

**CAMDEN COUNTY
MUNICIPAL UTILITIES AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Roster of Officials
December 31, 2019

Commissioners

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

Position

Chairperson
Vice – Chairperson
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, 2019 AND 2018**

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, 2019 and 2018 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Camden County Municipal Utilities Authority, in the County of Camden, State of New Jersey, a component unit of the County of Camden, as of December 31, 2019 and 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension liability, schedule of the Authority's pension contributions, schedule of the Authority's proportionate share of the net OPEB liability, schedule of the Authority's OPEB contributions, and schedule of changes in the Authority's total OPEB liability and related ratios, 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 December 21, 2020 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

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
December 21, 2020

**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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 21, 2020.

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.

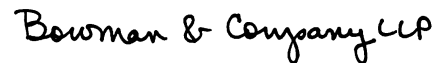
Compliance and Other Matters

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
December 21, 2020

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2019 and 2018 (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, 2019. The financial section of the annual report consists of four sections: Management’s Discussion and Analysis (this section), the basic financial statements together with the notes thereto, required supplementary information and related notes, 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.

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, 2019 compared to December 31, 2018 and December 31, 2017. 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 below.

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.

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
For the Years Ended December 31, 2019 and 2018 (unaudited)**

REQUIRED SUPPLEMENTARY INFORMATION

This section provides presentations of the Authority's financial information in accordance with the requirements of Governmental Accounting Standard Board (GASB) Statement No. 68 and Statement No. 75 as more fully described in the Changes in Financial Position section below.

SUPPLEMENTARY INFORMATION

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

NET POSITION

The following table provides a summary of the Authority's net position for 2019, 2018 and 2017.

<u>SUMMARY OF FINANCIAL POSITION</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	Change from 2018 to 2019	
				<u>Amount</u>	<u>%</u>
ASSETS					
Unrestricted Assets	\$ 33,346,969	\$ 23,522,847	\$ 21,634,960	\$ 9,824,122	41.76%
Restricted Assets	47,688,000	61,665,623	11,923,028	(13,977,623)	-22.67%
Capital Assets, Net	486,164,686	467,804,871	460,509,431	18,359,815	3.92%
Total Assets	567,199,655	552,993,341	494,067,419	14,206,314	2.57%
DEFERRED OUTFLOWS OF RESOURCES	7,666,324	8,203,079	8,808,178	(536,755)	-6.54%
LIABILITIES					
Current Liabilities	27,495,565	38,822,237	60,649,924	(11,326,672)	-29.18%
Total Long-Term Liabilities	243,964,001	232,901,616	152,775,701	11,062,385	4.75%
Total Liabilities	271,459,566	271,723,853	213,425,625	(264,287)	-0.10%
DEFERRED INFLOWS OF RESOURCES	24,558,656	21,535,130	6,291,417	3,023,526	14.04%
NET POSITION					
Net Investment in Capital Assets	307,838,254	305,947,174	314,948,322	1,891,080	0.62%
Restricted for Bond Covenants	7,367,000	6,394,000	6,546,000	973,000	15.22%
Unrestricted (Deficit)	(36,357,497)	(44,403,737)	(38,335,767)	8,046,240	-18.12%
Total Net Position	\$ 278,847,757	\$ 267,937,437	\$ 283,158,555	\$ 10,910,320	4.07%

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
For the Years Ended December 31, 2019 and 2018 (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>2019</u>	<u>2018</u>	<u>2017</u>
Unrestricted Net Position (Deficit)	\$ (36,357,497)	\$ (44,403,737)	\$ (38,335,767)
Pension Related Items:			
Deferred Outflows Related to Pensions	5,144,076	5,612,980	8,230,985
Less: Accounts Payable Related to Pensions	(1,169,075)	(1,115,776)	(1,072,518)
Less: Accrued Liability Related to Pensions	(584,538)	(557,888)	(536,259)
Less: Net Pension Liability	(21,656,050)	(22,086,642)	(26,950,224)
Less: Deferred Inflows Related to Pensions	(8,913,492)	(8,662,354)	(6,197,032)
	<u>(27,179,079)</u>	<u>(26,809,680)</u>	<u>(26,525,048)</u>
OPEB Related Items:			
Deferred Outflows Related to OPEB	2,113,533	2,097,146	
Less: Net OPEB Liability	(20,496,647)	(24,455,951)	
Less: Deferred Inflows Related to OPEB	(15,645,164)	(12,828,959)	
	<u>(34,028,278)</u>	<u>(35,187,764)</u>	<u>-</u>
Unrestricted Net Position (Deficit), net of the effect of Pension and OPEB	<u>\$ 24,849,860</u>	<u>\$ 17,593,707</u>	<u>\$ (11,810,719)</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, 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, 2019 and 2018 (unaudited)**

CHANGES IN FINANCIAL POSITION (CONT'D)

In 2019, the Authority's net position increased by 4.07% from 2018 and decreased by 1.52% from 2017. The increase in 2019 resulted from the Authority's continued investment into infrastructure assets as long-term debt and related interest expenses decreased. The total assets increased by \$14,206,314; however, total liabilities decreased \$264,287. Interest expense in 2019 decreased by \$1,374,950 or 44.04% from 2018 and decreased by \$3,420,183 or 66.19% from 2017.

The Authority's Bond Resolutions and State Regulations govern Restricted Assets. The category Restricted Assets decreased by 22.67% from 2018 and increased by 299.97% from 2017 due to 1) as the 1990 Capital Appreciation Bonds Series A reached final maturity in 2019, the amount required in debt service reserve decreased; and 2) the Authority drew down project funds from New Jersey Infrastructure Bank to fund the costs of several projects undertaken by the Authority during 2019; thus reducing amount of Cash Held by Fiscal Agent.

The decrease in Current Liabilities comes from the final maturity of 1990 Capital Appreciation Bonds Series A in 2019. The decrease is offset by increase in long-term liabilities in that the Authority closed on several Interim Financing Loans with the New Jersey Infrastructure Bank in 2019 to fund several construction projects. It is anticipated that permanent long-term financing will be obtained through the New Jersey Infrastructure Bank upon completion of the projects.

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
For the Years Ended December 31, 2019 and 2018 (unaudited)**

<u>CHANGES IN NET POSITION</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	Change from 2018 to 2019	
				<u>Amount</u>	<u>%</u>
OPERATING REVENUE					
User Charges and Fees	\$ 84,778,782	\$ 84,509,872	\$ 84,011,697	\$ 268,910	0.32%
Other Revenue	8,042,268	6,444,008	6,212,979	1,598,260	24.80%
Total Operating Revenues	92,821,050	90,953,880	90,224,676	1,867,170	2.05%
OPERATING EXPENSES					
Administration	8,084,567	10,918,236	9,972,707	(2,833,669)	-25.95%
Cost of Providing Services	34,522,381	30,109,223	28,057,351	4,413,158	14.66%
Depreciation	26,157,626	26,320,274	25,482,697	(162,648)	-0.62%
Total Operating Expenses	68,764,574	67,347,733	63,512,755	1,416,841	2.10%
OPERATING INCOME	24,056,476	23,606,147	26,711,921	450,329	1.91%
NONOPERATING REVENUE (EXPENSES):					
Investment Income	550,512	333,554	230,092	216,958	65.04%
Grant Revenues	173,476	50,748	60,571	122,728	241.84%
Interest Expense	(1,747,150)	(3,122,100)	(5,167,333)	1,374,950	-44.04%
Bond Issuance Costs	(324,868)	(800,116)	(84,573)	475,248	-59.40%
Shared Services Agreement County of Camden	(10,000,000)			(10,000,000)	
Community Service Projects	(639,958)	(24,243)	(252,616)	(615,715)	2539.76%
Amortization of Pre-Operating Costs	(7,019)	(7,021)	(7,019)	2	-0.03%
Net Loss on Disposal and Abandonment of Capital Assets	(1,151,149)			(1,151,149)	
TOTAL NON-OPERATING ITEMS	(13,146,156)	(3,569,178)	(5,220,878)	(9,576,978)	268.32%
Income Before Contributions	10,910,320	20,036,969	21,491,043	(9,126,649)	-45.55%
Capital Contributions			1,000,000	-	
Increase in Net Position	10,910,320	20,036,969	22,491,043	(9,126,649)	-45.55%
Total Net Position Jan. 1, As Originally Stated	267,937,437	283,158,555	260,667,512	(15,221,118)	-5.38%
Cumulative Effect of Change in Accounting Principle		(35,258,087)		35,258,087	
Total Net Position Jan. 1, As Restated	267,937,437	247,900,468	260,667,512	20,036,969	8.08%
Net Position Dec. 31	\$ 278,847,757	\$ 267,937,437	\$ 283,158,555	\$10,910,320	4.07%

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
For the Years Ended December 31, 2019 and 2018 (unaudited)**

CHANGES IN NET POSITION (CONT'D)

The 2019 total operating revenue showed an overall increase of 2.05% from 2018 and an increase of 2.88% from 2017. The change was mainly due to the changes in the connection fees realized.

The Authority's total operating expenses in 2019 increased by \$1,416,841 or 2.10% from 2018 and increased by \$5,251,819 or 8.27% from 2017. The increase in 2019 was due to the net effect of 1) decrease in GASB 75 OPEB expense from 2018; and 2) increase in sludge drying and disposal costs because of sludge dryers being out of service due to repair and maintenance.

In 2019, non-operating revenue, net of expenses, decreased by 268.32% compared to 2018 and by 151.80% compared to 2017 because of 1) the Authority contributed \$10,000,000 to the County of Camden for the repair and/or replacement of certain County infrastructure projects in accordance with the provisions of N.J.S.A. 40:14B-40.2; and 2) the Authority incurred losses on disposal and abandonment of capital assets.

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. In 2019, actual revenues exceeded the anticipated revenues by \$2,274,753 [\$93,545,038 vs. \$91,270,285]. Connection fees revenue significantly increased in 2019 from historical averages, as several development projects were underway in the County. Interest on investment and deposit also contributed to the excess as the improved cash position allowed for accumulation of interest earnings. Total operating appropriations came in well under the budget for 2019 in the amount of \$6,600,593 [\$54,937,606 vs. \$61,538,199]. Actual costs for items such as fringe benefits, utility and sludge disposals were lower than anticipated in the budget.

DEBT ADMINISTRATION

During the year 2019, the Authority continued to pay down its outstanding debt from operating revenues and using the Debt Service Reserve Fund.

On April 5, 2019, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$7,281,494 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 construction of an interceptor to accept flow from Camden City Combined Sewer Overflow System ("CSO").

On May 15, 2019, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$4,213,812 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 construction work at nine CSOs in Camden City to restore design functionality.

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
For the Years Ended December 31, 2019 and 2018 (unaudited)**

DEBT ADMINISTRATION (CONT'D)

On June 21, 2019, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$10,254,094 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 upgrades to four existing raw sewage pumps.

On June 21, 2019, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$3,795,997 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 upgrades to plant to receive more wet weather flow.

CAPITAL IMPROVEMENTS AND CONSTRUCTION ACTIVITY

The major projects in the Authority's capital improvements plan include the following:

- Sludge Digester – the sludge digester project will reduce sludge volumes by approximately 50%, which will reduce odor potential and disposal costs. Additionally, the bio-gas produced by the digester will be harvested for use in the CCMUA's combined heat and power system which will allow the Authority to produce approximately 50% of the its electricity from sludge. The project is substantially complete as of September 30, 2020. Hot Commissioning and Testing will continue into 2021 with performance testing and acceptance scheduled for late summer 2021.
- Raw Sewage Pump Upgrade – the raw sewage pump project will increase the overall capacity of the headworks of the Delaware #1 WPCF to 240 MGD and the firm capacity to 180 MGD, which is a 30 MGD increase from the present configuration. This project will allow the wastewater treatment plant to accept more flow from Camden's combined sewer system during wet weather and will improve the efficiency of the pumps by utilizing variable speed drives. The project is scheduled to be completed by the Fall of 2021.
- Berlin Force Main Project – the emergency rehabilitation, lining and replacement of the full length (8,400 linear feet) of Berlin Force Main. This force main unexpectedly failed. The project should be complete by December 31, 2020.
- Newton Lake Dredging Project – the dredge project consists of the removal of approximately 257,000 cubic yards of sediment that has been deposited in the lake over the past decades. The goal of the project is to improve water quality and allow for the use of the lake for recreational activities. The project will be complete in late 2021 or early 2022. A bank stabilization project that will allow for management of sediment is currently under design.

