

**GLOUCESTER COUNTY
IMPROVEMENT AUTHORITY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2014**

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GCIA Board Members

Charles Fentress
Chairman

Ashley C. Harris
Justin Kolman
Paul W. Lenkowski
Paul Medany

**Gloucester County
Improvement Authority**

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George D. Strachan
Acting Executive Director

Robert Damminger
Freeholder Liaison

INTRODUCTION

The Gloucester County Improvement Authority is pleased to present the Annual Financial Report developed in compliance with Statement of Governmental Accounting Standards No. 34, entitled "*Basic Financial Statements-Management's Discussion and Analysis-For State and Local Governments*" (hereafter "GASB 34"), and related standards.

Mission

The mission of the Gloucester County Improvement Authority is to provide new and growing economic development tools and opportunities to the residents and businesses of Gloucester County. These efforts result in additional tax revenues, as well as increased local services available to county residents.

Responsibility and Control

The Gloucester County Improvement Authority has prepared and is responsible for the financial statements and related information in this report. The opinion of the independent auditors, Petroni & Associates LLC, is included in this report. In management's opinion, the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Gloucester County Improvement Authority for the year ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

Summary of Organization and Business

The Gloucester County Improvement Authority, hereafter referred to as the "GCIA," is a public body corporate and politic of the State of New Jersey. It was created by a resolution of the Gloucester County Board of Chosen Freeholders adopted on December 19, 1963. The GCIA operates under the supervision of five members who are appointed by the Board of Chosen Freeholders for five staggered terms.

The GCIA constructed and is operating the county landfill according to the Solid Waste Management Plan adopted in June of 1979. The landfill is located on a 420 acre site in South Harrison Township, New Jersey. Approximately 54 acres of the site is used for solid waste disposal. Ancillary structures, such as a scalehouse and maintenance garage, have been constructed on 16 additional acres of the 420 acre site. The balance of the site remains undeveloped with parts of it used as a grassland bird habitat, and for storm water management and placement of surplus excavated soils which will also serve as a visual buffer.

In addition to the landfill, the GCIA remains dedicated to providing new and growing economic development tools and opportunities to the residents and businesses of Gloucester County. This is achieved by offering lease purchase and permanent bonding programs. The GCIA has assisted in financing projects such as the County Court House, Second Baptist Church, Riverwinds Golf Course, Logan Park, Stormwater Sheds and the South Jersey Technology Park at Rowan University, Inc. Project. The Authority is also overseeing the construction of the Port of Paulsboro. In the year 2002, the GCIA assumed the duties of administering the Shady Lane Nursing Home from the County of Gloucester. In March of 2004, the GCIA broke ground on a new Shady Lane facility. The facility was opened in November of 2005. This facility also houses a child care center for children of Gloucester County employees and residents. In June of 2008, the GCIA opened the Gloucester County Dream Park. This facility allows boarding of horses and provides horse shows for entertainment of all ages.

PETRONI & ASSOCIATES LLC

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Mary A. Carey, RMA
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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members
of the Authority
Gloucester County Improvement Authority
109 Budd Boulevard
Woodbury, New Jersey 08096

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Gloucester County Improvement Authority, a component unit of the County of Gloucester, as of December 31, 2014, 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 the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Gloucester County Improvement Authority, a component unit of the County of Gloucester, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year 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 budgetary comparison information* identified 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 opinions on the financial statements that collectively comprise the Gloucester County Improvement Authority's basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates 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 supplemental information listed in the table of contents and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 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 April 29, 2015, on our consideration of the Gloucester County Improvement 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 Gloucester County Improvement Authority's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

April 29, 2015

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

The discussion of the Gloucester County Improvement Authority's financial performance provides an overall review of the Authority's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the GCIA's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the GCIA's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

The operation of the landfill is the GCIA's main source of income. It derives its revenues primarily from (a) ash waste residue delivered from the facility, (b) bypassed acceptable waste, and (c) non-perishable waste delivered to the landfill. The Service Agreement provides for the establishment of a tipping fee for acceptable waste delivered to the facility pursuant to a formula that escalates annually as a function of, among other things, the Producer Price Index for Commodities. Pursuant to the agreement, the tipping fee in effect for the year 2014 is \$72.16 per ton for type 13 and 13(c) waste, \$85.62 per ton for type 10 waste, \$25.00 per ton for type 27(e) cover, and \$83.28 per ton for other acceptable waste. During our diversion days from the Wheelabrator Facility all waste that usually goes to that facility is charged \$85.62 per ton.

In order to operate the Shady Lane facility, the GCIA receives \$264.23 per day for all residents on Medicaid and \$375.00 per resident who pays privately. The child care facility receives weekly fees from all families with children in the facility. The Dream Park charges fees for boarding of horses and horse show and dog show events at the facility.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

Statement of Net Positions and the Statement of Changes in Net Positions

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account, all of the current year revenues and expenses, regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in those positions. This change in net positions is important because it tells the reader that, for the Authority as a whole, the financial position of the Authority has improved or diminished. The cause of this change may be the result of many factors, some financial and some not.

The Statement of Net Positions provides the perspective of the Authority as a whole. Net positions may serve over time as a useful indicator of a government's financial position.

The Authority's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the Authority's net assets for 2014 with comparative data from 2013.

Table 1
Summary of Net Positions

	<u>2014</u>	<u>2013</u>
Current & Other Assets	\$ 208,839,603.51	\$ 205,617,805.57
Capital Assets	69,147,490.29	66,189,885.69
Total Assets	<u>277,987,093.80</u>	<u>271,807,691.26</u>
Long-Term Liabilities	193,581,863.95	197,179,501.83
Other Liabilities	59,530,306.92	45,059,857.96
Total Liabilities	<u>253,112,170.87</u>	<u>242,239,359.79</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	36,228,944.87	37,122,795.85
Unrestricted	<u>(11,354,021.94)</u>	<u>(7,554,464.38)</u>
Total Net Position	<u>24,874,922.93</u>	<u>29,568,331.47</u>

The Authority's net position was \$24,874,922.93 on December 31, 2014. This was a decrease of \$4,693,408.54. This decrease was significantly lower than the decrease in the previous year of \$9,158,415.82. The change of \$4,465,007.28 was due in part to an increase in landfill operating revenue of approximately \$3,800,000.00 and a refund of prior year expenditures for construction costs of \$1,749,743.58.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

**Statement of Net Positions and the Statement of Changes in Net Positions
(Continued)**

Table 2 shows changes in net positions for 2014 with comparative data from 2013.

Table 2
Changes in Net Positions

	<u>2014</u>	<u>2013</u>
Revenues:		
Operating Revenues:		
Charges for Services	\$ 27,898,790.81	\$ 23,854,497.90
Other	859,925.16	831,286.02
Non-Operating Revenues	1,784,462.74	72,965.43
Total Revenues	<u>30,543,178.71</u>	<u>24,758,749.35</u>
Expenses:		
Operating Expenses	27,678,268.46	28,337,987.60
Non-Operating Expenses	8,470,374.87	6,696,982.35
Total Expenses	<u>36,148,643.33</u>	<u>35,034,969.95</u>
Capital Contributions	<u>912,056.08</u>	<u>1,117,804.78</u>
Change in Net Positions	(4,693,408.54)	(9,158,415.82)
Beginning Net Positions	<u>29,568,331.47</u>	<u>38,726,747.29</u>
Ending Net Positions	<u>\$ 24,874,922.93</u>	<u>\$ 29,568,331.47</u>

Revenues from charges for services increased by \$4,044,292.91 due to the increase in waste tonnage prices and an increase in tonnage received over the previous year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Authority's financial statements. This information is information that has not been presented on the face of the financial statements, for reasons of practicality, but is essential for the financial statements to be fairly presented.

Capital Assets

At the end of the fiscal year 2014, the Authority had \$69,147,490.29 invested in site improvements, buildings, machinery and equipment, and infrastructure. Note 7 shows year 2014 balances compared to 2013.

Debt Administration

At December 31, 2014, the Authority had \$178,472,295.42 in outstanding debt consisting of \$228,545.42 for capital leases and \$178,243,750.00 in various bonds and loans. For more detailed information, please refer to the Notes to the Financial Statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

Final Comments

The budget performance of the year ended 2014 has highlighted that future budgets shall require the Authority, the Board of Commissioners and staff to regularly continue to evaluate the financial position of the Authority.

The Authority must regularly continue to prioritize the review and consideration for the capital requirements, regulatory requirements, and operation and maintenance costs of the Authority.

Contacting the Authority

This financial report is designed to provide the Authority's customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. George D. Strachan, Acting Executive Director, at Gloucester County Improvement Authority, 109 Budd Boulevard, Woodbury, New Jersey 08096. Please visit our website at www.gcianj.com.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
STATEMENT OF NET POSITION

