
			08/01/20	298,721	5.25%				
				<u>\$ 584,611</u>					\$ 268,215
									\$ 584,611
NJ/EIT Sewer Wastewater Treatment Refunding Bonds, Series 2006A - Odor Control	06/22/06	3,088,956	08/01/19	\$ 266,828	5.25%				
			08/01/20	280,949	5.25%				
				<u>\$ 547,777</u>					252,728
						800,505			547,777
County Agreement Sewer Revenue Bonds, Series 2006A	10/11/06	5,000,000	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>\$ 2,570,000</u>					270,000
						2,840,000			2,570,000
NJ/EIT Sewer Wastewater Treatment Bonds, Series 2008A	11/08/08	6,110,000							
						305,000			305,000
NJ/EIT Sewer Wastewater Treatment Bonds, Series 2010A	03/20/10	2,105,000							
						100,000			100,000
NJ/EIT Sewer Wastewater Treatment Bonds, Series 2010B	12/02/10	4,865,000	08/01/19	\$ 225,000	5.00%				
				<u>\$ 225,000</u>					215,000
						440,000			225,000
NJ/EIT Sewer Wastewater Treatment Refunding Bonds, Series 2010 (Refunding 2003A)	08/18/10	1,465,000	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>\$ 493,433</u>					86,296
						579,729			493,433
NJ/EIT Sewer Wastewater Treatment Refunding Bonds, Series 2010 (Partial Refunding 2006A)	08/18/10	609,100	08/01/24	\$ 609,100	2.14%				
				<u>\$ 609,100</u>					609,100
						609,100			609,100
NJ/EIT Sewer Wastewater Treatment Bonds, Series 2012A (CW)	05/03/12	1,100,000	08/01/19	\$ 50,000	5.00%				
			08/01/20	55,000	5.00%				

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Bonds Payable  
 For the Year Ended December 31, 2018

<b>Purpose</b>	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Maturities of Bonds Date</b>	<b>Maturities of Bonds Amount</b>	<b>Interest Rate</b>	<b>Balance Jan. 1, 2018</b>	<b>Bonds Issued</b>	<b>Paid 2018</b>	<b>Balance Dec. 31, 2018</b>
NJ/EIT Sewer Wastewater Treatment Bonds, Series 2012A (CW) (Cont'd)			08/01/21	\$ 55,000	5.00%				
			08/01/22	60,000	5.00%				
			08/01/23	60,000	5.00%				
			08/01/24	65,000	5.00%				
			08/01/25	70,000	5.00%				
			08/01/26	70,000	5.00%				
			08/01/27	75,000	3.00%				
			08/01/28	75,000	3.00%				
			08/01/29	80,000	3.13%				
			08/01/30	80,000	3.20%				
			08/01/31	85,000	3.25%				
				<u>\$ 880,000</u>		\$ 930,000		\$ 50,000	\$ 880,000
NJ/EIT Sewer Wastewater Treatment Bonds, Series 2012A (PF) (CW)	05/03/12	\$ 14,375,000	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%				
				<u>\$ 11,940,000</u>		12,595,000		655,000	11,940,000
NJ/EIT Sewer Wastewater Treatment Refunding Bonds, Series 2012B-R (Partial Refunding 2006A)	08/14/2012	5,808,090	08/01/19	\$ 536,474	4.00%				
			08/01/20	559,152	4.00%				
			08/01/21	581,949	4.00%				
			08/01/22	604,010	4.00%				
			08/01/23	630,382	4.00%				
			08/01/25	687,611	4.00%				
			08/01/26	713,173	4.00%				
				<u>\$ 4,312,751</u>		4,830,988		518,237	4,312,751
NJ/EIT Sewer Wastewater Treatment Bonds, Series 2013A (CW)	05/03/13	1,820,000	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%				

(Continued)