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 22,523,434	\$ 12,882,114
Accounts Receivable	10,811,564	10,617,237
Accrued Interest Receivable	11,471	22,996
Other	500	500
	<hr/>	<hr/>
Total Unrestricted Assets	33,346,969	23,522,847
Restricted Assets:		
Cash and Cash Equivalents	18,869,875	21,032,183
Cash Held by Fiscal Agent	25,302,950	33,132,783
Investments		2,616,944
Due from State of New Jersey -- NJDEP Fund Receivable	3,478,598	4,861,800
Grants Receivable	29,774	1,425
Accrued Interest Receivable	6,803	20,488
	<hr/>	<hr/>
Total Restricted Assets	47,688,000	61,665,623
	<hr/>	<hr/>
Total Current Assets	81,034,969	85,188,470
Noncurrent Assets:		
Restricted Assets:		
Capital Assets:		
Utility Plant-In Service, Net of Accumulated Depreciation	412,303,104	412,024,151
Construction in Progress	58,593,148	43,366,871
Other Capital Assets, Net of Accumulated Depreciation	15,268,434	12,413,849
	<hr/>	<hr/>
Total Capital Assets	486,164,686	467,804,871
	<hr/>	<hr/>
Total Noncurrent Assets	486,164,686	467,804,871
	<hr/>	<hr/>
Total Assets	567,199,655	552,993,341
DEFERRED OUTFLOWS OF RESOURCES		
Pre-Operating Costs	7,018	14,037
Deferred Loss on Refunding of Debt	401,697	478,916
Related to OPEB	2,113,533	2,097,146
Related to Pensions	5,144,076	5,612,980
	<hr/>	<hr/>
Total Deferred Outflows of Resources	7,666,324	8,203,079
	<hr/>	<hr/>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Net Position
As of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 9,343,646	\$ 10,631,887
Accounts Payable - Related to Pension	1,169,075	1,115,776
Accrued Expenses	728,744	924,490
Reserve for Grant Expenditures:		
Clean Water Enforcement Act	3,174,980	3,087,286
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	14,416,445	15,759,439
Current Liabilities Payable from Restricted Assets:		
Retainages Payable	2,189,714	1,419,594
Current Maturities of Long-Term Debt	10,301,299	20,992,837
Accrued Interest Payable	588,107	650,367
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	13,079,120	23,062,798
Long-Term Liabilities Payable:		
Net Pension Liability	21,656,050	22,086,642
Net OPEB Liability	20,496,647	24,455,951
Accrued Liabilities - Related to Pension	584,538	557,888
Long-term Debt	201,226,766	185,801,135
	<hr/>	<hr/>
Total Long-Term Liabilities	243,964,001	232,901,616
Total Liabilities	<hr/>	<hr/>
	271,459,566	271,723,853
DEFERRED INFLOWS OF RESOURCES		
Deferred Interest Revenue		43,817
Related to OPEB	15,645,164	12,828,959
Related to Pensions	8,913,492	8,662,354
	<hr/>	<hr/>
Total Deferred Inflows of Resources	24,558,656	21,535,130
NET POSITION		
Net Investment in Capital Assets	307,838,254	305,947,174
Restricted	7,367,000	6,394,000
Unrestricted (Deficit)	(36,357,497)	(44,403,737)
	<hr/>	<hr/>
Total Net Position	\$ 278,847,757	\$ 267,937,437

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUE		
User Charges and Fees	\$ 84,778,782	\$ 84,509,872
Connection Fees	5,294,459	3,441,390
Other	2,747,809	3,002,618
Total Operating Revenues	<u>92,821,050</u>	<u>90,953,880</u>
OPERATING EXPENSES		
Administration:		
Salary & Wages	2,306,765	2,197,924
Fringe Benefits	1,299,177	2,552,459
Other Expenses	4,478,625	6,167,853
Cost of Providing Services:		
Salary & Wages	8,248,383	8,075,545
Fringe Benefits	2,498,334	2,563,591
Other Expenses	23,775,664	19,470,087
Depreciation	26,157,626	26,320,274
Total Operating Expenses	<u>68,764,574</u>	<u>67,347,733</u>
OPERATING INCOME	<u>24,056,476</u>	<u>23,606,147</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment Income	550,512	357,803
Grant Revenues	173,476	50,748
Unrealized Loss on Investments		(24,249)
Interest Expense on Long Term Debt	(1,747,150)	(2,605,557)
Interest Expense on Short Term Debt		(516,543)
Bond Issuance Costs	(324,868)	(800,116)
Shared Services Agreement County of Camden	(10,000,000)	
Amortization of Pre-Operating Costs	(7,019)	(7,021)
Loss on Disposal of Capital Assets	(255,996)	
Loss on Abandonment of Capital Assets	(895,153)	
Community Service Projects	(639,958)	(24,243)
Total Non-operating Revenues (Expenses)	<u>(13,146,156)</u>	<u>(3,569,178)</u>
CHANGE IN NET POSITION	<u>10,910,320</u>	<u>20,036,969</u>
NET POSITION - BEGINNING, AS ORIGINALLY STATED	267,937,437	283,158,555
RESTATEMENT FOR GASB 75	-	(35,258,087)
NET POSITION - BEGINNING, AS RESTATED	267,937,437	247,900,468
CHANGE IN NET POSITION	<u>10,910,320</u>	<u>20,036,969</u>
NET POSITION - ENDING	<u>\$ 278,847,757</u>	<u>\$ 267,937,437</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 84,584,455	\$ 85,346,418
Other Operating Receipts	9,484,815	1,858,402
Payments to Suppliers	(29,738,276)	(18,849,118)
Payments to Employees	(15,142,747)	(15,175,211)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	49,188,247	53,180,491
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on Bonds	(20,490,021)	(19,759,646)
Interest Paid on Bonds	(2,053,474)	(2,820,248)
Interest Paid on Notes		(828,719)
Proceeds from Issuance of Long Term Debt	25,545,397	20,803,002
Proceeds from Refunding Bonds		60,008,657
Receipt of Cash Held by Fiscal Agents	26,745,230	27,318,468
Deposit of Cash Held by Fiscal Agents	(18,915,397)	(60,008,657)
Bond Issuance Costs	(324,868)	(800,116)
Receipts from Grants	173,476	50,748
Payment of Shared Services Agreement to County of Camden	(10,000,000)	
Payment of Notes		(29,000,000)
Acquisition and Construction of Capital Assets	(45,978,093)	(33,173,168)
Cash Received from Disposal of Capital Assets	439,665	
	<hr/>	<hr/>
Net Cash Used in Capital and Related Financing Activities	(44,858,085)	(38,209,679)
Cash Flows from Investing Activities:		
Investment Income	575,723	328,963
Deferred Interest Revenue	(43,817)	(50,568)
Redemption of Investments	2,616,944	2,638,124
Purchase of Investments		(2,616,944)
	<hr/>	<hr/>
Net Cash Provided by Investing Activities	3,148,850	299,575
Net Increase in Cash and Cash Equivalents	7,479,012	15,270,387
Cash and Cash Equivalents - January 1	<hr/>	<hr/>
	33,914,297	18,643,910
Cash and Cash Equivalents - December 31	<hr/> <hr/>	<hr/> <hr/>
	\$ 41,393,309	\$ 33,914,297

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Cash Flows
 For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Operating Income	\$ 24,056,476	\$ 23,606,147
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	26,157,626	26,320,274
Pension Liability Expense - GASB 68	369,398	284,631
OPEB Expense - GASB 75	(1,159,486)	(70,323)
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(194,327)	836,546
(Increase) Decrease in Grants and Loan Receivable	1,354,853	(4,699,943)
Increase (Decrease) in Unrestricted Accounts Payable and Accrued Expenses	(1,483,987)	6,788,822
Increase (Decrease) in Reserve for Grants	87,694	114,337
Net Cash Provided by Operating Activities	<u>\$ 49,188,247</u>	<u>\$ 53,180,491</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, 2019 and 2018

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, deferred loss on defeasance and the annual required contribution for the Authority's Other Postemployment Benefits (OPEB) Plan 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, 2019 and 2018.

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 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 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, 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 (benefit) 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 (benefit) 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.

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

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

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

Restricted - 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.

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

For the year ended December 31, 2019, the Authority early adopted Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The adoption of this Statement has impacted the year that the Authority will adopt several of the statements listed in the recently issued accounting pronouncements below.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as indicated 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. This Statement originally would have become effective for the Authority in the year ending December 31, 2019, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2020. 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. This Statement originally would have become effective for the Authority in the year ending December 31, 2019, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2020. 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. This Statement originally would have become effective for the Authority in the year ending December 31, 2020, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022. 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. This Statement originally would have become effective for the Authority in the year ending December 31, 2019, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2020. 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. This Statement originally would have become effective for the Authority in the year ending December 31, 2020, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2021. 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. This Statement originally would have become effective for the Authority in the year ending December 31, 2019, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2020. 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. This Statement originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statements are effective as follows:

1. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
2. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022.
3. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022.
4. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022.

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. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. This Statement will become effective for the Authority in the year ending December 31, 2021. GASB Statement 95 changed the effective date for paragraphs 13 and 14 to the year ending December 31, 2022. Management does not expect this Statement will have an impact on the financial statements.

Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The Statement will become effective for the Authority in the year ending December 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Statement will become effective for the Authority in the year ending December 31, 2023. Management does not expect this Statement will have an impact 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, except for the underfunding of the debt service reserve requirement as described below.

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.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)**General Bond Resolution (Cont'd)**

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.

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, 2019</u>	<u>Bond Year Ending December 31, 2018</u>
Gross Revenues:		
Operating Revenues	\$ 92,821,050	\$ 90,953,880
Interest Income	550,512	357,803
Total Gross Revenues	93,371,562	91,311,683
Operating Expenses, exclusive of depreciation	42,606,948	41,027,459
Net Revenues	50,764,614	50,284,224
Debt Service Requirement of all Bonds issued under this Resolution (treating all Bonds as a single issue of Bonds for purposes of this calculation) *	12,198,246	12,282,184
Sufficiency of Net Revenues	<u>\$ 38,566,368</u>	<u>\$ 38,002,040</u>

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, 2019</u>	<u>Bond Year Ending December 31, 2018</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	\$ 3,767,000	\$ 3,054,000
(a2) Consulting Engineer's Certificate for Plant Renewal and Replacement	<u>3,600,000</u>	<u>3,340,000</u>
Total Consulting Engineer's Certified Amount	<u>\$ 7,367,000</u>	<u>\$ 6,394,000</u>
or (b) five percent (5%) of the Gross Revenues set forth in the Authority's then current Annual Budget (\$91,270,285 x 5% for 2019) and (\$92,250,414 x 5% for 2018)	<u>\$ 4,563,514</u>	<u>\$ 4,612,521</u>
Total Renewal and Replacement / System Reserve	\$ 7,367,000	\$ 6,394,000
Amount of Renewal and Replacement / System Reserve Funded	<u>8,120,400</u>	<u>6,619,567</u>
Overfunded Total Renewal and Replacement / System Reserve	<u>\$ 753,400</u>	<u>\$ 225,567</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:

	Bond Year Ending December 31, 2019	Bond Year Ending December 31, 2018
(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),	\$ 1,389,110	\$ 12,200,613
or		
(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	77,871	162,643
2003 Series A	317,621	317,621
2006 Series A	384,160	384,160
2006 Series A (Refunding)	313,939	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>\$ 41,776,348</u>	<u>\$ 41,862,851</u>

Therefore, the defined Debt Service Reserve Requirement as of December 31, 2019 and 2018 shall equal \$1,389,110 and \$12,200,613, respectively.

The Authority has funded the Debt Service Reserve Requirement as of December 31, 2019 and 2018 as follows, which results in an underfunding as of December 31, 2019 in the amount of \$288,598.

