CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

REPORT OF AUDIT

WITH
SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

31700

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Roster of Officials
December 31, 2016

Commissioners	Position
Michael G. Brennan	Chairman
James Bresch	Vice – Chairman
Jeffrey S. Swartz	Treasurer
Dorothy A. Burley	Commissioner
Woodrow Cuffee	Commissioner
James MacFarlane	Commissioner
Bradford Stokes	Commissioner
Vacant	Commissioner
Vacant	Commissioner

Other Officials	Position
Andrew Kricun	Executive Director / Chief Engineer
Wayne Planamento	Chief Financial Officer
Robert Cornforth	Director of Operations and Maintenance
Leonard Gipson	Director of Operations and Maintenance, Wastewater Treatment
Kim Michelini	Authority Secretary
Brown & Connery	Solicitor
Bank of New York (NJ)	Trustee

CAMDEN COUNTY
MUNICIPAL UTILITIES AUTHORITY

PART I

FINANCIAL SECTION

FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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, 2016 and 2015 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 principles 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.

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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, 2016 and 2015, 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 and schedule of the Authority's contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements. The 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
June 19, 2017

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Camden County Municipal Utilities Authority, in the County of Camden, State of New Jersey, a component unit of the County of Camden, (Authority), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 19, 2017.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
June 19, 2017

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2016 and 2015 (unaudited)

INTRODUCTION TO THE ANNUAL REPORT

The following Management's Discussion and Analysis (MD&A) of the Camden County Municipal Utilities Authority provides an introduction to the financial statements of the Authority for the year ended December 31, 2016. The financial section of the annual report consists of three sections: Management's Discussion and Analysis (this section), the basic financial statements together with the notes thereto and supplemental information. The financial statements section provides comparisons between current and prior years' results as well as budgeted and actual results on a supplemental schedule.

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

THE FINANCIAL STATEMENTS

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

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

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

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

SUPPLEMENTARY INFORMATION

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

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, 2016 compared to December 31, 2015 and December 31, 2014. It provides an assessment of how the Authority's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements described above.

SUMMARY OF FINANCIAL POSITION

	2016	2015	2014 (restated)
ASSETS			
Unrestricted Assets	$ 15,724,440	$ 25,392,627	$ 19,162,594
Restricted Assets	17,739,278	19,157,756	47,860,879
Capital Assets, Net	464,853,540	482,386,399	501,202,404
Other Capital Assets, Net	12,119,457	10,458,213	10,939,856
Total Assets	510,436,715	537,394,995	579,165,733
DEFERRED OUTFLOWS OF RESOURCES	12,716,221	5,211,206	3,246,487
LIABILITIES			
Current Liabilities	86,266,582	72,971,509	74,092,021
Total Long-Term Liabilities	175,966,113	226,285,632	274,574,335
Total Liabilities	262,232,695	299,257,141	348,666,356
DEFERRED INFLOWS OF RESOURCES	252,729	836,024	1,860,731
NET POSITION			
Net Investment in Capital Assets	237,880,001	237,530,934	240,851,180
Restricted for Bond Covenants	7,352,024	7,332,886	1,754,851
Unrestricted	15,435,487	(2,350,784)	(10,720,898)
Total Net Position	$ 260,667,512	$ 242,513,036	$ 231,885,133

CHANGES IN FINANCIAL POSITION

During the year ended December 31, 2015, the Authority was required to implement Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The pension liability is based on an actuarial estimate and the actual payments may vary as they will be paid over the employees' lifetime through retirement. The unfunded pension liability as of December 31, 2016 and 2015 was $35,597,204 and $25,134,585, respectively. In addition, the notes to the financial statements provide a more thorough discussion of the implementation of GASB 68 and the effects to the financial statements.

Since the pension liability is now required to be recorded in the financial statements, the liability and related expenses result in a deficit in unrestricted net position. Since this pension liability is considered a long-term liability, the Authority's management does not include these amounts when making current operating decisions. Management feels the current ratio, which is the comparison of current assets to current liabilities, combined with the fact that there will be a significant reduction in current debt service payments in 2018 is the best way to evaluate the operations of the Authority.

In 2016, the Authority's net position increased by 7.49% from 2015. The increase in 2016 from 2015 was due to the continued pay down of long-term debt. In 2015, the Authority's net position increased by 4.58% from 2014. The increase in 2015 from 2014 was due to the continued pay down of long term debt since the current rates support the cash flow needs of debt service which is larger than the GAAP basis depreciation.

The purchase of a letter of credit to cover the debt service reserve requirement allowed the Authority to de-obligate $40,000,000 of investments that were previously restricted. These funds were used to finance a portion of the operations and capital program of the Authority without increasing rates. Management feels a large rate increase would not have been appropriate to finance the additional operation and capital needs due to the previously mentioned significant drop in debt service in 2018.

The Authority's Bond Resolutions and the State Regulations govern Restricted Assets. The category Restricted Assets decreased by 7.40% from 2015 and decreased by 62.94% from 2014 due to a decrease in Cash Held by Fiscal Agent as well as a decrease in restricted investments as the Authority used the Debt Service Reserve Fund and Special Reserve Fund to pay down the debt after a letter of credit had been obtained in the amount of $40 million.

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
For the Year Ended December 31, 2016 and 2015 (unaudited)

CHANGES IN FINANCIAL POSITION (CONT'D)

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

CHANGES IN NET POSITION	2016	2015	2014 (restated)
OPERATING REVENUE			
User Charges and Fees	$ 83,825,295	$ 82,716,339	$ 80,687,686
Other Revenue	7,160,207	6,497,100	7,512,213
Total Operating Revenues	90,985,502	89,213,439	88,199,899
OPERATING EXPENSES			
Administration	11,063,739	10,102,891	7,494,448
Cost of Providing Services	29,540,265	29,550,109	28,934,742
Depreciation	25,487,920	25,705,503	22,300,804
Total Operating Expenses	66,091,924	65,358,503	58,729,994
OPERATING INCOME	24,893,578	23,854,936	29,469,905
NONOPERATING REVENUE (EXPENSES):			
Investment Income	214,607	187,036	247,144
Interest Expense	(7,629,101)	(10,947,620)	(14,242,364)
Bond Issuance Costs	(92,541)	(262,727)	
Contribution to the County of Camden		(3,401,873)	(3,310,756)
Net Gain (Loss) on Disposition of Capital Assets, and Other Non Operating Revenue (Expense)	(232,067)	(801,849)	148,401
TOTAL NON-OPERATING ITEMS	(7,739,102)	(15,227,033)	(17,157,575)
Income Before Contributions	17,154,476	8,627,903	12,312,330
Capital Contributions	1,000,000	2,000,000	-
Increase in Net Position	18,154,476	10,627,903	12,312,330
Total Net Position Jan. 1	242,513,036	231,885,133	219,572,803
Net Position Dec. 31	$ 260,667,512	$ 242,513,036	$ 231,885,133

CHANGES IN NET POSITION (CONT'D)

The 2016 total operating revenue showed an overall increase of 1.99% from 2015 and an increase of 3.16% from 2014. This increase over 2015 and 2014 is a result of additional users. The Authority continues to add billing units as reflected in connection fees. We continued to add billing units in 2016, which can be seen in the 10.21% increase in other revenues and connection fees as compared to 2015.

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

The Authority's total operating expenses increased by 1.12% from 2015 and increased by 12.54% from 2014. Of the increase, a significant amount was due to GASB 68 and the recognition of the pension liability which increased by $10,462,619 in 2016 from the previous balance of $25,134,585 in 2015.

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

Non-operating revenue, net of expenses, decreased by 49.18% compared to 2015 and by 54.89% compared to 2014 because of a reduction in interest expense and the Authority did not make a contribution to the County of Camden in 2016.

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

BUDGETARY HIGHLIGHTS

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

Category	Appropriation	Expenditure	Excess	Comment on Excess
Administration:				
Fringe Benefits	$2,302,361	$2,324,916	$22,555	Higher than expected employee benefit costs
Other Expenses	$3,402,540	$3,853,819	$451,279	Higher than expected professional service fees including management consulting fee
Total Principal Payments On Debt Service	$33,440,339	$33,504,381	$64,042	Principal payments for 2015 NJEIT Fall loans were not budgeted as the loans closed after the 2016 budget was prepared

DEBT ADMINISTRATION

During the year 2016, the Authority continued to pay down its outstanding debt from operating revenues and using the Debt Service Reserve and Special Reserve Funds. The Authority had additional borrowings in 2016 from the New Jersey Environmental Infrastructure Trust to fund the City of Camden Green and Grey Infrastructure Improvement project as well as refunding certain prior year New Jersey Environmental Infrastructure Trust Bonds.

CAPITAL IMPROVEMENTS AND CONSTRUCTION ACTIVITY

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

A) Wastewater Treatment Plant----In 2016, the CCMUA was in the design phase for four improvements to the treatment plant. Construction for each of these projects should start in 2017.

1) Improvements to Delaware #1 Water Pollution Control Facility's (WPCF) Raw Sewage Pumps – this improvement will increase the total pumping capacity at the headworks of the plant and will allow for more efficient and accurate control of the pump system via the installation of variable frequency drives. Estimated Cost - $6,000,000.

2) Construction of a New Junction Chamber at the Delaware #1 WPCF Headworks – a new junction chamber will be constructed which will allow the Camden City interceptor and the County interceptor to be separated thereby allowing for more flow from each line during storm events. Estimated Cost - $6,000,000.

3) Wet Weather Capacity Improvements – Hydraulic bottlenecks within Delaware #1 will be eliminated via construction which will increase the wet weather capacity of the plant to 185 MGD (currently 150 MGD). Estimated Cost - $3,000,000.

4) Sludge Digester and Combined Heat & Power System – a sludge digester will be constructed which will eliminate 50% of the sludge that is currently being disposed of via landfill at a cost of approximately $85/ton. Gas produced by the digestion process will be fed to a combined heat and power system which produce approximately 50% to 60% of the Delaware #1 WPCF's electricity needs. Estimated Cost - $50,000,000 – a 19% grant has been secured for this project.

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

1) Camden City Green and Gray Infrastructure, Phase I. The CCMUA received funding from the NJ Environmental Infrastructure Trust, including a $2,000,000 grant, to construct a series of green infrastructure projects as well as sewer rehabilitation and separation. The project was completed in early 2016. Cost - $4,657,000.

2) Camden City Green and Gray Infrastructure, Phase II. The CCMUA received funding from the NJ Environmental Infrastructure Trust, including a $1,000,000 grant, to construct a series of green infrastructure projects, including the 2nd phase of Phoenix Park, as well as sewer rehabilitation and separation. The project is due to be completed in 2017. Cost - $4,370,000.

CAPITAL IMPROVEMENTS AND CONSTRUCTION ACTIVITY (CONT'D)

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

3) Camden City Green and Gray Infrastructure, Phase III. Phase III is similar in scope to Phases I and II. The project is currently in the design and permitting stage. Construction is expected to begin in 2017. Estimated Cost - $4,000,000.

4) Construction of a Stormwater Pump Station – in an effort to eliminate flooding in the Central Camden Waterfront Area, the CCMUA is currently designing a pump station which will allow flood control up to a ten year storm. Estimated Cost - $25,000,000 ($19,000,000 – CCMUA & $6,000,000 - Camden City). Construction to begin in 2017.

5) Upgrade to Camden City Collection System – in conjunction with the stormwater pump station, the CCMUA is designing improvements to the Camden City collection system, which will allow for the elimination of flooding at the Central Camden Waterfront during storm events up to a ten-year period. Camden City is responsible for the construction cost associated with this project. Estimated Cost - $10,000,000. Construction to begin in 2017.

6) Dredging of Camden City Combined Sewer Outfalls – in conjunction with the stormwater pump station and collection system upgrades, the CCMUA is designing a plan to dredge 10 outfalls thereby allowing the combined sewer system to operate as designed. Camden City is responsible for the construction cost associated with the project. Estimated Cost - $7,500,000. Construction to begin in 2017.

7) Green Infrastructure in Support of Elimination of Flooding in Central Camden Waterfront District Projects – a series of green infrastructure projects is being designed which will eliminate approximately 7,000,000 gallons per year from the combined sewer system. Estimated Cost - $6,000,000 including a $2,000,000 grant from the NJEIT. Construction to begin in 2017.