**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Bonds Payable  
 For the Year Ended December 31, 2018

<b>Purpose</b>	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Maturities of Bonds Date</b>	<b>Maturities of Bonds Amount</b>	<b>Interest Rate</b>	<b>Balance Jan. 1, 2018</b>	<b>Bonds Issued</b>	<b>Paid 2018</b>	<b>Balance Dec. 31, 2018</b>
NJ/EIT Sewer Wastewater Treatment Bonds, Series 2013A (CW) (Cont'd)			09/01/23	\$ 100,000	5.00%				
			09/01/24	105,000	5.00%				
			09/01/25	110,000	3.00%				
			09/01/26	110,000	3.00%				
			09/01/27	115,000	3.00%				
			09/01/28	120,000	3.00%				
			09/01/29	120,000	3.00%				
			09/01/30	125,000	3.00%				
			09/01/31	130,000	3.00%				
			09/01/32	130,000	3.00%				
			<u>\$ 1,520,000</u>		\$ 1,600,000		\$ 80,000	\$ 1,520,000	
NJ/EIT Sewer Wastewater Treatment Bonds, Series 2015A-1 (CW) 14	05/28/15	\$ 1,325,000	08/01/19	\$ 50,000	5.00%				
			08/01/20	55,000	5.00%				
			08/01/21	55,000	5.00%				
			08/01/22	60,000	5.00%				
			08/01/23	65,000	5.00%				
			08/01/24	65,000	5.00%				
			08/01/25	70,000	5.00%				
			08/01/26	70,000	5.00%				
			08/01/27	75,000	4.00%				
			08/01/28	80,000	4.00%				
			08/01/29	80,000	4.00%				
			08/01/30	85,000	4.00%				
			08/01/31	90,000	4.00%				
			08/01/32	90,000	4.00%				
		08/01/33	95,000	4.00%					
		08/01/34	100,000	4.00%					
			<u>\$ 1,185,000</u>		1,235,000		50,000	1,185,000	
NJ/EIT Sewer Wastewater Treatment Bonds, Series 2015A-1 (CW) 10-2	05/28/15	355,000	08/01/19	\$ 15,000	5.00%				
			08/01/20	15,000	5.00%				
			08/01/21	20,000	5.00%				
			08/01/22	20,000	5.00%				
			08/01/23	20,000	5.00%				
			08/01/24	20,000	5.00%				
			08/01/25	20,000	5.00%				
			08/01/26	20,000	5.00%				
			08/01/27	25,000	4.00%				
			08/01/28	25,000	4.00%				
		08/01/29	25,000	4.00%					
		08/01/30	25,000	4.00%					

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Bonds Payable  
 For the Year Ended December 31, 2018

<b>Purpose</b>	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Maturities of Bonds Date</b>	<b>Maturities of Bonds Amount</b>	<b>Interest Rate</b>	<b>Balance Jan. 1, 2018</b>	<b>Bonds Issued</b>	<b>Paid 2018</b>	<b>Balance Dec. 31, 2018</b>
NJ/ET Sewer Wastewater Treatment Bonds, Series 2015A-1 (CW) 10-2 (Cont'd)			08/01/31	\$ 30,000	4.00%				
			08/01/32	30,000	4.00%				
				<u>\$ 310,000</u>		\$ 325,000		\$ 15,000	\$ 310,000
NJ/ET Sewer Wastewater Treatment Refunding Bonds, Series 2015B-R (Refunding 2007A)	11/24/15	\$ 1,876,000	08/01/19	\$ 146,000	5.00%				
			08/01/20	151,000	5.00%				
			08/01/21	162,000	5.00%				
			08/01/22	170,000	5.00%				
			08/01/23	179,000	5.00%				
			08/01/24	185,000	5.00%				
			08/01/25	195,000	5.00%				
			08/01/26	204,000	5.00%				
			08/01/27	214,000	5.00%				
				<u>\$ 1,606,000</u>		1,743,000		137,000	1,606,000
NJ/ET Sewer Wastewater Treatment Bonds, Series 2015A-2 (CW) 06-02	11/24/15	365,000	08/01/19	\$ 20,000	5.00%				
			08/01/20	20,000	5.00%				
			08/01/21	25,000	5.00%				
			08/01/22	25,000	5.00%				
			08/01/23	25,000	5.00%				
			08/01/24	25,000	5.00%				
			08/01/25	30,000	5.00%				
			08/01/26	30,000	3.00%				
			08/01/27	30,000	3.00%				
			08/01/28	30,000	3.00%				
			08/01/29	30,000	3.00%				
			08/01/30	35,000	3.00%				
				<u>\$ 325,000</u>		345,000		20,000	325,000
NJ/ET Sewer Wastewater Treatment Bonds, Series 2015A-2 (CW) 14-1	11/24/15	105,000	08/01/19	\$ 5,000	5.00%				
			08/01/20	5,000	5.00%				
			08/01/21	5,000	5.00%				
			08/01/22	5,000	5.00%				
			08/01/23	5,000	5.00%				
			08/01/24	5,000	5.00%				
			08/01/25	5,000	5.00%				
			08/01/26	5,000	3.00%				
			08/01/27	5,000	3.00%				
			08/01/28	5,000	3.00%				
			08/01/29	5,000	3.00%				
			08/01/30	5,000	3.00%				