	Bond Year Ending December 31, 2019	Bond Year Ending December 31, 2018
Amount on Deposit	\$ 1,099,567	\$ 4,299,445
Interest Receivable	945	7,054
Credit Facility Instrument (Letter of Credit)		18,000,000
	<u>\$ 1,100,512</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. The balance of the letter of credit was \$0 and \$18,000,000 at December 31, 2019 and 2018, respectively.

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, 2019 and 2018, the Authority's bank balances were exposed to custodial credit risk as follows:

	<u>2019</u>	<u>2018</u>
Uninsured and Collateralized with Securities Held by Pledging Bank's Trust Department, but not in the Authority's Name	\$ 35,662,910	\$ 21,634,279
Insured by F.D.I.C.	<u>1,000,000</u>	<u>1,000,000</u>
Total Bank Balance	<u>\$ 36,662,910</u>	<u>\$ 22,634,279</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 utilize for investing. 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. At December 31, 2019, the Authority has no investments. All of the Authority's \$2,616,944 as of December 31, 2018 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.

At December 31, 2019, the Authority has no investments. As of December 31, 2018, 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>
US Treasury Notes	08/31/19	Aaa	Level 1	<u>\$2,616,944</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.

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.

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

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>
2019	\$ 10,617,237	\$ 84,778,782	\$ 84,584,455	88.67%
2018	11,453,783	84,509,872	85,346,418	88.94%
2017	12,516,662	84,011,697	85,074,576	88.13%

Accounts Receivable

At December 31, 2019 and 2018, the balance in Accounts Receivable was \$10,811,564 and \$10,617,237, 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, 2019, the following changes in Capital Assets occurred:

	<u>Balance</u> <u>Jan. 1, 2019</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Capital Assets, not being depreciated:					
Land	\$ 6,440,900				\$ 6,440,900
Construction in Progress	43,366,871	\$ 40,108,692	\$ (23,987,262)	\$ (895,153)	58,593,148
Total Capital Assets not being depreciated	49,807,771	40,108,692	(23,987,262)	(895,153)	65,034,048
Capital Assets, being depreciated:					
Plant, In Service:					
Preliminary Treatment Facility	30,970,508				30,970,508
Secondary Treatment Plant	284,814,994		23,987,262	(1,141,209)	307,661,047
Interceptors	174,631,809			(51,318)	174,580,491
Incinerator	3,813,619			(3,813,619)	
Compost Facility	55,342,819				55,342,819
Pump Stations	185,301,467			(183,213)	185,118,254
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	2,729,056	28,360			2,757,416
Plant Machinery	34,396,120	5,025,897		(6,123,740)	33,298,277
Sundry	9,070,313	945,306		(1,159,970)	8,855,649
Total Capital Assets being depreciated	899,885,173	5,999,563	23,987,262	(12,473,069)	917,398,929
Less Accumulated Depreciation	481,888,073	26,157,626	-	(11,777,408)	496,268,291
Total Capital Assets being depreciated, Net	417,997,100	(20,158,063)	23,987,262	(695,661)	421,130,638
Total Capital Assets, Net	\$ 467,804,871	\$ 19,950,629	\$ -	\$ (1,590,814)	\$ 486,164,686

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

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

	<u>Balance</u>				<u>Balance</u>
	<u>Jan. 1, 2018</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</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 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 sources, is being charged to operations as a component of interest expense over the life of the refunding bonds.

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

During the year ended December 31, 2019, the following changes occurred in long-term obligations:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>Jan. 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Dec. 31, 2019</u>	<u>One Year</u>
Bonds and Loans Payable:					
Revenue Bonds Payable	\$ 57,379,674	\$ 6,630,000	\$ 3,162,566	\$ 60,847,108	\$ 3,284,088
Loans Payable	135,680,167	18,915,397	7,105,270	147,490,294	7,017,211
Capital Appreciation Bonds Payable	10,222,185	502,815	10,725,000		
Add:					
Premium on Bonds	3,511,946		321,283	3,190,663	
Total Bonds and Loans Payable	206,793,972	26,048,212	21,314,119	211,528,065	10,301,299
Other Liabilities:					
Net Pension Liability	22,086,642	14,707,071	15,137,663	21,656,050	
Accrued Liability - Related to Pensions	557,888	584,538	557,888	584,538	
Net OPEB Liability	24,455,951	14,309,921	18,269,225	20,496,647	
Total Other Liabilities	47,100,481	29,601,530	33,964,776	42,737,235	-
Total Long-Term Liabilities	\$ 253,894,453	\$ 55,649,742	\$ 55,278,895	\$ 254,265,300	\$ 10,301,299

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>Jan. 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Dec. 31, 2018</u>	<u>One Year</u>
Bonds and Loans Payable:					
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	
Total Bonds and Loans Payable	146,263,705	82,026,496	21,496,229	206,793,972	20,992,837
Other Liabilities:					
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	29,252,884	9,108,737	13,905,670	24,455,951	
Total Other Liabilities	56,739,367	22,275,899	31,914,785	47,100,481	-
Total Long-Term Liabilities	\$ 203,003,072	\$ 104,302,395	\$ 53,411,014	\$ 253,894,453	\$ 20,992,837

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**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 matured in 2019 and the 1990B Bonds matured in 2017.

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, 2019 and 2018.

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)

On November 9, 2000, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$4,075,000 from the Trust and \$2,908,943 from the Fund. The loan proceeds were used to fund the Winslow plant expansion project. The Fund Loan is a non-interest bearing loan with its semi-annual principal payments due August 1 and February 1, with a final maturity of August 1, 2020. As of December 31, 2019, \$83,946 of the Fund Loan has been de-obligated due to low bid adjustment. The Trust Loan carries interest rates from 5% to 5.25%. On June 22, 2006, the Authority closed on a refunding loan of \$3,383,431 from the Trust to refund the original Trust Loan; the refunding loan carries an interest rate of 5% with a final maturity of August 1, 2020.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**New Jersey Infrastructure Bank (NJIB) (f.k.a. New Jersey Environmental Infrastructure Trust) (Cont'd)**

On November 9, 2000, the Authority also closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$3,705,000 from the Trust and \$3,501,500 from the Fund. The loan proceeds were used to fund the wastewater treatment plant odor control project. The Fund Loan is a non-interest bearing loan with its semi-annual principal payments due August 1 and February 1. Fund Loan amounts not drawn down by the Authority totaling \$478,128 were de-obligated, the Authority paid off the adjusted loan amount on August 1, 2018. The Trust Loan carries interest rates from 5% to 5.25%. On June 22, 2006, the Authority closed on a refunding loan of \$3,088,956 to refund the original Trust Loan; the refunding loan carries an interest rate of 5% with a final maturity of August 1, 2020.

On November 8, 2003, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$1,465,000 from the Trust and \$3,755,879 from the Fund. The loan proceeds were used to: 1) replace sludge dewatering belt filter press; 2) install additional sludge thickening equipment, and 3) extend the plant effluent outfall. The Fund Loan is a non-interest bearing loan with its semi-annual principal payments due August 1 and February 1, with a final maturity of August 1, 2023. The Trust Loan carries interest rates from 3% to 5%. On August 18, 2010, the Authority closed on a refunding loan of \$1,083,972 to refund the original Trust Loan; the refunding loan carries interest rates from 4% to 5% with a final maturity of August 1, 2023.

On November 9, 2006, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$9,750,000 from the Trust and \$25,351,847 from the Fund. The loan proceeds were used to supplement the 2003 loans in funding the three projects noted above. The Fund Loan is a non-interest bearing loan with its semi-annual principal payments due August 1 and February 1. Fund Loan amounts not drawn down by the Authority totaling \$1,796,411 were de-obligated, and the adjusted final maturity after de-obligation is August 1, 2025. The Trust Loan carries interest rates from 4% to 5%. On August 18, 2010, the Authority closed on a refunding loan of \$9,249,100 to refund the original Trust Loan. On August 14, 2012, the Authority further closed on a refunding loan of \$5,808,090 to partially refund the 2010 refunding loan except for the 2024 principal installment of \$609,100. The 2012 refunding loan carries an interest rate of 4% with a final maturity of \$3,776,277.

On November 8, 2007, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$2,940,000 from the Trust and \$7,612,500 from the Fund. The loan proceeds were used to fund the replacement and upgrade of pure oxygen system and aeration tanks. The Fund Loan is a non-interest bearing loan with its semi-annual principal payments due August 1 and February 1, with a final maturity of August 1, 2027. The Trust Loan carries interest rates from 3.4% to 5%. On November 24, 2015, the Authority closed on a refunding loan of \$1,876,000 to refund the original Trust Loan; the refunding loan carries an interest rate of 5% with a final maturity of August 1, 2027.

On November 6, 2008, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$6,110,000 from the Trust and \$16,042,800 from the Fund. The loan proceeds were used to fund the construction of a new sludge drying facility. The Fund Loan is a non-interest bearing loan with its semi-annual principal payments due August 1 and February 1, with a final maturity of August 1, 2028. The Trust Loan carries interest rates from 3.4% to 5%. On May 10, 2016, the Authority closed on a refunding loan of \$3,641,000 to refund the original Trust Loan; the refunding loan carries interest rates from 4.5% to 5% with a final maturity of August 1, 2028.

On March 20, 2010, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$2,105,000 from the Trust and \$2,070,000 from the Fund. The loan proceeds were used to fund the replacement of odor control system. This project also included a Federal ARRA grant of \$4,412,000. The ARRA funds do not require repayment and were recorded as a capital contribution in the financial statements. The Fund Loan is a non-interest bearing loan with its semi-annual principal payments due August 1 and February 1, with a final maturity of August 1, 2029. The Trust Loan carries interest rates from 3.4% to 5%. On January 31, 2017, the Authority closed on a refunding loan of \$1,356,000 to refund the original Trust Loan; the refunding loan carries an interest rate of 4% with a final maturity of August 1, 2029.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**New Jersey Infrastructure Bank (NJIB) (f.k.a. New Jersey Environmental Infrastructure Trust) (Cont'd)**

On March 20, 2010, the Authority also closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$4,865,000 from the Trust and \$14,867,980 from the Fund. The loan proceeds were used supplementally fund the following projects: 1) construction of a new sludge drying facility; 2) replacement and upgrade of pure oxygen system and aeration tanks; and 3) the replacement of odor control system. The Fund Loan is a non-interest bearing loan with its semi-annual principal payments due August 1 and February 1, with a final maturity of August 1, 2030. The Trust Loan carries interest rates from 3.4% to 5%. On May 10, 2016, the Authority closed on a refunding loan of \$3,031,000 to refund the original Trust Loan; the refunding loan carries interest rates from 4.5% to 5% with a final maturity of August 1, 2030.

On May 3, 2012, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$1,100,000 from the Trust and \$3,397,500 from the Fund. The loan proceeds were used to fund the rehabilitation of existing deteriorating concrete structures within the Primary Treatment Facility. The Fund Loan is a non-interest bearing loan with its semi-annual principal payments due August 1 and February 1, with a final maturity of August 1, 2031. The Trust Loan carries interest rates from 3.4% to 5%, with a final maturity of August 1, 2031.

On May 3, 2012, the Authority also closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$14,375,000 from the Trust and \$34,037,500 from the Fund. The loan proceeds were used to fund the construction of the Atlantic Basin interceptor extension. This project also included a Federal ARRA grant of \$2,000,000. The ARRA funds do not require repayment and were recorded as a capital contribution in the financial statements. The Fund Loan is a non-interest bearing loan with its semi-annual principal payments due August 1 and February 1, with a final maturity of August 1, 2031. The Trust Loan carries interest rates from 3.4% to 5%, with a final maturity of August 1, 2031.

On September 1, 2013, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$1,820,000 from the Trust and \$4,625,562 from the Fund. The loan proceeds were used to supplementally fund the Atlantic Basin interceptor extension project. The Fund Loan is a non-interest bearing loan with its semi-annual principal payments due August 1 and February 1, with a final maturity of August 1, 2032. The Trust Loan carries interest rates from 3.4% to 5%, with a final maturity of August 1, 2032.

On May 28, 2015, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$355,000 from the Trust and \$993,413 from the Fund. The loan proceeds were used to supplementally fund the Atlantic Basin interceptor extension project. The Fund Loan is a non-interest bearing loan with its semi-annual principal payments due August 1 and February 1, with a final maturity of August 1, 2032. The Trust Loan carries interest rates from 4% to 5%, with a final maturity of August 1, 2032.

