

**CAMDEN COUNTY
MUNICIPAL UTILITIES AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDING
DECEMBER 31, 2011 and 2010**



CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
TABLE OF CONTENTS

<u>Exhibit No.</u>		<u>Page No.</u>
	Roster of Officials	1
<u>PART 1 - FINANCIAL SECTION</u>		
	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 Statements of Net Assets	14
B	Comparative Statements of Revenues, Expenses and Changes in Net Assets	16
C	Comparative Statements of Cash Flows	17
	Notes to Financial Statements	19
<u>Required Supplementary Information</u>		
RSI-1	Schedule of Funding Progress for the OPEB Plan	42
RSI-2	Schedule of Employer Contributions	42
	Notes to Required Supplementary Information	43
<u>Supplemental Exhibits</u>		
<u>Schedule No.</u>		
1	Combining Schedule of Revenues, Expenses and Changes in Net Assets	45
2	Schedule of Cash Receipts, Cash Disbursements and Changes in Cash, Cash Equivalents and Investments	46
3	Schedule of Sewer Operations--Revenues, Operating Appropriations, Principal Payments and Non-Operating Appropriations Compared to Budget -- Non-GAAP Budgetary Basis	47
4	Analysis of Investment Income Receivable	49
5	Schedule of Serial Bonds Payable	50
6	Schedule of Loans Payable	56
7	Schedule of Capital Appreciation Bonds	64

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
TABLE OF CONTENTS

<u>Exhibit No.</u>		<u>Page No.</u>
<u>PART 2 - SINGLE AUDIT</u>		
	Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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	66
A	Schedule of Expenditures of Federal Awards	68
B	Schedule of Expenditures of State Financial Assistance	70
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	72
<u>PART 3 - SCHEDULE OF FINDINGS AND QUESTIONED COSTS</u>		
	<u>Schedule of Findings and Questioned Costs</u>	
	Section 1 - Summary of Auditor's Results	74
	Section 2 - Schedule of Financial Statement Findings	76
	Section 3 - Schedule of Federal Awards Findings and Questioned Costs	77
	Section 4 - Schedule of State Financial Assistance Findings and Questioned Costs	78
	Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	79
	APPRECIATION	80

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Roster of Officials
December 31, 2011

Commissioners

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

Position

Chairperson
Vice – Chairperson
Treasurer
Commissioner
Commissioner
Commissioner
Commissioner
Commissioner
Commissioner

Other Officials

Andrew Kricun

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

Position

Executive Director, as of June 1, 2011
Deputy Executive Director, until June 1, 2011
Chief Engineer
Executive Director, retired June 1, 2011
Authority Secretary, as of June 1, 2011
Authority Secretary, retired 1, 2011
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, 2011 AND 2010**

INDEPENDENT AUDITORS' REPORT

The Chairwoman and Commissioners of the
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, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Camden County Municipal Utilities Authority, State of New Jersey as of December 31, 2011 and 2010, and the respective changes in financial position thereof 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 June 18, 2012 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 considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Camden County Municipal Utilities Authority's basic financial statements 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 supplementary schedules listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Expenditures of Federal Awards and State Financial Assistance and supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
June 18, 2012

**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 the
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, 2011, and have issued our report thereon dated June 18, 2012. 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 Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Camden County Municipal Utilities Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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 or other matters that are required to be reported under Government Auditing Standards, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

This report is intended solely for the information and use of the management of the Authority, others within the Authority, and the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

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

Voorhees, New Jersey
June 18, 2012



THE CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

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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, 2011. 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, required supplementary information 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 "Statements of Revenues, Expenses and Changes in Net Assets" accounts for all of the current year's revenues and expenses, measures the success of the Authority's operations over the past two years and can be used to determine how the Agency has funded its costs.

The "Statements 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.



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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, 2011 compared to December 31, 2010 and December 31, 2009. 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

ASSETS:	2011	2010	2009
Unrestricted Assets	29,172,056	31,504,401	36,672,807
Restricted Assets	112,391,485	143,987,956	165,952,154
Plant, Property & Equipment (Net of Depreciation)	491,086,004	492,377,382	471,276,154
Other Assets	8,977,987	10,055,074	10,462,949
Total Assets	641,627,532	677,924,813	684,364,064
LIABILITIES:			
Current Liabilities	72,544,205	75,801,484	78,439,479
Long Term Liabilities	335,226,913	376,562,158	390,919,609
Total Liabilities	407,771,118	452,363,642	469,359,088

SUMMARY OF FINANCIAL POSITION (Cont'd)

NET ASSETS	2011	2010	2009
Invested in Capital Assets, Net of Related Debt	\$ 174,575,044	\$ 139,916,465	\$ 104,143,915
Restricted for Bond Resolution Covenants	49,140,658	76,305,071	95,364,382
Unrestricted	10,140,712	9,339,635	15,705,279
TOTAL NET ASSETS	\$ 233,856,414	\$ 225,561,171	\$ 215,213,576

CHANGES IN NET ASSETS

The Authority's net assets increased by 3.68% from 2010 and increased from 2009 by 8.66%. The increase from 2010 and 2009 was due to the increase in the Invested in Capital Assets net of related Debt and a decrease in long-term liabilities of 10.98% in 2010 and 14.20% from 2009. The Authority uses its Capital Assets to provide Wastewater Treatment Service to the residents of Camden County.

Unrestricted Assets showed a decrease of 7.40% from the prior year and 20.45% from 2009 due to a decrease in Cash and Cash Equivalents.

The Authority's Bond Resolutions and the State Regulations govern Restricted Assets. The Category Restricted Assets decreased by 21.94% from 2010 and a 32.27% reduction in 2009 due to the decrease in Cash and Cash Equivalents and Investments. 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.

The reduction in Long-Term Liabilities comes primarily from a decrease in the amount of debt in Bonds outstanding. The Authority continues to reduce its outstanding debt from its User Revenues and the Special Reserve Fund as required by the Bond Resolution.

CHANGES IN NET ASSETS (Cont'd)

OPERATING REVENUES:	2011	2010	2009
User Charges & Fees	\$ 73,090,543	\$ 72,675,650	\$ 72,502,405
Other Revenue	6,478,915	4,557,781	6,750,979
Total Operating Revenue	79,569,458	77,233,431	79,253,384
OPERATING EXPENSES:			
Cost of Providing Service	27,813,033	27,304,002	26,927,760
Administrative	7,530,182	6,468,569	6,704,789
Depreciation	17,913,189	16,738,503	16,476,770
Total Operating Expenses	53,256,404	50,511,074	50,109,319
OPERATING INCOME	26,313,054	26,722,357	29,144,065
NON-OPERATING REVENUES AND (EXPENSES):			
Investment Income	4,553,243	4,723,545	5,833,729
Interest Expense	(21,026,239)	(23,093,236)	(25,131,383)
Contribution to the County of Camden	(3,076,796)	(3,151,056)	
Net Loss/Gain on Disposition of Capital Assets, Net Gain on Investments, Amortization & Other Non-Operating Revenues and Expenditures	367,505	(2,026,855)	(1,758,935)
TOTAL NON-OPERATING ITEMS	(19,182,287)	(23,547,602)	(21,006,589)
Increase (Decrease) in Net Assets	7,130,767	10,347,595	8,137,476
Total Net Assets, Jan.1	225,561,171	215,213,576	207,076,100
Total Net Assets, Dec.31	\$ 233,856,414	\$ 225,561,171	\$ 215,213,576

CHANGES IN NET ASSETS (Cont'd)

Total Operating Revenue showed an overall 3.02 % increase from 2010 and a 0.40% increase from 2009 financial statements. The increase from 2010 resulted from an increase in Connection Fee income and the increase from 2009 resulted from additional Other Revenue. However we continue to add billing units reflected in the growth of User Charges & Fees both from 2010 and 2009 resulting from the additional growth in connections to the wastewater system.