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Bonds Payable  
 For the Year Ended December 31, 2018

<b>Purpose</b>	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Maturities of Bonds Date</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Balance Jan. 1, 2018</b>	<b>Bonds Issued</b>	<b>Paid 2018</b>	<b>Balance Dec. 31, 2018</b>
NJ/EIT Sewer Wastewater Treatment Bonds, Series 2015A-2 (CW) 14-1 (Cont'd)			08/01/31	\$ 5,000	3.00%				
			08/01/32	10,000	3.00%				
			08/01/33	10,000	3.125%				
			08/01/34	10,000	3.125%				
				<u>\$ 95,000</u>		\$ 100,000		\$ 5,000	\$ 95,000
NJ/EIT Sewer Wastewater Treatment Refunding Bonds, Series 2016A-R1 (Refunding 2008A)	05/10/16	\$ 3,641,000	08/01/19	\$ 292,000	5.00%				
			08/01/20	305,000	5.00%				
			08/01/21	318,000	5.00%				
			08/01/22	334,000	5.00%				
			08/01/23	351,000	5.00%				
			08/01/24	371,000	5.00%				
			08/01/25	389,000	5.00%				
			08/01/26	407,000	4.50%				
			08/01/27	427,000	4.50%				
		08/01/28	447,000	4.50%					
			<u>\$ 3,641,000</u>		3,641,000			3,641,000	
NJ/EIT Sewer Wastewater Treatment Refunding Bonds, Series 2016A-R2 (Refunding 2010B)	05/10/16	3,031,000	08/01/20	\$ 214,000	5.00%				
			08/01/21	223,000	5.00%				
			08/01/22	237,000	5.00%				
			08/01/23	246,000	5.00%				
			08/01/24	260,000	5.00%				
			08/01/25	273,000	5.00%				
			08/01/26	287,000	5.00%				
			08/01/27	300,000	4.50%				
			08/01/28	317,000	4.50%				
			08/01/29	329,000	4.50%				
		08/01/30	345,000	4.50%					
			<u>\$ 3,031,000</u>		3,031,000			3,031,000	
NJ/EIT Environmental Infrastructure Refunding Bonds, Series 2017A-R2 (Refunding 2010A) (Green Bonds)	01/31/17	1,356,000	08/01/19	\$ 99,000	4.00%				
			08/01/20	104,000	4.00%				
			08/01/21	108,000	4.00%				
			08/01/22	114,000	4.00%				
			08/01/23	118,000	4.00%				
			08/01/24	123,000	4.00%				
			08/01/25	128,000	4.00%				
			08/01/26	133,000	4.00%				
		08/01/27	138,000	4.00%					

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Bonds Payable  
 For the Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Date	Maturities of Bonds Amount	Interest Rate	Balance Jan. 1, 2018	Bonds Issued	Paid 2018	Balance Dec. 31, 2018
NJ/EIT Environmental Infrastructure Refunding Bonds, Series 2017A-R2 (Refunding 2010A) (Green Bonds) (Cont'd)			08/01/28	\$ 143,000	4.00%				
			08/01/29	148,000	4.00%				
				<u>\$ 1,356,000</u>		\$ 1,356,000			\$ 1,356,000
NJ/EIT Environmental Infrastructure Green Bonds, Series 2017A-1	05/25/17	\$ 1,370,000	08/01/19	\$ 30,000	5.000%				
			08/01/20	30,000	5.000%				
			08/01/21	30,000	5.000%				
			08/01/22	30,000	5.000%				
			08/01/23	35,000	5.000%				
			08/01/24	35,000	5.000%				
			08/01/25	35,000	5.000%				
			08/01/26	40,000	3.000%				
			08/01/27	40,000	3.000%				
			08/01/28	40,000	3.000%				
			08/01/29	40,000	3.000%				
			08/01/30	45,000	3.000%				
			08/01/31	45,000	3.000%				
			08/01/32	45,000	3.000%				
			08/01/33	45,000	3.125%				
			08/01/34	50,000	3.250%				
		08/01/35	50,000	3.250%					
		08/01/36	50,000	3.375%					
		08/01/37	55,000	3.375%					
		08/01/38	55,000	3.375%					
		08/01/39	55,000	3.375%					
		08/01/40	60,000	3.375%					
		08/01/41	60,000	3.500%					
		08/01/42	65,000	3.500%					
		08/01/43	65,000	3.500%					
		08/01/44	70,000	3.500%					
		08/01/45	70,000	3.500%					
		08/01/46	75,000	3.500%					
				<u>\$ 1,345,000</u>		1,370,000		\$ 25,000	1,345,000
NJIB Construction Financing Program, Series 2018 CFP-18-1 (640-17)	01/12/18	679,929	06/30/21	\$ 679,929			\$ 679,929		679,929
NJIB Construction Financing Program, Series 2018 CFP-18-2 (640-18)	03/20/18	19,606,824	06/30/21	\$ 19,606,824			19,606,824		19,606,824
NJIB Construction Financing Program, Series 2018 CFP-18-3 (640-22)	12/21/18	516,249	06/30/22	\$ 516,249			516,249		516,249