On May 28, 2015, the Authority also closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$1,325,000 from the Trust and \$2,242,750 from the Fund. The loan proceeds were used to fund the Camden City green and gray project. This project also included a Federal ARRA grant of \$2,000,000. The ARRA funds do not require repayment and were recorded as a capital contribution in the financial statements. The Fund Loan is a non-interest bearing loan with its semi-annual principal payments due August 1 and February 1, with a final maturity of August 1, 2034. The Trust Loan carries interest rates from 4% to 5%, with a final maturity of August 1, 2034.

On November 24, 2015, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$365,000 from the Trust and \$1,159,679 from the Fund. The loan proceeds were used to supplementally fund the construction of a new sludge drying facility. The Fund Loan is a non-interest bearing loan with its semi-annual principal payments due August 1 and February 1, with a final maturity of August 1, 2030. The Trust Loan carries interest rates from 3% to 5%, with a final maturity of August 1, 2030.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**New Jersey Infrastructure Bank (NJIB) (f.k.a. New Jersey Environmental Infrastructure Trust) (Cont'd)**

On November 24, 2015, the Authority also closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$105,000 from the Trust and \$317,250 from the Fund. The loan proceeds were used to supplementally fund the Camden City green and gray project. The Fund Loan is a non-interest bearing loan with its semi-annual principal payments due August 1 and February 1. As of December 31, 2019, Fund Loan totaling \$201,151 has been de-obligated; the adjusted final maturity for the Fund Loan is February 1, 2023. The Trust Loan carries interest rates from 3% to 5%, with a final maturity of August 1, 2034.

On May 25, 2017, the Authority also closed on loans from the New Jersey Environmental Infrastructure Trust totaling \$1,370,000 from the Trust and \$3,000,174 from the Fund. The loan proceeds were used to fund the Camden City green and gray project phase II. This project also included a Federal ARRA grant of \$1,000,000. The ARRA funds do not require repayment and were recorded as a capital contribution in the financial statements. The Fund Loan is a non-interest bearing loan with its semi-annual principal payments due August 1 and February 1, with a final maturity of August 1, 2046. The Trust Loan carries interest rates from 3% to 5%, with a final maturity of August 1, 2046.

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.

On April 5, 2019, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$7,281,494 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 construction of a interceptor to accept flow from Camden City Combined Sewer Overflow System.

On May 15, 2019, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$4,213,812 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 construction work at nine CSOs in Camden City to restore design functionality.

On June 21, 2019, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$10,254,094 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 upgrades to four existing raw sewage pumps.

On June 21, 2019, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$3,795,997 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 upgrades to plant to receive more wet weather flow.

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

The 2006, 2007, 2008, 2010, 2012, 2013, 2015, 2016, 2017, 2018 and 2019 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>Total</u>
2020	\$ 10,301,299	\$	1,402,312	\$	11,703,611
2021	88,574,874		1,248,087		89,822,961
2022	37,446,920		1,118,569		38,565,489
2023	10,020,636		982,709		11,003,345
2024	9,796,521		839,560		10,636,081
2025-2029	38,957,377		2,207,425		41,164,802
2030-2034	11,268,323		372,875		11,641,198
2035-2039	782,272		108,275		890,547
2040-2044	837,271		59,775		897,046
2045-2046	351,909		7,700		359,609
	208,337,402	\$	8,347,287	\$	216,684,689

Adjustments:

Bond Premium 3,190,663

\$ 211,528,065

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 for those employees hired prior to January 1, 2012. . 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. Exempt employees can earn up to 42 hours comp time in any year and the unused balance can be carried forward. 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, 2019 and 2018:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Vacation Time	\$ 452,682	\$ 461,686
Comp Time	147,133	349,682
	<u>\$ 599,815</u>	<u>\$ 811,368</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, 2019 and 2018, the penalties receivable amounted to \$135,367 and \$211,617, respectively. In accordance with the state statute, no allowance has been made for the collectability of this amount. Also, at December 31, 2019 and 2018, the amount due to the NJDEP for 10 percent of the penalties collected was \$244,721 and \$251,596, respectively.

Net Pension Liability

For details on the net pension liability, see the Pension Plans section of this note 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 other postemployment benefits, see the Postemployment Benefits Other Than Pensions (OPEB) section of this note that follows. The Authority's contributions to the postemployment benefits plan are budgeted and paid as they are due.

Lease Obligations

At December 31, 2019, the Authority had operating lease agreements in effect for various copier units and mailing machines. Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 30,229
2021	20,255
2022	14,078
2023	3,243

Rental payments under operating leases for the years ended 2019 and 2018 were \$25,401 and \$28,121.

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

A substantial number of the Authority's 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. The DCRP pension plan is administered by Prudential Financial for the Division. Each pension 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, required supplementary information and detailed information about the PERS pension plan's fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.state.nj.us/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 \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000 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. 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 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10.0% in State fiscal year 2019. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**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, 2019 and 2018 was 13.62% and 12.97% of the Authority's covered payroll, respectively. 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, 2019, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$1,169,075, and was payable by April 1, 2020. Based on the 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 payable by April 1, 2019. Employee contributions to the pension plan during the years ended December 31, 2019 and 2018 were \$652,080 and \$648,071, 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, DCRP 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 years ended December 31, 2019 and 2018, employee contributions totaled \$2,170 and \$3,711, respectively. The Authority recognized pension expense of \$1,117 and \$3,807 for the years ended December 31, 2019 and 2018, which equaled the required contributions. There were no forfeitures during the year.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS

At December 31, 2019, the Authority's proportionate share of the net pension liability was \$21,656,050. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2019. 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, 2019 measurement date, the Authority's proportion was .1201879785%, which was an increase of .0080132634% from its proportion measured as of June 30, 2018.

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.

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

For the years ended December 31, 2019 and 2018, the Authority recognized pension (benefit) expense of \$1,485,179 and \$1,357,150, respectively. These amounts were based on the plan's June 30, 2019 and 2018 measurement dates, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>June 30, 2019</u>		<u>June 30, 2018</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 388,698	\$ 95,667	\$ 421,196	\$ 113,886
Changes of Assumptions	2,162,436	7,516,747	3,639,513	7,062,134
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	341,849	-	207,174
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	2,008,404	959,229	994,383	1,279,160
Authority Contributions Subsequent to the Measurement Date	584,538	-	557,888	-
	<u>\$ 5,144,076</u>	<u>\$ 8,913,492</u>	<u>\$ 5,612,980</u>	<u>\$ 8,662,354</u>

The deferred outflows of resources related to pensions totaling \$584,538 and \$557,888 will be included as a reduction of the net pension liability in the years ended December 31, 2020 and 2019, respectively. This amount is based on an estimated April 1, 2021 and April 1, 2020 contractually required contribution, prorated from the pension plans measurement date of June 30, 2019 and June 30, 2018 to the Authority's year end of December 31, 2019 and 2018.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) 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 pensions over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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
June 30, 2019	5.21	-
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
June 30, 2019	-	5.21
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
June 30, 2019	-	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
June 30, 2019	5.21	5.21

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) 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 (benefit) expense as follows:

Year Ending December 31,	
2020	\$ (222,335)
2021	(1,832,946)
2022	(1,691,525)
2023	(592,975)
2024	(14,173)
	<u>\$ (4,353,954)</u>

Actuarial Assumptions – PERS

The net pension liability was measured as of June 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 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, 2019 and 2018. These actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date June 30, 2019	Measurement Date June 30, 2018
Inflation Rate:		
Price	2.75%	2.25%
Wage	3.25%	2.25%
Salary Increases:		
Through 2026	2.00% - 6.00%	1.65% - 4.15%
	Based on Years of Service	Based on Age
Thereafter	3.00% - 7.00%	1.65% - 4.15%
	Based on Years of Service	Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018	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, 2019 measurement date, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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).

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019 and 2018) 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, 2019 and 2018 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>Measurement Date</u> <u>June 30, 2019</u>		<u>Measurement Date</u> <u>June 30, 2018</u>	
	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.78%
High Yield	2.00%	5.37%	2.50%	6.82%
Private Credit	6.00%	7.92%		
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%
Real Assets	2.50%	9.31%	2.50%	11.83%
Real Estate	7.50%	8.33%	6.25%	9.23%
U.S. Equity	28.00%	8.26%	30.00%	8.19%
Non-U.S. Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
Buyouts/Venture Capital			8.25%	13.08%
Private Equity	12.00%	10.85%		
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2019 was 6.28%. The single blended discount rate as based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, 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 rate assumed that contributions from pension plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current pension plan members through 2057. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**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, 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 pension 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 pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current pension plan members through 2046; therefore, the long-term expected rate of return on pension 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.

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, 2019, the pension plan's measurement date, calculated using a discount rate of 6.28%, 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:

	December 31, 2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 27,355,111</u>	<u>\$ 21,656,050</u>	<u>\$ 16,853,785</u>

The following presents the Authority's proportionate share of the net pension liability at June 30, 2018, the pension plan's 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:

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Plan Fiduciary Net Position - PERS**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and additions to/deductions from PERS' respective fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, 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. For additional information about PERS, please refer to the pension plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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, 2019 and 2018, the accrued liability to the PERS for the 2003 program was \$116,434 and \$174,139 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 with a special funding situation. 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 to retirees and their covered dependents of the participating 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.

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)**

Plan Description and Benefits Provided (Cont'd) - In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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.

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 years ended December 31, 2019 and 2018, the Authority paid \$160,831 and \$291,047, respectively. These amounts represent 1.87% and 3.38% of the Authority's covered payroll. During the years ended December 31, 2019 and 2018, retirees were not required to contribute to the Plan.

Special Funding Situation Component - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997, as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB plan.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80% of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The Authority does not have a Special Funding Situation within the Plan.

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 (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

OPEB Liability - At December 31, 2019, the Authority's proportionate share of the net OPEB liability was \$17,927,141. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the Authority's proportion was .132342% which was a decrease of .008635% from its proportion measured as of the June 30, 2018 measurement date.

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 (Benefit) Expense - At December 31, 2019, the Authority's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is (\$578,986). As previously mentioned, for the year ended December 31, 2019, the Authority made contributions to the Plan totaling \$160,831.

At December 31, and 2018, the Authority's proportionate share of the OPEB (benefit) 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 (Benefit) 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, 2019 and 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, 2019</u>		<u>December 31, 2018</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>June 30, 2019</u>		<u>June 30, 2018</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>	<u>of Resources</u>	<u>of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 5,242,595	\$ -	\$ 4,484,312.0
Changes of Assumptions	-	6,352,980	-	5,602,486
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	14,767	-	11,672	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	1,615,511	3,893,913	1,878,623	2,598,997
Authority Contributions Subsequent to the Measurement Date	79,638	-	-	-
	<u>\$ 1,709,916</u>	<u>\$ 15,489,488</u>	<u>\$ 1,890,295</u>	<u>\$ 12,685,795</u>

The deferred outflows of resources related to OPEB totaling \$79,638 were the result of the Authority's contributions subsequent to the Plan's measurement date of June 30, 2019. The amounts will be included as a reduction of the Authority's net OPEB liability during the year ending December 31, 2020. For the year ended December 31, 2018, the Authority reported no deferred outflows of resources resulting from the Authority's contribution subsequent to the measurement date of June 30, 2018.

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 (Benefit) 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 other deferred outflow of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
June 30, 2017	-	-
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
June 30, 2019	-	8.05
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	-
June 30, 2019	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
June 30, 2019	8.05	8.05

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 (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other 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:

Year Ending Dec. 31,		
2020	\$	(2,298,037)
2021		(2,298,037)
2022		(2,299,195)
2023		(2,301,066)
2024		(2,302,775)
Thereafter		<u>(2,360,100)</u>
	\$	<u>(13,859,210)</u>

Actuarial Assumptions

The actuarial valuation at June 30, 2019 and 2018 used the following actuarial assumptions, applied to all periods in the measurement:

	Measurement Date June 30, 2019	Measurement Date June 30, 2018
Inflation Rate	2.50%	2.50%
Salary Increases *		
PERS:		
Initial Fiscal Year Applied:		
Rate Through 2026	2.00% to 6.00%	1.65% to 8.98%
Rate Thereafter	3.00% to 7.00%	2.65% to 9.98%

* The June 30, 2019 assumptions for salaries were based on years of service, and the June 30, 2018 assumptions for salaries were based on the defined benefit plan that the member is enrolled in and his or her age.