C) Newton Lake Dredging – Design of dredging needed to return Newton Lake to optimal health. The apportionment of the construction cost responsibility, between the County and the CCMUA, remains. Estimated Cost - $30,000,000. Construction to begin in 2017.

D) Regulatory Requirements ----In March 2015, the NJDEP issued a new permit to the CCMUA, Camden and Gloucester Cities which requires these entities to work together to develop a long term, sustainable plan to eliminate combined sewage flooding and combined sewage overflows. This will require, ultimately, implementation of a multi pronged approach including a significant amount of capital improvements to both the CCMUA's sewage treatment plant and the Cities' sewer collection systems. The CCMUA is currently developing the NJDEP-required plan and expects to submit the plan within 18 months.

ADDITIONAL FINANCIAL INFORMATION

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

BASIC FINANCIAL STATEMENTS

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Net Position
As of December 31, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	$ 3,207,213	$ 12,112,498
Accounts Receivable	12,516,662	13,279,572
Accrued Interest Receivable	65	57
Other	500	500
Total Unrestricted Assets	15,724,440	25,392,627
Restricted Assets:		
Cash and Cash Equivalents	7,599,768	5,633,501
Cash Held by Fiscal Agent	1,635,561	5,243,379
Investments	8,066,789	8,077,310
Due from PSE&G -- Grant Receivable	420,000	190,000
Accrued Interest Receivable	17,160	13,566
Total Restricted Assets	17,739,278	19,157,756
Total Current Assets	33,463,718	44,550,383
Noncurrent Assets:		
Restricted Assets:		
Capital Assets:		
Utility Plant-In Service, Net of Accumulated Depreciation	452,533,235	475,544,566
Construction in Progress	12,320,305	6,841,833
Other Capital Assets, Net of Accumulated Depreciation	12,119,457	10,458,213
Total Capital Assets	476,972,997	492,844,612
Total Noncurrent Assets	476,972,997	492,844,612
Total Assets	510,436,715	537,394,995
DEFERRED OUTFLOWS OF RESOURCES		
Pre-Operating Costs	28,076	37,089
Deferred Loss on Refunding of Debt	861,280	674,778
Related to Pensions	11,826,865	4,499,339
Total Deferred Outflows of Resources	12,716,221	5,211,206

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Net Position
As of December 31, 2016 and 2015

	2016	2015
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	$ 4,472,313	$ 4,237,035
Accounts Payable - Related to Pension	1,067,762	962,625
Accrued Expenses	974,756	999,078
Notes Payable	6,000,000	
Reserve for Grant Expenditures:		
Clean Water Enforcement Act	2,949,849	2,917,749
Total Current Liabilities Payable from Unrestricted Assets	15,464,680	9,116,487
Current Liabilities Payable from Restricted Assets:		
Retainages Payable	776,977	842,625
Current Maturities of Long-Term Debt	68,810,364	61,270,605
Accrued Interest Payable	1,214,561	1,741,792
Total Current Liabilities Payable from Restricted Assets	70,801,902	63,855,022
Long-Term Liabilities Payable:		
Net Pension Liability	35,597,204	25,134,585
Accrued Liabilities - Related to Pension	533,881	481,313
Long-term Debt	139,835,028	200,669,734
Total Long-Term Liabilities	175,966,113	226,285,632
Total Liabilities	262,232,695	299,257,141
DEFERRED INFLOWS OF RESOURCES		
Deferred Interest Revenue	252,729	431,908
Related to Pensions		404,116
Total Deferred Inflows of Resources	252,729	836,024
NET POSITION		
Net Investment in Capital Assets	237,880,001	237,530,934
Restricted	7,352,024	7,332,886
Unrestricted (Deficit)	15,435,487	(2,350,784)
Total Net Position	$ 260,667,512	$ 242,513,036

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

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2016 and 2015

	2016	2015
OPERATING REVENUE		
User Charges and Fees	$ 83,825,295	$ 82,716,339
Connection Fees	4,282,754	3,868,283
Other	2,877,453	2,628,817
Total Operating Revenues	90,985,502	89,213,439
OPERATING EXPENSES		
Administration:		
Salary & Wages	1,996,322	2,172,086
Fringe Benefits	5,213,598	3,017,942
Other Expenses	3,853,819	4,912,863
Cost of Providing Services:		
Salary & Wages	7,576,403	7,532,326
Fringe Benefits	2,643,640	2,454,641
Other Expenses	19,320,222	19,563,142
Depreciation	25,487,920	25,705,503
Total Operating Expenses	66,091,924	65,358,503
OPERATING INCOME	24,893,578	23,854,936
NONOPERATING REVENUES (EXPENSES)		
Investment Income	254,605	187,036
Unrealized Loss on Investments	(39,998)	
Interest Expense	(7,629,101)	(10,947,620)
Bond Issuance Costs	(92,541)	(262,727)
Contribution to the County of Camden		(3,401,873)
Amortization of Pre-Operating Costs	(9,014)	(97,065)
Disposition of Capital Assets - Community Service Projects	(223,053)	(704,784)
Total Non-operating Revenues (Expenses)	(7,739,102)	(15,227,033)
INCOME BEFORE CONTRIBUTIONS	17,154,476	8,627,903
CAPITAL CONTRIBUTIONS	1,000,000	2,000,000
CHANGE IN NET POSITION	18,154,476	10,627,903
NET POSITION - BEGINNING	242,513,036	231,885,133
NET POSITION - ENDING	$ 260,667,512	$ 242,513,036

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

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Receipts from Customers and Users	$ 84,588,205	$ 83,819,110
Other Operating Receipts	6,962,307	6,561,991
Payments to Suppliers	(22,963,085)	(24,247,642)
Payments to Employees	(14,541,282)	(14,184,917)
Net Cash Provided by Operating Activities	54,046,145	51,948,542
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on Bonds	(56,303,152)	(52,563,914)
Payments of Defeased Bonds	(7,395,000)	(7,802,000)
Interest Paid on Bonds	(8,964,325)	(12,022,711)
Proceeds from Issuance of Long Term Debt	5,386,901	735,750
Proceeds from Refunding Bonds	6,672,000	5,533,000
Proceeds from Issuance of Notes	21,000,000	
Receipts of Cash Held by Fiscal Agents	833,799	763,591
Premium Received on Debt Issued	1,690,803	446,830
Bond Issuance Costs	(92,541)	(262,727)
Payment of Contribution to County of Camden		(3,401,873)
Payment of Notes	(15,000,000)	
Acquisition and Construction of Capital Assets	(9,895,993)	(8,490,964)
Capital Contributions	1,000,000	2,000,000
Net Cash Used in Capital and Related Financing Activities	(61,067,508)	(75,065,018)
Cash Flows from Investing Activities:		
Investment Income	261,524	207,134
Deferred Interest Revenue	(179,179)	(192,691)
Redemption of Investments		9,067
Net Cash Provided by Investing Activities	82,345	23,510
Net Decrease in Cash and Cash Equivalents	(6,939,018)	(23,092,966)
Cash and Cash Equivalents - January 1	17,745,999	40,838,965
Cash and Cash Equivalents - December 31	$ 10,806,981	$ 17,745,999

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Operating Income	$ 24,893,578	$ 23,854,936
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation	25,487,920	25,705,503
Pension Liability Expense - GASB 68	2,888,681	992,078
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	762,910	1,102,771
(Increase) Decrease in Grants and Loan Receivable	(230,000)	44,191
Increase (Decrease) in Unrestricted Accounts		
Payable and Accrued Expenses	210,956	228,363
Increase (Decrease) in Reserve for Grants	32,100	20,700
Net Cash Provided by Operating Activities	$ 54,046,145	$ 51,948,542

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

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

The Authority was created 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 improvement of conditions affecting the public health.

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

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

Component Unit

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

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

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

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

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

Basis of Presentation

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

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

Basis of Accounting

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

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

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

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

Budgets and Budgetary Accounting

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

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

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

Budgets and Budgetary Accounting (Cont'd)

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

Cash, Cash Equivalents and Investments

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

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. 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.

Inventories

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

Prepaid Expenses

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

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

Capital Assets

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

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

	Years
Plant	50
Interceptors	75
Heavy Duty Vehicles	10
Office Furniture and Equipment	10
Other	5

Bond Discounts / Bond Premiums

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

Deferred Outflows of Resources

The Authority reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its comparative statements of net position. The deferred outflows of resources reported in this year's financial statements are preoperating costs, a deferred amount arising from a loss on refunding of general obligation bonds and a deferred outflow of resources for contributions made to the Authority's defined benefit pension plans between the measurement date of the net pension liabilities from those plans and the end of the Authority's year. The deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense.

Deferred Inflows of Resources

The Authority's statements of net position report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to future periods. Deferred inflows of resources are reported in the Authority's comparative statements of net position for a deferred interest revenue and for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is attributed to pension expense over a total of five (5) fiscal years, including the current year.

Note 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)</u>

Compensated Absences

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

Unearned Revenue

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

Pensions

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

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.

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

Operating and Non-Operating Revenues and Expenses

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

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Policies

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2016, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption this Statement had no impact on the Authority's financial statements.

In addition, the Authority adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The adoption this Statement had no impact on the Authority's financial statements.

Next, the Authority adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption this Statement had no impact on the Authority's financial statements.

Furthermore, the Authority adopted GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The adoption this Statement had no impact on the Authority's financial statements.

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

Recently Issued and Adopted Accounting Pronouncements (Cont'd)

Additionally, the Authority adopted GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The adoption this Statement had no impact on the Authority's financial statements.

Lastly, the Authority adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption this Statement had no impact on the Authority's financial statements.

Recently Issued Accounting Pronouncements

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

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the Authority in the year ending December 31, 2017. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities The Statement will become effective for the Authority in the year ending December 31, 2018. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Statement will become effective for the Authority in the year ending December 31, 2017. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement will become effective for the Authority in the year ending December 31, 2017. Management does not expect this Statement will have an impact on the financial statements.

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

Recently Issued Accounting Pronouncements (Cont'd)

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement will become effective for the Authority in the year ending December 31, 2017. Management does not expect this Statement will have an impact on the financial statements.

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.Agovernment that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The Statement will become effective for the Authority in the year ending December 31, 2019. Management does not expect this Statement will have an impact on the financial statements.

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

Statement No. 85, *Omnibus 2017.* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).The Statement will become effective for the Authority in the year ending December 31, 2018. Management has not yet determined the impact of this Statement on the financial statements.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions
Management of the Authority is unaware of any material violations of finance related legal and contractual provisions.

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

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

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

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. (Refer to Note 5 – Special Reserve Fund for a more detailed description)

Excess Expenditures over Appropriations

The following appropriation categories had expenditures that exceed appropriations for the year ended December 31, 2016:

Category	Appropriation	Expenditures	Excess	Comment on Excess
Administration:				
Fringe Benefits	$ 2,302,361	$ 2,324,916	$ 22,555	Higher than expected employee health benefit costs.
Other Expenses	3,402,540	3,853,819	451,279	Higher than expected professional service fees including management consulting fee.
Total Principal Payments on Debt Service	33,440,339	33,504,381	64,042	Principal payments for NJEIT 2015 Fall Loans were not budgeted as the loans closed after 2016 budget preparation began.

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.