The Authority's total operating expenses increased by 5.44% from 2010 and increased by 6.28% from 2009 primarily caused by an increase in Post-Employment Benefits costs and depreciation expense. In addition this increase in the provision for Loan Losses created an increase in Administrative Expense when compared to 2010 of 16.41% and an increase over 2009 of 12.31% and added to the overall increase in Total Operating Expenses. The Cost of Providing Service increased by 1.86% from 2010 and increased by 3.29% from 2009. The increase in cost from 2010 and 2009 came about from higher utilities costs.

Non-operating Revenue (Expenses) decreased by 18.54% compared to 2010 and decreased by 8.68% from 2009 due to the decrease in interest expense in 2010 and a decrease in Investment Income as compared to 2009. 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. Interest rates continue to drop or at best be constant.

Total Net Assets increased by 3.68% from 2010 and increased from 2009 by 8.66%.

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.

A favorable variance comes about from Non-Operating Revenue which exceeded our budget by 23.73%. This came about from the settlement of a lawsuit which the Authority had initiated. This resulted in total budgeted revenues exceeded our 2011 estimated by 2.40%.

There are several unfavorable variances under Operating Appropriations. Two of those variances are under Administration. One is in the Fringe Benefits section which shows an unfavorable variance from the budget by 57.9% which was caused by the additional provision for Post-Employment Benefits. The second under Administration is in the Other Expenses section resulting from the additional provision for doubtful accounts causing a 51.8% variance from the budget. Both of these items are accounting entries only and require no cash outlay. Likewise there are two unfavorable variances in the Cost of Providing Services category. One is under Salary & Wages section which was caused by overtime being worked due to under staffing. This caused a 5.79% unfavorable variance. Further, under the section of Other Expenses there was a variance of 5.98% due to the utility costs and sludge & waste costs that were higher than planned.

DEBT ADMINISTRATION

During fiscal year 2011 the Authority continued to pay down its outstanding debt from operating revenues and using the Special Reserve Fund. This past year the Authority used \$ 8,830,000 from the Special Reserve Fund to pay down its debt. While the Authority did not do any additional borrowing in 2011, in the first quarter of 2012 we did borrow from the New Jersey Environmental Infrastructure Trust to fund the Atlantic Basin extension project.

CAPITAL IMPROVEMENTS AND CONSTRUCTION ACTIVITY

A) Wastewater Treatment Plant----In 2011, the CCMUA continued construction of three major improvements to the treatment plant. These projects are:

--- Installation of a new sludge drying facility. The facility will process all of the CCMUA's sludge and will significantly reduce the plant's sludge disposal costs and also its odor potential as well. This project will cost about \$30 million and is being funded through the NJ Environmental Infrastructure Trust. Construction of the facility was completed during the summer of 2011. The contract operator and manufacturer then embarked on startup activities to ensure that the facility met all required performance guarantees. The facility is expected to be in full operation in 2012.

--- Installation of upgrades to the plant's pure oxygen facility. This facility will replace the existing pure oxygen system which was completed in 1987 and had reached the end of its useful life. This project will cost about \$12 million and is also being funded through the NJ Environmental Infrastructure Trust. It was physically completed by the end of 2011 and should be in full automatic operation during 2012. Once fully operational, this project will result in a significant reduction in the plant's energy usage.

--- Installation of a new odor control facility to replace existing chemical scrubbers which have reached the end of their useful life. The new odor control system treats a wider range of odorous contaminants and is also more reliable. It cost about \$10 million and was funded through the NJ Environmental Infrastructure Trust. The project was completed in 2011.

B) Interceptor System---- the CCMUA continued to pursue the necessary approvals and funding to construct an expansion of its regional sewer system to provide additional sewer service to the southern end of Camden County (Berlin Township, Berlin Borough, Chesilhurst, Pine Hill, Waterford Township and Winslow Township). This project will also result in the elimination of the CCMUA's Sicklerville Sewage Treatment Plant. Elimination of that plant's O+M costs, plus the annual sewer revenue from the additional capacity made available, will help to offset the cost of this project. The CCMUA estimates that the cost of the project will be about \$ 45 million and it is pursuing funding from the New Jersey Environmental Infrastructure Trust.

CAPITAL IMPROVEMENTS AND CONSTRUCTION ACTIVITY (Cont'd)

C) Miscellaneous----

The CCMUA completed its work on improvements to the water and sewer systems of the Camden City Central Gateway area, at the request of the State of NJ and the County of Camden. The CCMUA obtained funding from the United States Economic Development Authority (USEDA), Delaware River Port Authority (DRPA) and the NJ Environmental Infrastructure Trust to pay for the cost of this project. The purpose of the project is to restore the economic viability of this section of Camden City, thereby encouraging Campbell Soup to stay in the City and to encourage other investors.

The CCMUA also constructed a new force main and pump station, at the request of the State of New Jersey, to eliminate the failing Ancora Wastewater Treatment Plant in Winslow Township. The project was funded entirely through a Pinelands Infrastructure Trust grant given to the CCMUA to reimburse it for its costs. The project eliminated a significant environmental problem within the Pinelands National Reserve and also brought in approximately \$350,000 per year in new revenue for the CCMUA.

Lastly, the CCMUA is also upgrading Camden City and Gloucester City's combined sewer systems, also at the request of the State. The total project cost is estimated at about \$22 million. At the end of 2011, the CCMUA had upgraded 23 of the 35 combined sewer overflow systems and was awaiting NJDEP approval to upgrade the remaining 12. This project is being funded through the NJ Environmental Infrastructure Trust.