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Revenue Bonds Payable  
 For the Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Date	Amount	Interest Rate	Balance Jan. 1, 2018	Bonds Issued	Paid 2018	Balance Dec. 31, 2018
				Grand Total		\$ 39,629,148	\$ 20,803,002	\$ 3,052,476	\$ 57,379,674
		Cash					\$ 20,803,002	\$ 3,052,476	
		County Agreement Sewer Revenue Bonds							\$ 2,570,000
		NJEIF Refunding Bonds							16,181,672
		NJWTT / NJEIF Serial Bonds							17,825,000
		NJIB Interim / Construction Financing Program							20,803,002
									\$ 57,379,674

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Loans Payable  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2018</u>	<u>Loans Issued</u>	<u>N.J.D.E.P. Cancellation</u>	<u>Paid 2018</u>	<u>Balance Dec. 31, 2018</u>
2000 NJEIT Loan Series 2000A-2	11/09/00	\$ 2,908,943	02/01/19	\$ 7,891	\$ 401,205				\$ 240,513
			08/01/19	154,752					
			02/01/20	4,036					
			08/01/20	73,834					
				\$ 240,513				\$ 160,692	\$ 240,513
2000 NJEIT Loan Series 2000B-2	11/09/00	3,501,500			93,776			93,776	
2003 NJEIT Loan Series 2003	11/08/03	3,755,879	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	192,191					
			02/01/22	8,726					
			08/01/22	188,153					
			02/01/23	4,464					
			08/01/23	192,436					
				\$ 1,008,212				202,518	1,008,212
2006 NJEIT Loan Series 2006B	11/09/06	25,351,847	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	1,128,900					
				\$ 10,138,390					
2007 NJEIT Loan Series 2007A	11/08/07	7,612,500	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					

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Loans Payable  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2018</u>	<u>Loans Issued</u>	<u>N.J.D.E.P. Cancellation</u>	<u>Paid 2018</u>	<u>Balance Dec. 31, 2018</u>	
2007 NJEIT Loan Series 2007A (Cont'd)			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>\$ 4,034,653</u>	<u>\$ 4,479,578</u>			<u>\$ 444,925</u>	<u>\$ 4,034,653</u>
	2008 NJEIT Loan Series 2008A	11/06/08	\$ 16,042,800	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>\$ 8,908,113</u>	<u>9,803,638</u>			<u>895,525</u>	<u>8,908,113</u>	
2010 NJEIT Loan Series 2010A	03/20/10	2,070,000	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							

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Loans Payable  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2018</u>	<u>Loans Issued</u>	<u>N.J.D.E.P. Cancellation</u>	<u>Paid 2018</u>	<u>Balance Dec. 31, 2018</u>
2010 NJEIT Loan Series 2010A (Cont'd)			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	73,930						
				<u>\$ 1,219,822</u>	<u>\$ 1,330,715</u>			<u>\$ 110,893</u>	<u>\$ 1,219,822</u>
2010 NJEIT Loan Series Fall 2010B		03/20/10	\$ 14,867,980						
				02/01/19	\$ 260,842				
				08/01/19	521,684				
				02/01/20	260,842				
				08/01/20	521,683				
				02/01/21	260,842				
				08/01/21	521,683				
				02/01/22	260,842				
				08/01/22	521,683				
				02/01/23	260,842				
				08/01/23	521,684				
				02/01/24	260,842				
				08/01/24	521,683				
				02/01/25	260,842				
			08/01/25	521,683					
			02/01/26	260,842					
			08/01/26	521,683					
			02/01/27	260,842					
			08/01/27	521,684					
			02/01/28	260,842					
			08/01/28	521,683					
			02/01/29	260,842					
			08/01/29	521,683					
			02/01/30	260,842					
			08/01/30	521,684					
				<u>\$ 9,390,304</u>	<u>10,172,829</u>			<u>782,525</u>	<u>9,390,304</u>