For the June 30, 2019 measurement date, mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PERS experience study prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30., 2018, respectively.

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)**

For the June 30, 2018 measurement date, 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.

Actuarial assumptions used in the July 1, 2017 valuation were based on the results of the PERS experience study prepared for July 1, 2011 to June 30, 2014.

100% of active members in both the June 30, 2019 and June 30, 2018 measurement dates 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, 2019 and 2018 were 3.50% and 3.87%, respectively. 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.

Health Care Trend Assumptions - For the June 30, 2019 measurement date, the trend rate for pre-Medicare medical benefits is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

For the June 30, 2018 measurement date, the trend rate for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits 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.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The net OPEB liability as of June 30, 2019, the plans measurement date, for the Authority calculated using a discount rate of 3.50%, 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, 2019</u>		
	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Authority's Proportionate Share of the Net OPEB Liability	\$ 20,728,335	\$ 17,927,141	\$ 15,650,800

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, 2019, 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, 2019</u>		
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Authority's Proportionate Share of the Net OPEB Liability	\$ 15,128,298	\$ 17,927,141	\$ 21,497,537

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, 2019 and 2018, the following employees were covered by the benefit terms:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	54	52
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments		
Active Employees	<u>104</u>	<u>97</u>
	<u>158</u>	<u>149</u>

Contributions

Employees are not required to contribute to the plan.

Total OPEB Liability

The Authority's total OPEB liability of \$2,659,506 as of December 31, 2019 and \$2,369,623 as of December 31, 2018 was measured as of December 31, 2019 and December 31, 2018, respectively. The liabilities were determined by an actuarial valuation as of December 31, 2018 and December 31, 2017, respectively.

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%
Salary Increases	2.75%
Discount Rate	2.74%
Healthcare Cost Trend Rates	
Medical and Prescription (Non-Medicare Eligible)	8.67% decreasing 0.33% each year through 2040 when it reaches the ultimate rate of 3.33%
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 the December 31, 2019 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 changes in the total OPEB liability for the years ended December 31, 2019 and 2018, respectively:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Balance at Beginning of Year	\$ 2,369,623	\$ 2,399,385
Changes for the Year:		
Service Cost	\$ 168,012	\$ 178,346
Interest Cost	94,221	79,321
Benefit Payments	(312,572)	(367,039)
Changes of Assumptions	(60,379)	(178,955)
Differences Between Expected and Actual Demographic Experience	<u>310,601</u>	<u>258,565</u>
Net Changes	<u>199,883</u>	<u>(29,762)</u>
Balance at End of Year	<u>\$ 2,569,506</u>	<u>\$ 2,369,623</u>

Changes in Benefits Terms – There were no significant changes of benefit terms at December 31, 2019.

Changes in Assumptions – For 2019, the discount rate changed from 4.10% as of December 2018 to 2.74% as of December 31, 2019. The future healthcare costs also decreased.

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:

	December 31, 2019		
	1.00% Decrease (1.74%)	Current Discount Rate (2.74%)	1.00% Increase (3.74%)
Total OPEB Liability	\$ 2,768,733	\$ 2,569,506	\$ 2,393,803

	December 31, 2018		
	1.00% Decrease (3.10%)	Current Discount Rate (4.10%)	1.00% Increase (5.10%)
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:

	December 31, 2019		
	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Total OPEB Liability	\$ 2,338,927	\$ 2,569,506	\$ 2,841,265

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

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

For the years ended December 31, 2019 and 2018, the Authority recognized OPEB (benefit) expense of \$328,201 and \$273,590. At December 31, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31, 2019		December 31, 2018	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ -	\$ 155,676	\$ -	\$ 143,164
Differences Between Expected and Actual Demographic Experience	403,617	-	206,851	-
	<u>\$ 403,617</u>	<u>\$ 155,676</u>	<u>\$ 206,851</u>	<u>\$ 143,164</u>

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

Fiscal Year Ending December 31,	
2020	\$ 65,968
2021	65,968
2022	65,963
2023	50,042
2024	-
Thereafter	-
	<u>\$ 247,941</u>

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Summary of State and Authority Plans**

At December 31, 2019 and 2018, the Authority reported deferred outflows of resources, net OPEB liability and deferred inflows of resources related to OPEB from the following sources:

	<u>Balance</u> <u>December 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31, 2019</u>
Deferred Outflows of Resources - Related to OPEB				
State Plan	\$ 1,890,295	\$ 85,138	\$ (265,517)	\$ 1,709,916
Authority Plan	206,851	310,601	(113,835)	403,617
Total Deferred Outflows of Resources - Related to OPEB	\$ 2,097,146	\$ 395,739	\$ (379,352)	\$ 2,113,533
Net OPEB Liability				
State Plan	\$ 22,086,328	\$ 13,737,087	\$ (17,896,274)	\$ 17,927,141
Authority Plan	2,369,623	572,834	(372,951)	2,569,506
Total Net OPEB Liability	\$ 24,455,951	\$ 14,309,921	\$ (18,269,225)	\$ 20,496,647
Deferred Inflows of Resources - Related to OPEB				
State Plan	\$ 12,685,795	\$ 5,367,247	\$ (2,563,554)	\$ 15,489,488
Authority Plan	143,164	60,379	(47,867)	155,676
Total Deferred Inflows of Resources - Related to OPEB	\$ 12,828,959	\$ 5,427,626	\$ (2,611,421)	\$ 15,645,164
	<u>Balance</u> <u>December 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31, 2018</u>
Deferred Outflows of Resources - Related to OPEB				
State Plan	\$ 4,602	\$ 2,150,519	\$ (264,826)	\$ 1,890,295
Authority Plan	-	258,565	(51,714)	206,851
Total Deferred Outflows of Resources - Related to OPEB	\$ 4,602	\$ 2,409,084	\$ (316,540)	\$ 2,097,146
Net OPEB Liability				
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
Total Net OPEB Liability	\$ 29,252,884	\$ 9,108,737	\$ (13,905,670)	\$ 24,455,951
Deferred Inflows of Resources - Related to OPEB				
State Plan	\$ 6,009,805	\$ 8,587,401	\$ (1,911,411)	\$ 12,685,795
Authority Plan	-	178,955	(35,791)	143,164
Total Deferred Inflows of Resources - Related to OPEB	\$ 6,009,805	\$ 8,766,356	\$ (1,947,202)	\$ 12,828,959

Note 6: INTERGOVERNMENTAL AGREEMENTS

Shared Service Agreement – County of Camden

The Authority and the County of Camden (“County”) signed an agreement dated October 19, 2015, for the purpose of the Authority to provide funding to the County to be utilized for the repair and/or replacement of certain County infrastructure projects in accordance with the provisions of N.J.S.A. 40:14B-40.2. The term of the agreement is January 1, 2016 through the completion of the program or December 31, 2025, whichever comes first. A revised list of projects was approved by the Director of Local Government Services, Department of Community Affairs, State of New Jersey (“DLGS”) in accordance with N.J.S.A. 40:14B-40.2. This statute established a pilot program that permits certain county utility authorities, upon approval by DLGS to fund such infrastructure improvements within their County. During the year ended December 31, 2019, the Authority paid \$10,000,000 to the County under this agreement.

Note 7: COMMITMENTS

The Authority had several outstanding or planned construction projects as of December 31, 2019. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Awarded</u>	<u>Commitments Remaining</u>
Combined Heat and Power	Camden Bioenergy	\$ 4,394,473
Sludge Digester	Northeast Remsco	6,119,000
Junction Chamber	Northeast Remsco	1,886,172
Raw Sewage Pump Upgrade	Eastern Environmental	8,410,554
Wet Weather Expansion	Eastern Environmental	1,349,284
Arch St. Pump Station Upgrade	MBE Mark III	248,910
Copper St. Lining	Arold Construction	129,990
Dredging/Cleaning Camden City CSO Outfalls	AP Construction	2,294,906
		\$ 24,833,289

Change Orders to Contracts

During the year 2019, the Authority had contracts that resulted in the total amount of change orders executed for the project to exceed the originally awarded contract price by more than 20 percent. The resolution numbers and project descriptions are as follows:

<u>Resolution No.</u>	<u>Project Description</u>
R-19:12-152	Design engineering services for the creation of living shoreline
R-19:11-136	Construction management services for sludge digestion and CHP project
R-19:11-138	Design engineering services for NJDEP-required long term combined sewer overflow control plan
R-19:3-47	Construction of the Cramer Hill Nature Preserve

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

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

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.

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, 2019 and 2018, the balance in the Reserve for Workers' Compensation Insurance Trust Fund was \$4,176,903 and \$3,222,503, respectively. The 2020 County Budget includes an appropriation in the amount of \$500,000 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: SUBSEQUENT EVENTS

The management of the Authority has evaluated its financial statements for subsequent events through the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus in New Jersey, economic uncertainties have arisen which could negatively impact the financial position of the Authority. While the impact that COVID-19 will have is currently expected to be temporary, as of the date of the financial statements, the related financial impact and duration cannot be reasonably estimated.

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 Seven Plan Years

	<u>Measurement Date Ending June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's Proportion of the Net Pension Liability	0.1201879785%	0.1121747151%	0.1157735181%	0.1201912615%
Authority's Proportionate Share of the Net Pension Liability	\$ 21,656,050	\$ 22,086,642	\$ 26,950,224	\$ 35,597,204
Authority's Covered Payroll (Plan Measurement Period)	\$ 8,546,900	\$ 7,810,320	\$ 8,072,408	\$ 8,089,364
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	253.38%	282.79%	333.86%	440.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Authority's Proportion of the Net Pension Liability	0.1119680574%	0.1107869940%	0.1067529933%	
Authority's Proportionate Share of the Net Pension Liability	\$ 25,134,585	\$ 20,742,355	\$ 20,402,618	
Authority's Covered Payroll (Plan Measurement Period)	\$ 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	325.81%	278.87%	279.00%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%	

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complied, 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 Seven Years

	Year Ended December 31,			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's Contractually Required Contribution	\$ 1,169,075	\$ 1,115,776	\$ 1,072,518	\$ 1,067,762
Authority's Contribution in Relation to the Contractually Required Contribution	(1,169,075)	(1,115,776)	(1,072,518)	(1,067,762)
Authority's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Authority's Covered Payroll (Calendar Year)	\$ 8,584,163	\$ 8,600,601	\$ 7,958,244	\$ 8,052,123
Authority's Contributions as a Percentage of its Covered Payroll	13.62%	12.97%	13.48%	13.26%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Authority's Contractually Required Contribution	\$ 962,625	\$ 913,312	\$ 804,362	
Authority's Contribution in Relation to the Contractually Required Contribution	(962,625)	(913,312)	(804,362)	
Authority's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	
Authority's Covered Payroll (Calendar Year)	\$ 8,003,763	\$ 7,738,097	\$ 7,479,662	
Authority's Contributions as a Percentage of its Covered Payroll	12.03%	11.80%	10.75%	

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complied, 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 Three Plan Years

	Measurement Date Ended June 30,		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.132342%	0.140977%	0.131533%
Authority's Proportionate Share of the Net OPEB Liability	\$ 17,927,141	\$ 22,086,328	\$ 26,853,499
Authority's Covered Payroll (Plan Measurement Period)	\$ 8,630,909	\$ 8,378,371	\$ 7,884,195
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	207.71%	263.61%	340.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	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 Three Years

	<u>Year Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Required Contributions	\$ 160,831	\$ 291,047	\$ 332,198
Authority's Contributions in Relation to the Required Contribution	<u>(160,831)</u>	<u>(291,047)</u>	<u>(332,198)</u>
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Calendar Year)	\$ 8,584,163	\$ 8,600,601	\$ 7,958,244
Authority's Contributions as a Percentage of Covered Payroll	1.87%	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
 Last Two Years

Total OPEB Liability	Year Ended December 31,	
	<u>2019</u>	<u>2018</u>
Service Cost	\$ 168,012	\$ 178,346
Interest Cost	94,221	79,321
Benefit Payments	(312,572)	(367,039)
Differences Between Expected and Actual Experience	(60,379)	258,565
Actuarial Assumption Changes	310,601	(178,955)
Net Change in Total OPEB Liability	199,883	(29,762)
Total OPEB Liability - Beginning of Year	2,369,623	2,399,385
Total OPEB Liability - End of Year	\$ 2,569,506	\$ 2,369,623
Covered-Employee Payroll	\$ 8,546,900	\$ 7,810,000
Total OPEB Liability as a Percentage of Covered-Employee Payroll	30.06%	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, 2019 and 2018

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, 5.66% 2018, and 6.28% 2019.