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

Debt Service Coverage (Cont'd) – Compliance with this covenant is calculated as follows:

1995 Bond Resolution	Bond Year Ending December 31, 2016
Gross Revenues:	
Operating Revenues	$ 90,985,502
Interest Income	254,605
Total Gross Revenues	91,240,107
Operating Expenses, exclusive of depreciation	40,604,004
Net Revenues	50,636,103
Debt Service Requirement of all Bonds issued under this Resolution (treating all Bonds as a single issue of Bonds for purposes of this calculation) *	56,074,744
Release of Restrictions on Previously Restricted Funds	(5,998,776)
	50,075,968
Sufficiency of Net Revenues	$ 560,135

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

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

Renewal and Replacement/System Reserve Requirement

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

(a1) the amount stated as required as a reserve in the System Reserve Account in the Consulting Engineer's Certificate most recently filed with the Trustee pursuant to Section 6.15 hereof, plus the	$ 1,640,000
(a2) Consulting Engineer's Certificate for Plant Renewal and Replacement	2,870,000
Total Consulting Engineer's Certified Amount	$ 4,510,000
or (b) five percent (5%) of the Gross Revenues set forth in the Authority's then current Annual Budget ($98,351,781 x 5%)	$ 4,917,589
Total Renewal and Replacement / System Reserve	$ 4,917,589
Amount of Renewal and Replacement / System Reserve Funded	5,217,732
Overfunded Total Renewal and Replacement / System Reserve	$ (300,143)

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:

(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),		$ 56,086,187
or		
(b) the sum of:		
(i) the then applicable Periodic Debt Service Reserve Requirement,		$ 40,387,238
(ii) upon the issuance of any series of Additional Bonds after the 1990 Bonds, the Maximum Annual Debt Service Requirement on all Outstanding Bonds of such series less the amount, if any, of the reduction in the Maximum Annual Debt Service on any series of Bonds refunded with such series of Additional Bonds:		
2000 Series A, 2000-05	$162,643	
2000 Series A, 2000-07	188,974	
2003 Series A	317,622	
2006 Series A	384,160	
2006 Series B (Refunding pre-1990 Bond issue Net Change)	(259,078)	
2006 Series A (Refunding)	315,670	
2006 Series A (Refunding)	295,519	
2008 Series A (Refunding pre-1990 Bond Issue Net Change)	641,687	
		2,047,197
(iii) on December 2, 1997, the Maximum Annual Debt Service Requirement on any 1987 Bonds maturing on December 31, 2007 Or December 1, 2017 then outstanding.		-
		42,434,435
Letter of Credit, as more fully described below		40,000,000
Restricted Net Position		$ 2,434,435

Therefore, the defined Debt Service Reserve Requirement as of December 31, 2016 shall equal $42,434,435.

The Authority has funded the Debt Service Reserve Requirement as of December 31, 2016 as follows:

Amount on Deposit	$ 9,724,246
Interest Receivable	17,146
Credit Facility Instrument (Letter of Credit)	40,000,000
	$ 49,741,392

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

Debt Service Reserve Requirement (Cont'd)

Letter of Credit - The Amended and Restated Bond Resolution adopted October 10, 1995 permits the Authority to evidence a portion of the Debt Service Reserve Requirement by a Credit Facility, which would allow for the removal of a corresponding amount of cash from the Debt Service Reserve Fund. On January 27, 2014, the Commissioners approved a resolution that authorized the Authority to accept a Credit Facility from The Bank of New York Mellon (the Facility Provider) in the amount of $22,000,000. Under the terms of a Reimbursement Agreement, the Facility Provider issued a Letter of Credit to The Bank of New York Mellon, as Trustee, as beneficiary, on February 7, 2014 in the original amount of $22,000,000. On May 18, 2015, the Authority further approved an insurance policy from AGM to secure an additional letter of credit in the amount of $18,000,000. As of December 31, 2016, there have been no draws against these letters of credit.

Subordinate Bond Resolution

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

Note 3: DETAIL NOTES - ASSETS

Cash and Cash Equivalents

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first $250,000 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, 2016 and 2015, the Authority's bank balances were exposed to custodial credit risk as follows:

	2016	2015
Uninsured and Collateralized with Securities Held by Pledging Bank's Trust Department, but not in the Authority's Name	$ 14,860,487	$ 19,786,232
Insured by F.D.I.C.	1,000,000	1,000,000
Total Bank Balance	$ 15,860,487	$ 20,786,232

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

Investments

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

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty to the transactions fails. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority has no investment policy to limit its exposure to custodial credit risk. All of the Authority's $8,066,789 as of December 31, 2016 and $8,077,310 as of December 31, 2015 investments in treasury obligations are uninsured and unregistered with securities held by the counterparty's trust department in the Authority's name.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority's investment policies place no limit on the amount the Authority may invest in any one issuer. All of the Authority's investments are in short-term treasury obligations investments.

As of December 31, 2016 and 2015, the Authority had the following investments and maturities:

Investment	Maturity Date	Moody's Credit Rating	2016 Fair Value	2015 Fair Value
US Treasury Notes	08/31/17	Aaa	$ 8,066,789	$ 8,077,310

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

Investments (Cont'd)

Fair Value Measurements of Investments - The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted process in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of December 31, 2016 and 2015:

- U.S. Treasury Notes of $8,066,789 as of December 31, 2016 and $8,077,310 as of December 31, 2015 are valued using quoted market prices (Level 1 inputs).

Service Fees

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

Year	Beginning Balance	Billings	Total Collections	Percentage of Collections
2016	$ 13,279,572	$ 83,825,295	$ 84,588,205	87.11%
2015	14,382,343	82,716,339	83,819,110	86.32%
2014	13,622,075	80,687,686	79,927,418	84.75%

Accounts Receivable

At December 31, 2016 and 2015, the balance in Accounts Receivable was $12,516,662 and $13,279,572 respectively. The Authority's policy for allowance for doubtful accounts is to consider any account with a balance greater than 18 months old as a doubtful account.

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

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

Capital Assets

During the year ended December 31, 2016, the following changes in Capital Assets occurred:

	Balance Jan. 1, 2016	Additions	Transfers	Deletions	Balance Dec. 31, 2016
Capital Assets, not being depreciated:					
Land	$ 6,440,900				$ 6,440,900
Assets Under Construction	6,841,833	$ 5,478,472			12,320,305
Total Capital Assets not being depreciated	13,282,733	5,478,472	-	-	18,761,205
Capital Assets, being depreciated:					
Plant, In Service:					
Preliminary Treatment Facility	30,970,508				30,970,508
Secondary Treatment Plant	277,026,971	686,146			277,713,117
Interceptors	174,765,647				174,765,647
Incinerator	3,813,619				3,813,619
Compost Facility	55,342,819				55,342,819
Pump Stations	185,195,654			$ (28,025)	185,167,629
Metering Stations	5,175,127				5,175,127
Consulting & Engineering	40,121,442				40,121,442
Capitalized Interest	73,517,899				73,517,899
Other:					
Administrative Building	2,716,556				2,716,556
Plant Machinery	27,890,639	3,251,904	$ (301,527)	(176)	30,840,840
Sundry	7,771,848	236,031	301,527	(32,574)	8,276,832
Total Capital Assets being depreciated	884,308,729	4,174,081	-	(60,775)	888,422,035
Less Accumulated Depreciation	404,746,850	25,487,920		(24,527)	430,210,243
Total Capital Assets being depreciated, Net	479,561,879	(21,313,839)	-	(36,248)	458,211,792
Total Capital Assets, Net	$ 492,844,612	$ (15,835,367)	$ -	$ (36,248)	$ 476,972,997

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

Capital Assets (Cont'd)

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

	Balance Jan. 1, 2015	Additions	Transfers	Deletions	Balance Dec. 31, 2015
Capital Assets, not being depreciated:					
Land	$ 6,440,900				$ 6,440,900
Assets Under Construction	3,304,149	$ 3,537,684	-	-	6,841,833
Total Capital Assets not being depreciated	9,745,049	3,537,684	-	-	13,282,733
Capital Assets, being depreciated:					
Plant, In Service:					
Preliminary Treatment Facility	30,970,508				30,970,508
Secondary Treatment Plant	275,745,499	1,281,472			277,026,971
Interceptors	174,631,809	133,838			174,765,647
Incinerator	3,813,619				3,813,619
Compost Facility	55,342,819				55,342,819
Pump Stations	185,195,654				185,195,654
Metering Stations	5,175,127				5,175,127
Consulting & Engineering	40,121,442				40,121,442
Capitalized Interest	73,517,899				73,517,899
Other:					
Administrative Building	2,716,556				2,716,556
Plant Machinery	26,524,560	2,092,592		$ (726,513)	27,890,639
Sundry	7,704,795	67,053			7,771,848
Total Capital Assets being depreciated	881,460,287	3,574,955	-	(726,513)	884,308,729
Less Accumulated Depreciation	379,063,076	25,705,503	-	(21,729)	404,746,850
Total Capital Assets being depreciated, Net	502,397,211	(22,130,548)	-	(704,784)	479,561,879
Total Capital Assets, Net	$ 512,142,260	$ (18,592,864)	$ -	$ (704,784)	$ 492,844,612

Note 4: DETAIL NOTES – DEFERRED OUTFLOWS OF RESOURCES

Preoperating Costs

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

Note 4: DETAIL NOTES – DEFERRED OUTFLOWS OF RESOURCES (CONT'D)

Deferred Loss of Defeasance of Debt

On May 26, 2016, the NJEIT refunded $4,055,000 of the Authority's 2008A Series Bonds. The NJEIT issued $3,641,000 Revenue Bonds, including a premium of $888,242, of which $4,507,750 was used to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. At December 31, 2016, $4,055,000 of Series 2008A Bonds outstanding is considered defeased.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $452,750. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations as a component of interest expense over the life of the refunding bonds using the effective interest method. The advance refunding was undertaken to reduce total debt payments over the next 12 years by $755,192 and to obtain a present value economic gain of $688,087.

On May 26, 2016, the NJEIT refunded $3,340,000 of the Authority's 2010B Series Bonds. The NJEIT issued $3,031,000 Revenue Bonds, including a premium of $802,561, of which $3,815,848 was used to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. At December 31, 2016, $3,340,000 of Series 2010B Bonds outstanding is considered defeased.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $199,164. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations as a component of interest expense over the life of the refunding bonds using the effective interest method. The advance refunding was undertaken to reduce total debt payments over the next 14 years by $584,116 and to obtain a present value economic gain of $514,999.

Note 5: DETAIL NOTES – LIABILITIES

Short-term Liabilities

Short-term debt provides financing for governmental activities.

On May 15, 2016, the Authority entered into an agreement with the County of Camden to borrow $15,000,000 to fund or finance operations, budgets and cash flow. On December 30, 2016, the Authority repaid the loan plus $103,124.34 in interest at a rate of 1.25%.

On December 29, 2016, the Authority issued a Temporary Funding Note, Series of 2016, in the amount of $6,000,000 with a stated interest rate of 3.5%. This note was issued to fund a deficit in the Authority's revenues. The gross revenues of the Authority are hereby irrevocably pledged for the punctual payment of the principal and interest of this note according to its tenns, said pledge being subordinate to the pledge of gross revenues made by the Authority as security for the Priority Bonds (as defined in the Resolution) .

	2016	2015
Balance, January 1	$ 0	$ 0
Increases	21,000,000	0
Decreases	(15,000,000)	0
Balance, December 31	$ 6,000,000	$ 0

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

Long-term Liabilities

During the year ended December 31, 2016, the following changes occurred in long-term obligations:

	Balance Jan. 1, 2016	Additions	Reductions	Balance Dec. 31, 2016	Due Within One Year
Bonds and Loans Payable:					
Revenue Bonds Payable	$ 85,288,097	$ 8,058,727	$ 29,953,049	$ 63,393,775	$ 25,060,625
Loans Payable	95,198,023	4,000,174	7,943,965	91,254,232	11,184,739
Capital Appreciation Bonds Payable	76,993,699	4,967,451	32,565,000	49,396,150	32,565,000
Add:					
Premium on Bonds	4,460,520	1,690,803	1,550,088	4,601,235	
Total Bonds and Loans Payable	261,940,339	18,717,155	72,012,102	208,645,392	68,810,364
Other Liabilities:					
Net Pension Liability	25,134,585	15,548,407	5,085,788	35,597,204	
Accrued Liability - Related to Pensions	481,313	533,881	481,313	533,881	
Total Other Liabilities	25,615,898	16,082,288	5,567,101	36,131,085	-
Total Long-Term Liabilities	$ 287,556,237	$ 34,799,443	$ 77,579,203	$ 244,776,477	$ 68,810,364

During the year ended December 31, 2015, the following changes occurred in long-term obligations:

	Balance Jan. 1, 2015	Additions	Reductions	Balance Dec. 31, 2015	Due Within One Year
Bonds and Loans Payable:					
Revenue Bonds Payable	$ 106,464,677	$ 4,026,000	$ 25,202,580	$ 85,288,097	$ 22,622,092
Loans Payable	99,977,837	4,713,092	9,492,906	95,198,023	6,083,513
Capital Appreciation Bonds Payable	102,664,127	6,889,572	32,560,000	76,993,699	32,565,000
Add:					
Premium on Bonds	5,075,275	536,080	1,150,835	4,460,520	
Total Bonds and Loans Payable	314,181,916	16,164,744	68,406,321	261,940,339	61,270,605
Other Liabilities:					
Net Pension Liability	20,742,355	7,062,483	2,670,253	25,134,585	
Accrued Liability - Related to Pensions	481,313	481,313	481,313	481,313	
Total Other Liabilities	21,223,668	7,543,796	3,151,566	25,615,898	-
Total Long-Term Liabilities	$ 335,405,584	$ 23,708,540	$ 71,557,887	$ 287,556,237	$ 61,270,605

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

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

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

1990 Refunding

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

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

	Face Value	Accreted Value	Payments	Carrying Value
1990A Bonds:				
Dec. 31, 2016	$ 115,830,387	$ 27,157,750	$ 111,267,537	$ 31,720,600
Dec. 31, 2015	$ 115,830,387	$ 36,244,963	$ 109,201,549	$ 42,873,801
1990B Bonds:				
Dec. 31, 2016	$ 121,677,019	$ 15,133,030	$ 119,134,499	$ 17,675,550
Dec. 31, 2015	$ 121,677,019	$ 28,844,587	$ 116,401,708	$ 34,119,898

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, 2016.