(Continued)



**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Loans Payable  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2018</u>	<u>Loans Issued</u>	<u>N.J.D.E.P. Cancellation</u>	<u>Paid 2018</u>	<u>Balance Dec. 31, 2018</u>
2012 NJEIT Loan Series 2012ABC (CW)	05/03/12	\$ 3,397,500	02/01/19	\$ 62,917					
			08/01/19	125,833					
			02/01/20	62,917					
			08/01/20	125,833					
			02/01/21	62,917					
			08/01/21	125,833					
			02/01/22	62,917					
			08/01/22	125,833					
			02/01/23	62,917					
			08/01/23	125,833					
			02/01/24	62,917					
			08/01/24	125,833					
			02/01/25	62,917					
			08/01/25	125,833					
			02/01/26	62,917					
			08/01/26	125,833					
			02/01/27	62,917					
08/01/27	125,833								
02/01/28	62,917								
08/01/28	125,833								
02/01/29	62,917								
08/01/29	125,833								
02/01/30	62,917								
08/01/30	125,833								
02/01/31	62,917								
08/01/31	125,833								
				<u>\$ 2,453,750</u>	<u>\$ 2,642,500</u>			<u>\$ 188,750</u>	<u>\$ 2,453,750</u>
2012 NJEIT Loan Series 2012ABC (PF) (CW)	05/03/12	34,037,500	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					

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**

Schedule of Loans Payable  
For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2018</u>	<u>Loans Issued</u>	<u>N.J.D.E.P. Cancellation</u>	<u>Paid 2018</u>	<u>Balance Dec. 31, 2018</u>
2012 NJEIT Loan Series 2012ABC (PF) (CW) (Cont'd)			02/01/27	\$ 728,030					
			08/01/27	1,456,061					
			02/01/28	728,030					
			08/01/28	1,456,061					
			02/01/29	728,030					
			08/01/29	1,456,061					
			02/01/30	728,030					
			08/01/30	1,456,061					
			02/01/31	728,030					
			08/01/31	1,092,044					
			<u>\$ 28,029,166</u>		<u>\$ 30,213,257</u>			<u>\$ 2,184,091</u>	<u>\$ 28,029,166</u>
2013 NJEIT Loan Series 2013A (CW)	09/01/13	\$ 4,625,562	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>\$ 3,656,397</u>		<u>3,920,714</u>			<u>264,317</u>	<u>3,656,397</u>

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Loans Payable  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2018</u>	<u>Loans Issued</u>	<u>N.J.D.E.P. Cancellation</u>	<u>Paid 2018</u>	<u>Balance Dec. 31, 2018</u>
2015 NJEIT Loan Series 2015A-1 (CW) 14	05/28/15	\$ 2,242,750	02/01/19	\$ 39,346	\$ 2,006,671				\$ 1,888,631
			08/01/19	78,693					
			02/01/20	39,347					
			08/01/20	78,693					
			02/01/21	39,346					
			08/01/21	78,693					
			02/01/22	39,347					
			08/01/22	78,693					
			02/01/23	39,346					
			08/01/23	78,693					
			02/01/24	39,347					
			08/01/24	78,693					
			02/01/25	39,346					
			08/01/25	78,693					
			02/01/26	39,347					
			08/01/26	78,693					
			02/01/27	39,346					
			08/01/27	78,693					
			02/01/28	39,347					
08/01/28	78,693								
02/01/29	39,346								
08/01/29	78,693								
02/01/30	39,347								
08/01/30	78,693								
02/01/31	39,346								
08/01/31	78,693								
02/01/32	39,347								
08/01/32	78,693								
02/01/33	39,346								
08/01/33	78,693								
02/01/34	39,346								
08/01/34	78,693								
				\$ 1,888,631					\$ 2,006,671
				\$				\$ 118,040	\$ 1,888,631
2015 NJEIT Loan Series 2015A-1 (CW) 10-2	05/28/15	993,413	02/01/19	\$ 18,744					
			08/01/19	37,487					
			02/01/20	18,744					
			08/01/20	37,487					
			02/01/21	18,744					
			08/01/21	37,487					
			02/01/22	18,744					
			08/01/22	37,487					
			02/01/23	18,744					
			08/01/23	37,487					
02/01/24	18,744								