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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 10,459,526	\$ 9,434,804
Accounts Receivable	10,367,567	9,793,580
Interest Receivable	13	43
Due from State of New Jersey -- NJEIT Receivable	2,632,280	5,439,275
Due from State of New Jersey -- USEDA Central Gateway Project	3,348,000	3,348,000
Due from State of New Jersey -- Pinelands Infrastructure Trust - Ancora Project	2,242,061	3,366,090
Other	122,609	122,609
Total Unrestricted Assets	<u>29,172,056</u>	<u>31,504,401</u>
Restricted Assets:		
Cash and Cash Equivalents	24,870,686	51,361,480
Cash Held by Fiscal Agent	10,775,716	22,352,358
Investments	76,610,128	70,100,723
Interest Receivable	134,955	173,395
Total Restricted Assets	<u>112,391,485</u>	<u>143,987,956</u>
Total Current Assets	<u>141,563,541</u>	<u>175,492,357</u>
Noncurrent Assets:		
Property, Plant and Equipment:		
Utility Plant:		
In Service, Net of Accumulated Depreciation	424,071,182	438,688,268
Under Construction	56,012,735	42,045,854
Other, Net of Accumulated Depreciation	11,002,087	11,643,260
Total Property, Plant and Equipment	<u>491,086,004</u>	<u>492,377,382</u>
Deferred Assets, Net of Amortization:		
Preoperating Costs	1,344,413	1,867,271
Debt Financing Costs	7,633,574	8,187,803
Total Deferred Assets	<u>8,977,987</u>	<u>10,055,074</u>
Total Noncurrent Assets	<u>500,063,991</u>	<u>502,432,456</u>
Total Assets	<u>641,627,532</u>	<u>677,924,813</u>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Net Assets
 As of December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 3,720,350	\$ 6,410,465
Accrued Expenses	1,515,007	1,506,711
Deferred Revenue:		
City of Camden Central Gateway Project	7,129	7,129
USEDA Grant for Central Gateway Project	2,162,053	2,234,285
Pinelands Infrastructure Trust - Ancora Project	2,201,614	3,366,090
Clean Water Enforcement Act	2,713,385	2,614,685
Deferred Interest Revenue	243,728	263,277
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	12,563,266	16,402,642
Current Liabilities Payable from Restricted Assets:		
Retainages Payable	1,040,751	1,118,451
Current Maturities of Long-Term Debt	55,679,234	54,714,147
Accrued Interest Payable	3,260,954	3,566,244
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	59,980,939	59,398,842
Long-Term Liabilities Payable:		
Deferred Interest Revenue	1,056,727	1,300,455
Net OPEB Obligation	5,418,962	4,469,077
Long-term Debt	328,751,224	370,792,626
	<hr/>	<hr/>
Total Long-Term Liabilities	335,226,913	376,562,158
	<hr/>	<hr/>
Total Liabilities	407,771,118	452,363,642
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	174,575,044	139,916,465
Restricted for Bond Resolution Covenants	49,140,658	76,305,071
Unrestricted	10,140,712	9,339,635
	<hr/>	<hr/>
Total Net Assets	\$ 233,856,414	\$ 225,561,171
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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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues:		
User Charges and Fees	\$ 73,090,543	\$ 72,675,650
Connection Fees	3,974,771	2,840,993
Other	2,504,144	1,716,788
Total Operating Revenues	<u>79,569,458</u>	<u>77,233,431</u>
Operating Expenses:		
Administration:		
Salary & Wages	1,911,983	1,978,718
Fringe Benefits	2,959,824	3,019,957
Other Expenses	2,658,375	1,469,894
Cost of Providing Services:		
Salary & Wages	7,121,761	6,981,565
Fringe Benefits	1,984,997	2,080,270
Other Expenses	18,706,275	18,242,167
Depreciation	17,913,189	16,738,503
Total Operating Expenses	<u>53,256,404</u>	<u>50,511,074</u>
Operating Income	<u>26,313,054</u>	<u>26,722,357</u>
Non-operating Revenues (Expenses):		
Investment Income	4,553,243	4,723,545
Interest Expense	(21,026,239)	(23,093,236)
Contribution to the County of Camden	(3,076,796)	(3,151,056)
Amortization of Deferred Charges and Bond Issuance Costs	(1,384,662)	(1,587,498)
Disposition of Property, Plant and Equipment	52,841	
Community Service Projects	(442,772)	(575,212)
Other Non-Operating Revenues	2,142,098	
Prior Year Revenue and Expenditures		135,855
Total Non-operating Revenues (Expenses)	<u>(19,182,287)</u>	<u>(23,547,602)</u>
Income Before Contributions	7,130,767	3,174,755
Capital Contributions	1,164,476	7,172,840
Change in Net Assets	8,295,243	10,347,595
Net Assets, January 1	<u>225,561,171</u>	<u>215,213,576</u>
Net Assets, December 31	<u>\$ 233,856,414</u>	<u>\$ 225,561,171</u>

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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 72,516,556	\$ 71,967,799
Other Operating Receipts	10,409,939	5,714,319
Payments to Suppliers	(29,622,185)	(25,612,022)
Payments to Employees	(9,033,744)	(8,960,283)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	44,270,566	43,109,813
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on Bonds	(29,029,772)	(35,350,155)
Payments of Defeased Bonds		(10,490,000)
Interest Paid on Bonds	(33,378,072)	(33,397,810)
Proceeds from Issuance of Long Term Debt	11,576,642	30,425,491
Proceeds from Refunding Bonds		10,333,072
Net Premium on Refunding Bonds		639,729
Bond Issuance Costs	(307,575)	(1,179,623)
Payment of Contribution to County of Camden	(3,076,796)	(3,151,056)
Proceeds from the Sale of Property, Plant and Equipment	2,194,939	
Acquisition and Construction of Property, Plant and Equipment	(16,699,511)	(37,357,713)
Proceeds of Capital Contributions	1,164,476	7,172,840
	<hr/>	<hr/>
Net Cash (Used in) Capital and Related Financing Activities	(67,555,669)	(72,355,225)
Cash Flows from Investing Activities:		
Investment Income	3,599,336	4,115,225
Deferred Interest Revenue	(263,277)	(287,934)
(Purchase) / Redemption of Investments	(5,517,028)	10,072,678
	<hr/>	<hr/>
Net Cash Provided by (Used in) Investing Activities	(2,180,969)	13,899,969
Net Decrease in Cash and Cash Equivalents	(25,466,072)	(15,345,443)
Cash and Cash Equivalents - January 1	60,796,284	76,141,727
	<hr/>	<hr/>
Cash and Cash Equivalents - December 31	\$ 35,330,212	\$ 60,796,284
	<hr/>	<hr/>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Cash Flows
 For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Operating Income	\$ 26,313,054	\$ 26,722,357
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation	17,913,189	16,738,503
Community Service Projects	(442,772)	(575,212)
Prior Year Revenues		501,395
Prior Year Expenditures		(365,540)
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(573,987)	(707,851)
(Increase) Decrease in Other Unrestricted Assets		267,495
(Increase) Decrease in Grant & Loan Receivable	3,931,024	387,648
Increase (Decrease) in Unrestricted Accounts		
Payable, Accrued Expenses and Deferred Revenues	(3,918,527)	(1,164,603)
Increase (Decrease) in Deferred Revenue for		
Clean Water Enforcement Act	98,700	35,108
Increase in Net OPEB Obligation	949,885	1,270,513
Net Cash Provided by Operating Activities	<u>\$ 44,270,566</u>	<u>\$ 43,109,813</u>

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

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Notes to Financial Statements

For the Years Ended December 31, 2011 and 2010

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, as amended by Governmental Accounting Standards Board Statement No. 39. 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.