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

Revenue Bonds Payable - Series 1990A, 1990B, 2006A, 2006B and 2008 (Cont'd)

2006A Revenue

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

2006B Refunding

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

2008 Refunding

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

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

New Jersey Environmental Infrastructure Trust

The Authority has received loans from the State of New Jersey under the Wastewater Treatment Trust Program / Environmental Infrastructure Trust Program ("NJEIT Trust"). The NJEIT Trust has issued bonds for loans to various entities. The funds on hand at the NJEIT Trust for loans committed to the Authority are included on the books of the Authority as Cash Held by Agent. The NJEIT Trust acts in a trustee capacity for these funds and the drawdown of these funds are subject to the approval of the NJEIT Trust. $104,433,894 in loans have been issued. They have interest rates ranging from 3.0% to 5.25% and mature in various increments through 2034.

Under the Wastewater Treatment Fund Program / Environmental Infrastructure Fund Program ("NJEIT Fund"), the State extended several noninterest-bearing loans totaling $261,661,708. The loans have been recorded as long-term debt, net of original defeased debt of $31,210,555. When a project is completed, a final expenditure report is submitted to the State. If the total project cost is less than the loan amount, the State will make an adjustment to the final loan payment. The Authority has repaid $140,923,335 and $134,775,781 as of December 31, 2016 and 2015 respectively. This debt will mature in various increments through 2034.

During 2016, the following loans were closed under this program:

In May 2016, the Authority closed on a refunding loan from the New Jersey Environmental Infrastructure Trust totaling $3,641,000. The loan proceeds are being used to advance refund the Series 2008A Bonds originally issued in November 2008. The Trust Loan carries rates from 4.50% to 5.00% with a final maturity of August 1, 2028.

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

New Jersey Environmental Infrastructure Trust (Cont'd)

In May 2016, the Authority closed on a refunding loan from the New Jersey Environmental Infrastructure Trust totaling $3,031,000. The loan proceeds are being used to advance refund the Series 2010B Bonds originally issued in December 2010. The Trust Loan carries rates from 4.50% to 5.00% with a final maturity of August 1, 2030.

In July 2016, the Authority closed on a $5,386,901 Construction Financing Trust Loan Program Note (CLP) with the New Jersey Environmental Infrastructure Trust. This is a 0% interest rate loan with a stated maturity date of June 30, 2020 "or such earlier or later date to be determined by the Trust in its sole discretion, which date shall be determined by the Trust to be the date of the closing for the Anticipated Financing Program", and the Trust has determined that this note will be refinanced with long term fund and trust bonds in the Trust's 2017 financing pool.

The CLP proceeds are being used to fund the following projects in the City of Camden (1) control storm water and improve water quality in order to prevent flooding within the City's combined sewer system and (2) the remediation of the second phase of the Phoenix Park brownfield site. As of December 31, 2016, the Authority has drawn and received $3,421,019 of these funds.

Authority Subordinate Bonds
The 2006, 2007, 2008, 2010, 2012, 2013, 2015 and 2016 NJEIT Trust and NJEIT Fund Loans were issued as Authority Subordinate Bonds. The Bonds are subordinate to the Revenue Bonds issued under the 1995 Bond Resolution of the Authority. In the event of any insolvency and bankruptcy proceedings, all holders of the Revenue Bonds shall be entitled to receive payment in full of all payments due before the holders of all outstanding Authority Subordinate Bonds are entitled to receive any payment from the Gross Revenues (as defined in the General Bond Resolution).

The following schedule reflects the Debt Requirements until 2034.

	Principal	Interest	Accretion	Total
2017	$ 68,810,364	$ 2,843,733	$ 2,901,198	$ 74,555,295
2018	20,846,031	1,647,156	1,214,837	23,708,024
2019	20,865,382	1,504,656	502,815	22,872,853
2020	10,173,845	1,357,570		11,531,415
2021	9,642,188	1,203,506		10,845,694
2022-2026	47,464,351	4,007,518		51,471,869
2027-2031	29,704,244	1,036,991		30,741,235
2032-2034	1,156,602	30,162		1,186,764
	$ 208,663,007	$ 13,631,292	$ 4,618,850	$ 226,913,149
Adjustments:				
Accreted Interest	(4,618,850)			
Bond Premium	4,601,235			
	$ 208,645,392			

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

Compensated Absences

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

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

The Authority has the following accrued liabilities for compensated absences at December 31, 2016 and 2015:

	December 31, 2016	December 31, 2015
Vacation Time	$ 460,748	$ 425,864
Comp Time	315,873	283,239
	$ 776,621	$ 709,103

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 (NJPDES) permitting system required under the CWA, whereby a person must obtain a NJPDES 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, 2016 and 2015, the penalties receivable amounted to $112,367 and $112,367, respectively. In accordance with the state statute, no allowance has been made for the collectability of this amount. Also, at December 31, 2016 and 2015, the amount due to the NJDEP for 10 percent of the penalties collected was $205,784 and $195,084, respectively.

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

Net Pension Liability

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

Lease Obligations

At December 31, 2016, the Authority had operating lease agreements in effect for various copier units and mailing machines.

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

Year	Amount
2017	$ 34,409
2018	20,313
2019	6,484

Current year payments under operating leases totaled $40,845.

Pension Plans

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

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
http://www.nj.gov/treasury/pensions

General Information about the Pension Plans

Plan Descriptions

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

Note 5: <u>DETAIL NOTES – LIABILITIES (CONT'D)</u>

Pension Plans (Cont'd)

General Information about the Pension Plans (Cont'd)

<u>Plan Descriptions (Cont'd)</u>

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 PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least $5,000 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least $5,000 annually.

<u>Vesting and Benefit Provisions</u>

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

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

Pension Plans (Cont'd)

General Information about the Pension Plans (Cont'd)

Vesting and Benefit Provisions (Cont'd)

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Authority's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Authority's contractually required contribution rates for the years ended December 31, 2016 and 2015 were 13.26% and 12.03% of the Authority's covered payroll. These amount were actuarially determined as the 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, 2016, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2016 is $1,067,762, and is payable by April 1, 2017. Based on the PERS measurement date of June 30, 2015, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2015 was $962,625, which was paid on April 1, 2016. Employee contributions to the Plan during the year ended December 31, 2016 were $582,761.

Based on the PERS measurement date of June 30, 2015, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2015 was $962,625, and was payable by April 1, 2016. Based on the PERS measurement date of June 30, 2014, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2014 was $913,912, which was paid on April 1, 2015. Employee contributions to the Plan during the year ended December 31, 2015 were $570,141.

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

Pension Plans (Cont'd)

General Information about the Pension Plans (Cont'd)

Contributions

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

For the years ended December 31, 2016 and 2015, there were no employees participating in DCRP.

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

The following information relates only to the Public Employees' Retirement System ("PERS"), which is a cost-sharing multiple-employer defined benefit pension plan.

The Authority reported a liability of $35,597,204 and $25,134,585 for its proportionate share of the net pension liability for the years ended December 31, 2016 and 2015, respectively.

The net pension liability reported at December 31, 2016 was measured by the PERS plan as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2016. 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, 2016 measurement date, the Authority's proportion was .1201912615%, which was an increase of .0082232041% from its proportion measured as of June 30, 2015.

The net pension liability reported at December 31, 2015 was measured by the PERS plan as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the Authority's proportion was .1119680574%, which was an increase of .0011810634% from its proportion measured as of June 30, 2014.

For the years ended December 31, 2016 and 2015, the Authority recognized pension expense of $3,851,244 and $1,809,969, respectively. These amounts were based on the plan's June 30, 2016 and 2015 measurement dates, respectively.

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

Pension Plans (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2016 and 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	December 31, 2016		December 31, 2015	
	Measurement Date June 30, 2016		Measurement Date June 30, 2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 662,000		$ 599,623	
Changes of Assumptions	7,373,839		2,699,254	
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,357,354			$ 404,116
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	1,899,791	$ -	719,149	-
Authority Contributions Subsequent to the Measurement Date	533,881		481,313	
	$ 11,826,865	$ -	$ 4,499,339	$ 404,116

The deferred outflows of resources related to pensions totaling $533,881 and $481,313 will be included as a reduction of the net pension liability in the years ended December 31, 2017 and 2016.

Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Year Ending December 31,	
2017	$ 2,567,496
2018	2,567,496
2019	2,902,762
2020	2,432,940
2021	822,290
	$ 11,292,984

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

Pension Plans (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

The amortization of the other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
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	-
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

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

Pension Plans (Cont'd)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016 and 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date June 30, 2016	Measurement Date June 30, 2015
Inflation	3.08%	3.04%
Salary Increases:		
2012-2021		2.15% - 4.40% Based on Age
Through 2026	1.65% - 4.15% Based on Age	
Thereafter	2.65% - 5.15% Based on Age	3.15% - 5.40% Based on Age
Investment Rate of Return	7.65%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2008 - June 30, 2011

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016 and 7.90% at June 30, 2015) 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's target asset allocation as of June 30, 2016 and 2015 are summarized in the table on the following page.

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

Pension Plans (Cont'd)

Actuarial Assumptions (Cont'd)

	Measurement Date June 30, 2016		Measurement Date June 30, 2015	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad U.S. Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds / Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex U.S.	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%
	100.00%		100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 5.55% as of June 30, 2016 and 2015 measurement dates, respectively. The respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.65% and 7.90%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

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

Pension Plans (Cont'd)

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

The following presents the Authority's proportionate share of the net pension liability at December 31, 2016 calculated using a discount rate of 3.98%, 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, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Authority's Proportionate Share of the Net Pension Liability	$ 43,620,219	$ 35,597,204	$ 28,973,510

The following presents the Authority's proportionate share of the net pension liability at December 31, 2015 calculated using a discount rate of 4.90%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

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

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the 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 plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions.

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, 2016 and 2015, the accrued liability to the PERS for the 2003 program was $288,499 and $345,154 payable in annual installments of $56,655 to April 1, 2021.

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

Post-Employment Benefits

State Health Benefits

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2012, the Authority authorized participation in the SHBP's post-retirement benefit program through resolution number 12:5-85. The Authority provides postemployment health care benefits, at its cost, for all employees, not covered by another plan, who retire from the Authority with 25 years or more of service credited by a New Jersey pension system. Benefits provided include health insurance and prescription coverage for retirees and their dependents only during the retired employees' life.

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

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

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

The Authority's contribution to SHBP for post-employment benefits for the years ended December 31, 2016, 2015 and 2014, were $297,702, $229,370 and $195,583, respectively, which equaled the required contributions each year for 2016, 2015 and 2014. There were approximately 22, 20 and 15 retired employees receiving benefits as of December 31, 2016, 2015 and 2014, respectively.

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

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

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

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

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

Post-Employment Benefits (Cont'd)

United Food and Commercial Workers and Participating Food Industry Employers TRI-State Health & Welfare Fund Plan (Cont'd)

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

The Authority's post-employment benefits contribution to the Fund for the years ended December 31, 2016, 2015 and 2014 were $254,510, $184,226 and $172,762 for 23, 16 and 16 employees in the plan, respectively, which equaled the required contributions for each year. There were approximately 26 and 24 retired employees receiving benefits at December 31, 2016 and 2015, respectively.