**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Loans Payable  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2018</u>	<u>Loans Issued</u>	<u>N.J.D.E.P. Cancellation</u>	<u>Paid 2018</u>	<u>Balance Dec. 31, 2018</u>
2015 NJEIT loan Series 2015A-2 (CW) 14-1	11/24/15	\$ 317,250	02/01/19	\$ 5,665	\$ 288,924				
			08/01/19	11,330					
			02/01/20	5,665					
			08/01/20	11,331					
			02/01/21	5,665					
			08/01/21	11,330					
			02/01/22	5,665					
			08/01/22	11,331					
			02/01/23	2,796					
2017 NJEIT Loan Series 2017A-1 (PF)	05/25/17	3,000,174	02/01/19	\$ 34,485					
			08/01/19	68,969					
			02/01/20	34,485					
			08/01/20	68,969					
			02/01/21	34,485					
			08/01/21	68,969					
			02/01/22	34,485					
			08/01/22	68,970					
			02/01/23	34,485					
			08/01/23	68,969					
			02/01/24	34,485					
			08/01/24	68,969					
			02/01/25	34,485					
			08/01/25	68,969					
			02/01/26	34,485					
			08/01/26	68,970					
			02/01/27	34,485					
			08/01/27	68,969					
			02/01/28	34,485					
			08/01/28	68,969					
02/01/29	34,485								
08/01/29	68,969								
02/01/30	34,485								
08/01/30	68,970								
02/01/31	34,485								
08/01/31	68,969								
02/01/32	34,485								
08/01/32	68,969								
02/01/33	34,485								
08/01/33	68,969								
02/01/34	34,485								
08/01/34	68,970								

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Loans Payable  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2018</u>	<u>Loans Issued</u>	<u>N.J.D.E.P. Cancellation</u>	<u>Paid 2018</u>	<u>Balance Dec. 31, 2018</u>
2017 NJEIT Loan Series 2017A-1 (PF) (Cont'd)			02/01/35	\$ 34,485					
			08/01/35	68,969					
			02/01/36	34,485					
			08/01/36	68,969					
			02/01/37	34,485					
			08/01/37	68,969					
			02/01/38	34,485					
			08/01/38	68,970					
			02/01/39	34,485					
			08/01/39	68,969					
			02/01/40	34,485					
			08/01/40	68,969					
			02/01/41	34,485					
			08/01/41	68,969					
			02/01/42	34,485					
			08/01/42	68,970					
		02/01/43	34,485						
		08/01/43	68,969						
		02/01/44	34,485						
		08/01/44	68,969						
		02/01/45	34,485						
		08/01/45	68,970						
		02/01/46	34,485						
		08/01/46	68,970						
				<u>\$ 2,896,720</u>				<u>\$ 103,454</u>	<u>\$ 2,896,720</u>
NJIB Construction Financing Program, Series 2018 CFP-18-1 (640-17)	01/12/18	\$ 1,961,335	06/30/21	\$ 1,961,335		\$ 1,961,335			1,961,335
NJIB Construction Financing Program, Series 2018 CFP-18-2 (640-18)	03/20/18	56,558,143	06/30/21	\$ 56,558,143		56,558,143			56,558,143
NJIB Construction Financing Program, Series 2018 CFP-18-3 (640-22)	12/21/18	1,489,179	06/30/22	\$ 1,489,179		1,489,179			1,489,179
			Grand Total						
					\$ 83,069,668	\$ 60,008,657	\$ (201,151)	\$ 7,197,007	\$ 135,680,167
Cash Held by Fiscal Agent						\$ 60,008,657		\$ 7,197,007	
Cash						\$ 60,008,657		\$ 7,197,007	

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Capital Appreciation Bonds  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Date</u>	<u>Bond Accretion Year</u>	<u>Bond Accretion Amount</u>	<u>Balance Jan. 1, 2018</u>	<u>Accretion 2018</u>	<u>Paid 2018</u>	<u>Balance Dec. 31, 2018</u>
1990 Capital Appreciation Bonds Series A	02/22/90	\$ 115,830,388	09/01/19	2019	\$ 502,815	\$ 19,732,348	\$ 1,214,837	\$ 10,725,000	\$ 10,222,185

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Notes Payable  
 For the Year Ended December 31, 2018