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

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

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Sewer service charges are recognized as revenue when services are provided. Connection fees are paid to the Authority at the time a new property applies for connection to the regional sewer system and are recognized as revenue when the funds are received. At the time the municipality issues a release for certificate of occupancy the Authority determines that sewage collection services are being provided to the properties and begins the billing process. Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

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

Governmental Accounting Standards Board - Statement No. 20

The Authority is required to follow all statements of the GASB. GASB Statement No. 20 was issued to give guidance in determining accounting principles generally accepted in the United States of America 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 issued 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 issue costs, bond discounts, deferred loss on defeasance and the annual required contribution for the Authority's OPEB Plan are not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Statements 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 adopted an amending budget 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Cash, Cash Equivalents and Investments**

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

New Jersey governments are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey governments.

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include State or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with 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 full amount of their deposits to the Governmental Units.

Inventory

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

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 purchased since 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.

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

Compensated Absences

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

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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, on investments in debt securities and settlement of lawsuits.

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

Use of Estimates

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

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.

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

exceeded appropriations for the year ended December 31, 2011:

Excess Expenditure over Appropriations

<u>Category</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
Administration:			
Fringe Benefits	\$ 1,874,329	\$ 2,959,824	\$ 1,085,495
Other Expenses	1,751,566	2,658,375	906,809
Cost of Providing Services:			
Salary & Wages	6,731,959	7,121,761	389,802
Other Expenses	17,650,321	18,706,275	1,055,954
Total Interest Payments on Debt Service	33,314,116	33,378,072	63,956

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 of an expense and liability which are not required to be funded. Likewise, during 2011 the Authority's costs for overtime caused expenditures to rise above appropriations. The excess for Interest Payments on Debt Service is the result of accrued interest on several NJEIT bonds.

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, 2011</u>
Gross Revenues:	
Operating Revenues	\$ 79,569,458
Interest Income	4,553,243
	<hr/>
Total Gross Revenues	84,122,701
Operating Expenses, exclusive of depreciation and other post-employment benefit expense	34,582,930
	<hr/>
Net Revenues	49,539,771
	<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),	49,400,931
Less: Projected Disbursements from Investment Obligations Held in the Special Reserve Fund	-
	<hr/>
	49,400,931
	<hr/>
Sufficiency of Net Revenues	\$ 138,840
	<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),	<u>\$ 49,400,931</u>
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:	
1992 Series B	\$ 235,404
1995 Series A	215,750
1995 Series B	114,952
1998 Series D (Refunding)	382,792
2000 Series A, 2000-05	162,643
2000 Series A, 2000-07	191,488
2003 Series A	319,756
2006 Series A	384,160
2006 Series B (Refunding)	(618,733)
2006 Series A (Refunding)	338,454
2006 Series A (Refunding)	337,576
2008 Series A (Refunding)	<u>639,648</u>
	2,703,890
(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.	<u>-</u>
	<u>\$ 43,091,128</u>

Therefore, the defined Debt Service Reserve Requirement as of December 31, 2011, shall equal \$43,091,128.

The Authority has funded the Debt Service Reserve Requirement as of December 31, 2011 as follows:

Amount on Deposit	\$ 54,438,189
Interest Receivable	<u>134,939</u>
	<u>\$ 54,573,128</u>

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)**Subordinate Bond Resolution**

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

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

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2011 and 2010, the Authority's bank balances of \$33,872,433 and \$64,015,898, respectively, were exposed to custodial credit risk as follows:

Uninsured and Collateralized with Securities Held by Pledging Bank's Trust Department, but not in the Authority's Name	<u>\$ 33,372,433</u>	<u>\$ 63,265,898</u>
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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. As of December 31, 2011 and 2010, all of the Authority's \$76,610,128 and \$70,100,723 investments in treasury obligations and money market funds are held by the counterparty, not 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.

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

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, money market funds, corporate bonds or direct Treasury Securities.

As of December 31, 2011 and 2010, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Maturity Date</u>	<u>S&P Credit Rating</u>	<u>2011 Fair Value</u>	<u>2010 Fair Value</u>
Taxable Municipal Bonds	04/01/11	N/A		\$ 680,417
Taxable Municipal Bonds	06/30/11	A+		8,071,614
Taxable Municipal Bonds	06/30/12	A+	\$ 7,650,824	7,415,278
Taxable Municipal Bonds	06/30/13	A+	6,927,774	6,520,535
Taxable Municipal Bonds	06/30/14	A+	6,737,116	6,171,603
Taxable Municipal Bonds	04/01/15	N/A	416,800	372,978
Taxable Municipal Bonds	06/30/15	AA	1,403,305	1,275,235
Taxable Municipal Bonds	06/30/15	A+	4,608,900	4,144,450
Taxable Municipal Bonds	06/30/16	AA	1,683,457	1,485,724
Taxable Municipal Bonds	06/30/16	A+	4,449,850	3,909,800
Taxable Municipal Bonds	06/30/17	A+	5,824,592	5,059,755
US Treasury NTS	04/30/12	AAA	106,331	106,241
US Treasury Bills	08/23/12	N/A	8,138,336	8,131,660
US Treasury Bills	06/30/11	AAA		4,996,750
US Treasury Bills	06/02/11	AAA		5,000,000
Corporate Notes	07/12/12	AA+	6,725,912	
Corporate Notes	03/11/11	AAA		6,698,569
Corporate Notes	02/23/11	AAA		60,114
US Treasury NTS	06/15/12	AAA	4,955,106	
US Treasury NTS	07/15/13	AAA	4,975,561	
Money Market Account	Demand	N/A	12,006,264	
			<u>\$ 76,610,128</u>	<u>\$ 70,100,723</u>

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>
2011	\$ 9,793,580	\$ 73,090,543	\$ 72,516,556	87.49%
2010	9,085,729	72,675,650	71,967,799	88.02%
2009	8,602,572	72,502,405	72,019,248	88.80%

Note 3: DETAIL NOTES - ASSETS (CONT'D)**Accounts Receivable**

At December 31, 2011 and 2010 the balance in Accounts Receivable was \$10,367,567 and \$9,793,580 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.