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

Note 6: DETAIL NOTES – NET POSITION

Net Position Appropriated – Operating Budget and Capital Budget

As of December 31, 2016, the Authority had an unrestricted net position balance of $15,435,487. Even though the budget operates on a cash basis which results in a positive balance, none has been appropriated as support in the operating or capital budget for the year ending December 31, 2017.

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

Note 7: COMMITMENTS

The Authority had several outstanding or planned construction projects as of December 31, 2016. These projects are evidenced by contractual commitments with contractors and include:

Project	Awarded	Commitments Remaining
Green and Gray Infrastructure	Ambient Group	$ 590,379
Green and Gray Infrastructure	Command Co.	516,376
Green and Gray Infrastructure	T&T Commonwealth	435,436
Green and Gray Infrastructure	Petrongolo Contractors	1,317,655
		$ 2,859,846

Note 7: COMMITMENTS (CONT'D)

Change Orders to Contracts

During the year 2016, the Authority had one contract that resulted in the total amount of change orders executed for the project to exceed the originally awarded contract price by more than 20 percent. The resolution number and project description are as follows:

Resolution No.	Project Description
R-16:8-103	Construction Improvements to Camden City Combined Sewer Overflow System

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: RELATED PARTY TRANSACTIONS

Related Party Transactions

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

On May 15, 2016, the Authority entered into an agreement with the County of Camden to borrow $15,000,000 to fund or finance operations, budgets and cash flow. (Refer to Note 5- short-term liabilities for a more detailed description).

Note 10: RISK MANAGEMENT

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

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

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

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

The Authority is partially self-insured for workers' compensation through a joint insurance program with the County of Camden. The County submits invoices to the Authority for their share of the workers’ compensation costs incurred for the year. The County has established this trust fund and as of December 31, 2016 and 2015, the balance in the Reserve for Workers' Compensation Insurance Trust Fund was $1,931,012 (unaudited) and $2,000,073. The 2017 County Budget includes an appropriation in the amount of $1,000,000 to provide for future claims.

Note 11: 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 12: SUBSEQUENT EVENTS

In May 2017, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling $4,000,174 from the Fund and $1,370,000 from the Trust. A portion of the Fund loan principal totaling $1,000,000 was funded by American Recovery Reinvestment Act proceeds and subsequently forgiven. As a result, the Authority is only liable for $3,000,174 of the Fund loan. The Trust Loan carries interest rates from 3.00% to 5.00%. Both loans have a final maturity date of August 1, 2046.

The loan proceeds are being used to reimburse the Interim Construction Loan Program Note dated July 19, 2016 which was issued for the purpose of funding the following projects in the City of Camden (1) control storm water and improve water quality in order to prevent flooding within the City's combined sewer system and (2) the remediation of the second phase of the Phoenix Park brownfield site.

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 Four Years

	Measurement Date Ending June 30,			
	2016	**2015**	**2014**	**2013**
Authority's Proportion of the Net Pension Liability	0.1201912615%	0.1119680574%	0.1107869940%	0.1067529933%
Authority's Proportionate Share of the Net Pension Liability	$ 35,597,204	$ 25,134,585	$ 20,742,355	$ 20,402,618
Authority's Covered Payroll (Plan Measurement Period)	$ 8,089,364	$ 7,714,388	$ 7,439,088	$ 7,312,844
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	440.05%	325.81%	278.83%	279.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

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

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

	Year Ended December 31,			
	2016	**2015**	**2014**	**2013**
Authority's Contractually Required Contribution	$ 1,067,762	$ 962,625	$ 913,312	$ 804,362
Authority's Contribution in Relation to the Contractually Required Contribution	(1,067,762)	(962,625)	(913,312)	(804,362)
Authority's Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Authority's Covered Payroll (Calendar Year)	$ 8,052,123	$ 8,003,763	$ 7,738,097	$ 7,479,662
Authority's Contributions as a Percentage of its Covered Payroll	13.26%	12.03%	11.80%	10.75%

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

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Notes to Required Supplementary Information
For the Year Ended December 31, 2016

Note 1: POSTEMPLOYMENT BENEFITS - PENSION

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at $118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at $265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

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, 2016

	Unrestricted		Restricted			
	Revenue	**General Reserve**	**Debt Service**	**Debt Service Reserve**	**Renewal and Replacement**	**Total**
Operating Revenues	$ 90,985,502					$ 90,985,502
Operating Expenses	40,604,004	$ 25,487,920				66,091,924
Operating Income (Loss)	50,381,498	(25,487,920)	-	-	-	24,893,578
Non-operating Revenue (Expenses):						
Investment Income	11,100			$ 243,360	$ 145	254,605
Unrealized Gain / Loss on Investments			$ (39,998)			(39,998)
Interest Expense			(7,629,101)			(7,629,101)
Bond Issuance Costs		(92,541)				(92,541)
Preoperating and Debt Amortization Costs		(9,014)				(9,014)
Disposition of Property, Plant and Equipment		(223,053)				(223,053)
Total Non-operating Revenue (Expenses)	11,100	(324,608)	(7,669,099)	243,360	145	(7,739,102)
Income (Loss) Before Contributions and Transfers	50,392,598	(25,812,528)	(7,669,099)	243,360	145	17,154,476
Capital Contributions		1,000,000				1,000,000
Transfers	(32,606,327)	25,161,595	7,669,099	(224,222)	(145)	-
Change in Net Position	17,786,271	349,067	-	19,138		18,154,476
Total Net Position, January 1,	(2,350,784)	237,530,934		2,415,297	4,917,589	242,513,036
Total Net Position, December 31	$ 15,435,487	$ 237,880,001	$ -	$ 2,434,435	$ 4,917,589	$ 260,667,512
Analysis of Balance, December 31:						
Net Investment in Capital Assets		$ 237,880,001				$ 237,880,001
Restricted for Bond Resolution Covenants				$ 2,434,435	$ 4,917,589	7,352,024
Unrestricted	$ 15,435,487					15,435,487
	$ 15,435,487	$ 237,880,001	$ -	$ 2,434,435	$ 4,917,589	$ 260,667,512

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, 2016

	Unrestricted	Restricted			
	Operating Accounts	Debt Service Reserve	Renewal and Replacement	Construction	Total
Cash, Cash Equivalents and Investments--January 1, 2016	$ 12,112,498	$ 10,026,182	$ 2,360,589	$ 1,324,040	$ 25,823,309
Cash Receipts:					
User Charges	84,588,205				84,588,205
Investment Income	11,087	250,294	143		261,524
Proceeds from Issuance of Long Term Debt		14,583,503			14,583,503
Proceeds from Issuance of Notes	21,000,000				21,000,000
Capital Contributions	1,000,000				1,000,000
Non-operating Revenues					
Transfer from Unrestricted Accounts		57,808,985	2,857,000	9,296,532	69,962,517
Connection Fees and Other Revenues	6,962,307				6,962,307
Change in the Fair Value of Investments		(10,521)			(10,521)
Total Cash Receipts and Investments Available	125,674,097	82,658,443	5,217,732	10,620,572	224,170,844
Cash Disbursements:					
Operating Expenditures	37,504,367				37,504,367
Deferred Interest Revenue		179,179			179,179
Payments of Defeased Bonds		7,395,000			7,395,000
Debt Principal Payments	15,000,000	56,303,152			71,303,152
Interest Paid		8,964,325			8,964,325
Bond Issuance Costs		92,541			92,541
Capital Expenditures, Net of Change in Retainages				9,895,993	9,895,993
Transfer to Restricted Accounts	69,962,517				69,962,517
Total Cash Disbursements	122,466,884	72,934,197		9,895,993	205,297,074
Cash, Cash Equivalents and Investments--December 31, 2016	$ 3,207,213	$ 9,724,246	$ 5,217,732	$ 724,579	$ 18,873,770
Analysis of Balance December 31, 2016					
Cash and Cash Equivalents	$ 3,207,213	$ 1,657,457	$ 5,217,732	$ 724,579	$ 10,806,981
Investments:					
U.S. and Municipal Government Securities		8,066,789			8,066,789
	$ 3,207,213	$ 9,724,246	$ 5,217,732	$ 724,579	$ 18,873,770

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, 2016

	Adopted Budget	Modified Budget	Actual	Variance Favorable-- (Unfavorable)
Operating Revenues:				
User Charges and Fees	$ 84,946,652	$ 84,946,652	$ 83,825,295	$ (1,121,357)
Connection Fees	10,996,668	10,996,668	4,282,754	(6,713,914)
Other Operating Revenues	2,408,461	2,408,461	2,877,453	468,992
Total Operating Revenues	98,351,781	98,351,781	90,985,502	(7,366,279)
Non-Operating Revenues:				
Interest on Investments and Deposits	12,000	12,000	254,605	242,605
Elimination of Restrictions on Previously Restricted Funds (Budgetary Basis Ony)	5,998,776	5,998,776	5,998,776	
Total Non-Operating Revenues	6,010,776	6,010,776	6,253,381	242,605
Total Budget Revenues	104,362,557	104,362,557	97,238,883	(7,123,674)
Operating Appropriations:				
Administration:				
Salary & Wages	2,187,874	2,187,874	1,996,322	191,552
Fringe Benefits	2,302,361	2,302,361	2,324,916	(22,555)
Other Expenses	3,402,540	3,402,540	3,853,819	(451,279)
Total Administration	7,892,775	7,892,775	8,175,057	(282,282)
Cost of Providing Services:				
Salary & Wages	7,777,969	7,777,969	7,576,403	201,566
Fringe Benefits	2,666,383	2,666,383	2,643,640	22,743
Other Expenses	20,810,734	20,810,734	19,320,222	1,490,512
Total Cost of Providing Services	31,255,086	31,255,086	29,540,265	1,714,821
Total Principal Payments on Debt Service	33,440,339	33,440,339	33,504,381	(64,042)
Total Operating Appropriations	72,588,200	72,588,200	71,219,703	1,368,497
Non-Operating Appropriations:				
Interest Payments	31,774,357	31,774,357	30,427,871	1,346,486
Total Non-Operating Appropriations	31,774,357	31,774,357	30,427,871	1,346,486
Total Budget Appropriations	104,362,557	104,362,557	101,647,574	2,714,983
Excess of Expenses and Other Costs over Revenues	$ -	$ -	$ (4,408,691)	$ (4,408,691)

(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, 2016

Adjustments to Reconcile Excess Expenses and Other Costs		
Over Revenues to GAAP Basis Operating Income:		
Excess of Expenses and Other Costs over Revenues (Schedule 3)	$	(4,408,691)
Less: Investment Income		(254,605)
Less: Other Non-Operating Revenue		(5,998,776)
Less: Depreciation		(25,487,920)
Less: GASB 68 Pension Expense		(2,888,682)
Add: Principal Payments on Bonds		33,504,381
Add: Interest Payments		30,427,871
Total Operating Income (Exhibit B)	$	24,893,578

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Analysis of Investment Income Receivable
For the Year Ended December 31, 2016

	Balance Jan. 1, 2016	Investment Income Earned	Investment Income Collected	Balance Dec. 31, 2016
Unrestricted Assets:				
Revenue Account	$ 57	$ 11,095	$ 11,087	$ 65
Restricted Assets:				
Debt Service Reserve Account	13,554	243,360	239,768	17,146
Renewal and Replacement Account	12	145	143	14
Special Reserve Account		5	5	
	13,566	243,510	239,916	17,160
	$ 13,623	$ 254,605	$ 251,003	$ 17,225
		Cash Collections	$ 261,524	
		Change in Fair Market Value	(10,521)	
			$ 251,003	

