

**CAMDEN COUNTY  
MUNICIPAL UTILITIES AUTHORITY**

**REPORT OF AUDIT**

**WITH  
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDING  
DECEMBER 31, 2009 and 2008**

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**TABLE OF CONTENTS**

<u>Exhibit No.</u>		<u>Page No.</u>
	Roster of Officials	1
<b><u>PART 1 - FINANCIAL SECTION</u></b>		
	Independent Auditor's Report	3
	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	5
	Management's Discussion and Analysis	7
<u>Basic Financial Statements</u>		
A	Comparative Statement of Net Assets	14
B	Comparative Statement of Revenues, Expenses and Changes in Net Assets	16
C	Comparative Statement of Cash Flows	17
	Notes to Financial Statements	19
<u>Required Supplementary Information</u>		
RSI-1	Schedule of Funding Progress for the OPEB Plan	40
RSI-2	Schedule of Employer Contributions	40
	Notes to Required Supplementary Information	41
<u>Supplemental Exhibits</u>		
<u>Schedule No.</u>		
1	Combining Schedule of Revenues, Expenses and Changes in Net Assets	43
2	Schedule of Cash Receipts, Cash Disbursements and Changes in Cash, Cash Equivalents and Investments	44
3	Schedule of Sewer Operations--Revenues, Operating Appropriations, Principal Payments and Non-Operating Appropriations Compared to Budget -- Non-GAAP Budgetary Basis	45
4	Analysis of Investment Income Receivable	47
5	Schedule of Serial Bonds Payable	48
6	Schedule of Loans Payable	54
7	Schedule of Capital Appreciation Bonds	61

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY  
TABLE OF CONTENTS**

---

<u>Exhibit No.</u>		<u>Page No.</u>
<b><u>PART 2 - SINGLE AUDIT</u></b>		
	Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB	63
A	Schedule of Expenditures of Federal Awards	65
B	Schedule of Expenditures of State Financial Assistance	67
	Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	69
<b><u>PART 3 - SCHEDULE OF FINDINGS AND QUESTIONED COSTS</u></b>		
	<u>Schedule of Findings and Questioned Costs</u>	
	Section 1 - Summary of Auditor's Results	71
	Section 2 - Schedule of Financial Statement Findings	73
	Section 3 - Schedule of Federal Awards Findings and Questioned Costs	74
	Section 4 - Schedule of State Financial Assistance Findings and Questioned Costs	75
	Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	76
	<b>APPRECIATION</b>	77

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**Roster of Officials**  
**December 31, 2009**

---

**Commissioners**

Doreen A. Dixon  
 James MacFarlane  
 Herman B. Engelbert  
 John Biondi  
 Dorothy A. Burley  
 Nicholas Laurito  
 Martin McKernan, Jr.  
 Jeffrey Swartz  
 K. K. Wu

**Position**

Chairperson  
 Vice – Chairperson  
 Treasurer  
 Commissioner  
 Commissioner  
 Commissioner  
 Commissioner  
 Commissioner  
 Commissioner

**Other Officials**

Mark Lonetto  
 Andrew Kricun  
  
 Helen Albright Troxell  
 Sandra Cevallos  
 John F. Werner  
 Robert Cornforth  
 John J. Connolly, Jr.  
  
 Laurence E. Rosoff, Esquire  
 Bank of New York (NJ)

**Position**

Executive Director  
 Deputy Executive Director/  
 Chief Engineer  
 Authority Secretary  
 Assistant Authority Secretary  
 Chief Financial Officer  
 Director of Operations & Maintenance  
 Assistant Director of Operations &  
 Maintenance  
 Solicitor  
 Trustee

**CAMDEN COUNTY  
MUNICIPAL UTILITIES AUTHORITY**

**PART 1**

**FINANCIAL SECTION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2009 AND 2008**

## **INDEPENDENT AUDITOR'S REPORT**

The Chairwoman and Commissioners of  
Camden County Municipal Utilities Authority  
Camden, New Jersey 08101

We have audited the accompanying statements of net assets of the Camden County Municipal Utilities Authority, State of New Jersey, a component unit of the County of Camden, as of December 31, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Camden County Municipal Utilities Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Local Finance Board, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Camden County Municipal Utilities Authority as of December 31, 2009 and 2008 and the respective changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 9, 2010 on our consideration of the Authority's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in assessing the results of our audit.

The accompanying management's discussion and analysis, Schedule of Funding Progress for the OPEB Plan and Schedule of Employer Contributions as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the financial statements. In addition, the supplemental exhibits are also presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Carol A. McAllister  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
July 9, 2010

**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**

The Chairwoman and Commissioners of  
Camden County Municipal Utilities Authority  
Camden, New Jersey 08101

We have audited the financial statements of the Camden County Municipal Utilities Authority, State of New Jersey, a component unit of the County of Camden, as of and for the year ended December 31, 2009, and have issued our report thereon dated July 9, 2010. 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 in compliance with audit requirements as prescribed by the Local Finance Board, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Camden County Municipal Utilities Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

*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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Camden County Municipal Utilities Authority's financial statements are free of 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 that are required to be reported under Government Auditing Standards, and audit requirements as prescribed by the Local Finance Board, Department of Community Affairs, State of New Jersey.

This report is intended solely for the information and use of the Chairwoman, Commissioners and management of the Camden County Municipal Utilities Authority, other within the entity, the Local Finance Board, Department of Community Affairs, State of New Jersey and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Carol A. McAllister  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
July 9, 2010

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

### **INTRODUCTION TO THE ANNUAL REPORT**

The following Management’s Discussion and Analysis (MD&A) of the Camden County Municipal Utilities Authority provides an introduction to the financial statements of the Authority for the fiscal year ended December 31, 2009. The financial section of the annual report consists of three sections: Management’s Discussion and Analysis (this section), the basic financial statements together with the notes thereto, and supplemental information. The financial statements section provides comparisons between current and prior years’ results as well as budgeted and actual results on a supplemental schedule.

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

### **THE FINANCIAL STATEMENTS INCLUDE**

The “Statements of Net Assets” provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority’s creditors (liabilities) with the difference reported as net assets..

The “Statement of Revenues, Expenses and Changes in Net Assets” accounts for all of the current year’s revenue and expenses, measures the success of the Authority’s operations over the past two years and can be used to determine how the Agency has funded its costs.

The “Statement of Cash Flows” provides information about the Authority’s cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

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

### **REQUIRED SUPPLEMENTARY INFORMATION**

The “Schedule of Funding Progress for the OPEB Plan”, “Schedule of Employer Contributions” and “Notes to Required Supplementary Information” are presented as Required Supplementary Information as required by GASB No.45. The Schedules and notes provided information that was abstracted from the actuarial valuation reported that was prepared by AON.

## **SUPPLEMENTARY INFORMATION**

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Authority's financial statements, the Management's Discussion and Analyses (MD&A), presents an overview of the Authority's financial performance during the year ended December 31, 2009 compared to December 31, 2008 and December 31, 2007. It provides an assessment of how the Authority's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements described above.

## **SUMMARY OF FINANCIAL POSITION**

<b>ASSETS:</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Unrestricted Assets	\$ 36,672,807	\$ 24,423,429	\$ 25,788,353
Restricted Assets	165,952,154	198,980,917	198,813,343
Plant, Property & Equipment (Net of Depreciation)	471,276,154	467,393,208	467,464,552
Other Assets	10,462,949	11,550,157	12,251,658
Total Assets	684,364,064	702,347,711	704,317,906
<b>LIABILITIES:</b>			
Current Liabilities	60,882,685	65,834,531	61,556,306
Long Term Liabilities	390,919,609	429,437,080	439,533,968
Total Liabilities	469,359,088	495,271,611	501,090,274
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	104,143,915	66,150,470	54,661,865
Restricted for Bond Resolution Covenants	95,364,382	127,206,360	134,537,679
Unrestricted	15,705,279	13,719,270	14,028,088
<b>TOTAL NET ASSETS</b>	<b>\$ 215,213,576</b>	<b>\$ 207,076,100</b>	<b>\$ 203,227,632</b>

**CHANGES IN NET ASSETS**

The Authority’s net assets increased by 3.93% from 2008 and increased from 2007 by 5.90%. The increase from 2008 and 2007 was due to the increase in the Invested in Capital assets net of related Debt and a decrease in long- term liabilities of 9.02% in 2008 and 11.1% from 2007. The Authority uses its Capital Assets to provide Wastewater Treatment Service to the residents of Camden County.

Unrestricted Assets showed a increase of 50.2% from the prior year and 42.2% from 2007 due to an increase in the receivable Due from State of New Jersey (NJEIT) and an increase in Accounts Receivable.

The Authority’s Bond Resolutions and the State Regulations govern restricted Assets. The Category Restricted Assets decreased by 16.6% from 2008 and a 16.5% reduction in 2007 due to the decrease in Cash and Cash Equivalents. This results from utilizing our Special Reserve Fund almost exclusively for paying down the Authority debt. This decrease was enhanced by a decrease in Cash Held with fiscal Agent for both comparative years. This Restricted Category will continue to decrease because of the use of the Special Reserve Fund to pay down debt in accordance with our bond resolutions.

Long -Term Liabilities decreased by 9.02% from the prior years and 11.1% from 2007 Audit report. The Authority continues to reduce its outstanding debt from its User Revenues and the Special Reserve Fund as required by the Bond Resolution.

<b>OPERATING REVENUES:</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
User Charges & Fees	\$ 72,502,405	\$ 72,209,283	\$ 71,832,318
Other Revenue	6,750,979	3,231,908	5,098,394
Total Operating Revenue	79,253,384	75,441,191	76,930,712
<b>OPERATING EXPENSES:</b>			
Cost of Providing Service	26,927,760	27,218,745	25,660,084
Administrative	6,704,789	5,466,028	5,049,707
Depreciation	16,476,770	14,565,207	13,837,342
Total Operating Expenses	50,109,319	47,249,980	44,547,133
<b>OPERATING INCOME</b>	29,144,065	28,191,211	32,383,579

**CHANGES IN NET ASSETS (CONT'D)**

<b>NON-OPERATING REVENUES &amp; (EXPENSES):</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Investment Income	\$ 5,883,729	\$ 4,457,001	\$ 12,383,025
Interest Expense	(25,131,383)	(27,101,462)	(30,064,323)
Net Loss on Disposition of Fixed Assets, Net Gain on Investments, Amortization & Prior year Expenditures	( 1,758,935)	(1,183,915)	(24,197,052)
<b>TOTAL NON-OPERATING ITEMS</b>	(21,006,589)	(24,342,743)	(41,878,350)
<b>Increase/Decrease in Net Assets</b>	8,137,476	3,848,468	(9,494,771)
Total Net Assets, Jan.1	207,076,100	203,227,632	212,722,403
Total Net Assets, Dec.31	\$ 215,213,576	\$ 207,076,100	203,227,632

Total Operating Revenue showed an overall 5.05 % increase from 2008 and a 3.02% increase from 2007 financial statements. The increase from 2008 and 2007 resulted from additional Connection Fee revenue from one major project. However we continue to add billing units reflected in the growth of User Charges & Fees both from 2008 and 2007 resulting from the additional growth in connections to the wastewater system.

The Authority's total operating expenses increased by 6.05% from 2008 and increased by 12.5% from 2007 primarily caused by an increase in depreciation expense of 13.1% from 2008 and the 19.1% increase from 2007. In addition an increase in Administrative Expense from 2008 added to the overall increase in Total Operating Expenses. The Cost of Providing Service decreased by 1.07% from 2008 and increased by 4.80% from 2007. The decrease in cost from 2008 came about from reduced sludge disposal and maintenance costs. The increases from 2007 came about from increased costs in Utilities, Chemicals and Maintenance cost.