Property, Plant and Equipment

During the year ended December 31, 2011 and 2010, the following changes in Property, Plant and Equipment occurred:

	<u>Balance</u> <u>Jan. 1, 2011</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
In Service:					
Land	\$ 6,440,900				\$ 6,440,900
Preliminary Treatment Facility	30,970,508				30,970,508
Secondary Treatment Plant	206,030,443	\$ 767,009	\$ 1,218,192	\$ (1,092,360)	206,923,284
Interceptors	174,631,809				174,631,809
Incinerator	3,813,619				3,813,619
Compost Facility	55,342,819				55,342,819
Pump Stations	126,093,621	19,330			126,112,951
Metering Stations	5,175,127				5,175,127
Consulting & Engineering	40,121,442				40,121,442
Capitalized Interest	73,517,899				73,517,899
Total In Service	722,138,187	786,339	1,218,192	(1,092,360)	723,050,358
Assets Under Construction	42,045,854	15,185,073	(1,218,192)		56,012,735
Other:					
Administrative Building	2,464,705				2,464,705
Plant Machinery	23,971,658	1,673,096			25,644,754
Sundry	8,012,138	90,626		(255,183)	7,847,581
Total Other	34,448,501	1,763,722	-	(255,183)	35,957,040
Total Property, Plant and Equipment	798,632,542	17,735,134	-	(1,347,543)	815,020,133
Less Accumulated Depreciation	306,255,160	17,678,969			323,934,129
	<u>\$ 492,377,382</u>	<u>\$ 56,165</u>	<u>\$ -</u>	<u>\$ (1,347,543)</u>	<u>\$ 491,086,004</u>

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

	<u>Balance</u> <u>Jan. 1, 2010</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
In Service:					
Land	\$ 6,440,900				\$ 6,440,900
Preliminary Treatment Facility	30,970,508				30,970,508
Secondary Treatment Plant	187,670,800	\$ 1,601,906	\$ 16,895,632	\$ (137,895)	206,030,443
Interceptors	174,612,605		19,204		174,631,809
Incinerator	3,813,619				3,813,619
Compost Facility	55,342,819				55,342,819
Pump Stations	126,080,705		12,916		126,093,621
Metering Stations	5,321,807		(32,120)	(114,560)	5,175,127
Consulting & Engineering	40,121,442				40,121,442
Capitalized Interest	73,517,899				73,517,899
Total In Service	703,893,104	1,601,906	16,895,632	(252,455)	722,138,187
Assets Under Construction	23,620,468	35,321,018	(16,895,632)		42,045,854
Other:					
Administrative Building	2,464,705				2,464,705
Plant Machinery	23,110,610	861,048			23,971,658
Sundry	7,937,713	74,425			8,012,138
Total Other	33,513,028	935,473	-	-	34,448,501
Total Property, Plant and Equipment	761,026,600	37,858,397	-	(252,455)	798,632,542
Less Accumulated Depreciation	289,750,446	16,504,714			306,255,160
	\$ 471,276,154	\$ 21,353,683	\$ -	\$ (252,455)	\$ 492,377,382

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.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Compensated Absences (Cont'd)**

The Authority has the following accrued liabilities for compensated absences at December 31, 2011 and 2010:

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Sick Time	\$ 522,652	\$ 540,761
Vacation Time	349,368	326,611
Comp Time	239,486	214,281
	<u>\$ 1,111,506</u>	<u>\$ 1,081,653</u>

Retirement Systems

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

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

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

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

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

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by Authority</u>
2011	\$ 328,034	\$ 493,996	\$ 822,030	None	\$ 822,030
2010	318,375	367,951	686,326	None	686,326
2009	301,298	332,125	633,423	\$ 256,210	377,213

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)

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

Early Retirement Incentive Program – Legislation enacted in 2003 made early retirement available through Early Retirement Incentive Programs. This program, which is subject to the approval of the Authority's governing body (within a limited period of time), was available to employees who met certain minimum requirements. The governing body of the Authority approved the program on June 21, 2004 for eligible members of the PERS. Six employees applied for early retirement during the 2003 program. Program costs are billed annually by the Division of Pensions. As of December 31, 2011 and 2010, the accrued liability to the PERS for the 2003 program was \$573,080 and \$630,388 payable in annual installments of \$57,308 to April 1, 2021.

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 the same. The required contribution is based on projected pay-as-you-go financing requirements. For the years 2011 and 2010, the Authority contributed \$528,015 and \$396,987, respectively to the CCMUA plan for current premiums. Plan members are not required to make any contributions to the plan.

Annual OPEB Cost – For 2011, the Authority's annual other postemployment benefit (OPEB) cost (expense) of \$1,446,000 for the plan was equal to the annual required contribution (ARC) plus certain adjustments because the Authority's actual contributions in prior years differed from the ARC. The Authority's ARC, the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of the annual OPEB cost contributed to the plan for 2011, 2010, and 2009 are as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Annual required contribution (expense)	\$ 1,446,000	\$ 1,667,500	\$ 1,667,500
Interest on the Net OPEB Obligation	223,400		
Adjustment to the ARC	(191,500)		
Annual OPEB Cost	1,477,900	1,667,500	1,667,500
Pay as You Go Cost Existing Retirees	(528,015)	(396,987)	(330,041)
Increase (Decrease) in the Net OPEB Obligation	949,885	1,270,513	1,337,459
Net OPEB obligation - beginning of year	4,469,077	3,198,564	1,861,105
Net OPEB obligation - end of year	<u>\$ 5,418,962</u>	<u>\$ 4,469,077</u>	<u>\$ 3,198,564</u>
Percentage of Annual OPEB Cost Contributed	35.7%	23.8%	19.8%

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

Funded Status and Funding Progress - As of December 31, 2011, the most recent actuarial valuation date, the CCMUA Plan was 0% funded. The actuarial accrued liability for benefits was \$22,921,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$22,921,000. The covered payroll (annual payroll of active employees covered by the plan) was \$4,491,600, and the ratio of the UAAL to the covered payroll was 510%. 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, 2011, 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 8.5% initially, reducing by decrements to an ultimate rate of 5% after eight years. For prescription drug benefits, the initial trend rate is 9.5% decreasing to a 5.0% long-term trend rate after ten 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, 2011, was twenty-seven years.

Deferred Revenue**Federal and State Grants**

The Authority has received a grant from the US Economic Development Administration for the development and renovation of the Campbell Soup and Camden Central Gateway projects. The Authority also received a grant from the State of New Jersey Pinelands Infrastructure Trust Fund for the elimination of the Ancora Sewerage Treatment Plant. These grants are recorded as deferred revenue until the Authority expends the funds. Grants received for the purchase of fixed assets are realized as contributions of capital.

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

	December 31,	
	<u>2011</u>	<u>2010</u>
New Jersey Wastewater Treatment / Environmental Infrastructure Trust	\$ 30,835,317	\$ 33,356,878
New Jersey Wastewater Treatment / Environmental Infrastructure Fund	67,262,063	71,374,649
County Agreement Sewer Revenue Bonds, Series 2006A	4,270,000	4,480,000
County Agreement Sewer Revenue Refunding Bonds, Series 2006B	64,355,000	73,185,000
County Agreement Sewer Revenue Capital Appreciation Bonds Series 1990A	80,245,521	88,023,321
County Agreement Sewer Revenue Capital Appreciation Bonds Series 1990B	89,213,130	100,674,317
County Agreement Sewer Revenue Refunding Bonds Series 2008	46,380,000	52,850,000
	<u>382,561,031</u>	<u>423,944,165</u>
Add Amounts:		
Premium on Bonds	6,288,570	7,327,507
Less Amounts:		
Deferred on Refunding	(4,419,143)	(5,764,899)
Current Maturities	<u>(55,679,234)</u>	<u>(54,714,147)</u>
	<u>(53,809,807)</u>	<u>(53,151,539)</u>
	<u>\$ 328,751,224</u>	<u>\$ 370,792,626</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, 2011, the aggregate principal maturities of long-term debt are as follows:

	<u>Principal</u>		<u>Interest</u>		<u>Accretion</u>		<u>Total</u>
2012	\$ 55,679,235	\$	7,267,689	\$	11,890,463	\$	74,837,387
2013	55,971,057		6,295,481		10,342,088		72,608,626
2014	56,906,476		5,353,899		8,677,926		70,938,301
2015	57,924,972		4,342,720		6,889,572		69,157,264
2016	58,663,641		3,277,720		4,967,451		66,908,812
2017-2021	106,361,020		5,635,886		4,618,845		116,615,751
2022-2026	29,640,117		2,162,206				31,802,323
2027-2030	8,800,861		304,350				9,105,211
	<u>\$ 429,947,379</u>	\$	<u>34,639,951</u>	\$	<u>47,386,345</u>	\$	<u>511,973,675</u>
Adjustments:							
Accreted Interest	(47,386,345)						
Bond Premium	6,288,570						
Deferred Amount on Refunding	<u>(4,419,143)</u>						
	<u>\$ 384,430,461</u>						

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

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

1990 Refunding

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

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

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, 2011	\$ 115,830,387	\$ 63,684,930	\$ 99,269,796	\$ 80,245,521
Dec. 31, 2010	115,830,387	68,497,705	96,304,771	88,023,321
1990B Bonds:				
Dec. 31, 2011	\$ 121,677,019	\$ 70,802,024	\$ 103,265,913	\$ 89,213,130
Dec. 31, 2010	121,677,019	78,342,614	99,345,316	100,674,317

2006A Revenue

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

2006B Refunding

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

2008 Refunding

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

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

New Jersey 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. \$73,639,917 in loans have been issued. They have interest rates ranging from 3.0% to 7.0% and mature in various increments through 2030.

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

Under the Wastewater Treatment Fund Program / Environmental Infrastructure Fund Program ("NJEIT Fund"), the State extended several noninterest-bearing loans totaling \$206,108,791. 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 \$109,397,585 and \$105,284,998 as of December 31, 2011 and 2010, respectively. This debt will mature in various increments through 2030.

Authority Subordinate Bonds

The 2006, 2007, 2008 and 2010 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 receive 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, 2011.

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

As of December 31, 2011, the Authority had a balance in unrestricted net assets of \$9,951,112; however, \$3,092,762 has been appropriated and included as support in the operating budget for the year ending December 31, 2012.

As of December 31, 2010, the Authority had a balance in unrestricted net assets of \$9,339,635; however, \$5,876,861 has been appropriated and included as support in the operating budget for the year ending December 31, 2011. On March 21, 2011, the 2011 budget was amended to use an additional \$3,076,796 of unrestricted net assets.

Net Assets Appropriated – Capital Budget

As of December 31, 2011, the Authority had a balance in unrestricted net assets of \$9,951,112; however, \$1,000,000 has been appropriated and included as support in the capital budget for the year ending December 31, 2012.

As of December 31, 2010, the Authority had a balance in unrestricted net assets of \$9,339,635; however, \$1,000,000 has been appropriated and included as support in the capital budget for the year ending December 31, 2011.

Note 6: INTERGOVERNMENTAL AGREEMENTS**Road Indemnification Agreement with Camden County**

The Authority entered into an agreement with the County of Camden on November 21, 2011 as a result of the Atlantic Basin Interceptor Extension Project. This project will damage a significant portion of County owned roads to install new pipelines. The Authority determined that the County is better suited to repair these roads, in-house, than the Authority. The agreement requires the Authority to pay the County a sum of \$5,000,000 for the road repairs over the next three years before the project is completed. Under the terms of the agreement, the Authority will pay the County a sum of \$2,000,000 in both 2012 and 2013, and will pay \$1,000,000 in 2014.

Note 7: COMMITMENTS AND CONTINGENCIES**Commitments**

The Authority had several outstanding or planned construction projects as of December 31, 2011. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Awarded</u>	<u>Commitment Remaining</u>
Pure Oxygen System	C&T Associates	\$ 500,000
Ancora Demolition	Luzon Inc.	200,000

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, 2011 and 2010, the Authority had outstanding encumbrances of approximately \$16,676,371 and \$24,738,720, respectively.

Change Orders to Contracts

During the year 2011, the Authority had two contracts that resulted in the total amount of change orders executed for the project to exceed the originally awarded contract price by more than 20 percent. The ordinance number and project description are as follows:

<u>Ordinance No.</u>	<u>Project Description</u>
R-11:6-81	Decommission and Demolition of the Wastewater Treatment Facility
R-11:10-134	Decommission and Demolition of the Wastewater Treatment Facility
R-11:7-93	Design engineering services for the Atlantic Basin Interceptor Extension

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 8: 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, 2011 and 2010:

	December 31,	
	<u>2011</u>	<u>2010</u>
Investment Income:		
Interest Income	\$ 3,560,866	\$ 4,180,214
Change in the Fair Value of Investments	992,377	543,331
	<u>\$ 4,553,243</u>	<u>\$ 4,723,545</u>

Note 9: 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 (NJPDDES) permitting system required under the CWA, whereby a person must obtain a NJPDDES 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, 2011 and 2010, the penalties receivable amounted to \$153,064 and \$69,658, respectively. In accordance with the state statute no allowance has been made for the collectability of this amount. Also at December 31, 2011 and 2010 the amount due to the NJDEP for 10 percent of the penalties collected was \$175,203 and \$142,303, respectively.

Note 10: RELATED PARTY TRANSACTIONS**Related Party Transactions**

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

Note 11: 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, 2011 and 2010, the balance in the Reserve for Workers' Compensation Insurance Trust Fund was \$901,591.50 (unaudited) and \$194,153. The 2012 County Budget has not been introduced and the 2011 County Budget includes an appropriation in the amount of \$2,498,844.00 to provide for future claims.

Note 12: LEASE OBLIGATIONS

At December 31, 2011, the Authority had lease agreements in effect for the following:

- Operating:
 - Colored Copiers
 - Black and White Copiers
 - Mailing System
 - Mailing Machine

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

<u>Year</u>	<u>Amount</u>
2012	\$ 16,997
2013	11,114
2014	3,500

Rental payments under operating leases for the fiscal year 2011 were \$22,359.

Note 13: SUBSEQUENT EVENTS

On May 3, 2012, in connection with its participation in the New Jersey Environmental Infrastructure Trust's SFY2012 Financing Program, the Authority issued \$14,375,000 and \$1,100,000 of its Series 2012A Trust Loan Bonds and \$36,037,500 and \$3,397,500 of its Spring 2012ABC Fund Loan Bonds. \$2,000,000 of the debt service requirements of the \$36,037,500 Spring 2012ABC Fund Loan Bonds is subject to principal forgiveness.

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)
12/31/2011	0	\$ 22,921,000	\$ 22,921,000	0 %	\$ 4,491,600	510%
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
2011	\$ 1,477,900	35.7%
2010	1,681,000	23.6%
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, 2011

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, 2011
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	8.50% (pre-Medicare) or 8.50% (post-Medicare) Grading to 5.0% after 8 years
Rate of Prescription Drug Benefits	9.50% (pre-Medicare) or 9.50% (post-Medicare) Grading to 5.0% after 10 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, 2011

	<u>R e s t r i c t e d</u>						
	<u>Unrestricted</u>	<u>General Reserve</u>	<u>Debt Service Reserve</u>	<u>Debt Service Reserve</u>	<u>Renewal and Replacement</u>	<u>Special Reserve</u>	<u>Total</u>
Operating Revenues	\$ 79,569,458						\$ 79,569,458
Operating Expenses	35,343,215	\$ 17,913,189					53,256,404
Operating Income (Loss)	44,226,243	(17,913,189)					26,313,054
Non-operating Revenue (Expenses):							
Investment Income	308,123		\$ (58,634)	\$ 878,323	\$ 203	\$ 3,425,228	4,553,243
Interest Expense			(21,026,239)				(21,026,239)
Contribution to the County of Camden		(3,076,796)					(3,076,796)
Amortization of Deferred Charges and Bond Issuance Costs		(1,384,662)					(1,384,662)
Community Service Projects		(442,772)					(442,772)
Other Non-Operating Revenues	2,142,098						2,142,098
Gain on Disposal of Assets	52,841						52,841
Total Non-operating Revenue (Expenses)	2,503,062	(4,904,230)	(21,084,873)	878,323	203	3,425,228	(19,182,287)
Income (Loss) Before Contributions and Transfers	46,729,305	(22,817,419)	(21,084,873)	878,323	203	3,425,228	7,130,767
Capital Contributions	(45,928,228)	1,164,476					1,164,476
Transfers		56,311,522	20,425,076	(21,980,668)	(203)	(8,827,499)	
Change in Net Assets	801,077	34,658,579	(659,797)	(21,102,345)		(5,402,271)	8,295,243
Total Net Assets, January 1	9,339,635	139,916,465	(58,280,391)	86,444,060	3,034,000	45,107,402	225,561,171
Total Net Assets, December 31	\$ 10,140,712	\$ 174,575,044	\$ (58,940,188)	\$ 65,341,715	\$ 3,034,000	\$ 39,705,131	\$ 233,856,414
Analysis of Balance, December 31:							
Invested in Capital Assets, Net of Related Debt	\$	\$ 174,575,044					\$ 174,575,044
Restricted for Bond Resolution Covenants			\$ (58,940,188)	\$ 65,341,715	\$ 3,034,000	\$ 39,705,131	49,140,658
Unrestricted	\$ 10,140,712						10,140,712
	\$ 10,140,712	\$ 174,575,044	\$ (58,940,188)	\$ 65,341,715	\$ 3,034,000	\$ 39,705,131	\$ 233,856,414

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, 2011

	<u>Restricted</u>					<u>Total</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>					
Cash, Cash Equivalents and Investments--January 1, 2011	\$	9,434,804	\$	63,925,458	\$	3,034,257	\$	9,395,086	\$	45,107,402	\$	130,897,007
Cash Receipts:												
User Charges		72,516,556										72,516,556
Investment Income		308,153		916,757		209				2,374,217		3,599,336
Proceeds from Issuance of Long Term Debt				11,576,642								11,576,642
Capital Contributions								1,164,476				1,164,476
Connection Fees and Other Revenues		10,409,939										10,409,939
Transfer from Other Restricted Accounts		442,569										442,569
Transfer from Other Restricted Accounts				8,827,499								8,827,499
Transfer from Unrestricted Accounts				35,485,251								35,485,251
Non-operating Revenues		2,194,939										2,194,939
Change in the Fair Value of Investments				(58,634)								992,377
Total Cash Receipts and Investments Available		95,306,960		120,672,973		3,034,466		21,002,539		48,532,630		288,549,568
Cash Disbursements:												
Operating Expenditures		38,655,929										38,655,929
Deferred Interest Revenue		263,277										263,277
Debt Principal Payments				29,029,772								29,029,772
Interest Paid				33,378,072								33,378,072
Bond Issuance Costs				307,575								307,575
Payment of Contribution to County of Camden				3,076,796								3,076,796
Capital Expenditures, Net of Change in Retainages												16,699,511
Transfer to Unrestricted Accounts		45,928,228										45,928,228
Transfer to Restricted Accounts												442,569
Transfer to Other Restricted Accounts												8,827,499
Total Cash Disbursements		84,847,434		66,234,784		16,699,511		8,827,499		8,827,499		176,609,228
Cash, Cash Equivalents and Investments--December 31, 2011	\$	10,459,526	\$	54,438,189	\$	3,034,466	\$	4,303,028	\$	39,705,131	\$	111,940,340
Analysis of Balance December 31, 2011												
Cash and Cash Equivalents	\$	10,459,526	\$	17,530,678	\$	3,034,466	\$	4,303,028	\$	2,514	\$	35,330,212
Investments:												
U.S. and Municipal Government Securities				36,907,511						39,702,617		76,610,128
	\$	10,459,526	\$	54,438,189	\$	3,034,466	\$	4,303,028	\$	39,705,131	\$	111,940,340

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, 2011

	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable-- (Unfavorable)</u>
Operating Revenues:				
User Charges and Fees	\$ 73,890,093	\$ 73,890,093	\$ 73,090,543	\$ (799,550)
Connection Fees	3,837,750	3,837,750	3,974,771	137,021
Other Operating Revenues	1,915,341	1,915,341	2,504,144	588,803
Total Operating Revenues	79,643,184	79,643,184	79,569,458	(73,726)
Non-Operating Revenues:				
Interest on Investments and Deposits	500,000	500,000	571,602	71,602
Other Non-Operating Revenue	8,830,000	8,830,000	10,972,098	2,142,098
Total Non-Operating Revenues	9,330,000	9,330,000	11,543,700	2,213,700
Total Budget Revenues	88,973,184	88,973,184	91,113,158	2,139,974
Operating Appropriations:				
Administration:				
Salary & Wages	2,028,907	2,028,907	1,911,983	116,924
Fringe Benefits	1,874,329	1,874,329	2,959,824	(1,085,495)
Other Expenses	1,751,566	1,751,566	2,658,375	(906,809)
Total Administration	5,654,802	5,654,802	7,530,182	(1,875,380)
Cost of Providing Services:				
Salary & Wages	6,731,959	6,731,959	7,121,761	(389,802)
Fringe Benefits	2,300,637	2,300,637	1,984,997	315,640
Other Expenses	17,650,321	17,650,321	18,706,275	(1,055,954)
Total Cost of Providing Services	26,682,917	26,682,917	27,813,033	(1,130,116)
Total Principal Payments on Debt Service	29,198,210	29,198,210	29,029,772	168,438
Total Operating Appropriations	61,535,929	61,535,929	64,372,987	(2,837,058)
Non-Operating Appropriations:				
Contribution to the County of Camden		3,076,796	3,076,796	
Interest Payments	33,314,116	33,314,116	33,378,072	(63,956)
Total Non-Operating Appropriations	33,314,116	36,390,912	36,454,868	(63,956)
Total Budget Appropriations	94,850,045	97,926,841	100,827,855	(2,901,014)
Excess of Expenses and Other Costs over Revenues	\$ (5,876,861)	\$ (8,953,657)	\$ (9,714,697)	\$ (761,040)