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds Payable
For the Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds Date	Maturities of Bonds Amount	Interest Rate	Balance Jan. 1, 2016	Bonds Issued	Paid 2016	Balance Dec. 31, 2016
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2006A - Winslow	06/22/06	$ 3,383,431	08/01/17	$ 255,168	5.25%				
			08/01/18	268,216	5.25%				
			08/01/19	285,889	5.25%				
			08/01/20	298,721	5.25%				
				$ 1,107,994		$ 1,354,637		$ 246,643	$ 1,107,994
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2006A - Odor Control	06/22/06	3,088,956	08/01/17	$ 238,569	5.25%				
			08/01/18	252,728	5.25%				
			08/01/19	266,828	5.25%				
			08/01/20	280,949	5.25%				
				$ 1,039,074		1,268,195		229,121	1,039,074
County Agreement Sewer Revenue Refunding Bonds, Series 2006B	09/20/06	100,865,000	07/15/17	$12,055,000	5.00%				
				$ 12,055,000		23,550,000		11,495,000	12,055,000
County Agreement Sewer Revenue Bonds, Series 2006A	10/11/06	5,000,000	07/15/17	$ 260,000	3.75%				
			07/15/18	270,000	3.75%				
			07/15/19	280,000	3.80%				
			07/15/20	290,000	3.85%				
			07/15/21	300,000	4.05%				
			07/15/22	315,000	4.05%				
			07/15/23	325,000	4.05%				
			07/15/24	340,000	4.05%				
			07/15/25	355,000	4.05%				
			07/15/26	365,000	4.05%				
				$ 3,100,000		3,350,000		250,000	3,100,000
NJEIT Sewer Wastewater Treatment Bonds, Series 2007A	11/08/07	2,940,000				145,000		145,000	
NJEIT Sewer Wastewater Treatment Bonds, Series 2008A	11/08/08	6,110,000	08/01/17	$ 290,000	5.00%				
			08/01/18	305,000	5.00%				
				$ 595,000		4,925,000		4,330,000	595,000
County Agreement Sewer Revenue Refunding Bonds, Series 2008	06/11/08	64,885,000	07/15/17	$ 8,740,000	5.25%				
				$ 8,740,000		17,045,000		8,305,000	8,740,000

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds Payable
For the Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds Date	Maturities of Bonds Amount	Interest Rate	Balance Jan. 1, 2016	Bonds Issued	Paid 2016	Balance Dec. 31, 2016
NJEIT Sewer Wastewater Treatment Bonds, Series 2010A	03/20/10	$ 2,105,000	08/01/17	$ 95,000	5.00%				
			08/01/18	100,000	5.00%				
			08/01/19	105,000	4.00%				
			08/01/20	110,000	5.00%				
			08/01/21	115,000	3.00%				
			08/01/22	120,000	4.00%				
			08/01/23	125,000	4.00%				
			08/01/24	130,000	4.00%				
			08/01/25	135,000	4.00%				
			08/01/26	140,000	3.50%				
			08/01/27	145,000	4.00%				
			08/01/28	150,000	4.00%				
			08/01/29	155,000	4.00%				
				$ 1,625,000		$ 1,715,000		$ 90,000	$ 1,625,000
NJEIT Sewer Wastewater Treatment Bonds, Series 2010B	12/02/10	4,865,000	08/01/17	$ 205,000	5.00%				
			08/01/18	215,000	5.00%				
			08/01/19	225,000	5.00%				
				$ 645,000		4,180,000		3,535,000	645,000
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2010 (Refunding 2003A)	08/18/10	1,465,000	08/01/17	$ 81,553	4.20%				
			08/01/18	86,296	4.25%				
			08/01/19	91,375	5.00%				
			08/01/20	96,265	5.00%				
			08/01/21	101,053	4.50%				
			08/01/22	100,449	4.75%				
			08/01/23	104,291	4.75%				
				$ 661,282		737,075		75,793	661,282
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2010 (Partial Refunding 2006A)	08/18/10	609,100	08/01/24	$ 609,100	2.14%				
				$ 609,100		609,100			609,100
NJEIT Sewer Wastewater Treatment Bonds, Series 2012A (CW)	05/03/12	1,100,000	08/01/17	$ 45,000	5.00%				
			08/01/18	50,000	5.00%				
			08/01/19	50,000	5.00%				
			08/01/20	55,000	5.00%				
			08/01/21	55,000	5.00%				
			08/01/22	60,000	5.00%				
			08/01/23	60,000	5.00%				
			08/01/24	65,000	5.00%				
			08/01/25	70,000	5.00%				
			08/01/26	70,000	5.00%				
			08/01/27	75,000	3.00%				

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds Payable
For the Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds Date	Maturities of Bonds Amount	Interest Rate	Balance Jan. 1, 2016	Bonds Issued	Paid 2016	Balance Dec. 31, 2016
NJEIT Sewer Wastewater Treatment Bonds,			08/01/28	$ 75,000	3.00%				
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%				
				$ 975,000		$ 1,020,000		$ 45,000	$ 975,000
NJEIT Sewer Wastewater Treatment Bonds,	05/03/12	$ 14,375,000	08/01/17	$ 620,000	5.00%				
Series 2012A (PF) (CW)			08/01/18	655,000	5.00%				
			08/01/19	685,000	5.00%				
			08/01/20	720,000	5.00%				
			08/01/21	755,000	5.00%				
			08/01/22	795,000	5.00%				
			08/01/23	835,000	5.00%				
			08/01/24	875,000	5.00%				
			08/01/25	920,000	5.00%				
			08/01/26	965,000	5.00%				
			08/01/27	1,015,000	3.00%				
			08/01/28	1,045,000	3.00%				
			08/01/29	1,075,000	3.13%				
			08/01/30	1,110,000	3.20%				
			08/01/31	1,145,000	3.25%				
				$ 13,215,000		13,805,000		590,000	13,215,000
NJEIT Sewer Wastewater Treatment Refunding Bonds,	08/14/2012	5,808,090	08/01/17	$ 495,610	4.00%				
Series 2012B-R (Partial Refunding 2006A)			08/01/18	518,237	4.00%				
			08/01/19	536,474	4.00%				
			08/01/20	559,152	4.00%				
			08/01/21	581,949	4.00%				
			08/01/22	604,010	4.00%				
			08/01/23	630,382	4.00%				
			08/01/25	687,611	4.00%				
			08/01/26	713,173	4.00%				
				$ 5,326,598		5,808,090		481,492	5,326,598
NJEIT Sewer Wastewater Treatment Bonds,	05/03/13	1,820,000	09/01/17	$ 75,000	4.00%				
Series 2013A (CW)			09/01/18	80,000	4.00%				
			09/01/19	85,000	4.00%				
			09/01/20	85,000	4.00%				
			09/01/21	90,000	4.00%				
			09/01/22	95,000	4.00%				
			09/01/23	100,000	5.00%				
			09/01/24	105,000	5.00%				
			09/01/25	110,000	3.00%				
			09/01/26	110,000	3.00%				

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds Payable
For the Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds Date	Maturities of Bonds Amount	Interest Rate	Balance Jan. 1, 2016	Bonds Issued	Paid 2016	Balance Dec. 31, 2016
NJEIT Sewer Wastewater Treatment Bonds, Series 2013A (CW) (Cont'd)			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%				
				$ 1,675,000		$ 1,750,000		$ 75,000	$ 1,675,000
NJEIT Sewer Wastewater Treatment Bonds, Series 2015A-1 (CW) 14	05/28/15	$ 1,325,000	08/01/17	$ 45,000	5.00%				
			08/01/18	50,000	5.00%				
			08/01/19	50,000	5.00%				
			08/01/20	55,000	5.00%				
			08/01/21	55,000	5.00%				
			08/01/22	60,000	5.00%				
			08/01/23	65,000	5.00%				
			08/01/24	65,000	5.00%				
			08/01/25	70,000	5.00%				
			08/01/26	70,000	5.00%				
			08/01/27	75,000	4.00%				
			08/01/28	80,000	4.00%				
			08/01/29	80,000	4.00%				
			08/01/30	85,000	4.00%				
			08/01/31	90,000	4.00%				
			08/01/32	90,000	4.00%				
			08/01/33	95,000	4.00%				
			08/01/34	100,000	4.00%				
				$ 1,280,000		1,325,000		45,000	1,280,000
NJEIT Sewer Wastewater Treatment Bonds, Series 2015A-1 (CW) 10-2	05/28/15	355,000	08/01/17	$ 15,000	5.00%				
			08/01/18	15,000	5.00%				
			08/01/19	15,000	5.00%				
			08/01/20	15,000	5.00%				
			08/01/21	20,000	5.00%				
			08/01/22	20,000	5.00%				
			08/01/23	20,000	5.00%				
			08/01/24	20,000	5.00%				
			08/01/25	20,000	5.00%				
			08/01/26	20,000	5.00%				
			08/01/27	25,000	4.00%				
			08/01/28	25,000	4.00%				
			08/01/29	25,000	4.00%				
			08/01/30	25,000	4.00%				
			08/01/31	30,000	4.00%				
			08/01/32	30,000	4.00%				
				$ 340,000		355,000		15,000	340,000

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds Payable
For the Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds Date	Maturities of Bonds Amount	Interest Rate	Balance Jan. 1, 2016	Bonds Issued	Paid 2016	Balance Dec. 31, 2016
NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2015B-R (Refunding 2007A)	11/24/15	$ 1,876,000	08/01/17	$ 133,000	5.00%				
			08/01/18	137,000	5.00%				
			08/01/19	146,000	5.00%				
			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%				
				$ 1,876,000		$ 1,876,000			$ 1,876,000
NJEIT Sewer Wastewater Treatment Bonds, Series 2015A-2 (CW) 06-02	11/24/15	365,000	08/01/17	$ 20,000	5.00%				
			08/01/18	20,000	5.00%				
			08/01/19	20,000	5.00%				
			08/01/20	20,000	5.00%				
			08/01/21	25,000	5.00%				
			08/01/22	25,000	5.00%				
			08/01/23	25,000	5.00%				
			08/01/24	25,000	5.00%				
			08/01/25	30,000	5.00%				
			08/01/26	30,000	3.00%				
			08/01/27	30,000	3.00%				
			08/01/28	30,000	3.00%				
			08/01/29	30,000	3.00%				
			08/01/30	35,000	3.00%				
				$ 365,000		365,000			365,000
NJEIT Sewer Wastewater Treatment Bonds, Series 2015A-2 (CW) 14-1	11/24/15	105,000	08/01/17	$ 5,000	5.00%				
			08/01/18	5,000	5.00%				
			08/01/19	5,000	5.00%				
			08/01/20	5,000	5.00%				
			08/01/21	5,000	5.00%				
			08/01/22	5,000	5.00%				
			08/01/23	5,000	5.00%				
			08/01/24	5,000	5.00%				
			08/01/25	5,000	5.00%				
			08/01/26	5,000	3.00%				
			08/01/27	5,000	3.00%				
			08/01/28	5,000	3.00%				
			08/01/29	5,000	3.00%				
			08/01/30	5,000	3.00%				
			08/01/31	5,000	3.00%				
			08/01/32	10,000	3.00%				

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds Payable
For the Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds Date	Maturities of Bonds Amount	Interest Rate	Balance Jan. 1, 2016	Bonds Issued	Paid 2016	Balance Dec. 31, 2016
NJEIT Sewer Wastewater Treatment Bonds,			08/01/33	$ 10,000	3.125%				
Series 2015A-2 (CW) 14-1			08/01/34	10,000	3.125%				
				$ 105,000		$ 105,000			$ 105,000
NJEIT Sewer Wastewater Treatment Refunding Bonds,	05/10/16	$ 3,641,000	08/01/19	$ 292,000	5.00%				
Series 2016A-R1 (Refunding 2008A)			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%				
				$ 3,641,000			$ 3,641,000		3,641,000
NJEIT Sewer Wastewater Treatment Refunding Bonds,	05/10/16	3,031,000	08/01/20	$ 214,000	5.00%				
Series 2016A-R2 (Refunding 2010B)			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%				
				$ 3,031,000			3,031,000		3,031,000
NJEIT Construction Financing Program, Series 2016 CFP-16-1 (640-15)	07/19/16	1,386,727	06/30/20	$ 1,386,727	0.00%		1,386,727		1,386,727
				Grand Total		$ 85,288,097	$ 8,058,727	$ 29,953,049	$ 63,393,775

	Bonds Issued	Paid 2016
Refunding Cash	$ 6,672,000	$ 7,395,000
Cash	1,386,727	22,558,049
	$ 8,058,727	$ 29,953,049

	Balance Dec. 31, 2016
County Agreement Sewer Revenue Refunding Bonds	$ 20,795,000
County Agreement Sewer Revenue Bonds	3,100,000
NJEIT Refunding Bonds	17,292,048
NJWTT / NJEIT Serial Bonds	20,820,000
NJEIT Interim / Construction Financing Program	1,386,727
	$ 63,393,775