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, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-2010 General Below-Median Income Employee mortality table with a 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males, and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

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.

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Notes to Required Supplementary Information (Cont'd)

For the Years Ended December 31, 2019 and 2018

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

In 2019, there were slight changes to the Chapter 48 provisions.

Changes in Assumptions

In 2019, the discount rate changed to 3.50% from 3.87%, and there were changes in the assumed health care cost trend, PPO/HMO future retiree elections, and excise tax assumptions. Further, decrements, salary scale, and mortality assumptions were updated based on the July 1, 2013 - June 30, 2018 PFRS and July 1, 2014 - June 30, 2018 PERS experience studies. For mortality related to PFRS members and retirees, the Pub-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used. For mortality related to PERS members and retirees, the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used.

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.

In 2017, the discount rate changed to 3.58% from 2.85%.

Authority PlanChanges in Benefit Terms

None

Changes in Assumptions

For the December 31, 2019 measurement, the discount rate was updated from 4.10% to 2.74% to reflect the most recent 20-year municipal bond rate expectation. Claims and trends were updated to reflect recent experience and industry expectations.

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, 2019

	<u>Unrestricted</u>		<u>R e s t r i c t e d</u>			<u>Total</u>
	<u>Revenue</u>	<u>General Reserve</u>	<u>Debt Service</u>	<u>Debt Service Reserve</u>	<u>Renewal and Replacement</u>	
Operating Revenues	\$ 92,821,050					\$ 92,821,050
Operating Expenses	42,606,948	\$ 26,157,626				68,764,574
Operating Income (Loss)	50,214,102	(26,157,626)	\$ -	\$ -	\$ -	24,056,476
Non-operating Revenue (Expenses):						
Investment Income	331,579	69		114,620	104,244	550,512
Grant Revenues	173,476					173,476
Interest Expense on Long Term Debt			(1,747,150)			(1,747,150)
Bond Issuance Costs		(324,868)				(324,868)
Payment of Shared Services Agreement to County of Camden		(10,000,000)				(10,000,000)
Amortization of Pre-operating Costs		(7,019)				(7,019)
Loss on Disposal of Capital Assets		(255,996)				(255,996)
Loss on Abandonment of Capital Assets		(895,153)				(895,153)
Community Service Projects		(639,958)				(639,958)
Total Non-operating Revenue (Expenses)	505,055	(12,122,925)	(1,747,150)	114,620	104,244	(13,146,156)
Income (Loss) Before Transfers	50,719,157	(38,280,551)	(1,747,150)	114,620	104,244	10,910,320
Transfers	(42,672,917)	40,171,631	1,747,150	(114,620)	868,756	-
Change in Net Position	8,046,240	1,891,080			973,000	10,910,320
Total Net Position, January 1	(44,403,737)	305,947,174			6,394,000	267,937,437
Total Net Position, December 31	\$ (36,357,497)	\$ 307,838,254	\$ -	\$ -	\$ 7,367,000	\$ 278,847,757
Analysis of Balance, December 31:						
Net Investment in Capital Assets		\$ 307,838,254				\$ 307,838,254
Restricted for Bond Resolution Covenants					\$ 7,367,000	7,367,000
Unrestricted	\$ (36,357,497)					(36,357,497)
	\$ (36,357,497)	\$ 307,838,254	\$ -	\$ -	\$ 7,367,000	\$ 278,847,757

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, 2019

	<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, 2019	\$ 12,882,114	\$ 4,300,152	\$ 6,619,567	\$ 12,729,408	\$ 36,531,241
Cash Receipts:					
User Charges	84,584,455				84,584,455
Investment Income	343,094	124,603	107,951	75	575,723
Proceeds from Issuance of Long Term Debt, Net of Cash Held by Fiscal Agents		33,375,230			33,375,230
Non-operating Revenues	173,476				173,476
Proceeds from Disposal of Capital Assets	439,665				439,665
Transfer from Unrestricted Accounts	3,788,238		1,392,882	42,898,518	48,079,638
Connection Fees and Other Revenues	9,484,815				9,484,815
Total Cash Receipts and Investments Available	<u>111,695,857</u>	<u>37,799,985</u>	<u>8,120,400</u>	<u>55,628,001</u>	<u>213,244,243</u>
Cash Disbursements:					
Operating Expenditures	44,881,023				44,881,023
Deferred Interest Revenue		43,817			43,817
Debt Principal Payments		20,490,021			20,490,021
Interest Paid		2,053,474			2,053,474
Bond Issuance Costs		324,868			324,868
Payment of Shared Services Agreement to County of Camden		10,000,000			10,000,000
Capital Expenditures, Net of Change in Retainages				45,978,093	45,978,093
Transfer to Restricted Accounts	44,291,400	3,788,238			48,079,638
Total Cash Disbursements	<u>89,172,423</u>	<u>36,700,418</u>	<u>-</u>	<u>45,978,093</u>	<u>171,850,934</u>
Cash and Cash Equivalents --December 31, 2019	<u>\$ 22,523,434</u>	<u>\$ 1,099,567</u>	<u>\$ 8,120,400</u>	<u>\$ 9,649,908</u>	<u>\$ 41,393,309</u>

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Sewer Operations -- Revenues, Operating Appropriations,
 Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
 For the Year Ended December 31, 2019

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable-- (Unfavorable)</u>
Operating Revenues:				
User Charges and Fees	\$ 85,623,464	\$ 85,623,464	\$ 84,778,782	\$ (844,682)
Connection Fees	3,204,845	3,204,845	5,294,459	2,089,614
Other Operating Revenues	2,429,976	2,429,976	2,747,809	317,833
Total Operating Revenues	91,258,285	91,258,285	92,821,050	1,562,765
Non-Operating Revenues:				
Interest on Investments and Deposits	12,000	12,000	550,512	538,512
Grant Revenues			173,476	173,476
Total Non-Operating Revenues	12,000	12,000	723,988	711,988
Total Budget Revenues	91,270,285	91,270,285	93,545,038	2,274,753
Operating Appropriations:				
Administration:				
Salary & Wages	2,371,043	2,371,043	2,306,765	64,278
Fringe Benefits	2,926,339	2,926,339	2,089,264	837,075
Other Expenses	5,194,157	5,194,157	4,478,625	715,532
Total Administration	10,491,539	10,491,539	8,874,654	1,616,885
Cost of Providing Services:				
Salary & Wages	8,725,371	8,725,371	8,248,383	476,988
Fringe Benefits	3,218,636	3,218,636	2,498,334	720,302
Other Expenses	27,538,080	27,538,080	23,775,664	3,762,416
Total Cost of Providing Services	39,482,087	39,482,087	34,522,381	4,959,706
Total Principal Payments on Debt Service	11,564,573	11,564,573	11,540,571	24,002
Total Operating Appropriations	61,538,199	61,538,199	54,937,606	6,600,593
Non-Operating Appropriations:				
Renewal and Replacement Reserve	8,728,052	8,728,052		8,728,052
Shared Services Agreement County of Camden	10,000,000	10,000,000	10,000,000	
Interest Payments	11,004,034	11,004,034	10,696,600	307,434
Total Non-Operating Appropriations	29,732,086	29,732,086	20,696,600	9,035,486
Total Budget Appropriations	91,270,285	91,270,285	75,634,206	15,636,079
Excess Revenues over Expenses and Other Costs	\$ -	\$ -	\$ 17,910,832	\$ 17,910,832

(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, 2019

Adjustments to Reconcile Excess Revenues over Expenses and	
Other Costs to GAAP Basis Operating Income:	
Excess Revenues over Expenses and Other Costs (Schedule 3)	\$ 17,910,832
Less: Investment Income	(550,512)
Less: Grant Revenues	(173,476)
Less: Depreciation	(26,157,626)
Less: GASB 68 Pension Expense	(369,399)
Add: Shared Services Agreement Payment to the County of Camden	10,000,000
Add: GASB 75 OPEB Expense Adjustment	1,159,486
Add: Principal Payments on Bonds	11,540,571
Add: Interest Payments	<u>10,696,600</u>
Total Operating Income (Exhibit B)	<u><u>\$ 24,056,476</u></u>

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Analysis of Investment Income Receivable
 For the Year Ended December 31, 2019

	<u>Balance Jan. 1, 2019</u>	<u>Investment Income Earned</u>	<u>Investment Income Collected</u>	<u>Balance Dec. 31, 2019</u>
Unrestricted Assets:				
Revenue Account	\$ 22,996	\$ 331,574	\$ 343,099	\$ 11,471
Restricted Assets:				
Debt Service Reserve Account	10,923	114,620	124,598	945
Renewal and Replacement Account	9,565	104,244	107,951	5,858
Construction Account	6	69	75	
Special Reserve Account		5	5	
	<u>20,494</u>	<u>218,938</u>	<u>232,629</u>	<u>6,803</u>
	<u>\$ 43,490</u>	<u>\$ 550,512</u>	<u>\$ 575,728</u>	<u>\$ 18,274</u>
		Cash Collections	<u>\$ 575,728</u>	

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds
 For the Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Jan. 1, 2019</u>	<u>Bonds Issued</u>	<u>Paid 2019</u>	<u>Balance Dec. 31, 2019</u>
			<u>Date</u>	<u>Amount</u>					
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2006A - Winslow	06/22/06	\$ 3,383,431	08/01/20	<u>\$ 298,722</u>	5.00%	\$ 584,611	\$ -	\$ 285,889	\$ 298,722
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2006A - Odor Control	06/22/06	3,088,956	08/01/20	<u>\$ 280,949</u>	5.00%	547,777	-	266,828	280,949
County Agreement Sewer Revenue Bonds, Series 2006A	10/11/06	5,000,000	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>\$ 2,290,000</u>		2,570,000	-	280,000	2,290,000
NJEIT Sewer Wastewater Treatment Bonds, Series 2010B	12/02/10	4,865,000				225,000	-	225,000	-
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2010 (Refunding 2003A)	08/18/10	1,083,972	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>\$ 402,058</u>		493,433	-	91,375	402,058
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2010 (Partial Refunding 2006A)	08/18/10	609,100	08/01/24	<u>\$ 609,100</u>	2.14%	609,100	-	-	609,100
NJEIT Sewer Wastewater Treatment Bonds, Series 2012A (CW)	05/03/12	1,100,000	08/01/20	\$ 55,000	5.00%				
			08/01/21	55,000	5.00%				
			08/01/22	60,000	5.00%				
			08/01/23	60,000	5.00%				
			08/01/24	65,000	5.00%				
			08/01/25	70,000	5.00%				
			08/01/26	70,000	5.00%				
			08/01/27	75,000	3.00%				
			08/01/28	75,000	3.00%				