ASSETS	Business-Type Activities - Enterprise Funds						Total		
	Operating/ Landfill	Nursing Home	Child Care	Dream Park	Paulsboro Projects	Government Leasing	Other	2014	2013
Current Assets:									
Cash and Cash Equivalents	\$ 5,309,659.05	\$ 363,828.54						\$ 5,673,487.59	\$ 9,956,942.36
Investments	5,997,636.79							5,997,636.79	7,480,836.93
Accounts Receivable	1,720,115.24	3,354,879.48	\$ 10,325.48	\$ 132,658.92				5,217,979.12	3,778,544.28
Other Receivables	1,556,872.27							1,556,872.27	284,469.65
Interfund Receivables	53,010.61							53,010.61	53,010.61
Total Current Assets	14,637,293.96	3,718,708.02	10,325.48	132,658.92				18,498,986.38	21,553,803.83
Restricted Assets:									
Cash and Cash Equivalents	6,404,177.89				\$ 16,148,008.74	\$ 2,321,770.57	\$ 421,341.62	25,295,298.82	10,223,226.53
Investments	17,683,759.27							17,683,759.27	18,464,734.21
Leases Receivable						145,553,750.00		145,553,750.00	153,490,785.29
Accrued Interest Receivable						1,805,976.15		1,805,976.15	1,883,422.82
Interfund Receivables							1,832.89	1,832.89	1,832.89
Total Restricted Assets	24,087,937.16				16,148,008.74	149,681,496.72	423,174.51	190,340,617.13	184,064,001.74
Net Capital Assets	34,437,395.29	9,935,522.07	175,236.29	1,599,336.64	23,000,000.00			69,147,490.29	66,189,885.69
Total Assets	\$ 73,162,626.41	\$ 13,654,230.09	\$ 185,561.77	\$ 1,731,995.56	\$ 39,148,008.74	\$ 149,681,496.72	\$ 423,174.51	\$ 277,987,093.80	\$ 271,807,691.26
LIABILITIES AND NET POSITION									
Current Liabilities:									
Deficit in Cash			\$ 66,199.83	\$ 12,382.51				\$ 78,582.34	\$ 82,169.56
Accounts Payable	\$ 686,461.26	\$ 199,719.67	19,203.79	34,386.16				939,770.88	667,746.85
Due County of Gloucester									576,563.00
Security Deposits	2,845.49			45,633.42				48,478.91	66,977.76
Payroll Payable		336,799.76						336,799.76	
Compensated Absences Payable	202,555.09	108,733.13	52,592.62	24,975.21				388,856.05	390,030.62
Prepaid Tuition			16,603.36					16,603.36	9,121.42
Interfund Payable	1,832.89							1,832.89	1,832.89
Unearned Revenue	127,440.81							127,440.81	137,559.22
Current Portion of Lease Payable	228,545.42							228,545.42	228,544.42
Current Portion of Long-Term Debt	980,000.00	445,000.00						1,425,000.00	1,380,000.00
Accrued Interest Payable	331,101.66	24,582.81						355,684.47	297,662.81
Budgeted Capital Improvements	6,197,244.34	435,082.62		34,769.86				6,667,096.82	6,247,574.23
Other Reserves	1,021,800.24			2,709.14				1,024,509.38	1,023,078.38
Reserve for Grants	112,498.30							112,498.30	106,340.19
Reserve for Addition to Landfill	3,858,157.30							3,858,157.30	3,996,583.35
Reserve for Donations - Nursing Home		868.40						868.40	2,044.68
Reserve for Patient Needs		14,225.74						14,225.74	11,713.68
Other Post Employment Benefit Obligations	15,848,333.00							15,848,333.00	13,019,239.00
Total Current Liabilities	29,598,815.80	1,565,012.13	154,599.60	154,856.30				31,473,283.83	28,244,782.06

See accompanying notes to the basic financial statements.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
STATEMENT OF NET POSITION
(CONTINUED)

	Business-Type Activities - Enterprise Funds						Total		
	Operating/ Landfill	Nursing Home	Child Care	Dream Park	Paulsboro Projects	Government Leasing	Other	2014	2013
Current Liabilities Payable from Restricted Assets:									
Accounts Payable							\$ 39.64	39.64	110.92
Interfund Payable						\$ 53,010.61		53,010.61	53,010.61
Due County of Gloucester							117,759.86	117,759.86	117,583.37
Reserve for Cost of Issuance									32,957.11
Reserve for Government Lease Programs						2,268,759.96		2,268,759.96	2,464,075.68
Reserve for Scrap Tire Management Program							82.63	82.63	82.51
Reserve for Recycling Programs							305,292.38	305,292.38	201,675.94
Reserve for Paulsboro Overpass Program					\$ 540,587.93			540,587.93	1,391,379.65
Reserve for Paulsboro Terminal Program					15,607,420.81			15,607,420.81	2,733,742.00
Current Portion of Long-Term Debt						7,358,093.12		7,358,093.12	7,937,035.29
Accrued Interest Payable						1,805,976.15		1,805,976.15	1,883,422.82
Total Current Liabilities Payable from Restricted Assets					<u>16,148,008.74</u>	<u>11,485,839.84</u>	<u>423,174.51</u>	<u>28,057,023.09</u>	<u>16,815,075.90</u>
Long-Term Liabilities:									
Bonds and Loans Payable	23,055,000.00	8,210,000.00				138,195,656.88		169,460,656.88	172,783,750.00
Lease Payable									228,545.42
Estimated Liability for Landfill Closure and Post Closure Costs	<u>24,121,207.07</u>							<u>24,121,207.07</u>	<u>24,167,206.41</u>
Total Long-Term Liabilities	<u>47,176,207.07</u>	<u>8,210,000.00</u>				<u>138,195,656.88</u>		<u>193,581,863.95</u>	<u>197,179,501.83</u>
Total Liabilities	<u>76,775,022.87</u>	<u>9,775,012.13</u>	<u>154,599.60</u>	<u>154,856.30</u>	<u>16,148,008.74</u>	<u>149,681,496.72</u>	<u>423,174.51</u>	<u>253,112,170.87</u>	<u>242,239,359.79</u>
Net Position:									
Investment in Capital Assets, Net of Related Liabilities	10,173,849.87	1,280,522.07	175,236.29	1,599,336.64	23,000,000.00			36,228,944.87	37,122,795.85
Unrestricted	(13,786,246.33)	2,598,695.89	(144,274.12)	(22,197.38)				(11,354,021.94)	(7,554,464.38)
Total Net Position	<u>(3,612,396.46)</u>	<u>3,879,217.96</u>	<u>30,962.17</u>	<u>1,577,139.26</u>	<u>23,000,000.00</u>			<u>24,874,922.93</u>	<u>29,568,331.47</u>
Total Liabilities and Net Position	<u>\$ 73,162,626.41</u>	<u>\$ 13,654,230.09</u>	<u>\$ 185,561.77</u>	<u>\$ 1,731,995.56</u>	<u>\$ 39,148,008.74</u>	<u>\$ 149,681,496.72</u>	<u>\$ 423,174.51</u>	<u>\$ 277,987,093.80</u>	<u>\$ 271,807,691.26</u>

See accompanying notes to the basic financial statements.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Business-Type Activities - Enterprise Funds						Total		
	Operating/ Landfill	Nursing Home	Child Care	Dream Park	Paulsboro Projects	Government Leasing	Other	2014	2013
Operating Revenues:									
Landfill Operating Revenue	\$ 16,253,126.23							\$ 16,253,126.23	\$ 12,441,037.68
Operating Income Wheelabrator Ash	3,234,108.46							3,234,108.46	3,192,164.07
Communication Tower Rental	15,770.39							15,770.39	16,382.73
Monitoring and Financing Fees	25,551.94							25,551.94	37,431.94
Other Income	859,925.16							859,925.16	831,286.02
Private Billings		\$ 1,557,147.16						1,557,147.16	1,834,338.55
Medicaid/Medicare Billings		4,283,226.47						4,283,226.47	4,360,042.80
Other Billings		666,066.91						666,066.91	236,856.93
Child Care Revenue			\$ 1,157,200.23					1,157,200.23	1,104,272.38
Dream Park Income				\$ 706,593.02				706,593.02	631,970.82
Total Operating Revenues	20,388,482.18	6,506,440.54	1,157,200.23	706,593.02				28,758,715.97	24,685,783.92
Operating Expenses:									
Personnel Services	6,465,204.76	4,622,878.36	1,446,320.22	765,470.42				13,299,873.76	12,544,479.24
Other Expenses	6,630,654.86	3,079,594.05	663,025.74	819,212.99				11,192,487.64	12,662,578.66
Depreciation and Depletion	2,269,743.92	682,045.58	21,114.47	213,003.09				3,185,907.06	3,130,929.70
Total Operating Expenses	15,365,603.54	8,384,517.99	2,130,460.43	1,797,686.50				27,678,268.46	28,337,987.60
Operating Income (Loss)	5,022,878.64	(1,878,077.45)	(973,260.20)	(1,091,093.48)				1,080,447.51	(3,652,203.68)
Non-Operating Revenue (Expense):									
Interest Earned	10,186.13	2,988.41	99.61	110.42				13,384.57	(186,423.87)
Interest on Revenue Bonds	(878,459.35)	(306,818.78)						(1,185,278.13)	(933,925.45)
Sanitary Landfill Tax	(531,250.87)							(531,250.87)	(579,001.40)
Host Community Tax	(695,435.00)							(695,435.00)	(641,940.00)
Solid Waste Assessment Tax	(103,599.35)							(103,599.35)	(87,553.36)
Closure and Alternate Closure Expense	(1,836,108.13)							(1,836,108.13)	(814,390.48)
County Appropriation	(600,000.00)	(400,000.00)						(1,000,000.00)	(1,000,000.00)
Subsidies to Other Funds	(4,745,674.65)							(4,745,674.65)	4,797,193.59
Landfill Subsidy		2,916,954.27	937,703.54	891,016.84				4,745,674.65	(4,797,193.59)
Retirement Health Reserve									200,000.00
Pension Reserve									35,259.22
Prior Year Expenditure	(34,591.39)							(34,591.39)	(59,325.66)
Logan Land Purchase	(125,000.00)							(125,000.00)	
SBA Revolving Loan Program	(100,000.00)							(100,000.00)	
Contracts Payable Canceled					136.59			136.59	1,594.08
Prior Year Expenditures Refunded	1,749,743.58							1,749,743.58	
Emergency Repairs					(8,820.00)			(8,820.00)	
Annual OPEB Costs	(2,850,292.00)							(2,850,292.00)	(2,580,846.00)
Annual OPEB Contributions	21,198.00							21,198.00	22,536.00
Total Non-Operating Revenue (Expense)	(10,719,283.03)	2,213,123.90	937,803.15	882,443.85				(6,685,912.13)	(6,624,016.92)
Increase (Decrease) in Net Position Before Capital Contributions	(5,696,404.39)	335,046.45	(35,457.05)	(208,649.63)				(5,605,464.62)	(10,276,220.60)
Capital Contributions	874,331.95	28,035.53	1,488.60	8,200.00				912,056.08	1,117,804.78
Increase (Decrease) in Net Position	(4,822,072.44)	363,081.98	(33,968.45)	(200,449.63)				(4,693,408.54)	(9,158,415.82)
Net Position at Beginning of Year	1,209,675.98	3,516,135.98	64,930.62	1,777,588.89	\$ 23,000,000.00			29,568,331.47	38,726,747.29
Net Position at End of Year	\$ (3,612,396.46)	\$ 3,879,217.96	\$ 30,962.17	\$ 1,577,139.26	\$ 23,000,000.00			\$ 24,874,922.93	\$ 29,568,331.47

See accompanying notes to the basic financial statements.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
STATEMENT OF CASH FLOWS

	Business-Type Activities - Enterprise Funds						Total		
	Operating/ Landfill	Nursing Home	Child Care	Dream Park	Paulsboro Projects	Government Leasing	Other	2014	2013
Cash Flows from Operating Activities:									
Cash Received from Clients	\$ 20,078,230.68	\$ 5,327,946.23	\$ 1,166,580.47	\$ 718,110.18				\$ 27,290,867.56	\$ 24,257,429.16
Cash Paid to Suppliers	(12,662,487.22)	(3,395,067.86)	(769,264.64)	(861,561.93)				(17,688,381.65)	(15,073,201.74)
Cash Paid to Employees		(3,902,988.79)	(1,343,539.72)	(709,335.39)				(5,955,863.90)	(9,192,559.19)
Net Cash Provided (Used) by Operating Activities	7,415,743.46	(1,970,110.42)	(946,223.89)	(852,787.14)				3,646,622.01	(8,331.77)
Cash Flows from Investing Activities:									
Investments Redeemed/Purchased	2,317,975.12							2,317,975.12	6,383,493.78
Interest and Dividend Income	26,253.73	2,996.51	99.61	146.55	\$ 8,887.80	\$ 930.04	\$ 700.12	40,014.36	38,983.91
Net Cash Provided (Used) by Investing Activities	2,344,228.85	2,996.51	99.61	146.55	8,887.80	930.04	700.12	2,357,989.48	6,422,477.69
Cash Flows from Non-Capital Financing Activities:									
Government Lease Program Disbursements						(164,586.79)		(164,586.79)	(1,133,613.14)
Paulsboro Terminal Disbursements	(1,067,346.69)				(7,892,111.54)			(8,959,458.23)	(10,572,654.00)
Paulsboro Terminal Reimbursements	689,071.92				20,758,317.26			21,447,389.18	7,645,565.50
Grant Receipts	116,628.00						220,000.00	336,628.00	1,417,017.00
Grant Disbursements	(106,323.61)				(852,206.43)		(116,921.42)	(1,075,451.46)	(9,692,654.56)
Other Income (Expenditures)	(6,947,763.14)	(1,178.23)		(26,368.29)			(221.93)	(6,975,531.59)	(2,601,320.55)
Compost Income							165.00	165.00	
Patients' Needs Income		31,226.17						31,226.17	29,310.67
Patients' Needs Expenses		(28,720.26)						(28,720.26)	(31,013.31)
Sanitary Landfill Tax	(531,250.87)							(531,250.87)	(579,001.40)
Host Community Tax	(695,435.00)							(695,435.00)	(641,940.00)
Solid Waste Assessment Tax	(103,599.35)							(103,599.35)	(87,553.36)
County Appropriation	(1,176,563.00)	(400,000.00)						(1,576,563.00)	(423,437.00)
Subsidies to Other Funds	(4,745,674.65)							(4,745,674.65)	(4,797,193.59)
Landfill Subsidy		2,916,954.27	937,703.54	891,016.84				4,745,674.65	4,797,193.59
Net Cash Provided (Used) by Non-Capital	(14,568,256.39)	2,518,281.95	937,703.54	864,648.55	12,013,999.29	(164,586.79)	103,021.65	1,704,811.80	(16,671,294.15)
Cash Flows from Capital & Related Financing Activities:									
Lease Revenue						14,793,937.58		14,793,937.58	13,638,624.09
Proceeds from Issuance of Long-Term Debt	5,460,000.00							5,460,000.00	24,595,000.00
Earnings, Project Fund, and Savings Credits						12,863.12		12,863.12	12,879.93
Premium and Accrued Interest on Sale of Bonds	324,334.55							324,334.55	2,825,670.95
Payment of Bond Issuance Costs	(129,680.55)							(129,680.55)	(261,916.66)
Bonds Redeemed									(24,395,000.00)
Principal Payments on Debt	(950,000.00)	(430,000.00)				(7,400,000.00)		(8,780,000.00)	(8,774,150.94)
Interest Paid on Debt	(819,362.69)	(307,893.78)				(7,450,586.58)		(8,577,843.05)	(8,064,309.70)
Trustee and Administrative Fees						(20,830.20)		(20,830.20)	(20,885.01)
Transfer to Escrow Account									(2,741,538.34)
Net Cash Provided (Used) by Capital & Related	3,885,291.31	(737,893.78)				(64,616.08)		3,082,781.45	(3,185,625.68)
Increase (Decrease) in Cash and Cash Equivalents	(922,992.77)	(186,725.74)	(8,420.74)	12,007.96	12,022,887.09	(228,272.83)	103,721.77	10,792,204.74	(13,442,773.91)
Cash and Cash Equivalents at Beginning of Year	12,636,829.71	550,554.28	(57,779.09)	(24,390.47)	4,125,121.65	2,550,043.40	317,619.85	20,097,999.33	33,540,773.24
Cash and Cash Equivalents at End of Year	\$ 11,713,836.94	\$ 363,828.54	\$ (66,199.83)	\$ (12,382.51)	\$ 16,148,008.74	\$ 2,321,770.57	\$ 421,341.62	\$ 30,890,204.07	\$ 20,097,999.33

See accompanying notes to the basic financial statements.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
STATEMENT OF CASH FLOWS
(CONTINUED)

	Business-Type Activities - Enterprise Funds						Total		
	Operating/ Landfill	Nursing Home	Child Care	Dream Park	Paulsboro Projects	Government Leasing	Other	2014	2013
	Reconciliation to Balance Sheet:								
Unrestricted Cash and Cash Equivalents	\$ 5,309,659.05	\$ 363,828.54	\$ (66,199.83)	\$ (12,382.51)				\$ 5,594,905.25	\$ 9,874,772.80
Restricted Cash and Cash Equivalents	6,404,177.89				\$ 16,148,008.74	\$ 2,321,770.57	\$ 421,341.62	25,295,298.82	10,223,226.53
	<u>\$ 11,713,836.94</u>	<u>\$ 363,828.54</u>	<u>\$ (66,199.83)</u>	<u>\$ (12,382.51)</u>	<u>\$ 16,148,008.74</u>	<u>\$ 2,321,770.57</u>	<u>\$ 421,341.62</u>	<u>\$ 30,890,204.07</u>	<u>\$ 20,097,999.33</u>
Reconciliation of Operating Income (Loss) to									
Net Cash Provided by (Used for):									
Operating Activities:									
Operating Income (Loss)	\$ 5,022,878.64	\$ (1,878,077.45)	\$ (973,260.20)	\$ (1,091,093.48)				\$ 1,080,447.51	\$ (3,652,203.68)
Adjustments to Reconcile Operating Income (Loss) to									
Net Cash Provided by (Used for) Operating Activities:									
Depreciation, Depletion, and Amortization Expense	2,269,743.92	682,045.58	21,114.47	213,003.09				3,185,907.06	3,130,929.70
(Increase) Decrease in Accounts Receivable	(300,133.09)	(1,178,494.31)	1,898.30	11,517.16				(1,465,211.94)	(425,032.10)
Increase (Decrease) in Accounts Payable	35,515.82	47,061.34	(595.94)	10,986.83				92,968.05	325,421.70
Increase (Decrease) in Other Current Liabilities	387,738.17	357,354.42	4,619.48	2,799.26				752,511.33	612,552.61
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,415,743.46</u>	<u>\$ (1,970,110.42)</u>	<u>\$ (946,223.89)</u>	<u>\$ (852,787.14)</u>				<u>\$ 3,646,622.01</u>	<u>\$ (8,331.77)</u>

See accompanying notes to the basic financial statements.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

NOTE 1: AUTHORITY DESCRIPTION

The Gloucester County Improvement Authority was duly created by resolution of the Board of Chosen Freeholders of the County of Gloucester, New Jersey, duly adopted December 19, 1963, as a public body corporate and politic of the State of New Jersey pursuant to the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey and the acts amendatory thereof and supplemental thereto.

On February 6, 1985, the Board of Chosen Freeholders of the County of Gloucester designated the Authority as the agency with the responsibility for the planning, acquisition, construction, maintenance, and operation of facilities for the processing and disposal of solid waste within the County. On February 9, 1987, the Authority opened a sanitary landfill and began to accept solid waste from within the County of Gloucester. Additionally, on July 24, 1985, the Freeholders approved the construction of a solid waste resource recovery facility within the County to be financed by the Authority. Thereafter the Freeholders designated the Authority as the agency with responsibility for the following programs:

- A) Government Leasing Program – to acquire, construct, renovate and install certain equipment, vehicles and facilities to be leased by the Authority to local government units in the County.
- B) Energy Conservation Program – to finance the acquisition and installation of energy conservation equipment leased to the County of Gloucester and various local government units in the County.
- C) Recycling Program – to administer and provide planning for the solid waste, recycling and household special waste programs of the County.
- D) Scrap Tire Management Program – to provide for the disposal of tires by the residents of the County of Gloucester.
- E) Shady Lane Nursing Home – to provide for the operation of the nursing home facility.
- F) Child Development Center – to provide for the operation of the day care facility.
- G) Gloucester County Dream Park – to provide for the management of the facility.
- H) Paulsboro Overpass Project – to provide an efficient means of access to a Brownfield's Redevelopment Site in Paulsboro Borough, Gloucester County, including the construction of a road and overpass to access the redevelopment site from Route 295.
- I) Paulsboro Marine Terminal Project – to procure and manage design and construction contracts for the project that is being funded by the South Jersey Port Corporation.

The Act and the resolution creating the Authority provide that the governing body of the Authority shall consist of five members, appointed by the Board of Chosen Freeholders of the County to five-year terms.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

NOTE 2: BASIS OF PRESENTATION

The financial statements of the Authority have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles (“GAAP”) applicable to enterprise funds of state and local governments.

The Authority’s financial statement includes all the accounts of the Authority’s operations. The primary criterion for including activities within a reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name);
- the primary government holds the corporate powers of the organization;
- the primary government appoints a voting majority of the organizations board;
- the primary government is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the primary government;
- there is a fiscal dependency by the organization on the primary government.

Based on the above criterion, the Authority is a component unit of the County. The Authority does issue separate financial statements from the County. However, if the County presented its financial statement in accordance with GAAP, these financial statements would be included with the County’s on a blended basis.

Based on the aforementioned criteria, the Authority has no component units.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation and Basis of Accounting

The Authority’s financial statements have been prepared in accordance 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.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments* (Statement No. 34). The Authority implemented the requirements of Statement No. 34, effective January 1, 2002.

The more significant of the Authority’s accounting policies are described below.

The Authority prepares its financial statements on an Enterprise Fund Basis. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private businesses where the intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation and Basis of Accounting (Continued)

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net assets are segregated into "invested in capital assets, net of related debt," "restricted for capital activity and debt service," and "unrestricted" components.

Budgetary Accounting

The Authority adopts an annual operating budget by resolution prior to December 1. The budget details the Authority's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. All unexpended and unencumbered appropriations remaining in the budget at the end of the fiscal year, lapse. During the year, management is authorized to transfer budgeted amounts between line items. All amendments to the budget are approved and adopted by resolution of the Authority.

Cash Equivalents, Deposits and Investments

Cash and cash equivalents, for purposes of the statement of cash flows, include restricted and unrestricted cash on hand or on deposit, certificates of deposit, and investments with a maturity of three months or less.

The Authority invests available funds in interest bearing securities as prescribed by its various bond resolution and applicable law. Investments are intended to be held to maturity, the timing of which is based on anticipate cash flow requirements. Investments are obligations of the United State Government and are stated at fair value. Investments are not considered cash equivalents for purposes of the Statement of Cash Flows.

Restricted Assets

Restricted assets represent cash, investments and receivables maintained in accordance with bond resolutions, loan agreements, grant agreements, and other resolutions and formal actions of the Authority or by agreement for the purpose of funding certain debt service payments and improvements.

Receivables and Payables

Receivables and payables between accounts are eliminated. Customer receivables represent various service fees earned but not yet collected.

Capital Assets

Property, plant and equipment are stated at cost which includes direct construction costs and other expenditures related to construction. Some construction costs are charged to construction in progress until such time as the construction is completed and put into operation.

Maintenance and repairs, which do not significantly extend the value or life of property, plant and equipment, are expensed as incurred.

Assets are depreciated over their estimated useful lives using the straight-line method.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The cost and related accumulated depreciation of all capital assets retired or otherwise disposed of are removed from the accounts and any resulting gain or loss is included in income.

Depletion has been provided on a percentage of depletion basis on each phase of the Landfill Projects. At December 31, 2014, the accumulated depletion represents 100% of Landfill Phase I, 100% of Landfill Phase II, 100% of Landfill Phase III, 100% of Landfill Phase IV, 100% of Landfill Phase V, 100% of Landfill Phase VI and .74% of Landfill Phase VII estimated capacity.

Compensation for Future Absences

Accumulated vacation and the portion of sick leave eligible to be paid to employees at termination are recorded as an expense and liability as the benefits are earned.

Claims and Judgments

These events and obligations are recorded on the accrual basis, when the event occurs and the obligation arises.

Operating Revenues and Rate Structure

Operating revenues are those revenues generated directly from the primary activities of the Authority and are recognized on the accrual basis and as earned. Services are supplied to customers under a rate structure designed to produce revenues sufficient to provide for operating and maintenance costs, capital outlay, debt service, reserves, and debt service coverage.

Special and Extraordinary Items

Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence. Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. If such items exist during the reporting period, they are reported separately in the statement of revenues, expenses and changes in net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Net Position

Net position comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following components: invested in capital assets, net of related liabilities; and unrestricted net position. Invested in capital assets, net of related liabilities, consist of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Unrestricted consists of all other assets not included in the above categories.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conduit Debt Obligations

The Authority has issued certain debt bearing its name to lower the cost of borrowing for specific non-governmental third parties. This debt is commonly referred to as conduit (or on-commitment) debt. Typically, the debt proceeds are used to finance facilities within the Authority's jurisdiction that are transferred to the third party either by lease or by sale. The underlying lease or mortgage loan agreement (notes receivable), which serves as collateral for the promise of payments by the third party, calls for payments that are essentially the same as those required by debt. These payments are made by the third party directly to an independent trustee, who is appointed to service and administer the arrangement. The Authority assumes no responsibility for repayment of this debt beyond the resources provided by the underlying leases or mortgage loans.

As of December 31, 2014, there were twenty-two series of Special Revenue Bonds outstanding. Aggregate principal totaling \$54,231,270.35 on five of the series is treated strictly as conduit debt obligations under interpretation No. 2 of the Governmental Accounting Standards Board (GASB) and, accordingly, is not included in the financial statements. The remaining seventeen series of Special Revenue Bonds are included in the financial statements.

NOTE 4: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The Authority has defined cash and cash equivalents to consist primarily of petty cash, change funds, cash on deposit, certificates of deposit, money market accounts, and short term investments with original maturities of three months or less.

Additionally, the Authority requires its' funds to be deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 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 Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks 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 full amount of their deposits to the governmental units.

The carrying amount of the Authority's cash and cash equivalents at December 31, 2014 and 2013, was \$30,890,204.07 and \$20,097,999.33, respectively, and the bank balance was \$35,485,161.91 and \$24,035,078.13, respectively.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

NOTE 4: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Cash and Cash Equivalents (Continued)

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2014, all of the Authority's deposits were collateralized by securities held in its name and, accordingly, not exposed to Custodial Credit Risk. The Authority does not have a policy for Custodial Credit Risk.

Investments

Investments are stated fair value. The investment of funds are limited by the various Bond Resolutions to any bond, debenture, note or participation certificate issued by certain agencies identified within the Bond Resolutions, any fully secured or non-negotiable certificates of deposit and repurchase agreements, obligations of the New Jersey Cash Management Fund and other obligations of the United States of America or the State of New Jersey.

As of December 31, 2014, the Authority held the following investments:

	<u>Cost</u>	<u>Fair Value</u>
U.S. Government Securities	<u>\$ 23,438,978.83</u>	<u>\$ 23,681,396.06</u>

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable were composed of the following:

Landfill Ash Revenue	\$ 1,450,605.78
Wheelabrator Ash Revenue	269,509.46
Dream Park Revenue	132,658.92
Nursing Home Revenue	3,354,879.48
Day Care Revenue	10,325.48
	<u>\$ 5,217,979.12</u>

NOTE 6: RESTRICTED ASSETS

Certain proceeds of revenue bonds and notes, as well as resources set aside for their repayment or to satisfy restrictive covenants of the bond agreements, are classified as restricted assets on the balance sheet because their use is limited by those bond covenants.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

NOTE 7: CAPITAL ASSETS

Capital asset activity during the year was as follows:

	Dec. 31, 2013	Additions	Deletions	Dec. 31, 2014
Construction in Progress	\$ 23,000,000.00			\$ 23,000,000.00
Land	3,568,456.58			3,568,456.58
Buildings	15,525,939.22			15,525,939.22
Solid Waste Complex:				
Phase I	11,677,585.78			11,677,585.78
Phase II	14,111,920.41			14,111,920.41
Phase III	8,716,138.00			8,716,138.00
Phase IV	4,701,468.20			4,701,468.20
Phase V	3,300,000.00			3,300,000.00
Phase VI	6,069,823.54			6,069,823.54
Cell IIA	15,905,000.00			15,905,000.00
Cell IIB	5,300,000.00			5,300,000.00
Cell 12		\$ 5,460,000.00		5,460,000.00
Road, Scale, and Landscaping	4,104,186.16	221,195.60		4,325,381.76
Equipment & Improvements	16,306,280.69	435,263.06	\$ 184,860.00	16,556,683.75
Vehicles	961,297.35	27,053.00		988,350.35
Total Capital Assets	133,248,095.93	6,143,511.66	184,860.00	139,206,747.59
Accumulated Depreciation/ Depletion	(67,058,210.24)	(3,185,907.06)	(184,860.00)	(70,059,257.30)
Net Capital Assets	<u>\$ 66,189,885.69</u>	<u>\$ 2,957,604.60</u>		<u>\$ 69,147,490.29</u>

NOTE 8: BONDS PAYABLE AND LOANS PAYABLE

Prior Years' Debt Defeasance

In prior years, the Authority has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. Government Securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Authority's financial statements.

Bonds Payable

There were bonds payable on December 31, 2014, in the amount of \$178,243,750.00.

On June 1, 2003, the Authority issued \$2,380,000.00 in bonds to finance government lease programs. Principal payments are due annually on July 1 through the year 2023. Interest is paid semi-annually at a rate of 3.375% to 5% per annum. The balance remaining on December 31, 2014, was \$665,000.00.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

NOTE 8: BONDS PAYABLE AND LOANS PAYABLE (CONTINUED)

Bonds Payable (Continued)

On June 1, 2004, the Authority issued \$13,295,000.00 in bonds to finance government lease programs. Principal payments are due annually on December 1 through the year 2019. Interest is paid semi-annually at a rate of 3.5% to 5% per annum. The balance remaining on December 31, 2014, was \$7,130,000.00.

On December 1, 2004, the Authority issued \$1,480,000.00 in bonds to finance government lease programs. Principal payments are due annually on November 1 through the year 2024. Interest is paid semi-annually at a rate of 3.75% to 4.5% per annum. The balance remaining on December 31, 2014, was \$555,000.00.

On December 1, 2004, the Authority issued \$3,415,000.00 in bonds to finance government lease programs. Principal payments are due annually on November 1 through the year 2024. Interest is paid semi-annually at a rate of 3.75% to 4.5% per annum. The balance remaining on December 31, 2014, was \$385,000.00.

On November 10, 2005, the Authority issued \$33,895,000.00 in bonds to finance government lease programs. Principal payments are due annually on September 1 through the year 2015. Interest is paid semi-annually at a rate of 5% per annum. The balance remaining on December 31, 2014, was \$1,100,000.00.

On October 15, 2005, the Authority issued \$4,105,000.00 in bonds to finance a stormwater management plan. Principal payments are due annually on August 1 through the year 2021. Interest is paid semi-annually at a rate of 4% to 4.5% per annum. The balance remaining on December 31, 2014, was \$2,260,000.00.

On October 15, 2005, the Authority issued \$4,125,895.00 in bonds to finance a stormwater management plan. Principal payments are due semi-annually on February 1 and August 1 through the year 2021. There is no interest on the loan. The balance remaining on December 31, 2014, was \$1,878,750.00.

On December 16, 2006, the Authority issued \$10,850,000.00 in bonds to finance government lease programs. Principal payments are due annually on September 1 through the year 2026. Interest is paid semi-annually at a rate of 3.75% to 5% per annum. The balance remaining on December 31, 2014, was \$6,535,000.00.

On August 27, 2007, the Authority issued \$11,225,000.00 in bonds to finance the Woolwich Township Municipal Building project. Principal payments are due annually on May 1 through the year 2032. Interest is paid semi-annually at a rate of 4.125% to 5% per annum. The balance remaining on December 31, 2014, was \$9,440,000.00.

On May 5, 2008, the Authority issued \$86,650,000.00 in bonds to finance a County of Gloucester Capital programs. Principal payments are due annually on April 1 through the year 2038. Interest is paid semi-annually at a rate of 5% per annum. The balance remaining on December 31, 2014, was \$78,040,000.00.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

NOTE 8: BONDS PAYABLE AND LOANS PAYABLE (CONTINUED)

Bonds Payable (Continued)

On September 18, 2008, the Authority issued \$15,905,000.00 in bonds to finance the construction of a New Landfill Cell. Principal payments are due annually on April 1 through the year 2030. Interest is paid semi-annually at a rate of 3.8% to 4.5% per annum. The balance remaining on December 31, 2014, was \$13,630,000.00.

On December 2, 2010, the Authority issued \$4,715,000.00 in bonds to finance the refunding of government lease programs. Principal payments are due annually on March 1 through the year 2021. Interest is paid semi-annually at a rate of 2% to 3.125% per annum. The balance remaining on December 31, 2014, was \$3,345,000.00.

On September 20, 2011, the Authority issued \$10,700,000.00 in bonds to finance the refunding of government lease programs. Principal payments are due annually on March 1 through the year 2023. Interest is paid semi-annually at a rate of 4% to 5% per annum. The balance remaining on December 31, 2014, was \$9,740,000.00.

On February 28, 2012, the Authority issued \$9,130,000.00 in bonds to finance the refunding of the Shady Lane Nursing Home project. Principal payments are due annually on March 1 through the year 2029. Interest is paid semi-annually at a rate of 2.625% to 4% per annum. The balance remaining on December 31, 2014, was \$8,655,000.00.

On July 10, 2012, the Authority issued \$5,300,000.00 in bonds to finance the construction of a New Landfill Cell. Principal payments are due annually on March 1 through the year 2025. Interest is paid semi-annually at a rate of 1.5% to 5% per annum. The balance remaining on December 31, 2014, was \$4,945,000.00.

On April 17, 2013, the Authority issued \$24,595,000.00 in bonds to finance the refunding of government lease programs. Principal payments are due annually on March 1 through the year 2030. Interest is paid semi-annually at a rate of 3% to 5% per annum. The balance remaining on December 31, 2014, was \$24,480,000.00.

On July 31, 2014, the Authority issued \$5,460,000.00 in bonds to finance the construction of a New Landfill Cell. Principal payments are due annually on March 1 through the year 2031. Interest is paid semi-annually at a rate of 2% to 5% per annum. The balance remaining on December 31, 2014, was \$5,460,000.00.

Changes in Debt During the Year

Balance Dec. 31, 2013	Additions	Reductions	Balance Dec. 31, 2014	Due Within One Year
\$ 182,100,785.29	\$ 5,460,000.00	\$ 9,317,035.29	\$ 178,243,750.00	\$ 8,783,093.12

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

NOTE 8: BONDS PAYABLE AND LOANS PAYABLE (CONTINUED)

Changes in Debt During the Year (Continued)

Remaining debt service payments at December 31, 2014, are as follows:

	Interest	Principal	Total
2015	\$ 7,883,252.56	\$ 8,783,093.12	\$ 16,666,345.68
2016	7,516,040.06	9,467,105.81	16,983,145.87
2017	7,116,708.81	9,739,362.51	16,856,071.32
2018	6,705,327.56	10,147,669.98	16,852,997.54
2019	6,272,690.06	10,588,657.29	16,861,347.35
2020-2024	24,816,262.73	45,017,861.29	69,834,124.02
2025-2029	15,452,759.37	39,545,000.00	54,997,759.37
2030-2034	7,637,043.75	25,610,000.00	33,247,043.75
2035-2038	1,994,875.00	19,345,000.00	21,339,875.00
	<u>\$ 85,394,959.90</u>	<u>\$ 178,243,750.00</u>	<u>\$ 263,638,709.90</u>

NOTE 9: CAPITAL LEASE PAYABLE

The Authority has entered into a capital lease to finance the cost of the acquisition of equipment. This asset has been recorded as a fixed asset on the Authority's records and is being depreciated over the useful life of the asset. The lease agreement is for five years and carry's an interest rate of 3.2%. The following is a schedule of future minimum lease payments.

	Interest	Principal	Total
2015	<u>\$ 7,086.71</u>	<u>\$ 221,458.71</u>	<u>\$ 228,545.42</u>

NOTE 10: LEASES RECEIVABLE

The County of Gloucester and other local governmental units within Gloucester County have entered into Lease Agreements with the Authority in order to provide for, among other things, the lease projects and for the payment of rentals to the Authority. Pursuant to the terms of the lease agreements, the governmental units are required to make rental payments to the Authority in order to pay or provide for the payment of certain expenses of the Authority and the payment of debt service on certain obligations of the Authority, including the Bonds. The Bonds constitute "Bonds," as such term is defined in the Lease Agreements, and as such, the debt service requirements for the Bonds are included in the rental payments, which are required to be made to the Authority pursuant to the terms of the Lease Agreements.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

NOTE 10: LEASES RECEIVABLE (CONTINUED)

At December 31, 2014, the future minimum lease payments, including principal and unearned interest to be received in the various Leasing Programs are as follows:

	Stormwater Management Program	Government Lease Programs	Total All Lease Programs
2015	\$ 648,249.37	\$ 13,324,110.04	\$ 13,972,359.41
2016	645,862.06	13,395,460.04	14,041,322.10
2017	651,318.76	13,265,035.04	13,916,353.80
2018	647,226.23	13,271,160.04	13,918,386.27
2019	649,613.54	13,272,547.54	13,922,161.08
Thereafter	1,300,548.79	148,905,503.32	150,206,052.11
	<u>\$ 4,542,818.75</u>	<u>\$ 215,433,816.02</u>	<u>\$ 219,976,634.77</u>

NOTE 11: PENSION PLAN

Description of Plan - All eligible employees of the Authority are covered by the Public Employees' Retirement System (PERS), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Department of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The Public Employees' Retirement system is a cost-sharing, multiple-employer plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. The Authority's contributions for the years ending December 31, 2014, 2013, and 2012, were \$865,204.00, \$1,016,173.00, and \$1,029,646.00, respectively, equal to the required contributions for each year.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

NOTE 12: DEFERRED COMPENSATION

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable Assurance Society
Variable Life Insurance Company

NOTE 13: COMPENSATED ABSENCES

The Authority accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to benefits.

Authority employees are granted varying amounts of vacation and sick leave in accordance with the Authority's personnel policy. Upon termination or retirement, employees are paid for accrued vacation and are paid 50% of their accrued sick leave, up to a maximum of \$15,000.00.

The total value of compensated absences owed to employees as of December 31, 2014, was \$388,856.05.

NOTE 14: SELF-INSURED HEALTH PLAN

The Authority has a self-insured health plan for all its employees. The Authority has purchased stop-loss insurance in order to limit its exposure, which will reimburse the Authority for individual claim in excess of \$90,000.00 annually.

The plan is administered by Insurance Administrator of America, Inc. The coverage and contribution requirements are established based on company policy. The required contribution is based on projected pay-as-you-go financing requirements. Plan members receiving benefits are required to make contributions through payroll deductions. There are no plan assets.

NOTE 15: POST-EMPLOYMENT HEALTH CARE PLAN

Plan Description - Gloucester County Improvement Authority Group Health Benefit Plan is a single-employer, self-insured, defined benefit healthcare plan administered by Insurance Administrator of America, Inc. (IAA). The plan provides fully-insured medical, dental and prescription drug coverage to eligible retirees and their spouses.

Funding Policy - The plan is non-contributory for eligible retirees. The required contribution is based on projected pay-as-you-go financing requirements. Plan members receiving benefits are not required to make contributions

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2014

NOTE 15: POST-EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation - The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (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) 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 to the plan (dollar amounts in thousands):

Annual Required Contribution	\$ 2,850.3
Interest on Net OPEB Obligation	0.0
Adjustment to Annual Required Contribution	<u>0.0</u>
Annual OPEB Cost (Expense)	2,850.3
Contributions Made	<u>(21.2)</u>
Increase in Net OPEB Obligation	2,829.1
Net OPEB Obligation - Beginning of Year	<u>13,019.2</u>
Net OPEB Obligation - End of Year	<u><u>\$ 15,848.3</u></u>

The Authority's most recent actuarial valuation to determine the ARC was performed for the year ended December 31, 2013. The next actuarial valuation is expected to be performed for the year ended December 31, 2015. GASB 45 permits the calculation of the ARC for the year ended December 31, 2014, to be based on the amount calculated in the most recent actuarial valuation adjusted for inflation based on rates determined by the U.S. Bureau of the Labor Statistics. The Authority utilized the U.S. Bureau of Statistics annual report on inflation for medical care costs, which yielded a rate of inflation of 2.4%.

The Authority's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for the past three years follows (dollars amounts in thousands):

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/14	\$ 2,850.3	0.1%	\$ 15,848.3
12/31/13	2,580.8	0.1%	13,019.2
12/31/12	3,144.1	0.5%	10,460.9

Funded Status and Funding Progress - As of December 31, 2014, the Authority is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

NOTE 15: POST-EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Actuarial Methods and Assumptions - Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2013, actuarial valuation, the projected unit cost method was used. The UAAL is being amortized based on a 30-year level dollar, open amortization.

NOTE 16: LABOR CONTRACTS

As of December 31, 2014, the Authority had a total of approximately 204 employees. Of this total, 150 employees are represented by unions as follows:

United Food and Commercial Workers Union, Local 1360 – 51 employees
Communications Workers of America, AFL-CIO, Local 1085 – 65 employees
United Steel, Paper & Forestry, Rubber, Manufacturing, Energy, Allied Industrial & Service Workers International Union, Local 4-149 – 34 employees

The union agreements expire depending on department covered from December 31, 2015 through December 31, 2018.

NOTE 17: CLOSURE AND POST-CLOSURE COST

State and Federal laws and regulations require the Authority to place a final cover on its Gloucester County Solid Waste Complex, New Jersey DEP Facility No. 0186A when it stops accepting waste and to provide a post-closure plan for thirty years after closure. Although closure and post-closure costs will be paid only near or after the date that the landfill stops accepting waste, the Authority provides a portion of these closure and post-closure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$24,121,207.07 reported as Solid Waste Complex Closure and Post-Closure Liability at December 31, 2014, represents the cumulative amount provided to date based on the use of 73% of the estimated capacity of the Solid Waste Complex. The Authority will recognize the remaining estimated cost of Closure and Post-Closure of \$9,113,893.93 as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all Closure and Post-Closure as of the last revised Financial Plan dated May 2013 as updated by the Authority Engineer. The Authority expects to close the Solid Waste Complex in the year 2027. Actual cost may be higher due to inflation, changes in technology or regulations.

The Authority is required by State and Federal Laws and Regulations to make annual contributions to escrow accounts to finance closure and post-closure. The Authority is in compliance with these requirements and at December 31, 2014, investments of \$17,683,759.27 are held for these purposes. These are reported as restricted assets on the accompanying

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

NOTE 17: CLOSURE AND POST-CLOSURE COST (CONTINUED)

balance sheet. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions.

However, if interest earnings are inadequate or additional post-closure requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future users.

NOTE 18: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended December 31, 2014, the Authority did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

NOTE 19: ECONOMIC DEPENDENCY

The Authority is not economically dependent on any one business or industry within the County of Gloucester.

NOTE 20: CONTINGENT LIABILITIES AND LITIGATION

The Authority participates in state assistance grant programs. The Authority is potentially liable for expenditures which may be disallowed pursuant to the terms of the grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

It is the Gloucester County Improvement Authority's Counsel's opinion that there exists no litigation or contingent liability that may be pending against the Authority that would have an adverse effect on the financial position in the future with the exception of a customer's dispute regarding interpretation of a paragraph in a waste supply agreement. The Authority disagrees with a decision that was handed down by the Superior Court of New Jersey in favor of the customer and has appealed the matter to the New Jersey Appellate Division.

NOTE 21: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2014 through April 29, 2015, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Authority that require disclosure.

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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

Honorable Chairman and Members
of the Authority
Gloucester County Improvement Authority
109 Budd Boulevard
Woodbury, New Jersey 08096

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, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Gloucester County Improvement Authority, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Gloucester County Improvement Authority's basic financial statements, and have issued our report thereon dated April 29, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Gloucester County Improvement Authority's 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 Gloucester County Improvement Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

April 29, 2015

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REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULES OF EXPENDITURES OF STATE AWARDS REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY STATE OMB 04-04

Independent Auditor's Report

Honorable Chairman and Members
of the Authority
Gloucester County Improvement Authority
109 Budd Boulevard
Woodbury, New Jersey 08096

Report on Compliance for Each Major State Program

We have audited the Gloucester County Improvement Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Gloucester County Improvement Authority's major state programs for the year ended December 31, 2014. The Gloucester County Improvement Authority's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Gloucester County Improvement Authority's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey State OMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey State OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Gloucester County Improvement Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Gloucester County Improvement Authority's compliance.

Opinion on Each Major State Program

In our opinion, the Gloucester County Improvement Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the Gloucester County Improvement Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Gloucester County Improvement Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey State OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Gloucester County Improvement Authority's internal control over compliance.

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

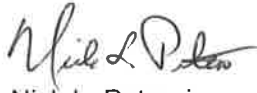
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey State OMB 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of State Financial Assistance Required by New Jersey State OMB 04-04

We have audited the financial statements of the business type-activities of the Gloucester County Improvement Authority as of and for the year ended December 31, 2014, and have issued our report thereon dated April 29, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and New Jersey State OMB 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The

information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

April 29, 2015

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

State Funding Department/Program	State Grant Number	Program Amount	Funds Received	Grant Period		Amount of Expenditures	Cumulative Expenditures
				From	To		
Department of Environmental Protection							
Resource Recovery Investment Tax	4900-759-042-4900	\$ 2,143,473.00	\$ 2,143,473.00	12/1/94	N/A	\$ 2,055.02	\$ 2,110,486.02
Recycling Enhancement Grant	4900-752-042-4900	166,100.00	166,100.00	1/1/12	N/A	9,975.75	166,100.00
Recycling Enhancement Grant	4900-752-042-4900	187,000.00	187,000.00	1/1/13	N/A	85,494.59	106,818.35
Recycling Enhancement Grant	4900-752-042-4900	220,000.00	220,000.00	1/1/14	N/A	19,396.06	19,396.06
Clean Communities	4900-765-042-4900-004-VCMC-6020	124,073.00	124,073.00	1/1/13	N/A	106,341.61	124,073.00
Clean Communities	4900-765-042-4900-004-VCMC-6020	116,628.00	116,628.00	1/1/14	N/A	4,128.28	4,128.28
Department of Transportation							
Transportation Infrastructure Improvements	6320-480-6320-Z50-TCAP-6010	23,000,000.00	23,000,000.00	11/14/05	N/A	852,206.43	22,777,972.51
		<u>\$ 25,957,274.00</u>	<u>\$ 25,957,274.00</u>			<u>\$ 1,079,597.74</u>	<u>\$ 25,308,974.22</u>

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of State awards include the state grant activity of the Gloucester County Improvement Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB Circular 04-04. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies(s) identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to general-purpose financial statements noted? yes X no

Federal Awards

N/A

Internal control over major programs:

1) Material weakness(es) identified? yes no

2) Significant deficiencies(s) identified that are not considered to be material weaknesses? yes none reported

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

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

Identification of major programs:

<u>CFDA or Other Identifying Number(s)</u>	<u>Name of Federal Program or Cluster</u>
--	---

Dollar threshold used to distinguish between type A and type B programs: _____

Auditee qualified as low-risk auditee? yes no

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

Section I - Summary of Auditor's Results (Continued)

State Awards

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

Internal control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies(s) identified that are not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? yes X no

Identification of major programs:

<u>State Grant Number(s)</u>	<u>Name of State Program</u>
6320-480-6320-Z50-TCAP-6010	Transportation Infrastructure

Dollar threshold used to distinguish between type A and type B programs: \$300,000.00

Auditee qualified as low-risk auditee? X yes no

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

Section II – Financial Statement Findings

None

Section III – Federal and State Awards Findings and Questioned Costs

FEDERAL AWARDS

N/A

STATE AWARDS

None

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2014

There were no prior year findings reported.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
 BUDGETARY COMPARISON SCHEDULE - OPERATING/LANDFILL
 YEAR ENDED DECEMBER 31, 2014

	2014 Budget		2014 Actual	Variance of 2014 Actual Data to Budget	
	Original	Final		Dollars	%
	Favorable (Unfavorable)				
Operating Revenues:					
Landfill Operating Revenue	\$ 17,356,450.00	\$ 17,356,450.00	\$ 16,253,126.23	\$ (1,103,323.77)	-6.36%
Operating Income Wheelabrator Ash	3,200,000.00	3,200,000.00	3,234,108.46	34,108.46	1.07%
Communication Tower Rental	15,770.00	15,770.00	15,770.39	0.39	0.00%
Monitoring and Financing Fees	35,000.00	35,000.00	25,551.94	(9,448.06)	-26.99%
Other Income	494,860.00	494,860.00	859,925.16	365,065.16	73.77%
Total Operating Revenues	21,102,080.00	21,102,080.00	20,388,482.18	(713,597.82)	-3.38%
Operating Expenses:					
Personnel Services:					
Salaries and Wages	3,420,369.00	3,642,887.79	3,547,501.05	95,386.74	2.62%
Employee Benefits	3,045,983.00	2,951,252.50	2,917,703.71	33,548.79	1.14%
Total Personnel Services	6,466,352.00	6,594,140.29	6,465,204.76	128,935.53	1.96%
Other Expenses:					
Administrative	1,596,380.00	1,626,921.77	1,617,212.23	9,709.54	0.60%
Finance	257,355.00	254,918.38	206,292.10	48,626.28	19.08%
Marketing	16,500.00	14,302.44	749.50	13,552.94	94.76%
Project Coordinator	1,680.00	1,680.00	1,445.86	234.14	13.94%
Solid Waste Complex	2,363,000.00	2,269,158.89	2,040,008.65	229,150.24	10.10%
Enforcement	800.00	800.00	513.13	286.87	35.86%
County Projects	1,198,673.00	1,302,389.33	1,201,933.39	100,455.94	7.71%
Capital Expenses	1,562,500.00	1,562,500.00	1,562,500.00		
Total Other Expenses	6,996,888.00	7,032,670.81	6,630,654.86	402,015.95	5.72%
Total Operating Expenses	13,463,240.00	13,626,811.10	13,095,859.62	530,951.48	3.90%
Operating Income (Loss)	7,638,840.00	7,475,268.90	7,292,622.56	(182,646.34)	
Non-Operating Income (Expense):					
Surplus Anticipated		1,863,697.28	1,863,697.28		
Interest Income	75,000.00	75,000.00	26,081.76	(48,918.24)	-65.22%
Debt Service Requirements	(1,866,006.00)	(1,866,006.00)	(1,828,459.35)	37,546.65	-2.01%
Sanitary Landfill Tax	(796,500.00)	(596,228.25)	(531,250.87)	64,977.38	-10.90%
Host Community Tax	(660,000.00)	(695,435.00)	(695,435.00)		
Solid Waste Assessment Tax	(117,000.00)	(117,000.00)	(103,599.35)	13,400.65	-11.45%
Closure and Alternate Closure Expense	(1,140,000.00)	(1,141,265.65)	(1,836,108.13)	(694,842.48)	-60.88%
Shady Lane Subsidy	(1,674,322.00)	(2,516,954.27)	(2,916,954.27)	(400,000.00)	-15.89%
Day Care Subsidy	(827,307.00)	(948,372.01)	(937,703.54)	10,668.47	1.12%
Dream Park Subsidy	(632,705.00)	(932,705.00)	(891,016.84)	41,688.16	4.47%
County Appropriation		(600,000.00)	(600,000.00)		
Total Non-Operating Income (Expense)	(7,638,840.00)	(7,475,268.90)	(8,450,748.31)	(975,479.41)	-13.05%
Increase (Decrease) in Budgeted Net Position			\$ (1,158,125.75)	\$ (1,158,125.75)	

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
 BUDGETARY COMPARISON SCHEDULE - NURSING HOME
 YEAR ENDED DECEMBER 31, 2014

	2014 Budget		2014 Actual	Variance of 2014 Actual Data to Budget	
	Original	Final		Dollars	%
Operating Revenues:					
Private Billings	\$ 1,354,500.00	\$ 1,354,500.00	\$ 1,557,147.16	\$ 202,647.16	14.96%
Medicaid/Medicare Billings	4,517,077.00	4,517,077.00	4,283,226.47	(233,850.53)	-5.18%
Other Billings	285,619.00	285,619.00	666,066.91	380,447.91	133.20%
Gloucester County Improvement Authority Subsidy	2,474,322.00	2,474,322.00	2,916,954.27	442,632.27	17.89%
Total Operating Revenues	8,631,518.00	8,631,518.00	9,423,394.81	791,876.81	9.17%
Operating Expenses:					
Personnel Services:					
Salaries and Wages	4,247,296.00	4,197,322.49	4,247,772.70	(50,450.21)	-1.20%
Employee Benefits	356,773.00	375,222.72	375,105.66	117.06	0.03%
Total Personnel Services	4,604,069.00	4,572,545.21	4,622,878.36	(50,333.15)	-1.10%
Other Expenses:					
Administrative	142,400.00	214,559.72	192,555.66	22,004.06	10.26%
Nursing	918,830.00	903,030.67	877,974.46	25,056.21	2.77%
Food Service	283,815.00	277,077.80	262,405.50	14,672.30	5.30%
Social Services	910.00	1,121.19	437.05	684.14	61.02%
Recreation	16,100.00	16,239.13	16,367.61	(128.48)	-0.79%
Maintenance	72,500.00	72,500.00	48,043.91	24,456.09	33.73%
Environmental Services	70,150.00	70,150.00	59,976.57	10,173.43	14.50%
Other Expenses	1,744,850.00	1,726,400.28	1,581,833.29	144,566.99	8.37%
Capital Expenses	40,000.00	40,000.00	40,000.00		
Total Other Expenses	3,289,555.00	3,321,078.79	3,079,594.05	241,484.74	7.27%
Total Operating Expenses	7,893,624.00	7,893,624.00	7,702,472.41	191,151.59	2.42%
Operating Income (Loss)	737,894.00	737,894.00	1,720,922.40	600,725.22	
Non-Operating Income (Expense):					
Surplus Anticipated		400,000.00	400,000.00		
Debt Service Requirements	(737,894.00)	(737,894.00)	(736,818.78)	1,075.22	-0.15%
County Appropriation		(400,000.00)	(400,000.00)		
Total Non-Operating Income (Expense)	(737,894.00)	(737,894.00)	(736,818.78)	1,075.22	-0.15%
Increase (Decrease) in Budgeted Net Position			\$ 984,103.62	\$ 601,800.44	

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
 BUDGETARY COMPARISON SCHEDULE - CHILD CARE
 YEAR ENDED DECEMBER 31, 2014

	2014 Budget		2014 Actual	Variance of 2014 Actual Data to Budget	
	Original	Final		Dollars	%
Operating Revenues:					
Tuition Revenue	\$ 1,206,348.00	\$ 1,206,348.00	\$ 1,119,700.23	\$ (86,647.77)	-7.18%
GCIT Revenue	37,500.00	37,500.00	37,500.00		
Gloucester County Improvement Authority Subsidy	827,307.00	873,372.01	937,703.54	64,331.53	7.37%
Total Operating Revenues	2,071,155.00	2,117,220.01	2,094,903.77	(22,316.24)	-1.05%
Operating Expenses:					
Personnel Services:					
Salaries and Wages	1,328,997.00	1,343,539.72	1,340,880.68	2,659.04	0.20%
Employee Benefits	111,636.00	105,642.96	105,439.54	203.42	0.19%
Total Personnel Services	1,440,633.00	1,449,182.68	1,446,320.22	2,862.46	0.20%
Other Expenses:					
Other Expenses	630,522.00	668,037.33	663,025.74	5,011.59	0.75%
Total Other Expenses	630,522.00	668,037.33	663,025.74	5,011.59	0.75%
Total Operating Expenses	2,071,155.00	2,117,220.01	2,109,345.96	7,874.05	0.37%
Operating Income (Loss)			(14,442.19)	(14,442.19)	
Increase (Decrease) in Budgeted Net Position			<u>\$ (14,442.19)</u>	<u>\$ (14,442.19)</u>	

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
 BUDGETARY COMPARISON SCHEDULE - DREAM PARK
 YEAR ENDED DECEMBER 31, 2014

	2014 Budget		2014 Actual	Variance of 2014 Actual Data to Budget	
	Original	Final		Dollars	%
				Favorable (Unfavorable)	
Operating Revenues:					
Dream Park Revenues	\$ 665,450.00	\$ 665,450.00	\$ 706,593.02	\$ 41,143.02	6.18%
Gloucester County Improvement Authority Subsidy	632,705.00	932,705.00	891,016.84	(41,688.16)	-4.47%
Total Operating Revenues	<u>1,298,155.00</u>	<u>1,598,155.00</u>	<u>1,597,609.86</u>	<u>(545.14)</u>	<u>-0.03%</u>
Operating Expenses:					
Personnel Services:					
Salaries and Wages	676,611.00	709,335.39	712,062.61	(2,727.22)	-0.38%
Employee Benefits	56,835.00	53,199.18	53,407.81	(208.63)	-0.39%
Total Personnel Services	<u>733,446.00</u>	<u>762,534.57</u>	<u>765,470.42</u>	<u>(2,935.85)</u>	<u>-0.39%</u>
Other Expenses:					
Administrative	294,359.00	456,022.39	455,528.16	494.23	0.11%
Maintenance	260,350.00	369,598.04	353,684.83	15,913.21	4.31%
Capital	10,000.00	10,000.00	10,000.00		
Total Other Expenses	<u>564,709.00</u>	<u>835,620.43</u>	<u>819,212.99</u>	<u>16,407.44</u>	<u>1.96%</u>
Total Operating Expenses	<u>1,298,155.00</u>	<u>1,598,155.00</u>	<u>1,584,683.41</u>	<u>13,471.59</u>	<u>0.84%</u>
Operating Income (Loss)			<u>12,926.45</u>	<u>12,926.45</u>	
Increase (Decrease) in Budgeted Net Position			<u>\$ 12,926.45</u>	<u>\$ 12,926.45</u>	

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

County Guaranteed Government Leasing Program Series 2003 B

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed	Balance Dec. 31, 2014
6/1/03	\$ 2,380,000.00	Government Lease Program	\$ 725,000.00	\$ 60,000.00	\$ 665,000.00

Schedule of Annual Maturities

Due July 1	Interest Rate	Annual Principal Payment
2015	3.375%	\$ 60,000.00
2016	5.000%	65,000.00
2017	5.000%	65,000.00
2018	5.000%	70,000.00
2019	5.000%	75,000.00
2020	5.000%	75,000.00
2021	5.000%	80,000.00
2022	5.000%	85,000.00
2023	5.000%	90,000.00
		<u>\$ 665,000.00</u>

County Guaranteed Lease Revenue Refunding Bonds Series A 2004

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed	Balance Dec. 31, 2014
6/1/04	\$ 13,295,000.00	Government Lease Program	\$ 8,390,000.00	\$ 1,260,000.00	\$ 7,130,000.00

Schedule of Annual Maturities

Due December 1	Interest Rate	Annual Principal Payment
2015	3.500%	\$ 1,300,000.00
2016	5.000%	1,350,000.00
2017	5.000%	1,420,000.00
2018	5.000%	1,495,000.00
2019	4.000%	1,565,000.00
		<u>\$ 7,130,000.00</u>

County Guaranteed Lease Revenue Bonds Series B 2004

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed	Balance Dec. 31, 2014
12/1/04	\$ 1,480,000.00	Government Lease Program	\$ 600,000.00	\$ 45,000.00	\$ 555,000.00

Schedule of Annual Maturities

Due November 1	Interest Rate	Annual Principal Payment
2015	3.750%	\$ 45,000.00
2016	4.000%	50,000.00
2017	4.000%	50,000.00
2018	4.000%	50,000.00
2019	4.100%	55,000.00
2020	4.125%	55,000.00
2021	4.250%	60,000.00
2022	4.250%	60,000.00
2023	4.375%	65,000.00
2024	4.500%	65,000.00
		<u>\$ 555,000.00</u>

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

County Guaranteed Lease Revenue Bonds Series C 2004

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed	Balance Dec. 31, 2014
12/1/04	\$ 3,415,000.00	Government Lease Program	\$ 555,000.00	\$ 170,000.00	\$ 385,000.00

Schedule of Annual Maturities

Due November 1	Interest Rate	Annual Principal Payment
2015	3.750%	\$ 45,000.00
2016	4.000%	45,000.00
2017	4.000%	45,000.00
2018	4.000%	50,000.00
2019	4.100%	55,000.00
2020	4.125%	25,000.00
2021	4.250%	30,000.00
2022	4.250%	30,000.00
2023	4.375%	30,000.00
2024	4.500%	30,000.00
		\$ 385,000.00

County Guaranteed Lease Revenue Bonds Series 2005

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed	Balance Dec. 31, 2014
11/10/05	\$ 33,895,000.00	Government Lease Program	\$ 2,150,000.00	\$ 1,050,000.00	\$ 1,100,000.00

Schedule of Annual Maturities

Due September 1	Interest Rate	Annual Principal Payment
2015	5.000%	\$ 1,100,000.00

County Guaranteed Stormwater Management Trust Loan Series 2005A

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed	Balance Dec. 31, 2014
10/15/05	\$ 4,105,000.00	Stormwater Management Plan	\$ 2,530,000.00	\$ 270,000.00	\$ 2,260,000.00

Schedule of Annual Maturities

Due August 1	Interest Rate	Annual Principal Payment
2015	4.000%	\$ 285,000.00
2016	4.000%	295,000.00
2017	4.000%	310,000.00
2018	4.250%	320,000.00
2019	4.250%	335,000.00
2020	4.500%	350,000.00
2021	4.375%	365,000.00
		\$ 2,260,000.00

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

County Guaranteed Stormwater Management Fund Loan Series 2005B

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed	Balance Dec. 31, 2014
10/15/05	\$ 4,125,895.00	Stormwater Management Plan	\$ 2,145,785.29	\$ 267,035.29	\$ 1,878,750.00

Schedule of Annual Maturities

Due	Interest Rate	Annual Principal Payment
2/1/15	0.000%	\$ 33,552.96
8/1/15	0.000%	234,540.16
2/1/16	0.000%	29,533.21
8/1/16	0.000%	237,572.60
2/1/17	0.000%	25,372.43
8/1/17	0.000%	243,990.08
2/1/18	0.000%	21,000.07
8/1/18	0.000%	246,669.91
2/1/19	0.000%	16,204.59
8/1/19	0.000%	252,452.70
2/1/20	0.000%	11,184.32
8/1/20	0.000%	258,010.70
2/1/21	0.000%	5,630.72
8/1/21	0.000%	263,035.55
		\$ 1,878,750.00

County Guaranteed Lease Revenue Bonds Series A 2006

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed	Balance Dec. 31, 2014
12/18/06	\$ 10,850,000.00	Government Lease Program	\$ 7,080,000.00	\$ 545,000.00	\$ 6,535,000.00

Schedule of Annual Maturities

Due September 1	Interest Rate	Annual Principal Payment
2015	5.000%	\$ 570,000.00
2016	5.000%	600,000.00
2017	3.750%	555,000.00
2018	3.750%	580,000.00
2019	3.875%	600,000.00
2020	4.000%	620,000.00
2021	4.000%	650,000.00
2022	4.000%	435,000.00
2023	4.000%	455,000.00
2024	4.125%	470,000.00
2025	4.125%	490,000.00
2026	4.125%	510,000.00
		\$ 6,535,000.00

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
 SCHEDULE OF BONDS AND LOANS PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2014

County Guaranteed Lease Revenue Bonds Series 2007

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed	Balance Dec. 31, 2014
8/22/07	\$11,225,000.00	Woolwich Township Municipal Building Project	\$ 9,770,000.00	\$ 330,000.00	\$ 9,440,000.00

Schedule of Annual Maturities

Due May 1	Interest Rate	Annual Principal Payment
2015	5.000%	\$ 345,000.00
2016	5.000%	365,000.00
2017	5.000%	380,000.00
2018	5.000%	400,000.00
2019	4.125%	420,000.00
2020	5.000%	440,000.00
2021	4.250%	460,000.00
2022	4.250%	480,000.00
2023	4.250%	500,000.00
2024	4.250%	525,000.00
2025	4.375%	545,000.00
2026	4.375%	570,000.00
2027	4.500%	595,000.00
2028	4.500%	625,000.00
2029	4.500%	650,000.00
2030	4.500%	680,000.00
2031	4.500%	715,000.00
2032	4.500%	745,000.00
		<u>\$ 9,440,000.00</u>

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

County Guaranteed Lease Revenue Bonds Series 2008

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed	Balance Dec. 31, 2014
5/5/08	\$ 86,650,000.00	County Capital Program	\$ 79,905,000.00	\$ 1,865,000.00	\$ 78,040,000.00

Schedule of Annual Maturities

Due April 1	Interest Rate	Annual Principal Payment
2015	5.000%	\$ 1,960,000.00
2016	5.000%	2,060,000.00
2017	5.000%	2,170,000.00
2018	5.000%	2,280,000.00
2019	5.000%	2,395,000.00
2020	5.000%	2,520,000.00
2021	5.000%	2,645,000.00
2022	5.000%	2,785,000.00
2023	5.000%	2,925,000.00
2024	5.000%	2,585,000.00
2025	5.000%	2,715,000.00
2026	5.000%	2,855,000.00
2027	5.000%	3,000,000.00
2028	5.000%	3,155,000.00
2029	5.000%	3,320,000.00
2030	5.000%	3,490,000.00
2031	5.000%	3,665,000.00
2032	5.000%	3,855,000.00
2033	5.000%	4,055,000.00
2034	5.000%	4,260,000.00
2035	5.000%	4,480,000.00
2036	5.000%	4,710,000.00
2037	5.000%	4,950,000.00
2038	5.000%	5,205,000.00
		<u>\$ 78,040,000.00</u>

County Guaranteed Solid Waste Revenue Bonds Series 2008

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed	Balance Dec. 31, 2014
9/18/08	\$ 15,905,000.00	Construction of New Landfill Cell	\$ 14,225,000.00	\$ 595,000.00	\$ 13,630,000.00

Schedule of Annual Maturities

Due April 1	Interest Rate	Annual Principal Payment
2015	4.500%	\$ 615,000.00
2016	4.500%	640,000.00
2017	4.000%	670,000.00
2018	4.000%	695,000.00
2019	3.800%	725,000.00
2020	4.000%	750,000.00
2021	4.125%	780,000.00
2022	4.200%	815,000.00
2023	4.250%	850,000.00
2024	4.500%	885,000.00
2025	4.500%	925,000.00
2026	4.500%	965,000.00
2027	4.500%	1,010,000.00
2028	4.500%	1,055,000.00
2029	4.500%	1,100,000.00
2030	4.500%	1,150,000.00
		<u>\$ 13,630,000.00</u>

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

County Guaranteed Lease Revenue Refunding Bonds Series 2010A-1

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed
12/2/10	\$ 2,805,000.00	Lease Revenue Refunding Bonds	<u>\$ 725,000.00</u>	<u>\$ 725,000.00</u>

County Guaranteed Lease Revenue Refunding Bonds Series 2010A-2

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed	Balance Dec. 31, 2014
12/2/10	\$ 4,715,000.00	Lease Revenue Refunding Bonds	<u>\$ 3,785,000.00</u>	<u>\$ 440,000.00</u>	<u>\$ 3,345,000.00</u>

Schedule of Annual Maturities

Due March 1	Interest Rate	Annual Principal Payment
2015	2.000%	\$ 445,000.00
2016	2.000%	455,000.00
2017	2.250%	465,000.00
2018	2.500%	475,000.00
2019	2.750%	490,000.00
2020	3.000%	500,000.00
2021	3.125%	515,000.00
		<u>\$ 3,345,000.00</u>

County Guaranteed Lease Revenue Refunding Bonds Series 2011

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed	Balance Dec. 31, 2014
9/20/11	\$ 10,700,000.00	Lease Revenue Refunding Bonds	<u>\$ 10,620,000.00</u>	<u>\$ 880,000.00</u>	<u>\$ 9,740,000.00</u>

Schedule of Annual Maturities

Due March 1	Interest Rate	Annual Principal Payment
2015	4.000%	\$ 905,000.00
2016	4.000%	1,000,000.00
2017	4.000%	990,000.00
2018	4.000%	1,025,000.00
2019	5.000%	1,065,000.00
2020	4.000%	1,115,000.00
2021	4.000%	1,165,000.00
2022	5.000%	1,210,000.00
2023	5.000%	1,265,000.00
		<u>\$ 9,740,000.00</u>

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

County Guaranteed Lease Revenue Refunding Bonds Series 2012

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed	Balance Dec. 31, 2014
2/28/12	\$ 9,130,000.00	Lease Revenue Refunding Bonds	<u>\$ 9,085,000.00</u>	<u>\$ 430,000.00</u>	<u>\$ 8,655,000.00</u>

Schedule of Annual Maturities

Due March 1	Interest Rate	Annual Principal Payment
2015	3.000%	\$ 445,000.00
2016	3.000%	460,000.00
2017	4.000%	475,000.00
2018	4.000%	490,000.00
2019	4.000%	510,000.00
2020	4.000%	535,000.00
2021	4.000%	555,000.00
2022	4.000%	580,000.00
2023	4.000%	600,000.00
2024	2.625%	625,000.00
2025	2.750%	640,000.00
2026	2.875%	655,000.00
2027	3.000%	675,000.00
2028	3.125%	695,000.00
2029	3.250%	715,000.00
		<u>\$ 8,655,000.00</u>

County Guaranteed Solid Waste Bonds Series 2012

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed	Balance Dec. 31, 2014
7/10/12	\$ 5,300,000.00	Construction of New Landfill Cells	<u>\$ 5,300,000.00</u>	<u>355,000.00</u>	<u>\$ 4,945,000.00</u>

Schedule of Annual Maturities

Due March 1	Interest Rate	Annual Principal Payment
2015	3.000%	\$ 365,000.00
2016	4.000%	380,000.00
2017	1.500%	165,000.00
2017	4.750%	225,000.00
2018	4.000%	405,000.00
2019	4.000%	275,000.00
2019	5.000%	150,000.00
2020	4.000%	440,000.00
2021	5.000%	465,000.00
2022	5.000%	485,000.00
2023	5.000%	510,000.00
2024	3.000%	530,000.00
2025	3.000%	550,000.00
		<u>\$ 4,945,000.00</u>

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

County Guaranteed Lease Revenue Refunding Bonds Series 2013

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2013	Redeemed	Balance Dec. 31, 2014
4/17/13	\$ 24,595,000.00	Lease Revenue Refunding Bonds	<u>\$ 24,510,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ 24,480,000.00</u>

Schedule of Annual Maturities

Due March 1	Interest Rate	Annual Principal Payment
2015	3.000%	\$ 30,000.00
2016	4.000%	1,185,000.00
2017	4.000%	1,230,000.00
2018	4.000%	1,280,000.00
2019	5.000%	1,330,000.00
2020	5.000%	1,400,000.00
2021	5.000%	1,470,000.00
2022	5.000%	1,545,000.00
2023	5.000%	1,620,000.00
2024	5.000%	1,700,000.00
2025	4.000%	1,790,000.00
2026	3.000%	1,860,000.00
2027	3.125%	1,915,000.00
2028	3.250%	1,970,000.00
2029	4.000%	2,035,000.00
2030	4.000%	2,120,000.00
		<u>\$ 24,480,000.00</u>

County Guaranteed Solid Waste Bonds Series 2014

Date of Issue	Amount of Issue	Description	Issued	Balance Dec. 31, 2014
7/31/14	\$ 5,460,000.00	Construction of New Landfill Cells	<u>\$ 5,460,000.00</u>	<u>\$ 5,460,000.00</u>

Schedule of Annual Maturities

Due March 1	Interest Rate	Annual Principal Payment
2016	2.000%	\$ 250,000.00
2017	3.000%	255,000.00
2018	4.000%	265,000.00
2019	4.000%	275,000.00
2020	4.000%	290,000.00
2021	4.000%	300,000.00
2022	5.000%	315,000.00
2023	5.000%	330,000.00
2024	5.000%	345,000.00
2025	5.000%	365,000.00
2026	3.000%	380,000.00
2027	3.125%	390,000.00
2028	3.250%	405,000.00
2029	3.250%	420,000.00
2030	3.375%	430,000.00
2031	3.500%	445,000.00
		<u>\$ 5,460,000.00</u>

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
 SCHEDULE OF BONDS AND LOANS PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance Dec. 31, 2013	Change	Balance Dec. 31, 2014
Summary Total of all Bonds	<u>\$ 182,100,785.29</u>	<u>\$ (3,857,035.29)</u>	<u>\$ 178,243,750.00</u>
		\$ 5,460,000.00	
		(9,317,035.29)	
		<u>\$ (3,857,035.29)</u>	