<u>Description</u>	<u>Amount of Issuance</u>	<u>Date of Issuance</u>	<u>Note Payments Date</u>	<u>Note Payments Amount</u>	<u>Interest Rate</u>	<u>Balance Jan. 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2018</u>
Webster Bank Series 2017A	\$ 24,000,000	07/05/17	08/02/18	\$ 24,000,000	2.044%	\$ 24,000,000		\$ 24,000,000	
Webster Bank Series 2017B	5,000,000	07/05/17	08/02/18	5,000,000	2.920%	5,000,000		5,000,000	
Webster Bank Series 2018	13,500,000	07/17/18	12/31/18	13,500,000	2.849%		\$ 13,500,000	13,500,000	
<b>Grand Total</b>						<u>\$ 29,000,000</u>	<u>\$ 13,500,000</u>	<u>\$ 42,500,000</u>	<u>\$ -</u>
				Renewal			\$ 13,500,000	\$ 13,500,000	
				Cash			<u>29,000,000</u>	<u>29,000,000</u>	
							<u>\$ 13,500,000</u>	<u>\$ 42,500,000</u>	



**CAMDEN COUNTY  
MUNICIPAL UTILITIES AUTHORITY**

**PART II**

**SINGLE AUDIT SECTION**

**FOR THE YEAR ENDED  
DECEMBER 31, 2018**

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

**INDEPENDENT AUDITOR'S REPORT**

The Chairman and Members of  
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, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal and state programs for the year ended December 31, 2018. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Camden County Municipal Utilities Authority's, in the County of Camden, State of New Jersey, 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, in the County of Camden, State of New Jersey, 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, 2018.

**Report on Internal Control Over Compliance**

Management of the Camden County Municipal Utilities Authority, in the County of Camden, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and State of New Jersey Circular 15-08-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  
November 18, 2019

## CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2018

<u>Federal Grantor/ Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Identification Number (FAIN)</u>	<u>State GMIS Number</u>	<u>Pass-through Entity Id Number</u>	<u>Program or Award Amount</u>	<u>Matching Funds</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								
Capitalization Grants for Clean Water State Revolving Funds (CWSRF) Cluster:								
Camden City Green & Grey Infrastructure Improvement Project								
- Supplemental	66.458	not known	042-4860-711-010	S340640-14-1	\$ 317,250	n/a	05/28/15	Open
Camden City Green & Grey Infrastructure Improvement Project								
- Phase II	66.458	not known	042-4860-711-010	S340640-15	4,000,174	n/a	07/19/16	Open
Camden City Green & Grey Infrastructure Improvement Project								
- Phase III (5 Green Infrastructure and Sewer Recon)	66.458	not known	not known	S340640-17	1,961,335	n/a	01/12/18	Open
Anaerobic Digester (AD) & Combined Heat and Power (CHP)	66.458	not known	not known	S340640-18	56,558,143	n/a	03/20/18	Open
Cooper Street Pipe Lining & Arch Street Pump								
Station Upgrades	66.458	not known	not known	S340640-22	1,489,179	n/a	12/21/18	Open
Total Capitalization Grants for Clean Water State Revolving Funds (CWSRF) Cluster								
Federal Clean Water Act Section 319(H) Nonpoint Pollution Control and Management Implementation Grant								
Living Shoreline for Phoenix Park (WM15-020)	66.460	not known	042-4801-100-442	WM15-020	258,000	n/a	11/15/15	05/15/19
Total Federal Clean Water Act Section 319(H) Nonpoint Pollution and Management Implementation Grant								
Total U.S. Department of Environmental Protection Agency								
<u>U.S. Department of Commerce</u>								
Marine Debris Program - Direct Funding								
Debris Removal to Establish Living Shoreline in Camden, NJ	11.999	NA17NOS9990008	not applicable	not applicable	67,000	\$ 68,282	08/01/17	07/31/19
Total U.S. Department of Commerce								
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 these schedules.