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds
 For the Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Jan. 1, 2019</u>	<u>Bonds Issued</u>	<u>Paid 2019</u>	<u>Balance Dec. 31, 2019</u>
			<u>Date</u>	<u>Amount</u>					
NJEIT Sewer Wastewater Treatment Bonds, Series 2012A (CW) (Cont'd)			08/01/29	\$ 80,000	3.13%				
			08/01/30	80,000	3.20%				
			08/01/31	85,000	3.25%				
				<u>\$ 830,000</u>		<u>\$ 880,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 830,000</u>
NJEIT Sewer Wastewater Treatment Bonds, Series 2012A (PF) (CW)	05/03/12	\$ 14,375,000	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>\$ 11,255,000</u>		<u>11,940,000</u>	<u>-</u>
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2012B-R (Partial Refunding 2006A)	08/14/2012	5,808,090	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>\$ 3,776,277</u>		<u>4,312,751</u>	<u>-</u>	<u>536,474</u>	<u>3,776,277</u>	
NJEIT Sewer Wastewater Treatment Bonds, Series 2013A (CW)	05/03/13	1,820,000	09/01/20	\$ 85,000	4.00%				
			09/01/21	90,000	4.00%				
			09/01/22	95,000	4.00%				
			09/01/23	100,000	5.00%				
			09/01/24	105,000	5.00%				
			09/01/25	110,000	3.00%				
			09/01/26	110,000	3.00%				
			09/01/27	115,000	3.00%				
			09/01/28	120,000	3.00%				
			09/01/29	120,000	3.00%				
			09/01/30	125,000	3.00%				
			09/01/31	130,000	3.00%				
			09/01/32	130,000	3.00%				
						<u>\$ 1,435,000</u>		<u>1,520,000</u>	<u>-</u>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds
 For the Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Jan. 1, 2019</u>	<u>Bonds Issued</u>	<u>Paid 2019</u>	<u>Balance Dec. 31, 2019</u>			
			<u>Date</u>	<u>Amount</u>								
NJEIT Sewer Wastewater Treatment Bonds, Series 2015A-1 (CW) 14	05/28/15	\$ 1,325,000	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%							
							\$ 1,135,000		\$ 1,185,000	\$ -	\$ 50,000	\$ 1,135,000
			NJEIT Sewer Wastewater Treatment Bonds, Series 2015A-1 (CW) 10-2	05/28/15	355,000	08/01/20	\$ 15,000	5.00%				
08/01/21	20,000	5.00%										
08/01/22	20,000	5.00%										
08/01/23	20,000	5.00%										
08/01/24	20,000	5.00%										
08/01/25	20,000	5.00%										
08/01/26	20,000	5.00%										
08/01/27	25,000	4.00%										
08/01/28	25,000	4.00%										
08/01/29	25,000	4.00%										
08/01/30	25,000	4.00%										
08/01/31	30,000	4.00%										
08/01/32	30,000	4.00%										
							\$ 295,000		310,000	-	15,000	295,000
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2015B-R (Refunding 2007A)	11/24/15	1,876,000	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%							
				\$ 1,460,000		1,606,000	-	146,000	1,460,000			

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds
 For the Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Jan. 1, 2019</u>	<u>Bonds Issued</u>	<u>Paid 2019</u>	<u>Balance Dec. 31, 2019</u>			
			<u>Date</u>	<u>Amount</u>								
NJEIT Sewer Wastewater Treatment Bonds, Series 2015A-2 (CW) 06-02	11/24/15	\$ 365,000	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%							
							\$ 305,000		\$ 325,000	\$ -	\$ 20,000	\$ 305,000
			NJEIT Sewer Wastewater Treatment Bonds, Series 2015A-2 (CW) 14-1	11/24/15	105,000	08/01/20	\$ 5,000	5.00%				
						08/01/21	5,000	5.00%				
08/01/22	5,000	5.00%										
08/01/23	5,000	5.00%										
08/01/24	5,000	5.00%										
08/01/25	5,000	5.00%										
08/01/26	5,000	3.00%										
08/01/27	5,000	3.00%										
08/01/28	5,000	3.00%										
08/01/29	5,000	3.00%										
08/01/30	5,000	3.00%										
08/01/31	5,000	3.00%										
08/01/32	10,000	3.00%										
08/01/33	10,000	3.125%										
08/01/34	10,000	3.125%										
				\$ 90,000		95,000	-	5,000	90,000			
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2016A-R1 (Refunding 2008A)	05/10/16	3,641,000	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%							
				\$ 3,349,000		3,641,000	-	292,000	3,349,000			

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds
 For the Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Jan. 1, 2019</u>	<u>Bonds Issued</u>	<u>Paid 2019</u>	<u>Balance Dec. 31, 2019</u>			
			<u>Date</u>	<u>Amount</u>								
NJEIT 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>		<u>\$ 3,031,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,031,000</u>
			NJEIT Environmental Infrastructure Refunding Bonds, Series 2017A-R2 (Refunding 2010A) (Green Bonds)	01/31/17	1,356,000	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%										
08/01/28	\$ 143,000	4.00%										
08/01/29	148,000	4.00%										
							<u>\$ 1,257,000</u>		<u>1,356,000</u>	<u>-</u>	<u>99,000</u>	<u>1,257,000</u>
NJEIT Environmental Infrastructure Green Bonds, Series 2017A-1	05/25/17	1,370,000	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%							

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds
 For the Year Ended December 31, 2019

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Jan. 1, 2019	Bonds Issued	Paid 2019	Balance Dec. 31, 2019
			Date	Amount					
NJEIT Environmental Infrastructure Green Bonds, Series 2017A-1 (Cont'd)			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>\$ 1,315,000</u>		<u>\$ 1,345,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 1,315,000</u>
NJIB Construction Financing Program, Series 2018 CFP-18-1 (640-17)	01/12/18	\$ 679,929	06/30/21	<u>\$ 679,929</u>		<u>679,929</u>	<u>-</u>	<u>-</u>	<u>679,929</u>
NJIB Construction Financing Program, Series 2018 CFP-18-2 (640-18)	03/20/18	19,606,824	06/30/21	<u>\$ 19,606,824</u>		<u>19,606,824</u>	<u>-</u>	<u>-</u>	<u>19,606,824</u>
NJIB Construction Financing Program, Series 2018 CFP-18-3 (640-22)	12/21/18	516,249	06/30/22	<u>\$ 516,249</u>		<u>516,249</u>	<u>-</u>	<u>-</u>	<u>516,249</u>
NJIB Construction Financing Program, Series 2019 CFP-19-1 (640-16)	04/05/19	1,890,000	06/30/22	<u>\$ 1,890,000</u>		<u>-</u>	<u>1,890,000</u>	<u>-</u>	<u>1,890,000</u>
NJIB Construction Financing Program, Series 2019 CFP-19-2 (640-23)	05/15/19	1,095,000	06/30/22	<u>\$ 1,095,000</u>		<u>-</u>	<u>1,095,000</u>	<u>-</u>	<u>1,095,000</u>
NJIB Construction Financing Program, Series 2019 CFP-19-3 (640-13)	06/21/19	2,660,000	06/30/22	<u>\$ 2,660,000</u>		<u>-</u>	<u>2,660,000</u>	<u>-</u>	<u>2,660,000</u>
NJIB Construction Financing Program, Series 2019 CFP-19-4 (640-24)	06/21/19	985,000	06/30/22	<u>\$ 985,000</u>		<u>-</u>	<u>985,000</u>	<u>-</u>	<u>985,000</u>
				Grand Total		<u>\$ 57,379,674</u>	<u>\$ 6,630,000</u>	<u>\$ 3,162,566</u>	<u>\$ 60,847,108</u>
		Cash					<u>\$ 6,630,000</u>	<u>\$ 3,162,566</u>	
		County Agreement Sewer Revenue Bonds							\$ 2,290,000
		NJEIT Refunding Bonds							14,464,106
		NJWTT / NJEIT Serial Bonds							16,660,000
		NJIB Interim / Construction Financing Program							<u>27,433,002</u>
									<u>\$ 60,847,108</u>

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2019</u>	<u>Loans Issued</u>	<u>Paid 2019</u>	<u>Balance Dec. 31, 2019</u>
2000 NJEIT Loan Series 2000A-2	11/09/00	\$ 2,908,943	02/01/20	\$ 4,036				
			08/01/20	73,834				
				<u>\$ 77,870</u>	<u>\$ 240,513</u>	<u>\$ -</u>	<u>\$ 162,643</u>	<u>\$ 77,870</u>
2003 NJEIT Loan Series 2003	11/08/03	3,755,879	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				
				<u>\$ 803,686</u>	<u>1,008,212</u>	<u>-</u>	<u>204,526</u>	<u>803,686</u>
2006 NJEIT Loan Series 2006B	11/09/06	25,351,847	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				
				<u>\$ 8,648,251</u>	<u>10,138,390</u>	<u>-</u>	<u>1,490,139</u>	<u>8,648,251</u>
2007 NJEIT Loan Series 2007A	11/08/07	7,612,500	02/01/20	\$ 66,550				
			08/01/20	378,732				
			02/01/21	60,307				
			08/01/21	390,327				
			02/01/22	52,056				
			08/01/22	399,915				
			02/01/23	43,360				
			08/01/23	409,058				
			02/01/24	35,589				
			08/01/24	410,206				
			02/01/25	27,160				

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2019</u>	<u>Loans Issued</u>	<u>Paid 2019</u>	<u>Balance Dec. 31, 2019</u>
2007 NJEIT Loan Series 2007A (Cont'd)			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>\$ 3,586,160</u>		<u>\$ 4,034,653</u>	<u>\$ -</u>	<u>\$ 448,493</u>
2008 NJEIT Loan Series 2008A	11/06/08	\$ 16,042,800	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>\$ 8,013,010</u>		<u>8,908,113</u>	<u>-</u>	<u>895,103</u>	<u>8,013,010</u>
2010 NJEIT Loan Series 2010A	03/20/10	2,070,000	02/01/20	\$ 36,964				
			08/01/20	73,929				
			02/01/21	36,964				
			08/01/21	73,929				
			02/01/22	36,964				
			08/01/22	73,929				
			02/01/23	36,964				
			08/01/23	73,928				
			02/01/24	36,964				
			08/01/24	73,929				
			02/01/25	36,964				
08/01/25	73,929							

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2019</u>	<u>Loans Issued</u>	<u>Paid 2019</u>	<u>Balance Dec. 31, 2019</u>	
2010 NJEIT Loan Series 2010A (Cont'd)			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>\$ 1,108,929</u>		<u>\$ 1,219,822</u>	<u>\$ -</u>	<u>\$ 110,893</u>	<u>\$ 1,108,929</u>
	2010 NJEIT Loan Series Fall 2010B	03/20/10	\$ 14,867,980	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>\$ 8,607,778</u>		<u>9,390,304</u>	<u>-</u>	<u>782,526</u>	<u>8,607,778</u>	
2012 NJEIT Loan Series 2012ABC (CW)	05/03/12	3,397,500	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					

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2019</u>	<u>Loans Issued</u>	<u>Paid 2019</u>	<u>Balance Dec. 31, 2019</u>	
2012 NJEIT Loan Series 2012ABC (CW) (Cont'd)			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>\$ 2,265,000</u>		<u>\$ 2,453,750</u>	<u>\$ -</u>	<u>\$ 188,750</u>	<u>\$ 2,265,000</u>
	2012 NJEIT Loan Series 2012ABC (PF) (CW)	05/03/12	\$ 34,037,500	02/01/20	\$ 728,030				
08/01/20				1,456,061					
02/01/21				728,030					
08/01/21				1,456,061					
02/01/22				728,030					
08/01/22				1,456,061					
02/01/23				728,030					
08/01/23				1,456,061					
02/01/24				728,030					
08/01/24				1,456,061					
02/01/25				728,030					
08/01/25				1,456,061					
02/01/26				728,030					
08/01/26				1,456,061					
02/01/27				728,030					
08/01/27				1,456,061					
02/01/28				728,030					
08/01/28	1,456,061								
02/01/29	728,030								
08/01/29	1,456,061								

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2019</u>	<u>Loans Issued</u>	<u>Paid 2019</u>	<u>Balance Dec. 31, 2019</u>
2012 NJEIT Loan Series 2012ABC (PF) (CW) (Cont'd)			02/01/30	\$ 728,030				
			08/01/30	1,456,061				
			02/01/31	728,030				
			08/01/31	1,092,044				
				<u>\$ 25,845,075</u>	<u>\$ 28,029,166</u>	<u>\$ -</u>	<u>\$ 2,184,091</u>	<u>\$ 25,845,075</u>
2013 NJEIT Loan Series 2013A (CW)	09/01/13	\$ 4,625,562	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>\$ 3,392,079</u>	<u>3,656,397</u>	<u>-</u>	<u>264,318</u>	<u>3,392,079</u>
2015 NJEIT Loan Series 2015A-1 (CW) 14	05/28/15	2,242,750	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							