Non-operating Revenue (Expenses) decreased by 13.10% compared to 2008 but decrease by 49.8% from 2007 due to the decrease in interest income on investments. In addition a decrease in the Interest Expense of 7.27% from 2008 and a 16.4% decrease from 2007. These reductions came about as the Authority's Bonds get closer to maturity, less interest is paid and more principal is paid. While the same total debt service continues, the split between interest and principal changes.

Total Net Assets increased by 3.93% from 2008 and increased from 2007 by 5.90%.

## **BUDGETARY HIGHLIGHTS**

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

One favorable variance for Connection Fees Revenue was 48.6% above the 2009 budget resulting in the Total Operating Revenue to be 1.49 % over 2009 budget. However, an unfavorable variance comes about in the Non-Operating Revenue amounting to 9.96% below the budgeted amount for the 2009. In addition there was an unfavorable variance in Operating Appropriations under Fringe Benefits of 98.3 % caused by Other Post Employment Benefits accrual resulting from GASB # 45. This is a non cash item. A favorable budget variance occurred under Cost of Providing Services in Other Expenses which came to 1.72% resulting from lower sludge disposal costs and lower maintenance costs. Likewise, Total Operating Appropriations had an unfavorable variance by 1.72% due to higher than planned Administration costs under Operating Appropriations.

## **DEBT ADMINISTRATION**

During fiscal year 2009, the Authority continued to pay down its outstanding debt from operating revenues and using the Special Reserve Fund. Likewise, the Authority continued construction of improvements to wastewater treatment system.

## **CAPITAL IMPROVEMENTS AND CONSTRUCTION ACTIVITY**

### a) Wastewater Treatment Plant

In 2009, the CCMUA began work on upgrading the treatment plant's pure oxygen facility and installing a new sludge drying facility. Both of these projects were funded through low interest loans through the New Jersey Environmental Infrastructure Financing Program. The pure oxygen project will reduce energy and maintenance costs while the sludge drying facility will eliminate the CCMUA's sludge disposal operation altogether, resulting in reduced cost and reduced odor potential. Both projects should be completed in 2011.

In addition, the CCMUA obtained a NJ Environmental Infrastructure Trust low interest loan, including an ARRA principal forgiveness component, for a new odor control system for the treatment plant. Construction is expected to be completed in 2011 and will result in improved odor control performance and reduced chemical, energy and maintenance costs.

### b) Interceptor System

The CCMUA completed the flow equalization tanks for the Waterford Pump Station in 2009. In addition, it continued to seek NJDEP and Pinelands Commission approval for an expansion of its regional sewer system to provide additional sewer capacity for Berlin Borough, Berlin Township, Chesilhurst, Pine Hill, Waterford Township and Winslow Township. It is expected that construction will commence in 2011 and be completed in 2012.

## **CAPITAL IMPROVEMENTS AND CONSTRUCTION ACTIVITY (CONT'D)**

### c) Miscellaneous

The CCMUA has been constructing improvements to Camden City and Gloucester City's combined sewer overflow systems, in order to improve water quality in the Delaware River. This project is being funded through a 2006 loan from the NJEIT, and was part of the original facilities plan that was set forth in the Service Agreement among the CCMUA and the 37 municipalities of Camden County. The Gloucester City segment of the project was completed in 2009. The Camden City segment is expected to be completed in 2011.

In addition, at the request of the State of New Jersey and the County of Camden, the CCMUA acted as agent for the City of Camden to implement the water and sewer components of the Camden City Central Gateway Project. The project is being funded entirely through outside funding provided by the United States Economic Development Authority, Delaware River Port Authority and New Jersey Environmental Infrastructure Trust; the CCMUA's contribution is only the manpower associated with project management. The project is expected to be completed in 2010.

## **FACTORS BEARING ON THE AUTHORITY'S FUTURE FINANCIAL POSITION**

The improvements to the wastewater treatment plant should not only improve the CCMUA's water quality and odor control capability but the reduction in annual operating and maintenance costs should at least offset the annual debt service associated with the low interest loans obtained by the CCMUA for the purpose of these improvements. Therefore, these projects should not have an impact on the Authority's financial position.

The proposed expansion of the regional sewer system is slated to eliminate the CCMUA's satellite sewage treatment plant. The elimination of operations and maintenance costs required for that plant will partially offset the annual debt service associated with the funding of the new sewer lines and pumping stations. In addition, the additional sewer capacity that will be created in the six aforementioned towns will, eventually, result in additional sewer connection fee and user fee revenue which will more than offset the cost of the project. However, the current uncertainties associated with the construction market mean that it is difficult to predict the development patterns, and corresponding revenue streams, that will result from the project, at this time.

The sludge drying facility once completed will result in a significant reduction of sludge disposal costs. In addition, the sedimentation tanks and pure oxygen system improvement projects will result in reduction of electrical and maintenance costs.

In general, the CCMUA's approach has been to implement capital improvements to reduce Operations and Maintenance costs, and then utilize the NJEIT program, which provides 75% interest free financing, to minimize the additional debt service such that the O&M cost savings is greater than or equal to the marginal debt service incurred. In this way, the CCMUA has been able to upgrade its plant without having rate impacts. Likewise we remain very sensitive and aware of the potential for odors in our present plant location. Likewise, these projects will reduce our maintenance cost and improve water quality performance.

## **FACTORS BEARING ON THE AUTHORITY'S FUTURE FINANCIAL POSITION (CONT'D)**

The Combined Sewer Overflow project for the City of Camden and the city of Gloucester is part of the official original facilities plan presented in the Service agreement with the municipalities of Camden County. This project is under way and the funding for this activity has been granted by the New Jersey Infrastructure Trust.

Further, the Authority continues to anticipate additional connection and user fees from additional growth throughout Camden County. While the economic picture for Camden County is still positive, a slowdown of the economic growth compared to the past few years is quite obvious.

## **ADDITIONAL FINANCIAL INFORMATION**

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



**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Comparative Statements of Net Assets  
 As of December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 14,655,904	\$ 13,772,569
Accounts Receivable	9,085,729	8,602,572
Interest Receivable	57	587
Due from State of New Jersey -- NJEIT Receivable	3,286,925	1,619,306
Due from State of New Jersey -- USED A Central Gateway Project	3,348,000	-
Due from State of New Jersey -- DEP Ancora Grant	5,906,088	-
Other	390,104	428,395
Total Unrestricted Assets	<u>36,672,807</u>	<u>24,423,429</u>
Restricted Assets:		
Cash and Cash Equivalents	61,485,823	96,073,045
Cash Held by Fiscal Agent	24,727,869	37,861,449
Investments	79,630,070	64,897,402
Interest Receivable	108,392	149,021
Total Restricted Assets	<u>165,952,154</u>	<u>198,980,917</u>
Total Current Assets	<u>202,624,961</u>	<u>223,404,346</u>
Noncurrent Assets:		
Property, Plant and Equipment:		
Utility Plant:		
In Service, Net of Accumulated Depreciation	434,441,734	446,759,987
Under Construction	23,620,468	6,390,606
Other, Net of Accumulated Depreciation	13,213,952	14,242,615
Total Property, Plant and Equipment	<u>471,276,154</u>	<u>467,393,208</u>
Deferred Assets, Net of Amortization:		
Preoperating Costs	2,390,130	2,912,988
Debt Financing Costs	8,072,819	8,637,169
Total Deferred Assets	<u>10,462,949</u>	<u>11,550,157</u>
Total Noncurrent Assets	<u>481,739,103</u>	<u>478,943,365</u>
Total Assets	<u>684,364,064</u>	<u>702,347,711</u>

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Comparative Statements of Net Assets  
As of December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>LIABILITIES</b>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 4,264,172	\$ 3,834,888
Accrued Expenses	1,163,894	1,312,370
Reserve for City of Camden Central Gateway Project	7,129	136,718
Reserve for USEDA Grant for Central Gateway Project	3,348,000	
Reserve for NJ DEP Ancora Grant	5,906,088	
Deferred Revenue for Clean Water Enforcement Act	2,579,577	2,522,967
Deferred Interest Revenue	287,934	299,747
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	17,556,794	8,106,690
Current Liabilities Payable from Restricted Assets:		
Retainages Payable	636,433	416,297
Current Maturities of Long-Term Debt	56,373,081	53,171,588
Accrued Interest Payable	3,873,171	4,139,956
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	60,882,685	57,727,841
Long-Term Liabilities Payable:		
Deferred Interest Revenue	1,563,732	1,851,666
Net OPEB Obligation	3,198,564	1,861,105
Long-term Debt	385,948,713	425,724,309
	<hr/>	<hr/>
Total Long-Term Liabilities	390,711,009	429,437,080
	<hr/>	<hr/>
Total Liabilities	469,150,488	495,271,611
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	104,143,915	66,150,470
Restricted for Bond Resolution Covenants	95,364,382	127,206,360
Unrestricted	15,705,279	13,719,270
	<hr/>	<hr/>
Total Net Assets	\$ 215,213,576	\$ 207,076,100
	<hr/>	<hr/>

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

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Comparative Statements of Revenues, Expenses and Changes in Net Assets  
 For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating Revenues:		
User Charges and Fees	\$ 72,502,405	\$ 72,209,283
Connection Fees	4,486,705	1,868,476
Other	2,264,274	1,363,432
	<hr/>	<hr/>
Total Operating Revenues	79,253,384	75,441,191
	<hr/>	<hr/>
Operating Expenses:		
Administration:		
Salary & Wages	2,007,181	2,029,137
Fringe Benefits	2,992,202	2,365,212
Other Expenses	1,705,406	1,071,679
Cost of Providing Services:		
Salary & Wages	6,729,084	6,413,413
Fringe Benefits	2,067,158	2,089,327
Other Expenses	18,131,518	18,716,005
Depreciation	16,476,770	14,565,207
	<hr/>	<hr/>
Total Operating Expenses	50,109,319	47,249,980
	<hr/>	<hr/>
Operating Income	29,144,065	28,191,211
	<hr/>	<hr/>
Non-operating Revenues (Expenses):		
Investment Income	5,883,729	4,457,001
Interest Expense	(25,131,383)	(27,101,462)
Amortization of Deferred Charges and Bond Issuance Costs	(1,779,495)	(1,698,282)
Disposition of Property, Plant and Equipment	(12,818)	
Prior Year Revenue and Expenditures	33,378	
	<hr/>	<hr/>
Total Non-operating Revenues (Expenses)	(21,006,589)	(24,342,743)
	<hr/>	<hr/>
Change in Net Assets	8,137,476	3,848,468
Net Assets, January 1	207,076,100	203,227,632
	<hr/>	<hr/>
Net Assets, December 31	\$ 215,213,576	\$ 207,076,100
	<hr/> <hr/>	<hr/> <hr/>

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

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**

Comparative Statements of Cash Flows  
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 72,019,248	\$ 71,844,832
Other Operating Receipts	5,278,103	4,267,699
Payments to Suppliers	(23,474,070)	(23,077,125)
Payments to Employees	(8,736,265)	(8,442,550)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	45,087,016	44,592,856
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on Bonds	(28,635,814)	(32,189,154)
Payments of Defeased Bonds		(64,885,000)
Proceeds from Issuance of Long Term Debt	13,133,580	13,583,264
Proceeds from Refunding Bonds		64,885,000
Bond Issuance Costs	(2,386)	(409,218)
Acquisition and Construction of Capital Assets	(20,152,398)	(14,227,530)
Interest Paid on Bonds	(34,026,358)	(24,579,858)
	<hr/>	<hr/>
Net Cash (Used in) Capital and Related Financing Activities	(69,683,376)	(57,822,496)
Cash Flows from Investing Activities:		
Investment Income	4,166,805	7,011,179
Deferred Interest Revenue	(299,747)	(322,907)
Redemption of Investments	(12,974,585)	34,792,482
	<hr/>	<hr/>
Net Cash Provided by (Used in) Investing Activities	(9,107,527)	41,480,754
Net Increase in Cash and Cash Equivalents	(33,703,887)	28,251,114
Cash and Cash Equivalents - January 1	109,845,614	81,594,500
	<hr/>	<hr/>
Cash and Cash Equivalents - December 31	\$ 76,141,727	\$ 109,845,614
	<hr/> <hr/>	<hr/> <hr/>