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2016

Purpose	Date of Award	Original Award	Loan Payments Date	Loan Payments Amount	Balance Jan. 1, 2016	Bonds Issued	N.J.D.E.P. Cancellation	Paid 2016	Balance Dec. 31, 2016
2000 NJEIT Loan Series 2000A-2	11/09/00	$ 2,908,943	02/01/17	$ 14,939					
			08/01/17	145,736					
			02/01/18	11,505					
			08/01/18	149,187					
			02/01/19	7,891					
			08/01/19	154,752					
			02/01/20	4,036					
			08/01/20	73,834					
				$ 561,880	$ 724,433			$ 162,553	$ 561,880
2000 NJEIT Loan Series 2000B-2	11/09/00	3,501,500	02/01/17	$ 17,599					
			08/01/17	171,374					
			02/01/18	13,563					
			08/01/18	80,213					
				$ 282,749	473,137			190,388	282,749
2003 NJEIT Loan Series 2003	11/08/03	3,755,879	02/01/17	$ 27,412					
			08/01/17	172,663					
			02/01/18	24,362					
			08/01/18	178,157					
			02/01/19	21,093					
			08/01/19	183,433					
			02/01/20	17,035					
			08/01/20	187,918					
			02/01/21	12,763					
			08/01/21	192,190					
			02/01/22	8,726					
			08/01/22	188,153					
			02/01/23	4,464					
			08/01/23	192,436					
				$ 1,410,805	1,607,804			196,999	1,410,805
2006 NJEIT Loan Series 2006B	11/09/06	25,351,847	02/01/17	$ 251,580					
			08/01/17	1,237,836					
			02/01/18	231,855					
			08/01/18	1,263,352					
			02/01/19	211,225					

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2016

Purpose	Date of Award	Original Award	Loan Payments Date	Loan Payments Amount	Balance Jan. 1, 2016	Bonds Issued	N.J.D.E.P. Cancellation	Paid 2016	Balance Dec. 31, 2016
2006 NJEIT Loan Series 2006B (Cont'd)			08/01/19	$ 1,278,914					
			02/01/20	189,871					
			08/01/20	1,302,802					
			02/01/21	167,613					
			08/01/21	1,325,784					
			02/01/22	143,725					
			08/01/22	1,347,138					
			02/01/23	118,905					
			08/01/23	1,376,607					
			02/01/24	92,179					
			08/01/24	1,395,122					
			02/01/25	59,605					
			08/01/25	1,128,900					
				$ 13,123,012	$ 16,410,648		$ 1,796,411	$ 1,491,225	$ 13,123,012
2007 NJEIT Loan Series 2007A	11/08/07	$ 7,612,500	02/01/17	$ 86,664					
			08/01/17	363,167					
			02/01/18	79,751					
			08/01/18	365,174					
			02/01/19	72,616					
			08/01/19	375,877					
			02/01/20	66,550					
			08/01/20	378,732					
			02/01/21	60,307					
			08/01/21	390,327					
			02/01/22	52,056					
			08/01/22	399,915					
			02/01/23	43,360					
			08/01/23	409,058					
			02/01/24	35,589					
			08/01/24	410,206					
			02/01/25	27,160					
			08/01/25	419,616					
			02/01/26	18,329					
			08/01/26	428,625					
			02/01/27	9,098					
			08/01/27	437,232					
				$ 4,929,409	5,374,334			444,925	4,929,409

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2016

Purpose	Date of Award	Original Award	Loan Payments Date	Loan Payments Amount	Balance Jan. 1, 2016	Bonds Issued	N.J.D.E.P. Cancellation	Paid 2016	Balance Dec. 31, 2016
2008 NJEIT Loan Series 2008A	11/06/08	$ 16,042,800	02/01/17	$ 202,812					
			08/01/17	691,870					
			02/01/18	190,585					
			08/01/18	704,940					
			02/01/19	177,726					
			08/01/19	717,377					
			02/01/20	163,560					
			08/01/20	728,507					
			02/01/21	148,024					
			08/01/21	738,267					
			02/01/22	131,793					
			08/01/22	755,764					
			02/01/23	114,634					
			08/01/23	772,333					
			02/01/24	96,547					
			08/01/24	796,406					
			02/01/25	79,050					
			08/01/25	812,638					
			02/01/26	60,711					
			08/01/26	828,026					
			02/01/27	41,528					
			08/01/27	851,004					
			02/01/28	21,291					
			08/01/28	872,927					
				$ 10,698,320	$ 11,590,894			$ 892,574	$ 10,698,320
2010 NJEIT Loan Series 2010A	03/20/10	2,070,000	02/01/17	$ 36,964					
			08/01/17	73,928					
			02/01/18	36,964					
			08/01/18	73,929					
			02/01/19	36,964					
			08/01/19	73,929					
			02/01/20	36,964					
			08/01/20	73,929					

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2016

Purpose	Date of Award	Original Award	Loan Payments Date	Loan Payments Amount	Balance Jan. 1, 2016	Bonds Issued	N.J.D.E.P. Cancellation	Paid 2016	Balance Dec. 31, 2016
2010 NJEIT Loan Series 2010A (Cont'd)			02/01/21	$ 36,964					
			08/01/21	73,929					
			02/01/22	36,964					
			08/01/22	73,929					
			02/01/23	36,964					
			08/01/23	73,928					
			02/01/24	36,964					
			08/01/24	73,929					
			02/01/25	36,964					
			08/01/25	73,929					
			02/01/26	36,964					
			08/01/26	73,929					
			02/01/27	36,964					
			08/01/27	73,929					
			02/01/28	36,964					
			08/01/28	73,928					
			02/01/29	36,964					
			08/01/29	73,930					
				$ 1,441,607	$ 1,552,500			$ 110,893	$ 1,441,607
2010 NJEIT Loan Series Fall 2010B	03/20/10	$ 14,867,980	02/01/17	$ 260,842					
			08/01/17	521,683					
			02/01/18	260,842					
			08/01/18	521,683					
			02/01/19	260,842					
			08/01/19	521,684					
			02/01/20	260,842					
			08/01/20	521,683					
			02/01/21	260,842					
			08/01/21	521,683					
			02/01/22	260,842					
			08/01/22	521,683					
			02/01/23	260,842					
			08/01/23	521,684					
			02/01/24	260,842					
			08/01/24	521,683					
			02/01/25	260,842					
			08/01/25	521,683					

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2016

Purpose	Date of Award	Original Award	Loan Payments Date	Loan Payments Amount	Balance Jan. 1, 2016	Bonds Issued	N.J.D.E.P. Cancellation	Paid 2016	Balance Dec. 31, 2016
2010 NJEIT Loan Series Fall 2010B (Cont'd)			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					
				$ 10,955,354	$ 11,737,879			$ 782,525	$ 10,955,354
2012 NJEIT Loan Series 2012ABC (CW)	05/03/12	$ 3,397,500	02/01/17	$ 62,917					
			08/01/17	125,833					
			02/01/18	62,917					
			08/01/18	125,833					
			02/01/19	62,917					
			08/01/19	125,833					
			02/01/20	62,917					
			08/01/20	125,833					
			02/01/21	62,917					
			08/01/21	125,833					
			02/01/22	62,917					
			08/01/22	125,833					
			02/01/23	62,917					
			08/01/23	125,833					
			02/01/24	62,917					
			08/01/24	125,833					
			02/01/25	62,917					
			08/01/25	125,833					
			02/01/26	62,917					
			08/01/26	125,833					
			02/01/27	62,917					
			08/01/27	125,833					
			02/01/28	62,917					
			08/01/28	125,833					
			02/01/29	62,917					
			08/01/29	125,833					

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2016

Purpose	Date of Award	Original Award	Loan Payments Date	Loan Payments Amount	Balance Jan. 1, 2016	Bonds Issued	N.J.D.E.P. Cancellation	Paid 2016	Balance Dec. 31, 2016
2012 NJEIT Loan Series 2012ABC (CW) (Cont'd)			02/01/30	$ 62,917					
			08/01/30	125,833					
			02/01/31	62,917					
			08/01/31	125,833					
				$ 2,831,250	$ 3,020,000			$ 188,750	$ 2,831,250
2012 NJEIT Loan Series 2012ABC (PF) (CW)	05/03/12	$ 34,037,500	02/01/17	$ 728,030					
			08/01/17	1,456,061					
			02/01/18	728,030					
			08/01/18	1,456,061					
			02/01/19	728,030					
			08/01/19	1,456,061					
			02/01/20	728,030					
			08/01/20	1,456,061					
			02/01/21	728,030					
			08/01/21	1,456,061					
			02/01/22	728,030					
			08/01/22	1,456,061					
			02/01/23	728,030					
			08/01/23	1,456,061					
			02/01/24	728,030					
			08/01/24	1,456,061					
			02/01/25	728,030					
			08/01/25	1,456,061					
			02/01/26	728,030					
			08/01/26	1,456,061					
			02/01/27	728,030					
			08/01/27	1,456,061					
			02/01/28	728,030					
			08/01/28	1,456,061					
			02/01/29	728,030					
			08/01/29	1,456,061					
			02/01/30	728,030					
			08/01/30	1,456,061					
			02/01/31	728,030					
			08/01/31	1,092,044					
				$ 32,397,348	33,581,439			1,184,091	32,397,348

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CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2016

Purpose	Date of Award	Original Award	Loan Payments Date	Loan Payments Amount	Balance Jan. 1, 2016	Bonds Issued	N.J.D.E.P. Cancellation	Paid 2016	Balance Dec. 31, 2016
2013 NJEIT Loan Series 2013A (CW)	09/01/13	$ 4,625,562	02/01/17	$ 88,106					
			08/01/17	176,212					
			02/01/18	88,106					
			08/01/18	176,212					
			02/01/19	88,106					
			08/01/19	176,212					
			02/01/20	88,106					
			08/01/20	176,212					
			02/01/21	88,106					
			08/01/21	176,212					
			02/01/22	88,106					
			08/01/22	176,212					
			02/01/23	88,106					
			08/01/23	176,212					
			02/01/24	88,106					
			08/01/24	176,212					
			02/01/25	88,106					
			08/01/25	176,212					
			02/01/26	88,106					
			08/01/26	176,212					
			02/01/27	88,106					
			08/01/27	176,212					
			02/01/28	88,106					
			08/01/28	176,212					
			02/01/29	88,106					
			08/01/29	176,212					
			02/01/30	88,106					
			08/01/30	176,212					
			02/01/31	88,106					
			08/01/31	176,212					
			02/01/32	88,106					
			08/01/32	132,159					
				$ 4,185,032	$ 4,449,350			$ 264,318	$ 4,185,032
2015 NJEIT Loan Series 2015A-1 (CW) 14	05/28/15	2,242,750	02/01/17	$ 39,347					
			08/01/17	78,693					
			02/01/18	39,347					
			08/01/18	78,693					

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2016

Purpose	Date of Award	Original Award	Loan Payments Date	Loan Payments Amount	Balance Jan. 1, 2016	Bonds Issued	N.J.D.E.P. Cancellation	Paid 2016	Balance Dec. 31, 2016
2015 NJEIT Loan Series 2015A-1 (CW) 14 (Cont'd)			02/01/19	$ 39,346					
			08/01/19	78,693					
			02/01/20	39,347					
			08/01/20	78,693					
			02/01/21	39,346					
			08/01/21	78,693					
			02/01/22	39,347					
			08/01/22	78,693					
			02/01/23	39,346					
			08/01/23	78,693					
			02/01/24	39,347					
			08/01/24	78,693					
			02/01/25	39,346					
			08/01/25	78,693					
			02/01/26	39,347					
			08/01/26	78,693					
			02/01/27	39,346					
			08/01/27	78,693					
			02/01/28	39,347					
			08/01/28	78,693					
			02/01/29	39,346					
			08/01/29	78,693					
			02/01/30	39,347					
			08/01/30	78,693					
			02/01/31	39,346					
			08/01/31	78,693					
			02/01/32	39,347					
			08/01/32	78,693					
			02/01/33	39,346					
			08/01/33	78,693					
			02/01/34	39,346					
			08/01/34	78,693					
				$ 2,124,711	$ 2,242,750			$ 118,039	$ 2,124,711
2015 NJEIT Loan Series 2015A-1 (CW) 10-2	05/28/15	$ 993,413	02/01/17	$ 18,744					
			08/01/17	37,487					
			02/01/18	18,744					
			08/01/18	37,487					

