

**PENNSAUKEN  
SEWERAGE AUTHORITY**

**REPORT OF AUDIT**

**WITH  
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDING  
DECEMBER 31, 2014 and 2013**



## PENNSAUKEN SEWERAGE AUTHORITY

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For the Year Ended December 31, 2014

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**PENNSAUKEN SEWERAGE AUTHORITY**  
Roster of Officials  
As of December 31, 2014

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<u>MEMBERS</u>	<u>POSITION</u>
Oren Lutz	Chairman
Gregory E. Schofield	Vice-Chairman
Dennis Archibald	Member
Timothy Ellis	Member
James Pennestri	Member
<u>OFFICERS</u>	
William Orth	Secretary/Executive Director
Robin Fair	Treasurer/Office Manager
<u>CONSULTANTS</u>	
David Luthman	Solicitor
T & M Associates, Inc	Engineer
Remington & Vernick Engineers	Engineer
US Bank	Trustee
Parker McCay	Bond Counsel
Connor Strong Companies, Inc.	Insurance Broker



**PENNSAUKEN SEWERAGE AUTHORITY**

**PART I**

**FINANCIAL SECTION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2014 and 2013**





## **INDEPENDENT AUDITOR'S REPORT**

The Chairman and Members of  
The Pennsauken Sewerage Authority  
Pennsauken, New Jersey

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

We have audited the accompanying financial statements of the business-type activities of the Pennsauken Sewerage Authority, in the County of Camden, State of New Jersey, a component unit of the Township of Pennsauken, as of and for the years ending December 31, 2014 and 2013 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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



**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 Pennsauken Sewerage Authority, in the County of Camden, State of New Jersey as of December 31, 2014 and 2013, and the changes in 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 and schedule of funding progress for the OPEB plan as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

The accompanying supplementary schedules as listed in the table of contents 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, 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 March 4, 2015 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



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

**INDEPENDENT AUDITOR'S REPORT**

The Chairman and Members of  
The Pennsauken Sewerage Authority  
Pennsauken, 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 Pennsauken Sewerage Authority (Authority), in the County of Camden, State of New Jersey, a component unit of the Township of Pennsauken, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 4, 2015.

**Internal Control Over Financial Reporting**

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

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

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



**Compliance and Other Matters**

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

**Purpose of this Report**

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

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
March 4, 2015





# PENNSAUKEN SEWERAGE AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2014 AND 2013

The Pennsauken Sewerage Authority (the Authority) is a public agency providing wastewater services to Pennsauken Township, the Borough of Merchantville and a small section of Cherry Hill Township. This section of the Authority's annual financial report provides a discussion and analysis of the financial performance for the years ending December 31, 2014, 2013 and 2012. The entire annual financial report consists of four parts; Independent Auditor's Reports, the management's discussion and analysis, the basic financial statements and supplemental schedules.

## **FINANCIAL HIGHLIGHTS**

- **Total Assets** - Total assets as of December 31, 2014 were \$7,861,735.08 after deducting liabilities of 1,472,364.84 and deferred inflows of resources of \$99,158.00, net position equals \$6,290,212.24.
- **Total Operating Revenue**- Revenues for the year ending December 31, 2014 totaling \$4,242,751.20 were up from last year's ending amount of \$3,679,074.75 mainly due to an increase in rate for residential and commercial usage.
- **Total Operating Expenses** – Operating expenses for the year ending December 31, 2014 of \$3,861,526.22 were down 7.00% from last year's amount of \$4,152,218.42 mainly due to a decrease in emergency main repairs.
- **Interest Income** – For the year ending December 31, 2014, the Authority generated \$11,319.24 interest income from investments.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The comparative statement of net position includes all of the Authority's assets, liabilities and deferred inflows of resources. As the Authority follows the accrual method of accounting, the current year's revenues and expenses are accounted for in the statement of revenues, expenses, & changes in net position regardless of when cash is received or paid. Net position – the difference between the Authority's assets, liabilities and deferred inflows of resources – is a measure of the Authority's financial health or position.

The comparative statement of revenues, expenses and changes in net position provides a breakdown of the various areas of revenues and expenses encountered during the current year.

The comparative statement of cash flows provides a breakdown of the various sources of cash flow, categorized into four areas: Cash flows from operating activities, non-capital financing activities, capital and related financing activities and investing activities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

### FINANCIAL ANALYSIS OF THE AUTHORITY

The Authority's total net position was \$6,290,212.24 on December 31, 2014. Total assets, total liabilities, deferred inflows of resources and total net position are detailed below.

A significant portion of the Authority's net position (83.30%) represents its investment in capital assets (i.e. sewer lines, buildings, improvements and equipment); less the related debt outstanding used to acquire those capital assets. Although the Authority's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities. An additional portion of the Authority's net position (8.77%) represents resources that are subject to external restrictions on how they can be used under the Bond Resolution covenants. The remaining unrestricted net position (7.93%) may be used by the Authority for any legal purpose.

#### Statement of Net Position As of December 31, 2014, 2013 and 2012

	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>
<b>Assets</b>			
Current Assets	\$ 1,947,654.27	\$ 1,149,625.87	\$ 1,610,758.18
Capital Assets	5,914,080.81	6,198,293.84	6,434,153.41
<b>Total Assets</b>	<b>\$ 7,861,735.08</b>	<b>\$ 7,347,919.71</b>	<b>\$ 8,044,911.59</b>
<b>Liabilities</b>			
Current Liabilities	\$ 418,683.76	\$ 164,798.47	\$ 240,244.21
Long Term Liabilities	1,053,681.08	1,127,174.50	1,123,843.79
<b>Total Liabilities</b>	<b>\$ 1,472,364.84</b>	<b>\$ 1,291,972.97</b>	<b>\$ 1,364,088.00</b>
<b>Deferred Inflows Of Resources</b>			
Deferred Revenue	\$ 99,158.00	\$ -	\$ -
<b>Net Position</b>			
Net Investment in Capital Assets	\$ 5,239,924.14	\$ 5,492,636.48	\$ 5,767,256.07
Restricted	551,833.34	551,833.34	551,833.34
Unrestricted	498,454.76	11,476.92	361,734.18
<b>Total Position</b>	<b>\$ 6,290,212.24</b>	<b>\$ 6,055,946.74</b>	<b>\$ 6,680,823.59</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

### FINANCIAL ANALYSIS OF THE AUTHORITY (CONT'D)

Statement of Revenues, Expenses and Changes in Net Position  
For the Years Ended December 31, 2014, 2013 and 2012

	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>
<b>Operating Revenues:</b>			
Service Fees	\$ 4,192,893.91	\$ 3,651,601.43	\$ 3,390,394.69
Connection Fees	23,241.58	6,246.72	62,004.72
Other Operating Revenues	26,615.71	21,226.60	32,621.56
<b>Total Operating Revenues</b>	<b>\$ 4,242,751.20</b>	<b>\$ 3,679,074.75</b>	<b>\$ 3,485,020.97</b>
<b>Operating Expenses:</b>			
Administration	\$ 940,499.24	\$ 1,006,653.15	\$ 988,423.52
Cost of Providing Services	2,489,867.44	2,730,889.65	2,434,879.23
Depreciation	431,159.54	414,675.62	435,734.73
<b>Total Operating Expenses</b>	<b>\$ 3,861,526.22</b>	<b>\$ 4,152,218.42</b>	<b>\$ 3,859,037.48</b>
<b>Net Non-Operating Expenses</b>	<b>\$ (146,959.48)</b>	<b>\$ (151,733.18)</b>	<b>\$ (6,527.56)</b>
<b>Change in Net Position</b>	<b>234,265.50</b>	<b>(624,876.85)</b>	<b>(380,544.07)</b>
<b>Net Position - Beginning</b>	<b>6,055,946.74</b>	<b>6,680,823.59</b>	<b>7,061,367.66</b>
<b>Net Position - Ending</b>	<b>\$ 6,290,212.24</b>	<b>\$ 6,055,946.74</b>	<b>\$ 6,680,823.59</b>

### OVERALL ANALYSIS

Overall the Authority is in a sound financial position and Pennsauken continues to be a desirable location for residential and commercial users. Future projects the Township has planned will bring additional revenue to the Authority without additional expense. Several projects currently in motion are the redevelopment of the grounds that the Pennsauken Mart once occupied, and development of Pennsauken's waterfront property to include residential and commercial development.

Service charges billed to our customers were raised January 1, 2014 from \$180.00 to \$200.00 a year per unit for residential users. The increase to commercial/industrial users went from \$174.00 to \$200.00 minimum plus \$1.69 to \$1.83 per hundreds of cubic feet or \$2.25 to \$2.44 per thousands of gallons. The Authority held a rate hearing on November 19, 2013.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)**

### **BUDGET VARIANCES**

As the original budget was formulated in October 2013, certain actual events during the year caused the Authority to go over budget for minor amounts in a couple of line items. The Authority adopted a resolution at its November meeting to authorize a transfer of funds between line items to amend the 2014 budget. The Authority did not overspend the budget as a whole.

### **CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY**

During 2014, the Authority expended \$147,161.49 for capital activities. All expenditures were classified as capital assets.

The proposed five-year capital programs total \$775,000. The major line items making up a portion of the Capital Budget are:

1. Trucks
2. Upgrades to Pumps and Controls
3. Computer Equipment
4. Office Equipment
5. Operations Equipment and Maintenance
6. Building Upkeep and Repairs
7. Kaign Ave Station Rehabilitation

The Authority has not experienced any change in its credit rating, nor does it anticipate any. The Authority does not operate under any debt limitations; it is required to receive approval from the Township and the Local Finance Board prior to issuing of debt.

### **CONTACTING THE AUTHORITY'S MANAGEMENT**

This financial report is designed to provide Pennsauken Township residents, investors, clients and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the public funds it receives. If you have any questions about this report or need additional financial information, contact the Treasurer, Pennsauken Sewerage Authority, 1250 John Tipton Blvd., Pennsauken, NJ 08110 or by phone at 856-663-5542

## **BASIC FINANCIAL STATEMENTS**



**PENNSAUKEN SEWERAGE AUTHORITY**  
 Statements of Net Position  
 As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 727,972.02	\$ 306,622.51
Investments	159,686.18	3,180.31
Investment Income Receivable	370.68	61.70
Service Fees Receivable (Net of an Allowance for Doubtful Accounts of \$26,076.42 for 2014 and \$54,605.83 for 2013)	732,882.69	450,553.90
Intergovernmental Receivables	4,276.03	3,949.11
Other Accounts Receivable (Net of an Allowance for Doubtful Accounts of \$17,640.36 for 2014 and \$22,033.89 for 2013)	15,332.97	16,172.60
Total Unrestricted Assets	<u>1,640,520.57</u>	<u>780,540.13</u>
Restricted Assets:		
Cash and Cash Equivalents	301,627.19	297,027.36
Investments	2,810.89	6,397.36
Investment Income Receivable	533.03	229.02
NJEIT Receivable	2,162.59	65,432.00
Total Restricted Assets	<u>307,133.70</u>	<u>369,085.74</u>
Total Current Assets	<u>1,947,654.27</u>	<u>1,149,625.87</u>
Capital Assets:		
Completed (Net of Accumulated Depreciation)	5,861,485.30	6,145,698.33
Construction in Progress	52,595.51	52,595.51
Total Capital Assets	<u>5,914,080.81</u>	<u>6,198,293.84</u>
Total Assets	<u>7,861,735.08</u>	<u>7,347,919.71</u>

(Continued)

## PENNSAUKEN SEWERAGE AUTHORITY

Statements of Net Position  
As of December 31, 2014 and 2013

<b>LIABILITIES</b>	<u>2014</u>	<u>2013</u>
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 118,750.38	\$ 76,527.78
Overpaid Service Charges	29,514.28	27,235.44
Other Liabilities	221,603.37	12,013.00
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	369,868.03	115,776.22
Current Liabilities Payable from Restricted Assets:		
Accrued Interest Payable	3,273.37	3,479.89
Current Portion of Loans Payable	45,542.36	45,542.36
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	48,815.73	49,022.25
	<hr/>	<hr/>
Total Current Liabilities	418,683.76	164,798.47
Long-term Liabilities:		
Compensated Absences	97,977.06	101,745.38
OPEB Liability	324,927.12	299,882.12
Long-term Portion of Loans Payable	630,776.90	725,547.00
	<hr/>	<hr/>
Total Long-term Liabilities	1,053,681.08	1,127,174.50
	<hr/>	<hr/>
Total Liabilities	1,472,364.84	1,291,972.97
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Revenue	99,158.00	-
	<hr/>	<hr/>
<b>NET POSITION</b>		
Net Investment in Capital Assets	5,239,924.14	5,492,636.48
Restricted	551,833.34	551,833.34
Unrestricted	498,454.76	11,476.92
	<hr/>	<hr/>
Total Net Position	\$ 6,290,212.24	\$ 6,055,946.74
	<hr/>	<hr/>

See the accompanying Notes to Financial Statements.



**PENNSAUKEN SEWERAGE AUTHORITY**  
 Statements of Revenues, Expenses and Changes in Net Position  
 For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Service Fees	\$ 3,960,534.96	\$ 3,436,441.00
Intergovernmental Service Fees	232,358.95	215,160.43
Connection Fees	23,241.58	6,246.72
Other Operating Revenues	26,615.71	21,226.60
Total Operating Revenues	<u>4,242,751.20</u>	<u>3,679,074.75</u>
Operating Expenses:		
Administration:		
Salaries and Wages	459,087.97	478,556.85
Employee Benefits	294,612.33	327,953.86
Other Expenses	186,798.94	200,142.44
Total Administration	<u>940,499.24</u>	<u>1,006,653.15</u>
Cost of Providing Service:		
Salaries and Wages	1,174,324.23	1,149,230.40
Employee Benefits	669,222.21	665,975.85
Other Expenses	646,321.00	915,683.40
Total Cost of Providing Service	<u>2,489,867.44</u>	<u>2,730,889.65</u>
Depreciation	<u>431,159.54</u>	<u>414,675.62</u>
Total Operating Expenses	<u>3,861,526.22</u>	<u>4,152,218.42</u>
Operating Income / (Loss)	<u>381,224.98</u>	<u>(473,143.67)</u>
Non-operating Income (Expenses):		
Investment Income	11,319.24	7,090.64
Interest on Loans	(8,063.74)	(8,565.62)
Loss on Disposal of Capital Assets	(214.98)	(258.20)
Contribution to Pennsauken Township Per N.J.S.A. 40A:5A-1	<u>(150,000.00)</u>	<u>(150,000.00)</u>
Net Non-operating Expenses	<u>(146,959.48)</u>	<u>(151,733.18)</u>
Change in Net Position	234,265.50	(624,876.85)
Net Position - Beginning	<u>6,055,946.74</u>	<u>6,680,823.59</u>
Net Position - Ending	<u>\$ 6,290,212.24</u>	<u>\$ 6,055,946.74</u>

See the accompanying Notes to Financial Statements.

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Statements of Cash Flows  
 For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 3,912,517.04	\$ 3,624,367.81
Payments to Employees	(2,575,970.06)	(2,572,691.03)
Payments to Suppliers	(847,380.34)	(1,156,058.92)
Other Operating Receipts	359,445.29	26,234.10
	<hr/>	<hr/>
Net Cash Provided by (Used in) Operating Activities	848,611.93	(78,148.04)
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities:		
Interest on Loans	(8,425.00)	(8,925.00)
Principal Paid on Loans	(45,542.36)	(45,542.36)
Extinguishment of Loans	(49,073.00)	
NJEIT Receipts	63,269.41	116,969.00
Acquisitions of Capital Assets	(90,678.49)	(69,609.87)
Restricted Accounts Payable		(23,350.24)
Payments Made for Construction in Progress		(109,464.38)
	<hr/>	<hr/>
Net Cash Used in Capital and Related Financing Activities	(130,449.44)	(139,922.85)
	<hr/>	<hr/>
Cash Flows from Noncapital Financing Activities:		
Contribution to Pennsauken Township Per N.J.S.A. 40A:5A-1	(150,000.00)	(150,000.00)
	<hr/>	<hr/>
Cash Flows from Investing Activities:		
Proceeds from Sales of Investments	86,806.19	84,923.08
Purchases of Investments	(239,725.59)	(65,287.36)
Investment Income	10,706.25	10,012.05
	<hr/>	<hr/>
Net Cash Provided by (Used in) Investing Activities	(142,213.15)	29,647.77
	<hr/>	<hr/>
Change in Cash and Cash Equivalents	425,949.34	(338,423.12)
	<hr/>	<hr/>
Cash and Cash Equivalents--Beginning of Year	603,649.87	942,072.99
	<hr/>	<hr/>
Cash and Cash Equivalents--End of Year	\$ 1,029,599.21	\$ 603,649.87
	<hr/>	<hr/>

(Continued)

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Statements of Cash Flows  
 For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of Operating Income / (Loss) to Net		
Cash Flows Provided by Operating Activities:		
Operating Income / (Loss)	\$ 381,224.98	\$ (473,143.67)
Adjustments to Reconcile Operating Income / (Loss)		
to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	431,159.54	414,675.62
Changes in Assets and Liabilities:		
Service Fees Receivable	(282,328.79)	(20,813.32)
Intergovernmental Receivable	(326.92)	1,652.18
Other Accounts Receivable	839.63	2,344.20
Accounts Payable	(14,260.40)	(40,233.08)
OPEB Liability	25,045.00	51,755.77
Overpaid Service Charges	2,278.84	(8,072.48)
Deferred Revenue	99,158.00	
Other Liabilities	209,590.37	(3,583.42)
Compensated Absences	(3,768.32)	(2,729.84)
Net Cash Provided by (Used by) Operating Activities	<u>\$ 848,611.93</u>	<u>\$ (78,148.04)</u>

See the accompanying Notes to Financial Statements.

**PENNSAUKEN SEWERAGE AUTHORITY**  
Notes to Financial Statements  
For the Year Ended December 31, 2014 and 2013

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

The financial statements of the Pennsauken Sewerage 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 Pennsauken Sewerage Authority (the "Authority") is a public body corporate and politic of the State of New Jersey and was originally created as a sewerage authority by Ordinance No. 688 of the Township of Pennsauken (the "Township") adopted on August 28, 1950, pursuant to the Sewerage Authority Law, Chapter 138 of the Laws of 1946, as amended. The governing body of the Authority is a Board consisting of five members appointed by the Pennsauken Township Committee. The terms of the members of the Authority are staggered so that at least one member's term expires each year, and the Pennsauken Township Committee, in accordance with the Act, reappoints the member or appoints a successor.

The Act permits the Authority to charge and collect rents, rates, fees or other charges for direct or indirect connection with, or the use of services of its sewer system. The Act also permits the Authority to enter into agreements with other municipalities for the collection and treatment of sewage.

Presently, the Authority provides and charges for all connected customers within the municipal boundaries of Township for the collection of sewage. The Authority has contracted to collect all sewage discharged into the collection system maintained by Merchantville Borough and a certain portion of Cherry Hill Township. Sewage collected by the Authority from whatever source is then passed on to the Camden County Municipal Utilities Authority (CCMUA) system. The CCMUA is, in turn responsible for the treatment of all waste materials.

**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 Township of Pennsauken.

**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. Water and sewer service charges are recognized as revenue when services are provided. Connection fees are collected in advance and, accordingly, the Authority defers these revenues until the municipality issues a release for certificate of occupancy and determines that water distribution and sewage collection services are being provided to the properties.

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 fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

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

**Budgets and Budgetary Accounting**

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

The legal level of budgetary control is established at the detail shown on the Statement of Revenues, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority adopted 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. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. The Act was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

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

**Inventories**

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 December 31, 2014.

**Capital Assets**

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased prior to January 1, 1992 are stated at estimated cost. Assets purchased since are stated at actual cost. Donated capital assets are recorded at their fair market value as of the date received.

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

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

Expenditures are capitalized when they meet the following requirements:

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

**Depreciation**

Depreciation is provided using the straight-line method over the following estimated useful life of the assets:

	<u>Years</u>
Buildings	30-40
Major Moveable Equipment	7-20
Vehicles	8-15
Infrastructure	25

Depreciation is taken starting with the date the asset is placed into service.

**Bond Discounts / Bond Premiums**

Bond discounts / bond premiums arising from the issuance of long-term debt 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 Revenue**

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

**Compensated Absences**

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

**Unearned Revenue**

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

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

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

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

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

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

**Income Taxes**

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

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

Operating revenues include all revenues derived from facility charges 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 sewer system and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt and a contribution to the Township.

**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.

**Recently Issued and Adopted Accounting Pronouncements**

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. GASBS 67 is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2013. The Authority does not administer any state or local pension plans; therefore, the adoption of GASBS 67 does not have any impact on the Authority's financial statements.



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

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASBS 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for periods beginning after December 15, 2013. The adoption of GASBS 69 does not have any impact on the Authority's financial statements.

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

**Recently Issued Accounting Pronouncements**

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

In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine *all* such amounts. This Statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements and expects the impact to be material when considered in conjunction with the adoption of Statement No. 68.

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

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

**General Bond Resolution**

The Authority is subject to the provisions and restrictions of the General Bond Resolution adopted July 18, 1995 and a supplemental resolution adopted December 17, 2002, and March 2, 2010. A summary of the activities of each account created by the Bond Resolution is covered below.

**Revenue Account** - All money collected by the Authority for service charges or from any other source for operating, maintaining or repairing the system is deposited in this account. The Trustee, on the first day of each month, shall make payments into the other accounts to satisfy bond resolution or operating requirements.

**General Account** – All excess funds of the Authority are recorded in the General Account. If the Authority is not in default in the payment of debt principal or interest and all fund requirements are satisfied, the excess funds may be used by the Authority for any lawful purpose.

**Bond Service Account** - The balance on deposit must be sufficient to enable the Trustee to withdraw amounts equal to interest due on debt, principal amount maturing on debt and sinking fund installments when such payments are required. At December 31, 2014, the balance in the bond service account meets the requirements of the Bond Resolution.

**Bond Reserve Account** - The amount of funds on deposit must be maintained at a level equal to the lesser of the maximum annual debt service during any calendar year; 125% of average annual debt service or 10% of the principal amount of debt. At December 31, 2014, the balance in the bond reserve account meets the requirements of the Bond Resolution. Whenever the amount in this account exceeds the Bond Reserve Fund Requirement, the excess is transferred to the Revenue Fund.

**Renewal and Replacement Account** - 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, all to the extent not provided for in the then current annual budget or not paid from reserves in the Operating Account. Money in this account is pledged for the security of payment of principal and interest on the 2010 Sewer Revenue Loans. Whenever the amount in this account exceeds the Renewal and Replacement Fund Requirement, the excess is transferred to the Revenue Fund.

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

The excess of revenues for the current year ended December 31, 2014 is 1578.75% of the annual debt service. Section 712 of the Bond Resolution requires the computation of sufficiency of revenues and that excess revenues equal at least 110% of the annual debt service. Debt service coverage for the years ended December 31, 2014 and 2013 is calculated as follows:

	<u>Dec. 31, 2014</u>		<u>Dec. 31, 2013</u>
Operating Revenues:			
Utility Service Charges	\$ 4,192,893.91		\$ 3,651,601.43
Other Operating Revenues	49,857.29		27,473.32
Net Investment Income	<u>11,319.24</u>		<u>7,090.64</u>
 Total Revenues	 <u>\$ 4,254,070.44</u>		 <u>\$ 3,686,165.39</u>
 Operating Expenses:			
Administrative	\$ 940,499.24		\$ 1,006,653.15
Cost of Providing Service	2,489,867.44		2,730,889.65
OPEB Obligation	<u>(25,045.00)</u>		<u>(51,755.77)</u>
 Total Operating Expenses	 <u>\$ 3,405,321.68</u>		 <u>\$ 3,685,787.03</u>
 Net Revenues	 <u>\$ 848,748.76</u>		 <u>\$ 378.36</u>
		= 1578.75%	
 Debt Service	 \$ 53,760.84		 \$ 54,258.00
			= 0.70%

This ratio meets the required debt service coverage of 110% for the Series 2010 NJ EIT Loans for the year ended December 31, 2014.

**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.

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

As of December 31, 2014 and 2013, the Authority's bank balances of \$1,037,449.54 and \$825,649.37 were exposed to custodial credit risk as follows:

	<u>2014</u>	<u>2013</u>
Insured by Federal Deposit Insurance Corporation	\$ 250,000.00	\$ 500,000.00
Uninsured and Collateralized with Securities Held by Pledging Financial Institutions	<u>787,449.54</u>	<u>325,649.37</u>
Total	<u>\$ 1,037,449.54</u>	<u>\$ 825,649.37</u>

**Investments**

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's \$162,497.07 as of December 31, 2014 and \$9,577.67 as of December 31, 2013 investments in money market funds are held in the name of the Authority.

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits the investments that the Authority may purchase items such as Treasury securities in order to limit the exposure of governmental units to credit risk. The Authority has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk** – The Authority does not place a limit on the amount that may be invested in any one issuer. All of the Authority's investments are in investments in government money market funds.

As of December 31, 2014 and 2013, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Maturity</u>	<u>Credit Rating</u>	<u>Fair Value</u> <u>December 31, 2014</u>	<u>Fair Value</u> <u>December 31, 2013</u>
Governmental Money Market Fund	Demand	N/A	<u>\$ 162,497.07</u>	<u>\$ 9,577.67</u>

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

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

<u>Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2014	\$ 505,159.73	\$ 3,932,005.55	\$ 3,678,206.17	82.90%
2013	462,936.26	3,457,851.15	3,415,627.68	87.12%
2012	521,342.00	3,185,556.45	3,243,962.19	87.51%

**Capital Assets**

During the year ended December 31, 2014, the following changes in capital assets occurred:

	<u>Balance Jan. 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2014</u>
Administration:				
Infrastructure	\$ 190,940.08			\$ 190,940.08
Land	63,100.00			63,100.00
Buildings	754,603.67			754,603.67
Vehicles	56,708.00			56,708.00
Equipment	214,559.47	\$ 13,239.99	\$ 444.14	227,355.32
Operations:				
Infrastructure	8,950,808.82			8,950,808.82
Land	42,300.00			42,300.00
Buildings	5,674,496.65			5,674,496.65
Vehicles	763,479.34			763,479.34
Equipment	724,542.76	133,921.50	4,662.26	853,802.00
	17,435,538.79	147,161.49	5,106.40	17,577,593.88
Depreciation	11,289,840.46	431,159.54	4,891.42	11,716,108.58
	<u>\$ 6,145,698.33</u>	<u>\$ (283,998.05)</u>	<u>\$ 214.98</u>	<u>\$ 5,861,485.30</u>

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

During the year ended December 31, 2013, the following changes in capital assets occurred:

	Balance <u>Jan. 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2013</u>
Administration:				
Infrastructure	\$ 190,940.08			\$ 190,940.08
Land	63,100.00			63,100.00
Buildings	754,603.67			754,603.67
Vehicles	56,708.00			56,708.00
Equipment	214,559.47			214,559.47
Operations:				
Infrastructure	8,854,910.67	\$ 95,898.15		8,950,808.82
Land	42,300.00			42,300.00
Buildings	5,674,496.65			5,674,496.65
Vehicles	763,479.34			763,479.34
Equipment	638,155.14	92,339.62	\$ 5,952.00	724,542.76
	<u>17,253,253.02</u>	<u>188,237.77</u>	<u>5,952.00</u>	<u>17,435,538.79</u>
Depreciation	<u>10,880,858.64</u>	<u>414,675.62</u>	<u>5,693.80</u>	<u>11,289,840.46</u>
	<u>\$ 6,372,394.38</u>	<u>\$ (226,437.85)</u>	<u>\$ 258.20</u>	<u>\$ 6,145,698.33</u>

**Note 4: DETAIL NOTES - LIABILITIES****Compensated Absences**

Authority employees may accumulate unused sick days with no restrictions. Employees are compensated for accumulated sick leave upon retirement or resignation at their then current hourly rate of pay times the number of days accumulated. One week of vacation time not used during the year may be carried forward for one year. Upon separation from the Authority, the employee will be paid for all accrued vacation time at their then current hourly rate. The accrued liability for accumulated sick leave and vacation time at December 31, 2014 and 2013 is estimated at \$97,977.06 and \$101,745.38, respectively.

**Retirement Systems**

The Authority contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. In addition, several Authority employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This too is administered by 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

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Retirement Systems (Cont'd)**

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

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

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

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Paid by Authority</u>
2014	\$ 30,595.00	\$ 123,208.00	\$ 153,803.00	\$ 153,803.00
2013	47,129.00	112,686.00	159,815.00	159,815.00
2012	50,660.00	101,319.00	151,979.00	151,979.00

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

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 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.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. 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 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.

The Authority's contributions, equal to the required contribution for each year, were as follows:

<u>Year</u>	<u>Total Liability</u>	<u>Paid by Authority</u>
2014	\$ 534.60	\$ 534.60
2013	154.01	154.01
2012	-	-

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pension**

The State Pension Fund provides health benefits through the State Health Benefit Plan which is a cost-sharing multiple-employer defined benefit postemployment healthcare plan. As a result, GASB Statement 45 requires that the actuarial accrued liability for employee benefits are recorded as an obligation of the State Health Benefit Plan and not the Authority.

The Authority provides Dental benefits through Delta Dental, Vision through Vision Service and reimbursement of Medicare B premiums to employees that have retired from the Authority in addition to benefits provided through the State Pension Fund. The benefits and reimbursement for the Medicare Part B deduction amounts are established by the Authority. GASB Statement 45 requires that accrued liabilities associated with these benefits be recorded on the Authority's financial statements.

**State Health Benefit Plan**

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

The Authority provides postemployment health care benefits, at its cost, to all Authority retirees who at the date of retirement have not less than twenty-five (25) years of service credit in a State locally administered retirement system and have served at least twenty (20) years as an employee of the Authority. Benefits provided include health insurance and prescription coverage for retirees and their dependents.

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/](http://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 contributions to SHBP for the years ended December 31, 2014, 2013 and 2012 were \$125,425.50, \$119,464.04 and \$96,032.47, respectively, which equaled the required contributions for each year. As of December 31, 2014, there were 10 retirees and 5 retirees spouses eligible for postemployment medical benefits.

**Authority's Plan – Dental, Vision and Medicare B Reimbursement**

**Plan Description** - The Authority also provides Dental, Vision and Medicare Part B reimbursement to retirees and their covered dependents. The reimbursements are administered by the Authority; therefore, payments are made directly by the Authority to the retirees.

**Funding Policy** - The Authority presently funds its current retiree post employment benefit costs on a "pay-as-you-go" basis. The Authority's contributions to the plan for the years ended December 31, 2014, 2013 and 2012 were \$14,546.32, \$15,082.23 and \$12,587.04, respectively.



**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Authority's Plan – Dental, Vision and Medicare B Reimbursement (Cont'd)**

Annual OPEB Cost and Net OPEB Obligation - The Authority's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation for 2014, 2013 and 2012 is as follows:

	2014	2013	2012
Normal cost	\$ 17,281.00	\$ 29,224.00	\$ 27,832.33
Amortization Payment	46,930.00	36,158.00	33,504.33
Interest Contributions	2,568.00	2,615.00	2,453.34
Annual required contribution (expense)	66,779.00	67,997.00	63,790.00
Interest on Outstanding Net OPEB Obligation	11,995.00	8,843.00	7,378.00
Adjustment to Annual Required Contribution	(19,668.00)	(10,002.00)	(8,061.00)
Total Annual OPEB Cost	59,106.00	66,838.00	63,107.00
Contributions Made	14,546.32	15,082.23	12,587.04
Contributions Made (Age-Adjusted Basis)	19,514.68		
	25,045.00	51,755.77	50,519.96
Net OPEB obligation - beginning of year	299,882.12	248,126.35	197,606.39
Net OPEB obligation - end of year	\$ 324,927.12	\$ 299,882.12	\$ 248,126.35

Annual OPEB Cost – For 2014, the Authority's annual OPEB cost (expense) was \$59,106.00. The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2013 and 2012 is as follows:

<u>Year</u>	<u>Annual OPEB Cost</u>	<u>Pay as You Go Cost (Existing Retirees)</u>	<u>Annual OPEB Obligation</u>	<u>Percentage of Annual OPEB Cost Contributed</u>
2014	\$ 59,106.00	\$ 34,061.00	\$ 25,045.00	57.63%
2013	66,838.00	15,082.23	51,755.77	22.57%
2012	63,107.00	12,587.04	50,519.96	19.95%

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Authority's Plan – Dental, Vision and Medicare B Reimbursement (Cont'd)**

Funded Status and Funding Progress - As of January 1, 2014, the most recent actuarial valuation date, the Authority's Plan was 0% funded. The actuarial accrued liability for benefits was \$744,155.00 and the actuarial value of plan assets was \$0.00, resulting in an unfunded actuarial accrued liability (UAAL) of \$744,155.00. (For additional information, please refer to the "Required Supplementary Information Schedule of Funding Progress for OPEB Plan" shown at the end of the footnote section.) Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2014, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual dental and vision cost trend rate of 2.0%. The actuarial value of the Authority Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three year period. The Authority's Plan unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2014, was twenty-three years.

**Revenue Loans Payable**

On March 10, 2010, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Series 2010A") totaling \$929,000.00 for the repair of various pump stations and wet wells. The Fund portion of the award is for \$699,000.00 and is interest free. The remaining Trust portion is for \$230,000.00 and carries interest rates varying from 3.0% to 5.0% with a final maturity in 2029.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Loans Payable****Maturities of the NJEIT Series 2010:**

Year Ending Dec. 31,	Interest Free Loan Principal	Loan Principal	Total Principal	Interest	Total
2015	\$ 35,542.36	\$ 10,000.00	\$ 45,542.36	\$ 7,925.00	\$ 53,467.36
2016	35,542.36	10,000.00	45,542.36	7,425.00	52,967.36
2017	35,542.36	10,000.00	45,542.36	6,925.00	52,467.36
2018	35,542.36	10,000.00	45,542.36	6,425.00	51,967.36
2019	35,542.36	10,000.00	45,542.36	5,925.00	51,467.36
2020-2024	177,711.80	65,000.00	242,711.80	22,925.00	265,636.80
2025-2029	128,639.05	75,000.00	203,639.05	8,850.00	212,489.05
	<u>\$ 484,062.65</u>	<u>\$ 190,000.00</u>	674,062.65	<u>\$ 66,400.00</u>	<u>\$ 740,462.65</u>
Premium on Loan Current Maturities			2,256.61 <u>(45,542.36)</u>		
Long-Term Portion			<u>\$ 630,776.90</u>		

**Lease Obligations**

At December 31, 2014, the Authority has an operating lease agreement in effect for the following:

- Pitney Bowes Postage Machine

Operating Leases – Future minimum rental payments under an operating lease agreement is as follows:

Calendar Year	Amount
2015	<u>\$ 522.00</u>
	<u>\$ 522.00</u>

Current Year Payments under Operating Leases totaled \$3,132.00.

**Note 5: DETAIL NOTES – DEFERRED INFLOWS OF RESOURCES****Connection Fees**

The Authority receives payments for connection fees when new users connect to the water and/or sewer system. The Authority does not supply the user with supplies or services to make the physical connection and is therefore considered a non exchange transaction. The Authority recognizes the revenue in the period that the user exercises their right to connect to the system.

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

As of December 31, 2014, the Authority had a balance an unrestricted net position balance of \$498,454.76; however, \$150,000.00 and \$110,000.00 has been appropriated and included as support in the operating and capital budgets respectively for the year ending December 31, 2015.

**Note 7: INTERGOVERNMENTAL AGREEMENTS****Borough of Merchantville Service Agreement**

On January 22, 1996, the Authority entered into an agreement with the Borough of Merchantville ("Borough") regarding the disposal of wastewater generated from within the Borough, the relationship between the parties regarding disposal, and other pertinent issues. Additionally, the agreement provides a means for the funding of necessary capital improvements to the collection system within the Borough.

The Borough is required to pay the Authority for each of the Borough's connections an amount equal to fifty percent of the amount charged to Authority customers. The Borough must pay in two equal, semi-annual installments due on the thirtieth day of June and the thirty-first day of December. In addition, the Borough pays an additional fee for the use of the Authority's personnel and equipment of \$10.00 per year for each connection in the Borough to cover the cost of maintenance and repairs. The additional fee was originally established for a period of two years and automatically renews for successive two year periods unless either party provides written notice at least 180 days prior to any extension thereof. Payments of the additional fee are also paid in two equal semi-annual installments on the same dates as the rate payments.

**Township of Pennsauken Service Agreement**

A Service Agreement was entered into on May 1, 1987, between the Authority and the Township of Pennsauken. Under the Service Agreement, the Township agrees to pay any shortfall the Authority may encounter in making payments for either operating expenses and/or debt service.

**Cherry Hill Township Service Agreement**

On December 12, 1955, the Authority entered into an agreement with the Township of Delaware, which is now known as Cherry Hill Township. The Authority agreed to accept sewage from a small section of Cherry Hill Township. Payment for this service is calculated at a per unit charge using the same rate schedule used in charging Pennsauken Township customers. This agreement will stay in effect until one of the parties terminates the agreement giving one year's notice.

**Note 8: COMMITMENTS AND 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 9: DEFERRED COMPENSATION SALARY ACCOUNT**

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 Township's financial statements.

**Note 10: RISK MANAGEMENT**

The Authority is a member of the New Jersey Utility Authorities Joint Insurance Fund. The Fund provides the Authority with the following coverage:

- Property and Physical Damage
- Workers Compensation
- Excess Liability
- Boiler and Machinery
- General and Automobile Liability

Contributions to the Fund are payable in an annual premium and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations. The Authority's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$500,000.00 for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2014, which can be obtained from:

- New Jersey Utilities Authorities Joint Insurance Fund
- 9 Campus Drive, Suite 16
- Parsippany, New Jersey 07054-4412



**REQUIRED SUPPLEMENTARY INFORMATION**





**PENNSAUKEN SEWERAGE AUTHORITY**  
 Required Supplementary Information  
 Schedule of Funding Progress for the OPEB Plan

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
1/1/2014	\$ -	\$ 744,155.00	\$ 744,155.00	0 %	N/A	N/A
1/1/2011	-	740,321.00	740,321.00	0 %	N/A	N/A

## Schedule RSI-2

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Required Supplementary Information  
 Schedule of Employer Contributions to the OPEB Plan

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Year Ended December 31,	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2014	\$ 66,779.00	51.01%
2013	67,997.00	22.18%
2012	63,790.00	19.73%

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Note to Required Supplementary Information  
 For the Year Ended December 31, 2014

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**Other Postemployment Benefits**

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Closed, Level Dollar Method
Remaining Amortization Period	23 years
Asset Valuation Method	N/A
Actuarial Assumptions:	
Investment Rate of Return	4.0%
Rate of Dental & Vision Inflation	2.0%

For determining the GASB ARC, the rate of employer contributions to the Pennsauken Sewerage Authority Plan is composed of the Normal Cost plus amortization of the Unfunded Actuarial Liability. The Normal Cost is a portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method. The Actuarial Liability is that portion of the Present Value of Projected Benefits that will not be paid by Future Employer Normal Costs or active employee contributions. The difference between this liability and the funds accumulated as of the same date is the Unfunded Actuarial Liability.

**SUPPLEMENTAL EXHIBITS**



**PENNSAUKEN SEWERAGE AUTHORITY**  
 Schedule of Revenues, Expenses and Changes in Net Position  
 Unrestricted and Restricted Accounts  
 For the Year Ended December 31, 2014

	Operating	Restricted			Total
		General	Bond Service	Bond Reserve	
Operating Revenues:					
Service Fees	\$ 3,960,534.96				\$ 3,960,534.96
Intergovernmental Service Fees	232,358.95				232,358.95
Connection Fees	23,241.58				23,241.58
Other Operating Revenues	26,615.71				26,615.71
	<u>4,242,751.20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,242,751.20</u>
Operating Expenses:					
Administration:					
Salaries and Wages	459,087.97				459,087.97
Employee Benefits	294,612.33				294,612.33
Other Expenses	186,798.94				186,798.94
Cost of Providing Service:					
Salaries and Wages	1,174,324.23				1,174,324.23
Employee Benefits	669,222.21				669,222.21
Other Expenses	646,321.00				646,321.00
Depreciation	431,159.54				431,159.54
	<u>3,861,526.22</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,861,526.22</u>
Operating Income / (Loss)	<u>381,224.98</u>				<u>381,224.98</u>
Non-operating Income (Expenses):					
Investment Income	1,386.93	5,680.41	16.09	433.15	11,319.24
Interest on Bonds		(8,063.74)			(8,063.74)
Loss on Disposal of Capital Assets		(214.98)			(214.98)
Contribution to Pennsauken Township		(150,000.00)			(150,000.00)
Income (Loss) before Transfers	<u>382,611.91</u>	<u>(144,534.57)</u>	<u>(8,047.65)</u>	<u>433.15</u>	<u>234,265.50</u>
Transfers	<u>(382,611.91)</u>	<u>378,800.07</u>	<u>8,047.65</u>	<u>(433.15)</u>	<u>(3,802.66)</u>
Change in Net Position		234,265.50			234,265.50
Net Position - Beginning	250,000.00	5,504,113.40	-	51,833.34	250,000.00
Net Position December 31, 2014:					
Net Investment in Capital Assets	\$ 250,000.00	\$ 5,239,924.14	\$ -	\$ 51,833.34	\$ 5,239,924.14
Restricted					551,833.34
Unrestricted		498,454.76	\$ -		498,454.76

**PENNSAUKEN SEWERAGE AUTHORITY**  
Schedule of Cash Receipts and Disbursements  
For the Year Ended December 31, 2014

	Operating Account	General Account	Revenue Account	Restricted		Renewal and Replacement	Total
				Bond Service	Bond Reserve		
Cash, Cash Equivalents and Investments Jan. 1, 2014	\$ 51,796.65	\$ 258,006.17		\$ 53,185.44	\$ 250,239.28	\$ 613,227.54	
Cash Receipts:							
Investment Income	1,386.93						10,706.25
Service Fees Receivable	3,650,970.73	5,371.43		16.09	377.33	3,554.47	3,650,970.73
Intergovernmental Service Fees	232,032.03						232,032.03
Other Accounts Receivable	9,259.64						9,259.64
Other Operating Income	20,275.71						20,275.71
Deferred Revenue	122,489.58						122,489.58
Overpaid Service Fees	29,514.28						29,514.28
Other Liabilities	236,835.00						236,835.00
NJEIT Receipts		2,918.44	\$ 45,000.00	63,269.41			63,269.41
Transfers in				41,609.86			89,528.30
Total Cash Receipts and Investments Available	4,354,560.55	266,296.04	45,000.00	104,895.36	53,562.77	253,793.75	5,078,108.47
Cash Disbursements:							
Budget Appropriations	3,495,501.69			1,855.00			3,497,356.69
Bond and Loan Interest Payments				8,425.00			8,425.00
Bond and Loan Principal				94,615.36			94,615.36
Accounts Payable	76,527.78						76,527.78
Capital Assets	90,678.49						90,678.49
Other Accounts Receivable	7,975.94						7,975.94
Other Liabilities	20,904.63						20,904.63
Transfers out	45,000.00		41,609.86			2,918.44	89,528.30
Total Cash Disbursements	3,736,588.53	-	41,609.86	104,895.36	-	2,918.44	3,886,012.19
Cash, Cash Equivalents and Investments Dec. 31, 2014	\$ 617,972.02	\$ 266,296.04	\$ 3,390.14	\$ -	\$ 53,562.77	\$ 250,875.31	\$ 1,192,096.28
Analysis of Balance:							
Cash & Cash Equivalents Investments	\$ 617,972.02	\$ 110,000.00		\$ 50,751.88	\$ 250,875.31	\$ 1,029,599.21	
Governmental Money Markets		156,296.04	3,390.14	2,810.89			162,497.07
	\$ 617,972.02	\$ 266,296.04	\$ 3,390.14	\$ -	\$ 53,562.77	\$ 250,875.31	\$ 1,192,096.28

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Schedule of Anticipated Budget Revenues, Operating Appropriations  
 Principal Payments and Non-Operating Appropriations Compared to Budget -- Non-GAAP Budgetary Basis  
 For the Year Ended December 31, 2014

	Adopted Budget	Transfers/ Modifications	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>Budget Revenues:</b>					
<b>Operating Revenues:</b>					
<b>Service Fees:</b>					
Residential	\$ 2,495,000.00		\$ 2,495,000.00	\$ 2,567,298.91	\$ 72,298.91
Business/Commercial	1,190,000.00		1,190,000.00	1,352,372.46	162,372.46
Intergovernmental	226,000.00		226,000.00	232,358.95	6,358.95
Other-Delinquent Penalties	32,000.00		32,000.00	40,863.59	8,863.59
	3,943,000.00	\$ -	3,943,000.00	4,192,893.91	249,893.91
<b>Connection Fees:</b>					
Residential	10,000.00		10,000.00	5,525.00	(4,475.00)
Business/Commercial	35,000.00		35,000.00	17,716.58	(17,283.42)
Merchantville Connection Fees	1,000.00		1,000.00		(1,000.00)
	46,000.00	-	46,000.00	23,241.58	(22,758.42)
<b>Other Operating Revenues:</b>					
Filing Fees	1,000.00		1,000.00	180.00	(820.00)
Other Income	15,825.00		15,825.00	26,435.71	10,610.71
	16,825.00	-	16,825.00	26,615.71	9,790.71
<b>Total Operating Revenues</b>	<b>4,005,825.00</b>	<b>-</b>	<b>4,005,825.00</b>	<b>4,242,751.20</b>	<b>236,926.20</b>
<b>Non-Operating Revenues:</b>					
<b>Investment Income</b>					
Unrestricted Accounts	10,000.00		10,000.00	7,067.34	(2,932.66)
Restricted Accounts	1,000.00		1,000.00	4,251.90	3,251.90
	11,000.00	-	11,000.00	11,319.24	319.24
<b>Total Budget Revenues</b>	<b>4,016,825.00</b>	<b>-</b>	<b>4,016,825.00</b>	<b>4,254,070.44</b>	<b>237,245.44</b>
<b>Operating Appropriations:</b>					
<b>Administration:</b>					
<b>Salaries and Wages</b>					
Management	238,000.00		238,000.00	234,516.52	3,483.48
Office Administration	245,000.00	(20,000.00)	225,000.00	209,571.45	15,428.55
Commissioners	15,000.00		15,000.00	15,000.00	
	498,000.00	(20,000.00)	478,000.00	459,087.97	18,912.03
<b>Employee Benefits:</b>					
Public Employees Retirement System	88,000.00	(10,000.00)	78,000.00	77,621.31	378.69
Social Security Tax	43,000.00		43,000.00	36,539.55	6,460.45
Unemployment Comp Insurance	5,500.00		5,500.00	3,902.60	1,597.40
Health Insurance	94,000.00	(5,000.00)	89,000.00	84,511.10	4,488.90
Vision/Dental/Prescription Insurance	45,000.00	(5,000.00)	40,000.00	36,937.83	3,062.17
OPEB Expense				8,886.94	(8,886.94)
Employee Sick time Payback	56,000.00	(5,000.00)	51,000.00	46,213.00	4,787.00
	331,500.00	(25,000.00)	306,500.00	294,612.33	11,887.67
<b>Total Employee Benefits</b>	<b>331,500.00</b>	<b>(25,000.00)</b>	<b>306,500.00</b>	<b>294,612.33</b>	<b>11,887.67</b>

(Continued)

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Schedule of Anticipated Budget Revenues, Operating Appropriations  
 Principal Payments and Non-Operating Appropriations Compared to Budget -- Non-GAAP Budgetary Basis  
 For the Year Ended December 31, 2014

	Adopted Budget	Transfers/ Modifications	Modified Budget	Actual	Variance Favorable (Unfavorable)
Administration (Cont'd):					
Other Expenses:					
Auditing Fees	\$ 36,000.00		\$ 36,000.00	\$ 31,000.00	\$ 5,000.00
Legal Fees	23,000.00	\$ (4,000.00)	19,000.00	18,200.00	800.00
Other Professional Fees	9,000.00		9,000.00	5,630.50	3,369.50
Public Official Liability Insurance	6,800.00		6,800.00	5,807.44	992.56
Office Supplies and Expenses	11,000.00		11,000.00	9,046.21	1,953.79
Postage	16,000.00		16,000.00	10,390.58	5,609.42
Advertising/Printing	11,000.00		11,000.00	8,375.89	2,624.11
Telephone Expense	19,000.00		19,000.00	17,300.72	1,699.28
Miscellaneous Expenses	5,000.00		5,000.00	2,228.20	2,771.80
Service Contracts	10,000.00		10,000.00	9,747.79	252.21
Equipment Rental	4,000.00		4,000.00	3,696.00	304.00
Building Utilities/Expenses	30,000.00		30,000.00	22,686.59	7,313.41
Building Repairs	15,000.00		15,000.00	4,125.03	10,874.97
Financial Expenses	3,000.00		3,000.00	1,125.00	1,875.00
Bad Debt Expense	500.00		500.00		500.00
Education/Seminars	6,000.00		6,000.00	4,938.99	1,061.01
Civic Involvement		32,500.00	32,500.00	32,500.00	
<b>Total Other Expenses</b>	<b>205,300.00</b>	<b>28,500.00</b>	<b>233,800.00</b>	<b>186,798.94</b>	<b>47,001.06</b>
<b>Total Administration Department</b>	<b>1,034,800.00</b>	<b>(16,500.00)</b>	<b>1,018,300.00</b>	<b>940,499.24</b>	<b>77,800.76</b>
Cost of Providing Service:					
Salaries and Wages					
Operations and Maintenance	945,000.00		945,000.00	917,126.96	27,873.04
Management	259,000.00		259,000.00	257,197.27	1,802.73
<b>Total Salaries and Wages</b>	<b>1,204,000.00</b>	<b>-</b>	<b>1,204,000.00</b>	<b>1,174,324.23</b>	<b>29,675.77</b>
Employee Benefits:					
Public Employees Retirement System	88,000.00	(10,000.00)	78,000.00	76,918.43	1,081.57
Social Security Tax	100,000.00	(2,000.00)	98,000.00	95,921.70	2,078.30
Unemployment Comp Insurance	8,000.00	(3,000.00)	5,000.00	4,672.64	327.36
Health Insurance	336,000.00	(20,000.00)	316,000.00	295,214.51	20,785.49
Vision/Dental/Prescription Insurance	129,000.00	(10,000.00)	119,000.00	114,863.67	4,136.33
OPEB Expense				16,158.06	(16,158.06)
Employee Sick time Payback	100,000.00	(9,500.00)	90,500.00	65,473.20	25,026.80
<b>Total Employee Benefits</b>	<b>761,000.00</b>	<b>(54,500.00)</b>	<b>706,500.00</b>	<b>669,222.21</b>	<b>37,277.79</b>

(Continued)



**PENNSAUKEN SEWERAGE AUTHORITY**  
 Schedule of Anticipated Budget Revenues, Operating Appropriations  
 Principal Payments and Non-Operating Appropriations Compared to Budget -- Non-GAAP Budgetary Basis  
 For the Year Ended December 31, 2014

	Adopted Budget	Transfers/ Modifications	Modified Budget	Actual	Variance Favorable (Unfavorable)
Cost of Providing Service (Cont'd):					
Other Expenses:					
Engineer Fees	\$ 25,000.00	\$ (5,000.00)	\$ 20,000.00	\$ 16,154.49	\$ 3,845.51
Insurance:					
General and Auto Liability	29,000.00	(3,500.00)	25,500.00	25,490.00	10.00
Workers Compensation	53,000.00	(5,000.00)	48,000.00	47,637.88	362.12
Property	35,000.00	4,500.00	39,500.00	39,107.82	392.18
JIF Fund Expense	10,000.00	(5,000.00)	5,000.00	4,775.30	224.70
Uninsured Liabilities	10,000.00	(5,000.00)	5,000.00		5,000.00
Service Contracts O & M	30,000.00		30,000.00	24,835.00	5,165.00
Utilities/Pumping Stations	205,000.00		205,000.00	195,513.45	9,486.55
Trash Removal	11,000.00		11,000.00	9,937.66	1,062.34
Operations/Maintenance Expense	30,000.00		30,000.00	20,796.84	9,203.16
Safety Expense	5,000.00		5,000.00	3,137.44	1,862.56
Maintenance of Grounds and Structures	8,000.00		8,000.00	525.00	7,475.00
Vehicle Repair & Parts	30,000.00		30,000.00	22,240.64	7,759.36
Fuel, Oil, Mileage Expense	50,000.00		50,000.00	34,894.16	15,105.84
Uniforms	8,000.00		8,000.00	2,741.18	5,258.82
Chemicals	1,000.00		1,000.00		1,000.00
Collection System Expense	60,000.00		60,000.00	18,815.44	41,184.56
Permits & Licensing	3,000.00		3,000.00	675.00	2,325.00
Emergency Main Repairs	210,000.00	90,000.00	300,000.00	179,043.70	120,956.30
Total Other Expenses	813,000.00	71,000.00	884,000.00	646,321.00	237,679.00
Total Cost of Providing Service	2,778,000.00	16,500.00	2,794,500.00	2,489,867.44	304,632.56
Principal Payments on Debt in lieu of Depreciation	45,600.00	-	45,600.00	45,542.36	57.64
Total Operating Appropriations	3,858,400.00	-	3,858,400.00	3,475,909.04	382,490.96
Non-Operating Appropriations:					
Contribution to Pennsauken Township	150,000.00		150,000.00	150,000.00	
Other Reserves	150,000.00		150,000.00		150,000.00
Interest on Loans	8,425.00		8,425.00	8,218.48	206.52
Total Non-Operating Appropriations:	308,425.00	-	308,425.00	158,218.48	150,206.52
Total Budget Appropriations	4,166,825.00	-	4,166,825.00	3,634,127.52	532,697.48
Unrestricted Net Position to Balance Budget	(150,000.00)	-	(150,000.00)	-	(150,000.00)
Total Appropriations and Unrestricted Net Position	4,016,825.00	-	4,016,825.00	3,634,127.52	382,697.48
Excess Budget Appropriations Over Budget Revenues	\$ -	\$ -	\$ -	\$ 619,942.92	\$(619,942.92)

(Continued)

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Schedule of Anticipated Revenues, Operating Appropriations and  
 Principal Payments Compared to Budget -- Non-GAAP Budgetary Basis  
 For the Year Ended December 31, 2014

<hr/>		
<u>Reconciliation of Excess Appropriations over Revenues to Operating Income</u>		\$ 619,942.92
Add:		
Loan Principal	\$ 45,542.36	
Loan Interest	8,218.48	
Contribution to Pennsauken Township Per N.J.S.A. 40A:5A-1	<u>150,000.00</u>	
		203,760.84
Less:		
Interest on Investments	11,319.24	
Depreciation	<u>431,159.54</u>	
		<u>442,478.78</u>
Operating Income / Loss (Exhibit B)		<u><u>\$ 381,224.98</u></u>
 <u>Analysis of Charges to Appropriations</u>		
Cash Disbursed		\$ 3,497,356.69
Accounts Payable		61,733.31
Compensated Absences		(3,768.32)
OPEB Liability		25,045.00
Loan Principal		45,542.36
Loan Interest		<u>8,218.48</u>
Total Budget Appropriations		<u><u>\$ 3,634,127.52</u></u>

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Schedule of Service Fees Receivable  
 For the Year Ended December 31, 2014

Balance Jan. 1, 2014		\$ 505,159.73
Increased by:		
Residential Charges	\$ 2,538,769.50	
Business/Commercial	1,352,372.46	
Delinquent Penalties	40,863.59	
		3,932,005.55
		4,437,165.28
Decreased by:		
Collections	3,650,970.73	
Overpayment Applied	27,235.44	
		3,678,206.17
Balance Dec. 31, 2014		\$ 758,959.11
<u>Analysis of Balance:</u>		
Service Fees Receivable		\$ 472,473.75
Unbilled Revenue		286,485.36
Balance Dec. 31, 2014		\$ 758,959.11

## Schedule 5

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Schedule of Investment Income Receivable  
 For the Year Ended December 31, 2014

	Balance Jan. 1, 2014	Investment Earnings	Received	Balance Dec. 31, 2014
Unrestricted Earnings:				
Operating Account		\$ 1,386.93	\$ 1,386.93	
General Account	\$ 61.70	5,680.41	5,371.43	\$ 370.68
	61.70	7,067.34	6,758.36	370.68
Restricted Earnings:				
Bond Reserve Account	166.65	433.15	377.33	222.47
Bond Service Account		16.09	16.09	
Renewal and Replacement Fund	62.37	3,802.66	3,554.47	310.56
	229.02	4,251.90	3,947.89	533.03
	\$ 290.72	\$ 11,319.24	\$ 10,706.25	\$ 903.71

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Schedule of Intergovernmental Service Fees Receivable  
 For the Year Ended December 31, 2014

	<u>Cherry Hill</u>	<u>Merchantville</u>	<u>Total</u>
Balance Jan. 1, 2014	\$ 3,949.11		\$ 3,949.11
Increased by:			
Charges Billed	31,040.51	\$ 201,318.44	232,358.95
	34,989.62	201,318.44	236,308.06
Decreased by:			
Cash Collections	30,713.59	201,318.44	232,032.03
Balance Dec. 31, 2014	<u>\$ 4,276.03</u>	<u>\$ -</u>	<u>\$ 4,276.03</u>