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Comparative Statements of Cash Flows  
 For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities:		
Operating Income	\$ 29,144,065	\$ 28,191,211
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	16,476,770	14,565,207
Prior Year Revenues	156,452	
Refund of Prior Year Revenues	(12,253)	
Prior Year Expenditures	(110,821)	
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(483,157)	(364,451)
(Increase) Decrease in Other Unrestricted Assets	38,291	161,858
(Increase) Decrease in Grant & Loan Receivable	(10,921,707)	873,933
Increase (Decrease) in Unrestricted Accounts Payable, Accrued Expenses and Reserves	9,405,307	430,053
Increase (Decrease) in Deferred Revenue for Clean Water Enforcement Act	56,610	(162,435)
Increase in Net OPEB Obligation	1,337,459	897,480
	\$ 45,087,016	\$ 44,592,856
Net Cash Provided by Operating Activities	\$ 45,087,016	\$ 44,592,856

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

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**

Notes to Financial Statements  
For the Year Ended December 31, 2009

---

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

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

The Authority was created to acquire, construct, maintain and operate facilities for the collection, treatment, purification or disposal of sewerage or other wastes for the relief of waters in, bordering or entering the County of Camden (the "County") from pollution or threatened pollution and for improvement of conditions affecting the public health.

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

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

**Component Unit**

The Authority is a component unit of the County as described in Governmental Accounting Standards Board Statement No. 14. These financial statements would be either blended or discreetly presented as part of the County's financial statements if the County reported using accounting principles generally accepted in the United States of America applicable to governmental entities.

**Basis of Presentation**

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

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

**Basis of Accounting**

Enterprise funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Sewer service charges are recognized as revenue when services are provided.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Governmental Accounting Standards Board - Statement No. 20**

The Authority is required to follow all statements of the Governmental Accounting Standards Board (GASB). GASB Statement No. 20 was issued to give guidance in determining Generally Accepted Accounting Principles (GAAP) for governmental proprietary funds. It provides that all proprietary fund activities follow all Financial Accounting Standards Board (FASB) Statements issued prior to November 30, 1989, unless they conflict with GASB standards. It also provides that the governmental unit must elect whether to follow FASB Statements after that date.

The Authority has elected not to follow any FASB pronouncements issued after November 30, 1989.

**Budgets and Budgetary Accounting**

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

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

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

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at market value.

Local units are required by N.J.S.A. 40A:5-14 to annually adopt a cash management plan and must deposit its funds pursuant to that plan. The cash management plan includes a designation of a depository or depositories as defined in section 1 of P.L. 1970, c.236 (C. 17.9-41). In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

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

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

**Cash, Cash Equivalents and Investments (Cont'd)**

The cash management plan adopted by the Authority requires it to deposit funds in public depositories protected from loss under the provisions of the GUDPA.

**Inventory**

Inventory consists principally of chemicals for the treatment of water, sewerage and sludge. The Authority has determined that the inventories were immaterial and are not recorded in the financial statements.

**Property, Plant and Equipment**

Property, Plant and Equipment primarily consists of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets are stated at actual or estimated historical costs.

Costs of uncompleted projects are recorded as Utility Plant - Under Construction. In the year that the project is completed, these costs are transferred to Utility Plant - In Service.

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$5,000 or more
- 2) Useful life of more than one year
- 3) Asset is not affected by consumption

Interest costs incurred during construction are capitalized into the cost of the asset.

**Depreciation**

Depreciation is taken beginning in the month of acquisition. Depreciation is provided using the straight-line method over the following estimated useful lives of the assets:

	<u>Years</u>
Plant	50
Interceptors	75
Heavy Duty Vehicles	10
Office Furniture and Equipment	10
Other	5

**Debt Issuance Costs, Bond Discounts, Bond Premiums and Deferred Loss on Defeasance**

Debt issuance costs, bond discounts, bond premiums and deferred loss on defeasance are deferred and amortized over the term of the bonds using the straight-line method. Bond discounts, bond premiums and deferred loss of defeasance are presented as a reduction of the face amount of the revenue bonds payable whereas debt issuance costs are recorded as other assets.



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

Net assets comprise the various earnings from operating income, nonoperating revenues, expenses, and capital contributions. Net assets are classified in the following three components:

**Invested in Capital Assets, net of Related Debt** - This component of net assets consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

**Restricted** - This component of net assets consists of external constraints imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restricts the use of net assets.

**Unrestricted** - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." This component includes net assets that may be allocated for specific purposes by the Board.

**Income Taxes**

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

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

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

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

**Use of Estimates**

Management of the Authority has made certain estimates and assumptions relating to the reporting of assets, liabilities and revenues and expenses to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results may differ from those estimates.

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Compliance with finance related legal and contractual provisions**

The management of the Authority is not aware of any material violations of finance related legal and contractual provisions.

**General Bond Resolution**

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

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

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

**Debt Service Reserve Fund** – The amount of funds on deposit must be maintained at a level equal to Maximum Debt Service to insure funds are available for payment of debt service.

**Renewal and Replacement Fund** – These funds are maintained for reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements or maintenance items of a type not recurring annually.

**Construction Account** – The Construction Fund is held by the Trustee and shall be applied to pay the cost of projects and is pledged, pending application to such costs, for the security of the payment of principal and interest on the Sewer Revenue Bonds.

**Special Reserve Fund** – The Special Reserve Fund accounts for funds in accordance with the Special Reserve Fund Deposit Requirement. (Refer to Note 4 – Special Reserve Fund for a more detailed description)

**Excess Expenditures over Appropriations**

The following appropriation categories had expenditures that exceeded appropriations for the year ended December 31, 2009:

<u>Category</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
Administration:			
Fringe Benefits	\$ 1,614,208	\$ 2,992,202	\$ 1,377,994
Other Expenses	1,649,607	1,705,406	55,799
Cost of Providing Services:			
Salary & Wages	6,608,819	6,729,084	120,265

The excess expenditures over appropriations in the Administration classification resulted from increased payments required for workmen’s compensation payments, professional services for legal fees, management consultants and billing and collections, and GASB 45 required booking an expense and liability which are not required to be funded. Likewise, during 2009 the Authority’s costs for overtime caused expenditures to rise above appropriations.

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)****Debt Service Coverage**

Section 4.01 of the Amended and Restated Bond Resolution adopted October 10, 1995 requires certain ratios of Net Revenues at least equal to 1.00 times the Debt Service Requirements of Bonds within the coverage of the County Agreement for such Bond Year. Pursuant to the understanding at the time of issuance of the Sewer Revenue Capital Appreciation Bonds any accretion in value of the Capital Appreciation Bonds above the original principal amount of the Bonds at initial issuance is treated as accreted interest for the purpose of defining coverage within the County Agreement.

Compliance with this covenant is calculated as follows:

<u>1995 Bond Resolution</u>	<u>Bond Year Ending December 31, 2009</u>
Gross Revenues:	
Operating Revenues	\$ 79,253,384
Interest Income	4,125,646
	<hr/>
Total Gross Revenues	83,379,030
Operating Expenses, exclusive of depreciation and other post-employment benefit expense	32,295,090
	<hr/>
Net Revenues	51,083,940
	<hr/>
Debt Service Requirement of all Bonds issued under this Resolution (treating all Bonds as a single issue of Bonds for purposes of this calculation),	49,265,979
Less: Projected Disbursements from Investment Obligations Held in the Special Reserve Fund	-
	<hr/>
	49,265,979
	<hr/>
Sufficiency of Net Revenues	\$ 1,817,961
	<hr/> <hr/>

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

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)****Debt Service Reserve Requirement**

Section 1.01 of the Amended and Restated Bond Resolution adopted October 10, 1995 indicates the debt service reserve requirement shall mean the lesser of:

(a) the Maximum Annual Debt Service Requirement of all Bonds issued under this Resolution (treating all Bonds as a single issue of Bonds for purposes of this calculation), \$ 49,390,327

or

(b) the sum of:

(i) the then applicable Periodic Debt Service Reserve Requirement, \$ 40,387,238

(ii) upon the issuance of any series of Additional Bonds after the 1990 Bonds, the Maximum Annual Debt Service Requirement on all Outstanding Bonds of such series less the amount, if any, of the reduction in the Maximum Annual Debt Service on any series of Bonds refunded with such series of Additional Bonds:

1990 Second Series D	\$ 1,748,524	
1991 Series B	310,837	
1992 Series B	235,404	
1995 Series A	215,750	
1995 Series B	114,952	
1996 Second Series B	151,223	
1997 Second Series C (Refunding)	2,857,792	
1998 Series C (Refunding)	417,844	
1998 Series D (Refunding)	382,925	
2000 Series A, 2000-05	162,643	
2000 Series A, 2000-07	191,641	
2003 Series A	324,891	
2006 Series A	384,160	
2006 Series B (Refunding)	(618,733)	
2006 Series A (Refunding)	339,461	
2006 Series A (Refunding)	306,081	
2006 Series D (Refunding)	335,503	
2008 Series A (Refunding)	639,648	
		<u>8,500,545</u>

(iii) on December 2, 1997, the Maximum Annual Debt Service Requirement on any 1987 Bonds maturing on December 31, 2007 Or December 1, 2017 then outstanding.

-  
\$ 48,887,783

Therefore, the defined Debt Service Reserve Requirement as of December 31, 2009, shall equal \$48,887,783.

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)****Debt Service Reserve Requirement (Cont'd)**

The Authority has funded the Debt Service Reserve Requirement as of December 31, 2009 as follows:

Amount on Deposit	\$ 72,106,893
Interest Receivable	<u>108,349</u>
	<u>\$ 72,215,242</u>

**Note 3: DETAIL NOTES - ASSETS****Cash, Cash Equivalents and Investments****Cash and Cash Equivalents**

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's formal policy regarding custodial credit risk is the same as described in Note 1, N.J.S.A. 17:9-41 et seq. and included in its cash management plan. The Authority shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. As of December 31, 2009 the Authority's bank balance of \$78,479,118 was entirely insured or collateralized as follows:

Insured	\$500,000
Collateralized under GUDPA	<u>77,979,118</u>
	<u>\$78,479,118</u>

**Investments**

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's \$79,630,070 investments in treasury obligations and money market funds are held by the counterparty, in the name of the Authority.

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

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

**Concentration of Credit Risk** – The Authority does not place a limit on the amount that may be invested in any one issuer. All of the Authority's investments are either in treasury obligations, taxable municipal bonds or Guaranteed Investment Contracts.

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

As of December 31, 2009, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Maturity Date</u>	<u>Credit Rating</u>	<u>Fair Value</u>
Taxable Municipal Bonds	06/30/10	N/A	8,056,627
Taxable Municipal Bonds	04/01/11	N/A	626,974
Taxable Municipal Bonds	06/30/11	N/A	7,815,861
Taxable Municipal Bonds	06/30/12	N/A	7,087,939
Taxable Municipal Bonds	06/30/13	N/A	6,096,787
Taxable Municipal Bonds	06/30/14	N/A	5,677,184
Taxable Municipal Bonds	04/01/15	N/A	331,091
Taxable Municipal Bonds	06/30/15	N/A	1,113,403
Taxable Municipal Bonds	06/30/15	N/A	3,800,700
Taxable Municipal Bonds	06/30/16	N/A	1,282,633
Taxable Municipal Bonds	06/30/16	N/A	3,507,800
Taxable Municipal Bonds	06/30/17	N/A	4,458,699
US Treasury Coupon Strips	04/15/10	N/A	580,192
US Treasury Coupon Strips	07/15/10	N/A	4,243,012
US Treasury NTS	04/30/10	N/A	102,658
US Treasury NTS	08/31/10	N/A	8,057,284
US Treasury Bills	06/03/10	N/A	5,000,000
US Treasury Bills	06/30/11	N/A	5,000,000
US Treasury Bills	07/29/10	N/A	6,791,228
			\$ 79,630,070

**Service Fees**

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

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2009	\$ 8,602,572	\$ 72,502,405	\$ 72,019,248	88.80%
2008	8,238,121	72,209,283	71,844,832	89.31%
2007	7,603,025	71,832,318	71,197,222	89.63%

**Accounts Receivable**

At December 31, 2009 and 2008 the balance in Accounts Receivable was \$9,085,729 and \$8,602,572, respectively. The Authority's policy for allowance for doubtful accounts is to consider any account with a balance greater than 18 months old as a doubtful account.

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

**Note 3: DETAIL NOTES – ASSETS (Cont'd)****Property, Plant and Equipment**

During the year ended December 31, 2009, the following changes in Property, Plant and Equipment occurred:

	<u>Balance</u> <u>Jan. 1, 2009</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
In Service:					
Land	\$ 6,440,900				\$ 6,440,900
Preliminary Treatment Facility	30,970,508				30,970,508
Secondary Treatment Plant	186,075,247	\$ 658,453	\$ 937,100		187,670,800
Interceptors	174,612,605				174,612,605
Incinerator	3,813,619				3,813,619
Compost Facility	55,342,819				55,342,819
Pump Stations	126,080,705				126,080,705
Metering Stations	5,321,807				5,321,807
Consulting & Engineering	40,121,442				40,121,442
Capitalized Interest	73,517,899				73,517,899
<b>Total In Service</b>	<b>702,297,551</b>	<b>658,453</b>	<b>937,100</b>	<b>-</b>	<b>703,893,104</b>
Assets Under Construction	6,390,606	18,166,962	(937,100)		23,620,468
Other:					
Administrative Building	2,464,705				2,464,705
Plant Machinery	21,638,952	1,471,658			23,110,610
Sundry	8,112,956	91,261		(266,503)	7,937,713
<b>Total Other</b>	<b>32,216,613</b>	<b>1,562,918</b>	<b>-</b>	<b>(266,503)</b>	<b>33,513,028</b>
<b>Total Property, Plant and Equipment</b>	<b>740,904,770</b>	<b>20,388,333</b>	<b>-</b>	<b>(266,503)</b>	<b>761,026,600</b>
Less Accumulated Depreciation	273,511,562	16,476,770		(237,886)	289,750,446
	<b>\$ 467,393,208</b>	<b>\$ 3,911,563</b>	<b>\$ -</b>	<b>(28,617)</b>	<b>\$ 471,276,154</b>

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

Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent years. Up to ten days of sick time may also be sold back in accordance with the Authority's Personnel Policy. Vacation days not used during the year may be accumulated and carried forward to the next subsequent year only.

Certain full-time employees are entitled to days off in lieu of receiving pay for overtime. Permanent part-time employees are entitled to sick and vacation leave on a prorated basis. The Authority compensates certain employees for unused sick leave upon retirement. The current policy entitles certain employee to receive fifty percent (50%) of his accumulated sick leave as severance pay. There is a maximum payout of \$15,000, which is paid at the rate of pay upon retirement.

The Authority has the following accrued liabilities for compensated absences at December 31, 2009 and 2008:

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Sick Time	\$ 536,151	\$ 540,167
Vacation Time	310,257	282,476
Comp Time	219,492	209,770
	<u>\$ 1,065,900</u>	<u>\$ 1,032,413</u>

**Retirement Systems**

The Authority contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System, which is administered by the New Jersey Division of Pensions and Benefits. The plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.



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

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

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by Authority</u>
2009	\$ 301,298	\$ 332,125	\$ 633,423	None	\$ 633,423
2008	301,529	232,371	533,900	106,780	427,120
2007	253,755	131,770	385,525	154,210	231,315

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

**Post Employment Benefits**

**Plan Description** - The Authority's defined benefit postemployment healthcare plan, the Camden County MUA Postemployment Benefits Plan (the "CCMUA Plan"), provides fully paid health and prescription benefits to employees retiring with twenty-five (25) years or more of service with Camden County and/or affiliated organizations and twenty-five (25) or more years of service credit in a state or locally administered retirement system and their spouses. The CCMUA Plan is affiliated with the County of Camden Health Plan (CCHP), an agent multiple-employer postemployment healthcare plan administered by the County of Camden. The benefit provisions of the plans that participate in CCHP may be established or amended by the respective employer entities; for the CCMUA Plan that authority rests with the Board of the Authority. The CCHP does not issue a separate financial report.

**Funding Policy** - The contribution requirement of the Authority is established by the policy of the Authority and certain employment contracts and may be amended by same. The required contribution is based on projected pay-as-you-go financing requirements. For the years 2009 and 2008, the Authority contributed \$330,041 and \$302,520, respectively to the CCMUA plan for current premiums. Plan members are not required to make any contributions to the plan.

**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 CCMUA Plan, and changes in the Authority's net OPEB obligation to the CCMUA Plan:

Normal cost	\$ 476,600
Unfunded actuarial liability	<u>1,190,900</u>
Annual required contribution (expense)	1,667,500
Contributions made	<u>(330,041)</u>
	1,337,459
Net OPEB obligation - beginning of year	<u>1,861,105</u>
Net OPEB obligation - end of year	<u>\$ 3,198,564</u>

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Post Employment Benefits (Cont'd)**

**Funded Status and Funding Progress** - As of December 31, 2009, the most recent actuarial valuation date, the CCMUA Plan was 0% funded. The actuarial accrued liability for benefits was \$27,274,100, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$27,274,100. The covered payroll (annual payroll of active employees covered by the plan) was \$9,201,900, and the ratio of the UAAL to the covered payroll was 296%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, compares the assets used for funding purposes to the comparable liabilities to determine how well the CCMUA Plan is funded and how this status has changed over the past several years. The actuarial liability is compared to the actuarial value of assets to determine the funding ratio. The Actuarial Accrued Liability under GASB is determined assuming that the CCMUA Plan is ongoing and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions.

**Actuarial Methods and Assumptions** - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2009, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.5% initially, reducing by decrements to an ultimate rate of 5% after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eleven years. Both rates include a 3.5 percent salary inflation assumption. The actuarial value of the CCMUA Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three year period. The CCMUA Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2009, was twenty-seven years.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Long Term Debt**

	<b><u>December 31,</u></b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>
New Jersey Wastewater Treatment Trust	\$ 31,353,702	\$ 35,510,221
New Jersey Wastewater Treatment Fund	59,039,857	62,244,926
County Agreement Sewer Revenue Refunding Bonds, 1997 Series		
County Agreement Sewer Revenue Bonds, Series 2006A	4,685,000	4,795,000
County Agreement Sewer Revenue Refunding Bonds, Series 2006B	81,215,000	88,475,000
County Agreement Sewer Revenue Capital Appreciation Bonds Series 1990A	95,254,541	101,986,295
County Agreement Sewer Revenue Capital Appreciation Bonds Series 1990B	111,337,107	121,262,770
County Agreement Sewer Revenue Refunding Bonds Series 2008	59,010,000	64,885,000
	<u>441,895,207</u>	<u>479,159,212</u>
Add Amounts:		
Premium on Bonds	7,694,731	8,701,685
Less Amounts:		
Deferred on Refunding	(7,268,144)	(8,965,000)
Current Maturities	<u>(56,373,081)</u>	<u>(53,171,588)</u>
	<u>(55,946,494)</u>	<u>(53,434,903)</u>
	<u>\$ 385,948,713</u>	<u>\$ 425,724,309</u>

The County has executed a deficiency agreement with the Authority which under its terms and conditions obligates the County to pay all principal debt service deficiencies, not to exceed \$685,500,000 (See Note 1), if any, including the bonds and loans under the New Jersey Environmental Infrastructure (Wastewater Treatment) Trust and Fund ("NJEIT" and "NJWTT") programs.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Long Term Debt (Cont'd)**

At December 31, 2009, the aggregate principal maturities of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Accretion</u>	<u>Total</u>
2010	\$ 56,373,081	\$ 8,616,363	\$ 14,670,991	\$ 79,660,435
2011	54,570,219	7,753,030	13,331,012	75,654,261
2012	54,550,816	6,963,925	11,890,463	73,405,204
2013	54,836,730	6,003,204	10,342,088	71,182,022
2014	55,762,423	5,073,694	8,677,926	69,514,043
2015-2019	204,695,228	10,550,801	16,475,868	231,721,897
2020-2024	23,767,907	2,273,732		26,041,639
2025-2028	12,727,151	444,839		13,171,990
	<u>\$ 517,283,555</u>	<u>\$ 47,679,588</u>	<u>\$ 75,388,348</u>	<u>\$ 640,351,491</u>
Adjustments:				
Accreted Interest	(75,388,348)			
Bond Premium	7,694,731			
Deferred Amount on Refunding	<u>(7,268,144)</u>			
	<u>\$ 442,321,794</u>			

**Revenue Bonds Payable - Series 1990A, 1990B, 1997, 2006A, 2006B and 2008**

The Revenue Bonds Series 1990A, 1990B, 1997, 2006A, 2006B and 2008 are direct obligations of the Authority. The Bonds are secured by a pledge on the Revenues derived by the Authority from the operation of its sewerage treatment facilities.

**1990 Refunding**

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

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

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****1990 Refunding (Cont'd)**

	<u>Face Value</u>	<u>Accreted Value</u>	<u>Payments</u>	<u>Carrying Value</u>
1990A Bonds:				
Dec. 31, 2009	\$ 115,830,387	\$ 72,543,020	\$ 93,118,865	\$ 95,254,542
Dec. 31, 2008	115,830,387	75,818,004	89,662,096	101,986,295
1990B Bonds:				
Dec. 31, 2009	\$ 121,677,019	\$ 84,791,238	\$ 95,131,151	\$ 111,337,106
Dec. 31, 2008	121,677,019	90,144,445	90,558,694	121,262,770

**1997 Refunding**

On November 25, 1997, the Authority issued County Agreement Sewer Revenue Refunding Bonds, Series dated November 15, 1997, in the amount of \$85,980,000 to refund a portion of the 1987 Sewer Revenue Bonds and pay expenses incurred in connection with the reissuance of the bonds. The 1997 Bonds have interest rates ranging from 3.80% to 5.25% and mature in various increments through 2017.

**2006A Revenue**

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

**2006B Refunding**

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

**2008 Refunding**

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

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

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****New Jersey Wastewater Treatment Trust / New Jersey Environmental Infrastructure Trust Programs**

The Authority has received loans from the State of New Jersey under the Wastewater Treatment Trust Program / Environmental Infrastructure Trust Program ("NJEIT Trust"). The NJEIT Trust has issued bonds for loans to various entities. The funds on hand at the NJEIT Trust for loans committed to the Authority are included on the books of the Authority as Cash Held by Fiscal Agent. The NJEIT Trust acts in a trustee capacity for these funds and the drawdown of these funds are subject to the approval of the NJEIT Trust. \$70,815,436 in loans have been issued. They have interest rates ranging from 3.0% to 7.0% and mature in various increments through 2028.

Under the Wastewater Treatment Fund Program / Environmental Infrastructure Fund Program ("NJEIT Fund"), the State extended several noninterest-bearing loans totaling \$176,844,897. The loans have been recorded as long-term debt, net of original defeased debt of \$29,449,144. When a project is completed the final expenditures report is submitted to the state. If the total project cost is less than the loan amount, the State will make an adjustment to the final loan payment. The Authority has repaid \$87,794,624 and \$84,589,555 as of December 31, 2009 and 2008, respectively. This debt will mature in various increments through 2028.

**Authority Subordinate Bonds**

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

**Special Reserve Fund**

Pursuant to the Thirteenth Supplemental Resolution adopted December 27, 1993, the provision to prepay the 1987 Sewer Revenue Bonds and the New Jersey Wastewater Treatment Trust Bonds was eliminated and amended to pay all or any portion of the principal of or interest on the 1990 Bonds when due. The Authority, however, is not obligated to use Special Reserve Fund moneys to redeem the 1990 Bonds and may, with the consent of Financial Guaranty Insurance Company, the issuer of the Municipal Bond New Issue Insurance Policy, apply such moneys to future capital projects or pay administrative costs or expenses of the Authority, including, without limitation, any costs and expenses in any way related to the issuance of Authority obligations or the restructuring of the Special Reserve Fund. The Authority has paid approximately \$191,650,287 into the Special Reserve Fund as of December 31, 2009.

**Note 5: DETAIL NOTES – NET ASSETS****Net Assets Appropriated**

\$6,630,135 of the \$15,705,279 unrestricted net assets available at December 31, 2009 was appropriated as anticipated revenue in the annual operating budget for the year ended December 31, 2010.

\$1,000,000 of the \$15,705,279 unrestricted net assets available at December 31, 2009 was appropriated as anticipated revenue in the capital budget for the year ended December 31, 2010.

**Note 6: COMMITMENTS AND CONTINGENCIES****Commitments**

The Authority had several outstanding or planned construction projects as of December 31, 2009. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Awarded</u>	<u>Commitment Remaining</u>
Central Gateway Project	En-Tech	\$ 1,083,000
Gas Engine Upgrade	Foley Power Services	94,000
Camden City CSO Upgrade Project	Elk Pipeline	600,000
Gloucester City CSO Upgrade Project	Metra Industries	50,000
Sludge Dryer Equipment	Komline Sanderson	8,000,000
Sludge Dryer Installation	PKF-Mark III	12,000,000
Pure Oxygen System	C&T Associates	10,000,000
New Odor Control System	WPCS	10,000,000
Ancora Force Main	RNR	1,300,000

**Encumbrances**

Enterprise funds recognize expenses when they are incurred. Encumbrances do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods or services for both the Unrestricted and Restricted Funds. As of December 31, 2009 and 2008, the Authority had outstanding encumbrances of approximately \$44,127,000 and \$36,611,497, respectively.

**Change Orders to Contracts**

During the year 2009, the Authority amended one contract that resulted in the total amount of change orders executed for the project to exceed the originally awarded contract price by more than 20 percent.

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

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

**Litigation**

The Authority is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Authority, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**Note 7: INVESTMENT INCOME**

Investment income is comprised of the following elements described below:

Interest income - is the return on the original principal amount invested.

Realized gain – is a gain resulting from selling an asset at a price higher than the original purchase price.

Change in the fair value of investments - takes into account all changes in fair value that occurred during the year.

The Authority's investment income for the years ended December 31, 2009 and 2008:

	December 31,	
	<u>2009</u>	<u>2008</u>
Investment Income:		
Interest Income	\$ 4,125,646	\$ 6,154,747
Change in the Fair Value of Investments	1,758,083	(1,697,746)
	<u>\$ 5,883,729</u>	<u>\$ 4,457,001</u>

**Note 8: DEFERRED REVENUE FOR CLEAN WATER ENFORCEMENT ACT**

In 1972, Congress enacted the first comprehensive national clean water legislation in response to growing public concern for serious and widespread water pollution. The Clean Water Act (CWA) is the primary federal law that protects our nation's waters, including lakes, rivers, aquifers and coastal areas.

The CWA established the basic structure for regulating discharges of pollutants into the waters of the United States by making it unlawful for any person to discharge any pollutant from a point source unless a permit was obtained under its provisions. The Water Pollution Control Act (WPCA), enacted in 1977, enabled New Jersey to implement the New Jersey Pollutant Discharge Elimination System (NJPDES) permitting system required under the CWA, whereby a person must obtain a NJPDES permit in order to discharge a pollutant into surface water or ground water of the State or to release a pollutant into a municipal treatment works.

In 1990, the Legislature enacted substantial amendments to the WPCA, commonly known as the Clean Water Enforcement Act, P.L. 1990, c. 28 (CWEA). The CWEA requires the department to inspect permitted facilities and municipal treatment works at least annually. Additional inspections are required when the permittee is identified as a significant noncomplier. The CWEA also requires the assessment of mandatory minimum penalties for violations of the WPCA that are considered serious violations and for violations by permittees designated as significant noncompliers.

The CWEA mandates that 10 percent of the fines and penalties collected for violations of the CWEA be deposited in the State Licensed Operator Training Account at the NJDEP. The balance collected can be utilized by the Local Agency (the Authority) to offset the cost of the pretreatment program, funding for enforcement purposes and for upgrading municipal treatment facilities.

At December 31, 2009 and 2008 the penalties receivable amounted to \$68,417 and \$115,367, respectively. In accordance with the state statute no allowance has been made for the collectability of this amount. Also at December 31, 2009 and 2008 the amount due to the NJDEP for 10 percent of the penalties collected was \$130,601 and \$111,731, respectively.



**Note 9: 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. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded coverage for the past several years.

The Authority is self-insured for workers' compensation through a joint insurance program with the County. The County submits invoices to the Authority for their share of the workers' compensation costs incurred for the year. The County has established this fund and as of December 31, 2009 and 2008, the unaudited balance in the Reserve for Workers' Compensation Insurance Trust Fund was \$575,502 and \$387,725, respectively. The 2010 and 2009 County Budget includes an appropriation in the amount of \$800,000 and \$200,000, respectively to provide for future claims.

**Note 10: SUBSEQUENT EVENTS**

Subsequent to December 31, the Authority authorized and issued Subordinate Bonds through the NJ Environmental Infrastructure Trust and Fund Program as follows:

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
NJ Environmental Infrastructure Trust:		
Bio-Filter Project – NJEIT Trust	March 10, 2010	\$2,105,000
Bio-Filter Project – NJ-DEP Fund Loan	March 10, 2010	6,212,000
Bio-Filter Project – Federal ARRA Loan forgiveness	March 10, 2010	<u>(4,142,000)</u>
		<u>\$ 4,175,000</u>

The Camden County Municipal Utilities Authority also authorized Subordinate Bonds through the NJ Environmental Infrastructure Trust and Fund Program, Series 2010 in an amount not exceeding \$84,000,000 to acquire, construct, renovate, install or refinance the Project, which shall consist of the improvement of the Authority's wastewater treatment plant and facilities, including (i) the upgrade of the pure oxygen system, (ii) the installation of a new sludge drying facility, (iii) the installation of a new odor control system, and (iv) the elimination of the Authority's Sicklerville Sewerage Treatment Plant.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Required Supplementary Information  
 Schedule of Funding Progress for the OPEB Plan

---

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2009	\$ 0	\$ 27,274,100	\$ 27,274,100	0 %	\$ 9,201,900	296%
12/31/2007	0	13,800,000	13,800,000	0 %	7,000,000	197%

## Schedule RSI-2

Required Supplementary Information  
 Schedule of Employer Contributions

---

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed
2009	\$ 1,681,000	16.1%
2008	1,200,000	25.2%
2007	1,200,000	19.7%

## CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Note to Required Supplementary Information  
For the Year Ended December 31, 2009

**Other Postemployment Benefits**

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

Valuation Date	December 31, 2009
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	5.0%
Rate of Salary Increases	3.5% (plus merit scale)
Rate of Medical Inflation	9.50% (pre-Medicare) or 9.50% (post-Medicare) Grading to 5.0% after 9 years
Rate of Prescription Drug Benefits	10.50% (pre-Medicare) or 10.50% (post-Medicare) Grading to 5.0% after 11 years

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

## **SUPPLEMENTAL EXHIBITS**

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Combining Schedule of Revenues, Expenses and Changes in Net Assets  
Restricted and Unrestricted Accounts  
For the Year Ended December 31, 2009

	R e s t r i c t e d						Total	
	Unrestricted		General Reserve	Debt Service	Debt Reserve	Renewal and Replacement		Construction
	Revenue	Reserve	\$	\$	\$	\$	\$	\$
Operating Revenues	\$ 79,253,384							\$ 79,253,384
Operating Expenses	33,632,549	\$ 16,476,770						50,109,319
Operating Income (Loss)	45,620,835	(16,476,770)						29,144,065
Non-operating Revenue (Expenses):								
Investment Income	41,704		\$	(13,442)	\$	451	\$	5,009,033
Interest Expense				(25,131,383)				(25,131,383)
Amortization of Deferred Charges and Bond Issuance Costs		(1,779,495)						(1,779,495)
Prior Year Revenue and Expenditures	33,378							33,378
Loss on Disposal of Assets	(12,818)							(12,818)
Total Non-operating Revenue (Expenses)	62,264	(1,779,495)		(25,144,825)		451		(21,006,589)
Income (Loss) Before Transfers	45,683,099	(18,256,265)		(25,144,825)		451		8,137,476
Transfers	(43,697,090)	56,249,710		23,188,701		(1,344,433)	(84)	(12,578,999)
Change in Net Assets	1,986,009	37,993,445		(1,956,124)		(20,971,906)		(7,569,966)
Total Net Assets, January 1	13,719,270	66,150,470		(58,290,128)		117,907,888		63,210,618
Total Net Assets, December 31	\$ 15,705,279	\$ 104,143,915		\$ (60,246,252)		\$ 96,935,982	\$ 3,034,000	\$ 55,640,652
Analysis of Balance, December 31:								
Invested in Capital Assets, Net of Related Debt Restricted for Bond Resolution Covenants		\$ 104,143,915		(60,246,252)		\$ 96,935,982	\$ 3,034,000	\$ 104,143,915
Unrestricted	\$ 15,705,279							\$ 55,640,652
	\$ 15,705,279	\$ 104,143,915		\$ (60,246,252)		\$ 96,935,982	\$ 3,034,000	\$ 215,213,576

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Cash Receipts, Cash Disbursements  
 and Changes in Cash, Cash Equivalents and Investments  
 For the Year Ended December 31, 2009

	<u>Restricted</u>											
	<u>Unrestricted</u>	<u>Operating Accounts</u>	<u>Debt Service Reserve</u>	<u>Renewal and Replacement</u>	<u>Construction</u>	<u>Special Reserve</u>	<u>Total</u>					
Cash, Cash Equivalents and Investments--January 1, 2009	\$	13,772,569	\$	80,038,296	\$	4,377,752	\$	13,347,547	\$	63,206,852	\$	174,743,016
Cash Receipts:												
User Charges		72,019,248										72,019,248
Investment Income		42,234		882,411		646		248		3,241,266		4,166,805
Proceeds from Issuance of Long Term Debt				13,133,580								13,133,580
Connection Fees and Other Revenues		5,278,103										5,278,103
Transfer from Other Restricted Accounts				12,579,083								12,579,083
Transfer from Unrestricted Accounts				28,151,523				15,794,645				43,946,168
Change in the Fair Value of Investments				(13,442)						1,771,525		1,758,083
Total Cash Receipts and Investments Available		91,112,154		134,771,451		4,378,398		29,142,440		68,219,643		327,624,086
Cash Disbursements:												
Operating Expenditures		32,087,261										32,087,261
Deferred Interest Revenue		299,747										299,747
Non-operating Expenditures		#REF!										#REF!
Debt Principal Payments				28,635,814								28,635,814
Interest Paid				34,026,358								34,026,358
Bond Issuance Costs				2,386								2,386
Capital Expenditures, Net of Change in Retainages								20,152,398				20,152,398
Transfer to Restricted Accounts		43,946,168						84				43,946,168
Transfer to Other Restricted Accounts												12,579,083
Total Cash Disbursements		#REF!		62,664,558				20,152,482		12,578,999		#REF!
Cash, Cash Equivalents and Investments--December 31, 2009		#REF!		\$ 72,106,893		\$ 4,378,398		\$ 8,989,958		\$ 55,640,644		#REF!
<u>Analysis of Balance December 31, 2009</u>												
Cash and Cash Equivalents	\$	14,655,904	\$	47,155,723	\$	4,378,398	\$	8,989,958	\$	961,744	\$	76,141,727
Investments:												
U.S. and Municipal Government Securities				8,159,942						54,678,900		62,838,842
Guaranteed Investment Contracts				16,791,228								16,791,228
	\$	14,655,904	\$	72,106,893	\$	4,378,398	\$	8,989,958	\$	55,640,644	\$	155,771,797

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Sewer Operations -- Revenues, Operating Appropriations,  
 Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis  
 For the Year Ended December 31, 2009

	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable-- (Unfavorable)</u>
<b>Operating Revenues:</b>				
User Charges and Fees	\$ 72,971,158	\$ 72,971,158	\$ 72,502,405	\$ (468,753)
Connection Fees	3,018,263	3,018,263	4,486,705	1,468,442
Other Operating Revenues	2,100,390	2,100,390	2,264,274	163,884
<b>Total Operating Revenues</b>	<b>78,089,811</b>	<b>78,089,811</b>	<b>79,253,384</b>	<b>1,163,573</b>
<b>Non-Operating Revenues:</b>				
Interest on Investments and Deposits	1,600,000	1,600,000	341,986	(1,258,014)
Other Non-Operating Revenue	12,750,000	12,750,000	12,579,000	(171,000)
<b>Total Non-Operating Revenues</b>	<b>14,350,000</b>	<b>14,350,000</b>	<b>12,920,986</b>	<b>(1,429,014)</b>
<b>Total Budget Revenues</b>	<b>92,439,811</b>	<b>92,439,811</b>	<b>92,174,370</b>	<b>(265,441)</b>
<b>Operating Appropriations:</b>				
<b>Administration:</b>				
Salary & Wages	2,061,440	2,061,440	2,007,181	54,259
Fringe Benefits	1,614,208	1,614,208	2,992,202	(1,377,994)
Other Expenses	1,649,607	1,649,607	1,705,406	(55,799)
<b>Total Administration</b>	<b>5,325,255</b>	<b>5,325,255</b>	<b>6,704,789</b>	<b>(1,379,534)</b>
<b>Cost of Providing Services:</b>				
Salary & Wages	6,608,819	6,608,819	6,729,084	(120,265)
Fringe Benefits	2,153,771	2,153,771	2,067,158	86,613
Other Expenses	18,636,671	18,636,671	18,131,518	505,153
<b>Total Cost of Providing Services</b>	<b>27,399,261</b>	<b>27,399,261</b>	<b>26,927,760</b>	<b>471,501</b>
<b>Total Principal Payments on Debt Service</b>	<b>29,039,297</b>	<b>29,039,297</b>	<b>29,039,297</b>	
<b>Total Operating Appropriations</b>	<b>61,763,813</b>	<b>61,763,813</b>	<b>62,671,846</b>	<b>(908,033)</b>
<b>Non-Operating Appropriations:</b>				
Interest Payments	32,805,681	32,805,681	32,805,681	
<b>Total Budget Appropriations</b>	<b>94,569,494</b>	<b>94,569,494</b>	<b>95,477,527</b>	<b>(908,033)</b>
<b>Excess of Revenues over Expenses and Other Costs</b>	<b>\$ (2,129,683)</b>	<b>\$ (2,129,683)</b>	<b>\$ (3,303,157)</b>	<b>\$ (1,173,474)</b>

(Continued)



**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Sewer Operations -- Revenues, Operating Appropriations,  
 Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis  
 For the Year Ended December 31, 2009

---

## Adjustments to Reconcile Excess Revenues over Expenses and Other

Costs to GAAP Basis Operating Income:		
Excess of Revenues over Expenses and Other Costs (Schedule 3)	\$	(3,303,157)
Less: Investment Income		(341,986)
Less: Other Non-Operating Revenue		(12,579,000)
Less: Depreciation		(16,476,770)
Add: Principal Payments on Bonds		29,039,297
Add: Interest Payments		<u>32,805,681</u>
 Total Operating Income (Exhibit B)	 \$	 <u>29,144,065</u>

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**

Analysis of Investment Income Receivable  
For the Year Ended December 31, 2009

	<u>Balance</u> <u>Jan. 1, 2009</u>	<u>Investment</u> <u>Income Earned</u>	<u>Investment</u> <u>Income Collected</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Unrestricted Assets:				
Revenue Account	\$ 587	\$ 41,704	\$ 42,234	\$ 57
Restricted Assets:				
Debt Service Reserve Account	144,861	845,899	882,411	108,349
Renewal and Replacement Account	230	451	646	35
Construction Account	164	84	248	
Special Reserve Account	3,766	3,237,508	3,241,266	8
	<u>149,021</u>	<u>4,083,942</u>	<u>4,124,571</u>	<u>108,392</u>
	\$ 149,608	\$ 4,125,646	\$ 4,166,805	\$ 108,449

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Serial Bonds Payable  
December 31, 2009

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance Jan. 1, 2009</u>	<u>Paid 2009</u>	<u>Balance Dec. 31, 2009</u>
1995 NJWTT Sewer Revenue Bonds Series B (Taxable)	11/09/95	\$ 2,235,000	08/01/10	\$ 140,000	7.00%			
			08/01/11	150,000	7.00			
			08/01/12	165,000	7.00			
			08/01/13	175,000	7.00			
			08/01/14	185,000	7.00			
			08/01/15	200,000	7.00			
				<u>\$ 1,015,000</u>		\$ 1,150,000	\$ 135,000	\$ 1,015,000
1997 NJWTT Sewer Wastewater Treatment Refunding Bonds, Series 1997C	01/15/97	27,425,186	05/15/10	\$ 2,790,071	7.00%			
				<u>\$ 2,790,071</u>		5,398,781	2,608,710	2,790,071
1998 NJWTT Sewer Wastewater Series 1998C	03/01/98	5,028,505	06/01/10	\$ 459,490	6.00%			
			06/01/11	483,580	6.00			
				<u>\$ 943,070</u>		1,379,350	436,280	943,070
1998 NJWTT Sewer Wastewater Treatment Refunding Bonds, Series 1998D	03/01/98	3,521,640	04/01/10	\$ 274,243	6.375%			
			04/01/11	289,036	6.375			
			04/01/12	304,857	6.375			
				<u>\$ 868,136</u>		1,131,843	263,707	868,136

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Serial Bonds Payable  
December 31, 2009

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance Jan. 1, 2009</u>	<u>Paid 2009</u>	<u>Balance Dec. 31, 2009</u>	
2003 NJEIT Sewer Wastewater Treatment Bonds, Series 2003	11/08/03	\$ 1,465,000	08/01/10	\$ 65,000	3.00%				
			08/01/11	65,000	5.00				
			08/01/12	70,000	5.00				
			08/01/13	70,000	5.00				
			08/01/14	75,000	5.00				
			08/01/15	80,000	4.00				
			08/01/16	80,000	4.00				
			08/01/17	85,000	4.20				
			08/01/18	90,000	4.25				
			08/01/19	95,000	5.00				
			08/01/20	100,000	5.00				
			08/01/21	105,000	4.50				
			08/01/22	105,000	4.75				
		08/01/23	110,000	4.75					
			<u>\$ 1,195,000</u>			\$ 1,255,000	\$ 60,000	\$ 1,195,000	
2006 NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2006A - Winslow	06/22/06	3,383,431	08/01/10	\$ 205,000	5.00%				
			08/01/11	215,000	5.00				
			08/01/12	225,000	5.00				
			08/01/13	210,770	5.00				
			08/01/14	219,714	5.00				
			08/01/15	233,309	5.13				
			08/01/16	246,643	5.13				
			08/01/17	255,168	5.25				
			08/01/18	268,216	5.25				
			08/01/19	285,889	5.25				
			08/01/20	298,721	5.25				
				<u>\$ 2,663,431</u>			2,858,431	195,000	2,663,431

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Serial Bonds Payable  
December 31, 2009

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance Jan. 1, 2009</u>	<u>Paid 2009</u>	<u>Balance Dec. 31, 2009</u>
2006 NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2006A - Odor Control	06/22/06	\$ 3,088,956	08/01/10	\$ 180,000	5.00%			
			08/01/11	190,000	5.00			
			08/01/12	195,000	5.00			
			08/01/13	195,756	5.00			
			08/01/14	205,338	5.00			
			08/01/15	219,668	5.13			
			08/01/16	229,121	5.13			
			08/01/17	238,569	5.25			
			08/01/18	252,728	5.25			
			08/01/19	266,828	5.25			
			08/01/20	280,949	5.25			
				<u>\$ 2,453,956</u>		\$ 2,623,956	\$ 170,000	\$ 2,453,956
2006 NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2006D	06/22/06	1,722,199	08/01/10	\$ 306,092	5.00%			
			08/01/11	318,945	5.00			
				<u>\$ 625,037</u>		912,860	287,822	625,038
2006 County Agreement Sewer Revenue Refunding Bonds, Series 2006B	09/20/06	100,865,000	07/15/10	\$ 8,030,000	5.00%			
			07/15/11	8,830,000	5.00			
			07/15/12	9,490,000	5.00			
			07/15/13	9,495,000	5.00			
			07/15/14	10,425,000	5.00			
			07/15/15	10,945,000	5.00			
			07/15/16	11,945,000	5.00			
07/15/17	12,055,000	5.00						
			<u>\$ 81,215,000</u>		88,475,000	7,260,000	81,215,000	

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Serial Bonds Payable  
December 31, 2009

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Date</u>	<u>Interest Rate</u>	<u>Balance</u>	
					<u>Jan. 1, 2009</u>	<u>Paid 2009</u>
2006 County Agreement Sewer Revenue Bonds, Series 2006A	10/11/06	\$ 5,000,000	07/15/10	3.50%		
			07/15/11	3.50	\$ 205,000	
			07/15/12	3.50	210,000	
			07/15/13	3.45	220,000	
			07/15/14	3.50	225,000	
			07/15/15	3.55	235,000	
			07/15/16	3.60	240,000	
			07/15/17	3.60	250,000	
			07/15/18	3.75	260,000	
			07/15/19	3.75	270,000	
			07/15/20	3.80	280,000	
			07/15/21	3.85	290,000	
			07/15/22	4.05	300,000	
		07/15/23	4.05	315,000		
		07/15/24	4.05	325,000		
		07/15/25	4.05	340,000		
		07/15/26	4.05	355,000		
				365,000		
					\$ 4,685,000	\$ 4,685,000
2006 NJEIT Sewer Wastewater Treatment Bonds, Series 2006A	11/09/06	9,750,000	08/01/10	4.00%		
			08/01/11	5.00	\$ 390,000	
			08/01/12	5.00	405,000	
			08/01/13	5.00	430,000	
			08/01/14	5.00	450,000	
			08/01/15	5.00	470,000	
			08/01/16	5.00	495,000	
			08/01/17	5.00	520,000	
			08/01/18	4.00	545,000	
			08/01/19	4.00	570,000	
			08/01/20	4.00	590,000	
			08/01/21	4.13	615,000	
			08/01/22	4.13	640,000	
		08/01/23	4.25	665,000		
		08/01/24	5.00	695,000		
		08/01/25	5.00	720,000		
		08/01/26	4.25	760,000		
				790,000		
					\$ 9,750,000	\$ 9,750,000

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Serial Bonds Payable  
December 31, 2009

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance Jan. 1, 2009</u>	<u>Paid 2009</u>	<u>Balance Dec. 31, 2009</u>
2007 NJEIT Sewer Wastewater Treatment Bonds, Series 2007A	11/08/07	\$ 2,940,000	08/01/11	\$ 120,000	5.00%			
			08/01/12	125,000	3.40			
			08/01/13	130,000	3.50			
			08/01/14	135,000	3.60			
			08/01/15	140,000	5.00			
			08/01/16	145,000	5.00			
			08/01/17	155,000	5.00			
			08/01/18	160,000	5.00			
			08/01/19	170,000	4.00			
			08/01/20	175,000	4.00			
			08/01/21	185,000	5.00			
			08/01/22	195,000	5.00			
			08/01/23	205,000	4.25			
			08/01/24	210,000	4.50			
			08/01/25	220,000	4.50			
			08/01/26	230,000	4.50			
			08/01/27	240,000	4.25			
				<u>\$ 2,940,000</u>		<u>\$ 2,940,000</u>		<u>\$ 2,940,000</u>
2008 NJEIT Sewer Wastewater Treatment Bonds, Series 2008A	11/08/08	6,110,000	08/01/11	\$ 215,000	5.00%			
			08/01/12	225,000	5.00			
			08/01/13	235,000	5.00			
			08/01/14	250,000	5.00			
			08/01/15	260,000	5.00			
			08/01/16	275,000	5.00			
			08/01/17	290,000	5.00			
			08/01/18	305,000	5.00			
			08/01/19	320,000	5.25			
			08/01/20	335,000	5.50			
			08/01/21	350,000	5.50			
			08/01/22	370,000	5.50			
			08/01/23	390,000	5.50			
			08/01/24	415,000	5.00			
			08/01/25	435,000	5.00			
			08/01/26	455,000	5.00			
			08/01/27	480,000	5.00			
08/01/28	505,000	5.00						
				<u>\$ 6,110,000</u>		<u>\$ 6,110,000</u>		<u>\$ 6,110,000</u>

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Serial Bonds Payable  
December 31, 2009

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance Jan. 1, 2009</u>	<u>Paid 2009</u>	<u>Balance Dec. 31, 2009</u>
2008 County Agreement Sewer Revenue Refunding Bonds (Series 2008)	06/11/08	\$ 64,885,000	07/15/10	\$ 6,160,000	5.00%			
			07/15/11	6,470,000	5.00			
			07/15/12	6,795,000	5.10			
			07/15/13	7,140,000	5.10			
			07/15/14	7,505,000	5.20			
			07/15/15	7,895,000	5.20			
			07/15/16	8,305,000	5.25			
			07/15/17	8,740,000	5.25			
				<u>\$ 59,010,000</u>		\$ 64,885,000	\$ 5,875,000	\$ 59,010,000
						<u>\$ 193,665,221</u>	<u>\$ 17,401,519</u>	<u>\$ 176,263,702</u>
				Grand Total				
								County Agreement Sewer Revenue Refunding Bonds \$ 140,225,000
								County Agreement Sewer Revenue Bonds 4,685,000
								NJWTT Sewer Wastewater Treatment Refunding Bond: 10,343,702
								NJWTT / NJEIT Serial Bonds <u>21,010,000</u>
								<u>\$ 176,263,702</u>



**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Loans Payable  
December 31, 2009

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2009</u>	<u>Paid 2009</u>	<u>Balance Dec. 31, 2009</u>
1990 NJWTT Loans Series D	10/15/90	\$ 30,730,096	05/15/10	\$ 1,748,524			
				\$ 1,748,524	3,501,806	1,753,282	\$ 1,748,524
1991 NJWTT Loans Series B	12/01/91	5,730,078	06/01/10	\$ 301,803			
			12/01/10	9,034			
			06/01/11	310,162			
				\$ 620,999	931,498	310,499	620,999
1992 NJWTT Loans Series B	1/01/92	4,277,625	05/15/10	\$ 220,807			
			11/15/10	14,084			
			05/15/11	228,143			
			11/15/11	7,260			
			05/15/12	235,043			
				\$ 705,337	941,672	236,335	705,337
1995 NJWTT Loan Series B	11/09/95	2,220,335	02/01/10	\$ 18,928			
			08/01/10	93,520			
			02/01/11	16,317			
			08/01/11	96,237			
			02/01/12	13,520			
			08/01/12	101,432			
			02/01/13	10,443			
			08/01/13	103,683			
			02/01/14	7,179			
			08/01/14	105,747			
			02/01/15	3,730			
			08/01/15	110,290			
				\$ 681,024	\$ 795,626	\$ 114,602	\$ 681,024

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Loans Payable  
December 31, 2009

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments</u>		<u>Balance Jan. 1, 2009</u>	<u>Paid 2009</u>	<u>Balance Dec. 31, 2009</u>
				<u>Amount</u>	<u>Amount</u>			
1996 NJWTT Loan Series A	10/15/96	\$ 3,445,535	03/01/10	\$	11,659	388,557	237,333	151,224
			09/01/10		139,565			
				\$	151,224			151,224
2000 NJEIT Loan Series 2000A-2	11/09/00	2,908,943	02/01/10	\$	34,138	1,856,812	162,243	1,694,569
			08/01/10		128,221			
			02/01/11		31,786			
			08/01/11		130,458			
			02/01/12		29,319			
			08/01/12		132,580			
			02/01/13		26,738			
			08/01/13		134,588			
			02/01/14		24,041			
			08/01/14		136,481			
			02/01/15		21,230			
			08/01/15		140,555			
			02/01/16		18,173			
			08/01/16		144,381			
			02/01/17		14,938			
			08/01/17		145,736			
			02/01/18		11,505			
			08/01/18		149,187			
			02/01/19		7,891			
			08/01/19		154,752			
02/01/20		4,036						
08/01/20		73,835						
				\$	1,694,569			1,694,569

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Loans Payable  
December 31, 2009

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2009</u>	<u>Paid 2009</u>	<u>Balance Dec. 31, 2009</u>
2000 NJEIT Loan Series 2000B-2	11/09/00	\$ 3,501,500	02/01/10	\$ 40,154			
			08/01/10	150,872			
			02/01/11	37,386			
			08/01/11	154,255			
			02/01/12	34,465			
			08/01/12	154,409			
			02/01/13	31,466			
			08/01/13	157,561			
			02/01/14	28,314			
			08/01/14	160,560			
			02/01/15	25,008			
			08/01/15	166,480			
			02/01/16	21,382			
			08/01/16	169,006			
			02/01/17	17,599			
			08/01/17	171,374			
			02/01/18	13,563			
			08/01/18	80,213			
				<u>\$ 1,614,067</u>	<u>\$ 1,804,170</u>	<u>\$ 190,103</u>	<u>\$ 1,614,067</u>

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Loans Payable  
December 31, 2009

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments</u>		<u>Balance Jan. 1, 2009</u>	<u>Paid 2009</u>	<u>Balance Dec. 31, 2009</u>
				<u>Amount</u>	<u>Amount</u>			
2003 NJEIT Loan Series 2003	11/08/03	\$ 3,755,879	02/01/10	\$	46,508			
			08/01/10		157,582			
			02/01/11		44,842			
			08/01/11		155,916			
			02/01/12		42,065			
			08/01/12		161,683			
			02/01/13		39,075			
			08/01/13		158,693			
			02/01/14		36,084			
			08/01/14		164,247			
			02/01/15		32,880			
			08/01/15		169,587			
			02/01/16		30,146			
			08/01/16		166,853			
			02/01/17		27,412			
			08/01/17		172,663			
			02/01/18		24,362			
			08/01/18		178,157			
			02/01/19		21,093			
			08/01/19		183,433			
			02/01/20		17,035			
			08/01/20		187,918			
			02/01/21		12,763			
			08/01/21		192,190			
			02/01/22		8,726			
			08/01/22		188,153			
			02/01/23		4,464			
			08/01/23		192,436			
					<u>\$ 2,816,966</u>		<u>\$ 200,672</u>	<u>\$ 2,816,966</u>
					<u>\$ 3,017,638</u>		<u>\$</u>	<u>\$</u>

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Loans Payable  
December 31, 2009

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments</u>	<u>Balance Jan. 1, 2009</u>	<u>Paid 2009</u>	<u>Balance Dec. 31, 2009</u>
2006 NJEIT Loan Series 2006B	11/09/06	\$ 25,351,847	02/01/10	\$	391,013		
			08/01/10		1,096,774		
			02/01/11		376,898		
			08/01/11		1,109,803		
			02/01/12		358,575		
			08/01/12		1,136,722		
			02/01/13		339,121		
			08/01/13		1,153,461		
			02/01/14		318,763		
			08/01/14		1,169,295		
			02/01/15		297,500		
			08/01/15		1,193,273		
			02/01/16		275,105		
			08/01/16		1,216,120		
			02/01/17		251,580		
			08/01/17		1,237,836		
			02/01/18		231,855		
			08/01/18		1,263,352		
			02/01/19		211,225		
			08/01/19		1,278,914		
			02/01/20		189,871		
			08/01/20		1,302,802		
			02/01/21		167,613		
			08/01/21		1,325,784		
			02/01/22		143,725		
			08/01/22		1,347,138		
		02/01/23		118,905			
		08/01/23		1,376,607			
		02/01/24		92,179			
		08/01/24		1,395,122			
		02/01/25		59,605			
		08/01/25		1,434,934			
		02/01/26		30,379			
		08/01/26		1,459,998			
				<u>\$ 25,351,847</u>	<u>\$ 25,351,847</u>	<u>\$ 25,351,847</u>	<u>\$ 25,351,847</u>

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Loans Payable  
December 31, 2009

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2009</u>	<u>Paid 2009</u>	<u>Balance Dec. 31, 2009</u>
2007 NJEIT Loan Series 2007A	11/08/07	\$ 7,612,500	02/01/11	\$	116,910		
			08/01/11		330,977		
			02/01/12		111,558		
			08/01/12		334,545		
			02/01/13		107,767		
			08/01/13		339,673		
			02/01/14		103,709		
			08/01/14		344,534		
			02/01/15		99,374		
			08/01/15		349,119		
			02/01/16		93,130		
			08/01/16		351,795		
			02/01/17		86,664		
			08/01/17		363,167		
			02/01/18		79,751		
			08/01/18		365,174		
			02/01/19		72,616		
			08/01/19		375,877		
			02/01/20		66,550		
			08/01/20		378,732		
			02/01/21		60,307		
			08/01/21		390,327		
			02/01/22		52,056		
			08/01/22		399,915		
			02/01/23		43,360		
			08/01/23		409,058		
			02/01/24		35,589		
			08/01/24		410,206		
			02/01/25		27,160		
			08/01/25		419,616		
			02/01/26		18,329		
			08/01/26		428,625		
			02/01/27		9,098		
			08/01/27		437,232		
					<u>\$ 7,612,500</u>		
						<u>\$ 7,612,500</u>	<u>\$ 7,612,500</u>

(Continued)

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
Schedule of Loans Payable  
December 31, 2009