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2016

Purpose	Date of Award	Original Award	Loan Payments Date	Loan Payments Amount	Balance Jan. 1, 2016	Bonds Issued	N.J.D.E.P. Cancellation	Paid 2016	Balance Dec. 31, 2016
2015 NJEIT Loan Series 2015A-1 (CW) 10-2 (Cont'd)			02/01/19	$ 18,744					
			08/01/19	37,487					
			02/01/20	18,744					
			08/01/20	37,487					
			02/01/21	18,744					
			08/01/21	37,487					
			02/01/22	18,744					
			08/01/22	37,487					
			02/01/23	18,744					
			08/01/23	37,487					
			02/01/24	18,744					
			08/01/24	37,487					
			02/01/25	18,744					
			08/01/25	37,487					
			02/01/26	18,744					
			08/01/26	37,487					
			02/01/27	18,744					
			08/01/27	37,487					
			02/01/28	18,744					
			08/01/28	37,487					
			02/01/29	18,744					
			08/01/29	37,487					
			02/01/30	18,744					
			08/01/30	37,487					
			02/01/31	18,744					
			08/01/31	37,487					
			02/01/32	18,743					
			08/01/32	37,487					
				$ 899,695	$ 955,926			$ 56,231	$ 899,695
2015 NJEIT Loan Series 2015A-2 (CW) 06-02	11/24/15	$ 1,159,679	02/01/17	$ 26,356					
			08/01/17	52,713					
			02/01/18	26,356					
			08/01/18	52,713					
			02/01/19	26,356					
			08/01/19	52,713					
			02/01/20	26,356					
			08/01/20	52,713					

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2016

Purpose	Date of Award	Original Award	Loan Payments Date	Loan Payments Amount	Balance Jan. 1, 2016	Bonds Issued	N.J.D.E.P. Cancellation	Paid 2016	Balance Dec. 31, 2016
2015 NJEIT Loan Series 2015A-2 (CW) 06-02 (Cont'd)			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					
				$ 1,106,966	$ 1,159,679			$ 52,713	$ 1,106,966
2015 NJEIT loan Series 2015A-2 (CW) 14-1	11/24/15	$ 317,250	02/01/17	$ 5,665					
			08/01/17	11,331					
			02/01/18	5,665					
			08/01/18	11,331					
			02/01/19	5,665					
			08/01/19	11,330					
			02/01/20	5,665					
			08/01/20	11,331					
			02/01/21	5,665					
			08/01/21	11,330					
			02/01/22	5,665					
			08/01/22	11,331					
			02/01/23	5,665					
			08/01/23	11,330					
			02/01/24	5,665					
			08/01/24	11,331					

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
For the Year Ended December 31, 2016

Purpose	Date of Award	Original Award	Loan Payments Date	Loan Payments Amount	Balance Jan. 1, 2016	Bonds Issued	N.J.D.E.P. Cancellation	Paid 2016	Balance Dec. 31, 2016
2015 NJEIT loan Series 2015A-2 (CW) 14-1 (Cont'd)			02/01/25	5,665					
			08/01/25	11,330					
			02/01/26	5,665					
			08/01/26	11,331					
			02/01/27	5,665					
			08/01/27	11,330					
			02/01/28	5,665					
			08/01/28	11,331					
			02/01/29	5,665					
			08/01/29	11,330					
			02/01/30	5,665					
			08/01/30	11,331					
			02/01/31	5,665					
			08/01/31	11,330					
			02/01/32	5,665					
			08/01/32	11,331					
			02/01/33	5,665					
			08/01/33	11,330					
			02/01/34	$ 5,665					
			08/01/34	11,331					
				$ 305,920	$ 317,250			$ 11,330	$ 305,920
NJEIT Construction Financing Program, Series 2016 CFP-16-1 (640-15)	07/19/16	$ 4,000,174	06/30/20	$ 4,000,174		$ 4,000,174			4,000,174
				Grand Total	$ 95,198,023	$ 4,000,174	$ 1,796,411	$ 6,147,554	$ 91,254,232
		Cash Held by Fiscal Agent				$ 4,000,174			
		Cash						$ 6,147,554	
						$ 4,000,174		$ 6,147,554	

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Capital Appreciation Bonds
For the Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Maturity of Bonds Date	Maturity of Bonds Amount	Bond Accretion Year	Bond Accretion Amount	Balance Jan. 1, 2016	Accretion 2016	Paid 2016	Balance Dec. 31, 2016
1990 Capital Appreciation Bonds Series A	02/22/90	$ 115,830,388	09/01/17	$14,020,000	2017	$ 2,031,748				
			09/01/18	10,725,000	2018	1,214,837				
			09/01/19	10,725,000	2019	502,815				
				$ 35,470,000		$ 3,749,400	$ 42,873,801	$ 2,866,799	$ 14,020,000	$ 31,720,600
1990 Capital Appreciation Bonds Series B	02/22/90	121,677,020	09/01/17	$18,545,000	2017	$ 869,450				
				$ 18,545,000		$ 869,450	34,119,898	2,100,652	18,545,000	17,675,550
						Grand Total	$ 76,993,699	$ 4,967,451	$ 32,565,000	$ 49,396,150

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Notes Payable

For the Year Ended December 31, 2016

Description	Amount of Issuance	Date of Issuance	Note Payments Date	Note Payments Amount	Interest Rate	Balance Jan. 1, 2016	Notes Issued	Paid 2016	Balance Dec. 31, 2016
County of Camden	$ 15,000,000	05/15/16			1.25%		$ 15,000,000	$ 15,000,000	
1st Colonial	6,000,000	12/29/16	12/31/17	$ 6,000,000	3.50%		6,000,000		$ 6,000,000
				Grand Total		$ -	$ 21,000,000	$ 15,000,000	$ 6,000,000

CAMDEN COUNTY
MUNICIPAL UTILITIES AUTHORITY

PART II

SINGLE AUDIT SECTION

FOR THE YEAR ENDED
DECEMBER 31, 2016

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Camden County Municipal Utilities Authority, in the County of Camden, State of New Jersey, a component unit of the County of Camden, (Authority) 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, 2016. 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 Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal and State Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 or 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 or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and 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
June 19, 2017

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2016

Federal Grantor/ Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	State GMIS Number	Pass-through Entity Id Number	Program or Award Amount	Matching Funds	Grant Period From	To
U.S. Department of Environmental Protection Agency							
Pass Through N.J. Department of Environmental Protection Agency							
Capitalization Grants for Clean Water State Revolving Funds							
Camden City Green & Grey Infrastructure Improvement Project	66.458	042-4860-71I-009	S340640-10-2	$ 4,242,750	n/a	05/28/15	Open
Camden City Green & Grey Infrastructure Improvement Project - Supplemental	66.458	042-4860-71I-009	S340640-14-1	317,250	n/a	05/28/15	Open
Atlantic Basin Interceptor - Supplemental	66.458	042-4860-510-044	S340640-06-02	1,159,679	n/a	05/28/15	Open
Camden City Green & Grey Infrastructure Improvement Project - Phase II	66.458	not known	S340640-15	4,000,174	n/a	07/19/16	Open
Total Federal Awards - U.S. Department of Environmental Protection Agency							

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

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2016

					Receivable Balance Dec. 31, 2016		(Memo Only)	
Receivable Balance Dec. 31, 2015	Revenue Recognized	Cash Receipts	Passed-Through to Subrecipients	Total Federal Disbursements / Expenditures	Project Funds Balance	Unreimbursed Expenditures	Cash Received 2016	Accumulated Expenditures
$ 1,230,127		$ 1,230,127		$ 1,111,854			$ 1,230,127	$ 4,242,750
317,250		116,099		296,253	$ 20,997	$ 180,154	116,099	296,253
1,159,679		1,159,679		1,159,679			1,159,679	1,159,679
	$ 4,000,174	2,565,764		3,185,271	814,903	619,507	2,565,764	3,185,271
$ 2,707,056	$ 4,000,174	$ 5,071,669	$ -	$ 5,753,057	$ 835,900	$ 799,661	$ 5,071,669	$ 8,883,953

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2016

State Grantor/ Program Title	State GMIS Number	Pass-through Grantors' Number	Program or Award Amount	Grant Period From	Grant Period To
Department of Environmental Protection:					
NJ Environmental Infrastructure Trust Program:					
System Upgrade, Combined Sewer Solids and Floatables Control Facilities	042-4860-510-009	640-08,709-03&04	$ 34,229,815	11/01/06	Open
Camden City Green & Grey Infrastructure Improvement Project	042-4860-71I-009	S340640-14	1,414,250	05/28/15	Open
Camden City Green & Grey Infrastructure Improvement Project - Supplemental	042-4860-71I-009	S340640-14-1	105,750	05/28/15	Open
Atlantic Basin Interceptor - Supplemental	042-4860-510-044	S340640-06-02	386,559	05/28/15	Open
Camden City Green & Grey Infrastructure Improvement Project - Phase II	not known	S340640-15	1,333,391	07/19/16	Open
Total State Financial Assistance - Department of Environmental Protection					

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

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2016

Receivable Balance Dec. 31, 2015	Revenue Recognized	Cash Receipts	Adjustment	Disbursements or Expenditures	Receivable Balance Dec. 31, 2016		(Memo Only)	
					Project Funds Balance	Unreimbursed Expenditures	Cash Received 2016	Accumulated Expenditures
$ 2,954,411		$ 986,548	$ (1,796,412)	$ 796,403	$ 171,451		$ 986,548	$ 32,261,952
410,045		410,045		370,621			410,045	1,414,250
105,750		38,700		98,750	7,000	$ 60,050	38,700	98,750
386,559		386,559		386,559			386,559	386,559
	$ 1,333,391	855,255		1,061,758	271,633	206,503	855,255	1,061,758
$ 3,856,765	$ 1,333,391	$ 2,677,107	$ (1,796,412)	$ 2,714,091	$ 450,084	$ 266,553	$ 2,677,107	$ 35,223,269

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended December 31, 2016

Note 1: **GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Camden County Municipal Utilities Authority, County of Camden, State of New Jersey (hereafter referred to as the "Authority") under programs of the federal government and state government for the year ended December 31, 2016. The Authority is defined in note 1 to the financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Because these schedules present only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position and changes in operations of the Authority.

Note 2: **BASIS OF ACCOUNTING**

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

Note 3: **RELATIONSHIP TO FINANCIAL STATEMENTS**

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

Note 4: **RELATIONSHIP TO FINANCIAL REPORTS**

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

Note 5: **ADJUSTMENTS**

The adjustment in the Schedule of Expenditures of State Financial Assistance is a result of a reduction in the loan amount that was utilized by the grantor for a debt refunding. The refunding resulted in a net savings to the Authority of $1,796,411 over the life of the loan through 2025.

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, 2016

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified Opinion
Internal control over financial reporting:	
Material weakness(es) identified?	____ yes X no
Significant deficiency(ies) identified?	____ yes X none reported
Noncompliance material to financial statements noted?	____ yes X no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	____ yes X no
Significant deficiency(ies) identified?	____ yes X none reported
Type of auditor's report issued on compliance for major programs	Unmodified Opinion
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)?	____ yes X no

Identification of major programs:

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

Dollar threshold used to determine Type A programs	$750,000
Auditee qualified as low-risk auditee?	X yes ____ no

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

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

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?		yes	X	no
Significant deficiency(ies) identified?		yes	X	none reported
Type of auditor's report issued on compliance for major programs	Unmodified Opinion			
Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB?		yes	X	no

Identification of major programs:

GMIS Number(s)	Name of State Program
042-040-4860-510	NJ Environmental Infrastructure Trust Program

Dollar threshold used to determine Type A programs	$750,000			
Auditee qualified as low-risk auditee?	X	yes		no

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

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, 2016

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, 2016

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

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

None

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

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

FINANCIAL STATEMENT FINDINGS

None

FEDERAL AWARDS

None

STATE FINANCIAL ASSISTANCE PROGRAMS

None

31700

APPRECIATION

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants