NEW JERSEY CLEAN WATER AND
DRINKING WATER STATE REVOLVING
FUND PROGRAM

Schedule of Expenditures of
Federal Awards

For the Fiscal Year Ended June 30, 2015
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INDEPENDENT AUDITOR’S REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Program Management of the
New Jersey Clean Water and Drinking Water
State Revolving Fund Program and the U.S.
Environmental Protection Agency

Report on Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards (the “schedule”) of the New Jersey Clean Water and Drinking Water State Revolving Fund Program (the “Program”) for the year ended June 30, 2015, and the related notes to the schedule of expenditures of federal awards.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the schedule, 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 schedule 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 schedule.

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

In our opinion, the schedule of expenditures of federal awards referred to above presents fairly, in all material respects, the expenditures of the New Jersey Clean Water and Drinking Water State Revolving Fund Program in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 6, 2017 on our consideration of the entity's internal control over compliance and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant applicable to its federal programs. The purpose of that report is to describe the scope of our testing of internal control over compliance and compliance and the results of that testing, and not to provide an opinion on internal control over compliance or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the New Jersey Clean Water and Drinking Water State Revolving Fund Program's internal control over compliance and compliance.

Respectfully submitted,

Bowman & Company LLP
BOWMAN & COMPANY LLP
Certified Public Accountants & Consultants

Voorhees, New Jersey
March 6, 2017
REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR’S REPORT

The Program Management of the
New Jersey Clean Water and Drinking Water
State Revolving Fund Program and the U.S.
Environmental Protection Agency

Report on Compliance for Each Major Federal Program

We have audited the compliance of New Jersey Clean Water and Drinking Water State Revolving Fund Program (the “Program”) with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Program's major federal programs for the year ended June 30, 2015. The Program's major federal 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 federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Program's major federal 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; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Program's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Program's compliance.
Opinion on Each Major Federal Program

In our opinion, New Jersey Clean Water and Drinking Water State Revolving Fund Program complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Program 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 Program's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Program's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
March 6, 2017
# NEW JERSEY CLEAN WATER AND DRINKING WATER STATE REVOLVING FUND

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

<table>
<thead>
<tr>
<th>Federal Grantor/Program Title</th>
<th>Program</th>
<th>Grant Period</th>
<th>Disbursed/ Expended</th>
<th>Through to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Environmental Protection Agency</td>
<td>Clean Water State Revolving Fund Program</td>
<td>66.458</td>
<td>$328,010,353.00</td>
<td>7/1/2005 6/30/2036</td>
</tr>
<tr>
<td></td>
<td>Drinking Water State Revolving Fund Program</td>
<td>66.468</td>
<td>75,112,000.00</td>
<td>7/1/2011 6/30/2021</td>
</tr>
</tbody>
</table>

Total U.S. Environmental Protection Agency  

<table>
<thead>
<tr>
<th>Federal Grantor/Program Title</th>
<th>Program</th>
<th>Grant Period</th>
<th>Disbursed/ Expended</th>
<th>Through to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>$118,801,177.51</td>
<td>$113,999,225.00</td>
</tr>
</tbody>
</table>

The accompanying Notes to Schedule of Expenditures of Federal Awards is an integral part of this schedule.
Note 1: **BASIS OF PRESENTATION**

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*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: **MAJOR PROGRAMS**

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.
NEW JERSEY CLEAN WATER AND DRINKING WATER STATE REVOLVING FUND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2015
Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued

| Unmodified |

Internal control over financial reporting:

| Material weakness(es) identified? | yes | no |

| Significant deficiency(ies) identified? | yes | none reported |

| Noncompliance material to financial statements noted? | yes | no |

Federal Awards

Internal control over major programs:

| Material weakness(es) identified? | yes | no |

| Significant deficiency(ies) identified? | yes | none reported |

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

| Unmodified |

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

| yes | no |

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number(s)</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>64.458</td>
<td>Clean Water State Revolving Fund</td>
</tr>
<tr>
<td>64.468</td>
<td>Drinking Water State Revolving Fund</td>
</tr>
</tbody>
</table>

Dollar threshold used to determine Type A programs

| $ 3,000,000.00 |

Auditee qualified as low-risk auditee?

| yes | no |
Section 2- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

None.
This section identifies the status of prior year findings related to the financial statement and Federal Awards that are required to be reported in accordance with Government Auditing Standards and OMB Circular A-133.

None.
APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Program Management during the course of the audit.

Respectfully submitted,

Bowman & Company LLP
Certified Public Accountants & Consultants