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2019</u>	<u>Loans Issued</u>	<u>Paid 2019</u>	<u>Balance Dec. 31, 2019</u>
2015 NJEIT Loan Series 2015A-1 (CW) 14 (Cont'd)			02/01/23	\$ 39,346				
			08/01/23	78,693				
			02/01/24	39,347				
			08/01/24	78,693				
			02/01/25	39,346				
			08/01/25	78,693				
			02/01/26	39,347				
			08/01/26	78,693				
			02/01/27	39,346				
			08/01/27	78,693				
			02/01/28	39,347				
			08/01/28	78,693				
			02/01/29	39,346				
			08/01/29	78,693				
			02/01/30	39,347				
			08/01/30	78,693				
			02/01/31	39,346				
			08/01/31	78,693				
			02/01/32	39,347				
			08/01/32	78,693				
			02/01/33	39,346				
		08/01/33	78,693					
		02/01/34	39,346					
		08/01/34	78,693					
			<u>\$ 1,770,592</u>		<u>\$ 1,888,631</u>	<u>\$ -</u>	<u>\$ 118,039</u>	<u>\$ 1,770,592</u>
2015 NJEIT Loan Series 2015A-1 (CW) 10-2	05/28/15	\$ 993,413	02/01/20	\$ 18,744				
			08/01/20	37,487				
			02/01/21	18,744				
			08/01/21	37,487				
			02/01/22	18,744				
			08/01/22	37,487				
			02/01/23	18,744				
			08/01/23	37,487				
			02/01/24	18,744				
			08/01/24	37,487				
			02/01/25	18,744				
			08/01/25	37,487				
			02/01/26	18,744				
08/01/26	37,487							

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2019</u>	<u>Loans Issued</u>	<u>Paid 2019</u>	<u>Balance Dec. 31, 2019</u>	
2015 NJEIT Loan Series 2015A-1 (CW) 10-2 (Cont'd)			02/01/27	\$ 18,744					
			08/01/27	37,487					
			02/01/28	18,744					
			08/01/28	37,487					
			02/01/29	18,744					
			08/01/29	37,487					
			02/01/30	18,744					
			08/01/30	37,487					
			02/01/31	18,744					
			08/01/31	37,487					
			02/01/32	18,743					
			08/01/32	37,487					
				<u>\$ 731,002</u>		<u>\$ 787,233</u>	<u>\$ -</u>	<u>\$ 56,231</u>	<u>\$ 731,002</u>
	2015 NJEIT Loan Series 2015A-2 (CW) 06-02	11/24/15	\$ 1,159,679	02/01/20	\$ 26,356				
08/01/20				52,713					
02/01/21				26,356					
08/01/21				52,713					
02/01/22				26,356					
08/01/22				52,713					
02/01/23				26,356					
08/01/23				52,713					
02/01/24				26,356					
08/01/24				52,713					
02/01/25				26,356					
08/01/25				52,713					
02/01/26				26,356					
08/01/26				52,713					
02/01/27				26,356					
08/01/27				52,713					
02/01/28				26,356					
08/01/28				52,713					
02/01/29				26,356					
08/01/29	52,713								
02/01/30	26,356								
08/01/30	52,713								
			<u>\$ 869,759</u>		<u>948,828</u>	<u>-</u>	<u>79,069</u>	<u>869,759</u>	

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2019</u>	<u>Loans Issued</u>	<u>Paid 2019</u>	<u>Balance Dec. 31, 2019</u>
2015 NJEIT loan Series 2015A-2 (CW) 14-1	11/24/15	\$ 317,250	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				
				<u>\$ 53,783</u>			<u>\$ 70,778</u>	<u>\$ -</u>
2017 NJEIT Loan Series 2017A-1 (PF)	05/25/17	3,000,174	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							
02/01/35	34,485							
08/01/35	68,969							

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2019</u>	<u>Loans Issued</u>	<u>Paid 2019</u>	<u>Balance Dec. 31, 2019</u>
2017 NJEIT Loan Series 2017A-1 (PF) (Cont'd)			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>\$ 2,793,266</u>	<u>\$ 2,896,720</u>	<u>\$ -</u>	<u>\$ 103,454</u>	<u>\$ 2,793,266</u>
NJIB Construction Financing Program, Series 2018 CFP-18-1 (640-17)	01/12/18	\$ 1,961,335	06/30/21	<u>\$ 1,961,335</u>	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	<u>\$ 56,558,143</u>	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	<u>\$ 1,489,179</u>	1,489,179	-	-	1,489,179
NJIB Construction Financing Program, Series 2019 CFP-19-1 (640-16)	04/05/19	5,391,494	06/30/22	<u>\$ 5,391,494</u>	-	5,391,494	-	5,391,494
NJIB Construction Financing Program, Series 2019 CFP-19-2 (640-23)	05/15/19	3,118,812	06/30/22	<u>\$ 3,118,812</u>	-	3,118,812	-	3,118,812

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Loans Payable
 For the Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2019</u>	<u>Loans Issued</u>	<u>Paid 2019</u>	<u>Balance Dec. 31, 2019</u>
NJIB Construction Financing Program, Series 2019 CFP-19-3 (640-13)	06/21/19	\$ 7,594,094	06/30/22	<u>\$ 7,594,094</u>	\$ -	\$ 7,594,094	\$ -	\$ 7,594,094
NJIB Construction Financing Program, Series 2019 CFP-19-4 (640-24)	06/21/19	2,810,997	06/30/22	<u>\$ 2,810,997</u>	-	2,810,997	-	2,810,997
				Grand Total	<u>\$ 135,680,167</u>	<u>\$ 18,915,397</u>	<u>\$ 7,105,270</u>	<u>\$ 147,490,294</u>
				Cash Held by Fiscal Agent Cash		\$ 18,915,397	<u>\$ 7,105,270</u>	
						<u>\$ 18,915,397</u>	<u>\$ 7,105,270</u>	

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Capital Appreciation Bonds
 For the Year Ended December 31, 2019

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

**CAMDEN COUNTY
MUNICIPAL UTILITIES AUTHORITY**

PART II

SINGLE AUDIT SECTION

**FOR THE YEAR ENDED
DECEMBER 31, 2019**

**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, 2019. 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, 2019.

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
December 21, 2020

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2019

<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 From 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								
- Phase II	66.458	not known	042-4860-71I-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
Upgrades to Four Existing Raw Sewage Pumps	66.458	not known	not known	S340640-13	7,594,094	n/a	06/21/19	Open
Construction of a Interceptor to Accept Flow from Camden								
City Combined Sewer Overflow System	66.458	not known	not known	S340640-16	5,391,494	n/a	04/05/19	Open
Work at Nine CSOs in Camden City to Restore Design								
Functionality	66.458	not known	not known	S340640-23	3,118,812	n/a	05/15/19	Open
Upgrades to Plant to Received More Wet Weather Flow	66.458	not known	not known	S340640-24	2,810,997	n/a	06/21/19	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, 2019

Receivable Balance Dec. 31, 2018	Revenue Recognized	Cash Receipts	Passed- Through to Subrecipients	Adjustments	Total Federal Disbursements / Expenditures	Receivable Balance Dec. 31, 2019		(Memo Only)	
						Project Funds Balance	Unreimbursed Expenditures	Cash Received 2019	Accumulated Expenditures
\$ 259,474						\$ 259,474			\$ 3,740,700
1,405,196		\$ 646,481			\$ 784,887	620,309	\$ 138,406	\$ 646,481	1,341,026
34,840,735		21,222,500			18,839,658	11,139,277	2,478,958	21,222,500	45,418,866
1,489,179		811,189			811,189	677,990		811,189	811,189
	\$ 7,594,094	283,280			358,684	7,235,410	75,404	283,280	358,684
	5,391,494	2,996,732			3,653,938	1,737,556	657,206	2,996,732	3,653,938
	3,118,812	1,244,593			1,373,219	1,745,594	128,625	1,244,593	1,373,218
	2,810,997	923,656			923,656	1,887,341		923,656	923,656
37,994,584	18,915,397	28,128,431	\$ -	\$ -	26,745,231	25,302,951	3,478,599	28,128,431	57,621,277
197,764		36,544			35,119	161,220		36,544	96,780
197,764	-	36,544	-	-	35,119	161,220	-	36,544	96,780
38,192,348	18,915,397	28,164,975	-	-	26,780,350	25,464,171	3,478,599	28,164,975	57,718,057
49,512		45,132			45,132	4,380		45,132	62,620
49,512	-	45,132	-	-	45,132	4,380	-	45,132	62,620
\$ 38,241,860	\$ 18,915,397	\$ 28,210,107	\$ -	\$ -	\$ 26,825,482	\$ 25,468,551	\$ 3,478,599	\$ 28,210,107	\$ 57,780,677

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2019

<u>State Grantor/ Program Title</u>	<u>State</u>	<u>Pass-through</u>	<u>Program</u>	<u>Grant Period</u>	
	<u>GMIS Number</u>	<u>Grantors' Number</u>	<u>or Award Amount</u>	<u>From</u>	<u>To</u>
State of New Jersey,					
NJ Environmental Infrastructure Bank Financing Program:					
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) Cooper Street Pipe Lining & Arch Street Pump Station Upgrades	Unknown	S340640-18	18,852,714	03/20/18	Open
Upgrades to Four Existing Raw Sewage Pumps	Unknown	S340640-22	496,393	12/21/18	Open
Upgrades to Four Existing Raw Sewage Pumps	Unknown	S340640-13	2,531,365	06/21/19	Open
Construction of a Interceptor to Accept Flow from Camden City Combined Sewer Overflow System	Unknown	S340640-16	1,797,165	04/05/19	Open
Work at Nine CSOs in Camden City to Restore Design Functionality	Unknown	S340640-23	1,039,604	05/15/19	Open
Upgrades to Plant to Received More Wet Weather Flow	Unknown	S340640-24	936,999	06/21/19	Open
Total NJ Environmental Infrastructure Bank Financing Program					
<u>New Jersey Board of Public Utilities:</u>					
Distributed Energy Resource Microgrid Feasibility Study Incentive Program	082-2014-71D-019	Not Applicable	150,000	01/12/18	Open
Total New Jersey Board of Public Utilities					
Total State Financial Assistance					

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, 2019

Receivable Balance <u>Dec. 31, 2018</u>	Revenue Recognized	Cash Receipts	Adjustments	Disbursements or Expenditures	Receivable Balance <u>Dec. 31, 2019</u>		(Memo Only)	
					Project Funds Balance	Unreimbursed Expenditures	Cash Received 2019	Accumulated Expenditures
\$ 86,492					\$ 86,492			\$ 1,246,899
468,399		\$ 215,494		\$ 261,629	206,769	\$ 46,136	\$ 215,494	447,009
11,613,578		7,074,167		6,279,886	3,713,092	826,319	7,074,167	15,139,622
496,393		270,396		270,397	225,997		270,396	270,397
	\$ 2,531,365	94,427		119,561	2,411,803	25,135	94,427	119,562
	1,797,165	998,911		1,217,979	579,185	219,069	998,911	1,217,980
	1,039,604	414,864		457,740	581,865	42,875	414,864	457,739
	936,999	307,885		307,885	629,114		307,885	307,885
12,664,862	6,305,133	9,376,144	\$ -	8,915,077	8,434,317	1,159,534	9,376,144	19,207,093
	150,000	63,451		63,451	86,549		63,451	63,451
-	150,000	63,451	-	63,451	86,549	-	63,451	63,451
\$ 12,664,862	\$ 6,455,133	\$ 9,439,595	\$ -	\$ 8,978,528	\$ 8,520,866	\$ 1,159,534	\$ 9,439,595	\$ 19,270,544

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended December 31, 2019

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, 2019. 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: 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, 2019**

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2019

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued _____ Unmodified _____

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

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

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

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

Identification of major programs:

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

Dollar threshold used to determine Type A programs _____ \$ 804,764 _____

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

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

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

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

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

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

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

Identification of major programs:

GMIS Number(s)

Name of State Program

_____ 042-4860-711-010

_____ New Jersey Infrastructure Bank Financing Program

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

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

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

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, 2019

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, 2019

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

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

None.

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

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

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None.

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APPRECIATION

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