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2009</u>	<u>Paid 2009</u>	<u>Balance Dec. 31, 2009</u>
2008 NJEIT Loan Series 2008A	11/06/08	\$ 16,042,800	02/01/11	\$			
			08/01/11	264,366			
			02/01/12	626,943			
			08/01/12	255,301			
			02/01/13	634,743			
			08/01/13	245,815			
			02/01/14	642,121			
			08/01/14	235,907			
			02/01/15	657,509			
			08/01/15	225,367			
			02/01/16	663,834			
			08/01/16	214,406			
			02/01/17	678,168			
			08/01/17	202,812			
			02/01/18	691,870			
			08/01/18	190,585			
			02/01/19	704,940			
			08/01/19	177,726			
			02/01/20	717,377			
			08/01/20	163,560			
			02/01/21	728,507			
			08/01/21	148,024			
			02/01/22	738,267			
			08/01/22	131,793			
			02/01/23	755,764			
			08/01/23	114,634			
			02/01/24	772,333			
			08/01/24	96,547			
			02/01/25	796,406			
			08/01/25	79,050			
			02/01/26	812,638			
			08/01/26	60,711			
			02/01/27	828,026			
			08/01/27	41,528			
			02/01/28	851,004			
			08/01/28	21,291			
			02/01/28	872,927			
				<u>\$ 16,042,800</u>	<u>\$ 16,042,800</u>		<u>\$ 16,042,800</u>
			<b>Grand Total</b>		<b>\$ 62,244,926</b>	<b>\$ 3,205,069</b>	<b>\$ 59,039,857</b>

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 Schedule of Capital Appreciation Bonds  
 December 31, 2009

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Date</u>	<u>Maturity of Bonds Amount</u>	<u>Year</u>	<u>Bond Accretion Amount</u>	<u>Balance Jan. 1, 2009</u>	<u>Accretion 2009</u>	<u>Paid 2009</u>	<u>Balance Dec. 31, 2009</u>			
1990 Capital Appreciation Bonds Series A	02/22/90	\$ 115,830,388	09/01/10	\$ 14,020,000	2010	\$ 6,788,780							
			09/01/11	14,025,000	2011	6,247,200							
			09/01/12	14,025,000	2012	5,664,821							
			09/01/13	14,025,000	2013	5,038,852							
			09/01/14	14,020,000	2014	4,366,146							
			09/01/15	14,015,000	2015	3,643,462							
			09/01/16	14,020,000	2016	2,866,799							
			09/01/17	14,020,000	2017	2,031,748							
			09/01/18	10,725,000	2018	1,214,837							
			09/01/19	10,725,000	2019	502,814							
						\$ 38,365,459	\$ 101,986,295	\$ 7,288,246	\$ 14,020,000	\$ 95,254,541			
1990 Capital Appreciation Bonds Series B	02/22/90	121,677,020	09/01/10	\$ 18,545,000	2010	\$ 7,882,210							
			09/01/11	18,545,000	2011	7,083,813							
			09/01/12	18,545,000	2012	6,225,642							
			09/01/13	18,545,000	2013	5,303,236							
			09/01/14	18,545,000	2014	4,311,780							
			09/01/15	18,545,000	2015	3,246,110							
			09/01/16	18,545,000	2016	2,100,652							
			09/01/17	18,545,000	2017	869,450							
									\$ 37,022,893	121,262,770	8,619,337	18,545,000	111,337,107
			Grand Total										\$ 223,249,065

1990 Capital Appreciation Bonds \$ 206,591,648



**CAMDEN COUNTY  
MUNICIPAL UTILITIES AUTHORITY**

**PART 2**

**SINGLE AUDIT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2009**

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133 AND STATE OF NEW JERSEY CIRCULAR 04-04-OMB**

The Chairwoman and Commissioners of  
Camden County Municipal Utilities Authority  
Camden, New Jersey 08101

**Compliance**

We have audited the compliance of the Camden County Municipal Utilities Authority, in the County of Camden, State of New Jersey, with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that are applicable to each of its major state programs for the year ended December 31, 2009. The Authority's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133, and State of New Jersey Circular 04-04-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Camden County Municipal Utilities 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. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, Camden County Municipal Utilities Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2009.

**Internal Control Over Compliance**

The management of the Camden County Municipal Utilities Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Expenditures for federal awards were less than the single audit dollar threshold required by OMB Circular A-133 and therefore were not subject to a single audit. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements.

This report is intended solely for the information and use of the Chairwoman, Commissioners and management of the Authority, the Division of Local Government Services, Department of Community Affairs, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Carol A. McAllister  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
July 9, 2010

**Camden County Municipal Utilities Authority  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2009**

<u>Federal Grantor/ Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity ID Number</u>	<u>Local Government Identifying Number</u>	<u>Program or Award Amount</u>	<u>Matching Contribution</u>
<u>U.S. Department of Commerce</u>					
Economic Development Administration					
Public Works Grant -					
Rehabilitation of Sewer Lines to Facilitate					
Development of Campbells Gateway Office Park	11.300	01-01-08711	0132-005	\$ 2,678,107	\$ 669,893
Total Federal Awards					

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

These funds were not audited in accordance with U.S. OMB Circular A-133 since the total of all grant award expenditures was less than \$500,000.

---

<u>Grant Period</u>		<u>Receipts or Revenue Recognized</u>	<u>Adjustment</u>	<u>Disbursements Expenditures</u>	<u>Balance Dec. 31, 2009</u>	<u>(Memo Only)</u>	
<u>From</u>	<u>To</u>					<u>Cash Received (Memo Only)</u>	<u>Accumulated Expenditures</u>
06/01/09	12/31/11	\$ 3,348,000	\$ -	\$ -	\$ 3,348,000	\$ -	\$ -
		\$ 3,348,000	\$ -	\$ -	\$ 3,348,000	\$ -	\$ -

**Camden County Municipal Utilities Authority**  
**Schedule of Expenditures of State Financial Assistance**  
**For the Year Ended December 31, 2009**

<u>State Grantor/ Program Title</u>	<u>State GMIS Number</u>	<u>Pass-through Grantors' Number</u>	<u>Local Government Identifying Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>	
					<u>From</u>	<u>To</u>
<u>Department of Environmental Protection:</u>						
NJ Environmental Infrastructure Trust Program:						
Winslow Sewer Treatment Plant Expansion	N/A	640-05	0132-052, 056	\$ 6,678,630	11/01/00	11/01/20
Various Plant Improvements	N/A	640-08-1	0132-052, 056	937,858	11/01/06	08/01/26
Sludge Collection & Scum Removal System Upgrade	N/A	709-03	0132-052, 056	12,342,856	11/01/06	08/01/26
Combined Sewer Solids & Floatables Control Facilities	N/A	709-04	0132-052, 056	21,197,797	11/01/06	08/01/26
Upgrade of Pure Oxygen System and Replace Aeration	N/A	640-09	0132-052, 056	10,353,000	11/01/07	08/01/27
Construction of a New Sludge Drying Facility	N/A	640-06	0132-052, 056	22,152,800	11/01/08	08/01/28
Passed thru City of Camden:						
Central Gateway Project	N/A	366-08	0132-013	3,334,000	11/01/08	08/01/28
<u>Pinelands Infrastructure Trust Fund</u>						
Municipal Finance & Construction Element						
Elimination of the Ancora Sewage Treatment Plant	5040424800003	PI-09-001	0132-006	10,000,000	07/01/09	06/30/14
<u>Sewage Infrastructure Improvement Act:</u>						
Combined Sewer Overflow	N/A	CSO-04-01	0132-006	1,071,481	01/06/05	01/06/08
Total State Financial Assistance						

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

<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Receipts or</u> <u>Revenue</u> <u>Recognized</u>	<u>Adjustment</u>	<u>Disbursements</u> <u>Expenditures</u>	<u>NJ EIT Loan Receivable</u> <u>Dec. 31, 2009</u>		<u>Cash Received</u> <u>(Memo Only)</u>	<u>Accumulated</u> <u>Expenditures</u>
				<u>Unreimbursed</u> <u>Expenditures</u>	<u>Project Funds</u> <u>Balance</u>		
\$ 193,088					\$ 193,088		\$ 6,485,542
575,656					575,656		362,202
948,805			\$ 40,889		907,916	\$ 209,760	11,434,940
20,272,205		\$ 96,740	9,440,313	\$ 1,750,163	10,928,632	7,154,145	10,269,165
8,789,759		33,178	1,795,137		7,027,800	2,208,553	3,325,200
19,758,490		11,555	6,651,047	1,536,762	13,118,998	5,138,808	9,033,802
136,718					136,718	712,687	3,197,282
	10,000,000		4,093,912		5,906,088	3,603,070	4,093,912
236,608					236,608		834,873
<u>\$ 50,911,329</u>	<u>\$ 10,000,000</u>	<u>\$ 141,473</u>	<u>\$ 22,021,298</u>	<u>\$ 3,286,925</u>	<u>\$ 39,031,504</u>	<u>\$ 19,027,023</u>	<u>\$ 49,036,918</u>

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Year Ended December 31, 2009**

---

Note 1: **GENERAL**

The accompanying schedule of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Camden County Municipal Utilities Authority, County of Camden, State of New Jersey. The Authority is defined in the Notes to the Financial Statements, Note 1.

Note 2: **BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards and state financial assistance are presented using the accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Local Finance Board, which is described in the Notes to the Financial Statements, Note 1.

Note 3: **RELATIONSHIP TO FINANCIAL STATEMENTS**

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

Note 4: **RELATIONSHIP TO FINANCIAL REPORTS**

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

Note 5: **ADJUSTMENTS**

The adjustments are the result of the NJEIT withholding certain bond funds to pay for bond issuance costs at the time of the sale of bonds.

Note 6: **MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.



**CAMDEN COUNTY  
MUNICIPAL UTILITIES AUTHORITY**

**PART 3**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2009**

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2009**

**Section 1- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued	Unqualified Opinion
Internal control over financial reporting:	
Material weaknesses identified?	___ yes <u> X </u> no
Were significant deficiencies identified that were not considered to be a material weakness?	___ yes <u> X </u> none reported
Noncompliance material to financial statements noted?	___ yes <u> X </u> no

**Federal Awards**

**Not Applicable**

Internal control over compliance:	
Material weaknesses identified?	___ yes ___ no
Were significant deficiencies identified that were not considered to be a material weakness?	___ yes ___ none reported
Type of auditor's report on compliance for major programs	_____
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))?	___ yes ___ no

Identification of major programs:

**CFDA Numbers**

**Name of Federal Program or Cluster**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Dollar threshold used to determine Type A programs	\$ _____
Auditee qualified as low-risk auditee?	___ yes ___ no

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2009**

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

**State Financial Assistance**

Internal control over compliance:

Material weaknesses identified? \_\_\_\_\_ yes   X   no

Were significant deficiencies identified that were not considered to be a material weakness? \_\_\_\_\_ yes   X   none reported

Type of auditor's report on compliance for major programs Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a)) or New Jersey Circular 04-04-OMB? \_\_\_\_\_ yes   X   no

Identification of major programs:

<b><u>GMIS Numbers</u></b>	<b><u>Name of State Program</u></b>
Not Available	NJ Environmental Infrastructure Trust Program
5040424800003	Pinelands Infrastructure Trust Fund - Elimination of the Ancora Sewage Treatment Plant

Dollar threshold used to determine Type A programs \$660,638.94

Auditee qualified as low-risk auditee?   X   yes \_\_\_\_\_ no

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2009**

---

***Section 2- Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Local Finance Board, Department of Community Affairs, State of New Jersey.

**None**

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2009**

---

***Section 3- Schedule of Federal Award Findings and Questioned Costs***

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

**Not Applicable**

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2009**

---

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

**None**

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

---

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

**FINANCIAL STATEMENT FINDINGS**

None.

**FEDERAL AWARDS**

Not Applicable.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

None.

**APPRECIATION**

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

Respectfully submitted,

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Carol A. McAllister  
Certified Public Accountant  
Registered Municipal Accountant