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2018

Receivable Balance Dec. 31, 2017	Revenue Recognized	Cash Receipts	Passed- Through to Subrecipients	Adjustments	Total Federal Disbursements / Expenditures	Receivable Balance Dec. 31, 2018		(Memo Only)	
						Project Funds Balance	Unreimbursed Expenditures	Cash Received 2018	Accumulated Expenditures
\$ 201,151				\$ (201,151)					\$ 116,099
545,305		\$ 285,831			\$ 183,120	\$ 259,474		\$ 285,831	3,740,700
	\$ 1,961,335	556,139			556,139	1,405,196		556,139	556,139
	56,558,143	21,717,408			26,579,209	29,978,935	\$ 4,861,800	21,717,409	26,579,208
	1,489,179					1,489,179			
746,456	60,008,657	22,559,378	\$ -	(201,151)	27,318,468	33,132,784	4,861,800	22,559,379	30,992,146
258,000		60,236			18,577	196,339	1,425	60,236	61,661
258,000		60,236			18,577	196,339	1,425	60,236	61,661
1,004,456	60,008,657	22,619,614		(201,151)	27,337,045	33,329,123	4,863,225	22,619,615	31,053,807
67,000		17,488				49,512		17,488	17,488
67,000		17,488				49,512		17,488	17,488
\$ 1,071,456	\$ 60,008,657	\$ 22,637,102	\$ -	\$ (201,151)	\$ 27,337,045	\$ 33,378,635	\$ 4,863,225	\$ 22,637,103	\$ 31,071,295

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Expenditures of State Financial Assistance  
 For the Year Ended December 31, 2018

<u>State Grantor/ Program Title</u>	<u>State GMIS Number</u>	<u>Pass-through Grantors' Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>	
				<u>From</u>	<u>To</u>
State of New Jersey,					
<u>Department of Environmental Protection:</u>					
NJ Environmental Infrastructure Bank Financing Program:					
Camden City Green & Grey Infrastructure Improvement Project					
- Supplemental	042-4860-711-010	S340640-14-1	\$ 105,750	05/28/15	Open
Camden City Green & Grey Infrastructure Improvement Project - Phase II	042-4860-711-010	S340640-15	1,333,391	07/19/16	Open
Camden City Green & Grey Infrastructure Improvement Project					
- Phase III (5 Green Infrastructure and Sewer Recon)	Unknown	S340640-17	653,778	01/12/18	Open
Anaerobic Digester (AD) & Combined Heat and Power (CHP)	Unknown	S340640-18	18,852,714	03/20/18	Open
Cooper Street Pipe Lining & Arch Street Pump					
Station Upgrades	Unknown	S340640-22	496,393	12/21/18	Open
Total State Financial Assistance - Department of Environmental Protection					

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

## CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

## Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2018

Receivable Balance <u>Dec. 31, 2017</u>	Revenue <u>Recognized</u>	Cash <u>Receipts</u>	Adjustments	Disbursements or Expenditures	Receivable Balance		(Memo Only)	
					Project Funds Balance	Unreimbursed Expenditures	Cash Received 2018	Accumulated Expenditures
\$ 67,050			\$ (67,050)					\$ 38,700
181,768		\$ 95,276		\$ 61,042	\$ 86,492		\$ 95,276	1,246,899
	\$ 653,778	185,379		185,379	468,399		185,379	185,379
	18,852,714	7,239,136		8,859,736	9,992,978	\$ 1,620,600	7,239,136	8,859,736
	496,393				496,393			
\$ 248,818	\$ 20,002,885	\$ 7,519,791	\$ (67,050)	\$ 9,106,157	\$ 11,044,262	\$ 1,620,600	\$ 7,519,791	\$ 10,330,714

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Year Ended December 31, 2018

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**Note 1: BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) include federal and state award activity of the Camden County Municipal Utilities Authority (hereafter referred to as the “Authority”) under programs of the federal government and state government for the year ended December 31, 2018. The Authority is defined in note 1 to the Authority’s basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position and changes in operations of the Authority.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedules are presented using the accrual basis of accounting. This basis of accounting is described in note 1 to the Authority’s basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**Note 3: INDIRECT COST RATE**

The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the Authority’s basic financial statements.

**Note 5: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**Note 6: ADJUSTMENTS**

Amounts reported in the columns entitled “adjustments” represent the final adjustment made to program award amounts by the grantor agency, thus limiting the allowable project expenditures and de-obligating amounts of fund and trust loan repayments in the same amounts.



**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance (Cont'd)  
For the Year Ended December 31, 2018

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**Note 7: MAJOR PROGRAMS**

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

**CAMDEN COUNTY  
MUNICIPAL UTILITIES AUTHORITY**

**PART III**

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2018**





**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2018

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***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, 2018

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**None.**

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2018

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

**None.**

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Summary Schedule of Prior Year Audit Findings  
and Recommendations as Prepared by Management

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This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

**FINANCIAL STATEMENT FINDINGS**

None.

**FEDERAL AWARDS**

Not Applicable.

**STATE FINANCIAL ASSISTANCE**

Not Applicable.



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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