## Schedule 7

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Schedule of Other Accounts Receivable  
 For the Year Ended December 31, 2014

	<u>Refunds Receivable</u>	<u>Lend a Hand Program</u>	<u>Total</u>
Balance Jan. 1, 2014	\$ 3,876.50	\$ 34,329.99	\$ 38,206.49
Increased by:			
Accrued		436.38	436.38
Disbursed	5,039.56	2,500.00	7,539.56
	8,916.06	37,266.37	46,182.43
Decreased by:			
Cancelled Receivable	3,876.50	72.96	3,949.46
Cash Collections	3,922.97	5,336.67	9,259.64
	7,799.47	5,409.63	13,209.10
Balance Dec. 31, 2014	<u>\$ 1,116.59</u>	<u>\$ 31,856.74</u>	<u>\$ 32,973.33</u>

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Schedule of Capital Assets--Completed  
 For the Year Ended December 31, 2014

	Balance Jan. 1, 2014	Additions	Deletions	Balance Dec. 31, 2014
Administration:				
Infrastructure	\$ 190,940.08			\$ 190,940.08
Land	63,100.00			63,100.00
Buildings	754,603.67			754,603.67
Vehicles	56,708.00			56,708.00
Equipment	214,559.47	\$ 13,239.99	\$ 444.14	227,355.32
Operations:				
Infrastructure	8,950,808.82			8,950,808.82
Land	42,300.00			42,300.00
Buildings	5,674,496.65			5,674,496.65
Vehicles	763,479.34			763,479.34
Equipment	724,542.76	133,921.50	4,662.26	853,802.00
	17,435,538.79	147,161.49	5,106.40	17,577,593.88
Less: Depreciation	11,289,840.46	431,159.54	4,891.42	11,716,108.58
	<u>\$ 6,145,698.33</u>	<u>\$ (283,998.05)</u>	<u>\$ 214.98</u>	<u>\$ 5,861,485.30</u>
Accounts Payable		\$ 56,483.00		
Disbursed		<u>90,678.49</u>		
		<u>\$ 147,161.49</u>		

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Schedule of Overpaid Service Fees  
 For the Year Ended December 31, 2014

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Balance Jan. 1, 2014	\$ 27,235.44
Increased by:	
Cash Received	29,514.28
	56,749.72
Decreased by:	
Applied to Service Fees Receivable	27,235.44
Balance Dec. 31, 2014	\$ 29,514.28

## Schedule 10

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Schedule of Other Liabilities  
 For the Year Ended December 31, 2014

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	Turn On/Off Fees <u>Payable</u>	Unearned Revenue	Planning Escrow Fees	<u>Total</u>
Balance Jan. 1, 2014	\$ 60.00	\$ 1,405.00	\$ 10,548.00	\$ 12,013.00
Increased by:				
Received	4,935.00	210,900.00	21,000.00	236,835.00
	4,995.00	212,305.00	31,548.00	248,848.00
Decreased by:				
Disbursed			20,904.63	20,904.63
Transferred to Revenue	4,935.00	1,405.00		6,340.00
	4,935.00	1,405.00	20,904.63	27,244.63
Balance Dec. 31, 2014	\$ 60.00	\$ 210,900.00	\$ 10,643.37	\$ 221,603.37

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Schedule of Accrued Interest Payable  
 For the Year Ended December 31, 2014

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Balance Jan. 1, 2014		\$ 3,479.89
Increased by:		
Interest Charges - 2014 Budget	\$ 8,218.48	
Loan Premium Amortized	<u>(154.74)</u>	
		<u>8,063.74</u>
		11,543.63
Decreased by:		
Cash Disbursed	8,425.00	
Loan Premium Amortized	<u>(154.74)</u>	
		<u>8,270.26</u>
Balance Dec. 31, 2014		<u><u>\$ 3,273.37</u></u>

## Schedule 12

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Schedule of Deferred Revenue (Connection Fees)  
 For the Year Ended December 31, 2014

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Add:		
Receipts		\$ 122,489.58
Less:		
Realized as Connection Fee Revenue	\$ 23,241.58	
Realized as Other Operating Revenues	<u>90.00</u>	
		<u>23,331.58</u>
Balance Dec. 31, 2014		<u><u>\$ 99,158.00</u></u>

**PENNSAUKEN SEWERAGE AUTHORITY**  
 Schedule of Sewer Revenue Loans  
 For the Year Ended December 31, 2014

	Date of Issue	Original Issue	Maturities	Rate	Balance	Balance
					Jan. 1, 2014	Dec. 31, 2014
New Jersey Environmental Infrastructure Trust Loan, Series 2010A (Non-Interest Bearing)	03/10/10	\$699,000.00	\$ 11,847.45			
			02/01/15			
			08/01/15	23,694.91		
			02/01/16	11,847.45		
			08/01/16	23,694.91		
			02/01/17	11,847.45		
			08/01/17	23,694.91		
			02/01/18	11,847.45		
			08/01/18	23,694.91		
			02/01/19	11,847.45		
			08/01/19	23,694.91		
			02/01/20	11,847.45		
			08/01/20	23,694.91		
			02/01/21	11,847.45		
			08/01/21	23,694.91		
			02/01/22	11,847.45		
			08/01/22	23,694.91		
			02/01/23	11,847.45		
			08/01/23	23,694.91		
			02/01/24	11,847.45		
		08/01/24	23,694.91			
		02/01/25	11,847.45			
		08/01/25	23,694.91			
		02/01/26	11,847.45			
		08/01/26	23,694.91			
		02/01/27	11,847.45			
		08/01/27	23,694.91			
		02/01/28	11,847.45			
		08/01/28	10,164.52			
			<u>484,062.65</u>			
				\$ 568,678.01	\$ 84,615.36	
					\$ 484,062.65	

(Continued)



**PENNSAUKEN SEWERAGE AUTHORITY**  
 Schedule of Sewer Revenue Loans  
 For the Year Ended December 31, 2014

	Date of Issue	Original Issue	Maturities Date	Maturities Amount	Rate	Balance	Balance
						Jan. 1, 2014	Dec. 31, 2014
New Jersey Environmental Infrastructure Trust Loan, Series 2010A (Interest Bearing)	03/10/10	\$ 230,000.00	08/01/15 08/01/16 08/01/17 08/01/18 08/01/19 08/01/20 08/01/21 08/01/22 08/01/23 08/01/24 08/01/25 08/01/26 08/01/27 08/01/28 08/01/29	\$ 10,000.00 10,000.00 10,000.00 10,000.00 10,000.00 10,000.00 10,000.00 15,000.00 15,000.00 15,000.00 15,000.00 15,000.00 15,000.00 15,000.00 15,000.00	5.00% 5.00% 5.00% 5.00% 4.00% 5.00% 3.00% 4.00% 4.00% 4.00% 4.00% 3.50% 4.00% 4.00% 4.00%	\$ 200,000.00	\$ 190,000.00
						\$ 10,000.00	\$ 10,000.00
						768,678.01	\$ 94,615.36
Principal Payments							\$ 45,542.36
Extinguishment of Loans							49,073.00
Premium on Loans						2,411.35	2,256.61
						\$ 771,089.36	\$ 94,615.36
							\$ 676,319.26



**PENNSAUKEN SEWERAGE AUTHORITY**

**PART II**

**FINDINGS AND RECOMMENDATIONS**

**REPORT OF AUDIT**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2014**



**PENNSAUKEN SEWERAGE AUTHORITY**  
Schedule of Findings and Recommendations  
For the Year Ended December 31, 2014

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***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**

**PENNSAUKEN SEWERAGE AUTHORITY**  
Summary Schedule of Prior Year Findings and Recommendations  
For the Year Ended December 31, 2014

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***Schedule of Financial Statement Findings***

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with the audit requirements as prescribed by the Bureau of Authority Regulations, Division of Local Governmental Services, Department of Community Affairs, State of New Jersey.

**Finding No. 2013-1**

**Condition**

The Authority failed to generate revenues that would provide a sum equal to 110% of its Aggregate Debt Service as required by Section 712 of the Authority's General Bond Resolution.

**Current Status**

This condition has been corrected.

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APPRECIATION

We express our appreciation for the courtesies extended and assistance rendered to us during the course of this audit.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