(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, 2011

Adjustments to Reconcile Excess Expenses and Other Costs

Over Revenues to GAAP Basis Operating Income:	
Excess of Expenses and Other Costs over Revenues (Schedule 3)	\$ (9,714,697)
Less: Investment Income	(571,602)
Less: Other Non-Operating Revenue	(10,972,098)
Less: Depreciation	(17,913,189)
Add: Contribution of the County of Camden	3,076,796
Add: Principal Payments on Bonds	29,029,772
Add: Interest Payments	<u>33,378,072</u>
Total Operating Income (Exhibit B)	<u><u>\$ 26,313,054</u></u>

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Analysis of Investment Income Receivable
 For the Year Ended December 31, 2011

	<u>Balance</u> <u>Jan. 1, 2011</u>	<u>Investment</u> <u>Income Earned</u>	<u>Investment</u> <u>Income Collected</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Unrestricted Assets:				
Revenue Account	\$ 43	\$ 308,123	\$ 308,153	\$ 13
Restricted Assets:				
Debt Service Reserve Account	173,373	819,689	858,123	134,939
Renewal and Replacement Account	22	203	209	16
Construction Account				
Special Reserve Account		2,374,217	2,374,217	
	173,395	3,194,109	3,232,549	134,955
	<u>\$ 173,438</u>	<u>\$ 3,502,232</u>	<u>\$ 3,540,702</u>	<u>\$ 134,968</u>

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Serial Bonds Payable
December 31, 2011

<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, 2011</u>	<u>Paid 2011</u>	<u>Balance Dec. 31, 2011</u>
1995 NJWTT Sewer Revenue Bonds Series B (Taxable)	11/09/95	\$ 2,235,000	08/01/12	\$ 165,000	7.00%	\$ 875,000	\$ 150,000	\$ 725,000
			08/01/13	175,000	7.00			
			08/01/14	185,000	7.00			
			08/01/15	200,000	7.00			
				<u>\$ 725,000</u>				
1998 NJWTT Sewer Wastewater Series 1998C	03/01/98	5,028,505				483,580	483,580	-
1998 NJWTT Sewer Wastewater Treatment Refunding Bonds, Series 1998D	03/01/98	3,521,640	04/01/12	\$ 304,857	6.375%	593,893	289,036	304,857
				<u>\$ 304,857</u>				
2006 NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2006A - Winslow	06/22/06	3,383,431	08/01/12	\$ 225,000	5.00%	2,458,431	215,000	2,243,431
			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			

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Serial Bonds Payable
December 31, 2011

<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, 2011</u>	<u>Paid 2011</u>	<u>Balance Dec. 31, 2011</u>
2006 NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2006A - Odor Control	06/22/06	\$ 3,088,956	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>\$ 2,063,956</u>		<u>\$ 2,273,956</u>	<u>\$ 190,000</u>	<u>\$ 2,083,956</u>
2006 NJEIT Sewer Wastewater Treatment Refunding Bonds, Series 2006D	06/22/06	1,722,199				318,946	318,946	-
2006 County Agreement Sewer Revenue Refunding Bonds, Series 2006B	09/20/06	100,865,000	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>\$ 64,355,000</u>		<u>73,185,000</u>	<u>8,830,000</u>	<u>64,355,000</u>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Serial Bonds Payable
December 31, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>	<u>Interest Rate</u>	<u>Balance Jan. 1, 2011</u>	<u>Paid 2011</u>	<u>Balance Dec. 31, 2011</u>
			<u>Date</u> <u>Amount</u>				
2006 County Agreement Sewer Revenue Bonds, Series 2006A	10/11/06	\$ 5,000,000	07/15/12	\$ 220,000	3.50%		
			07/15/13	225,000	3.45		
			07/15/14	235,000	3.50		
			07/15/15	240,000	3.55		
			07/15/16	250,000	3.60		
			07/15/17	260,000	3.75		
			07/15/18	270,000	3.75		
			07/15/19	280,000	3.80		
			07/15/20	290,000	3.85		
			07/15/21	300,000	4.05		
			07/15/22	315,000	4.05		
			07/15/23	325,000	4.05		
			07/15/24	340,000	4.05		
			07/15/25	355,000	4.05		
			<u>\$ 4,270,000</u>		\$ 4,480,000	\$ 210,000	\$ 4,270,000
2007 NJEIT Sewer Wastewater Treatment Bonds, Series 2007A	11/08/07	2,940,000	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>\$ 2,820,000</u>		2,940,000	120,000	2,820,000

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Serial Bonds Payable
December 31, 2011

<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, 2011</u>	<u>Paid 2011</u>	<u>Balance Dec. 31, 2011</u>
2008 NJEIT Sewer Wastewater Treatment Bonds, Series 2008A	11/08/08	\$ 6,110,000	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>\$ 5,895,000</u>		<u>\$ 6,110,000</u>	<u>\$ 215,000</u>	<u>\$ 5,895,000</u>
2008 County Agreement Sewer Revenue Refunding Bonds (Series 2008)	06/11/08	64,885,000	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>\$ 46,380,000</u>		<u>\$ 52,850,000</u>	<u>\$ 6,470,000</u>	<u>\$ 46,380,000</u>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Serial Bonds Payable
December 31, 2011

<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, 2011</u>	<u>Paid 2011</u>	<u>Balance Dec. 31, 2011</u>
2010 NJEIT Sewer Wastewater Treatment Bonds, Series 2010A	03/20/10	\$ 2,105,000	08/01/12	\$ 75,000	5.00%			
			08/01/13	80,000	5.00			
			08/01/14	80,000	5.00			
			08/01/15	85,000	5.00			
			08/01/16	90,000	5.00			
			08/01/17	95,000	5.00			
			08/01/18	100,000	5.00			
			08/01/19	105,000	4.00			
			08/01/20	110,000	5.00			
			08/01/21	115,000	3.00			
			08/01/22	120,000	4.00			
			08/01/23	125,000	4.00			
			08/01/24	130,000	4.00			
			08/01/25	135,000	4.00			
			08/01/26	140,000	3.50			
			08/01/27	145,000	4.00			
			08/01/28	150,000	4.00			
			08/01/29	155,000	4.00			
							\$ 2,035,000	
2010 NJEIT Sewer Wastewater Treatment Bonds, Series 2010B	12/02/10	4,865,000	08/01/12	\$ 160,000	5.00%			
			08/01/13	165,000	5.00			
			08/01/14	175,000	5.00			
			08/01/15	185,000	5.00			
			08/01/16	195,000	5.00			
			08/01/17	205,000	5.00			
			08/01/18	215,000	5.00			
			08/01/19	225,000	5.00			
			08/01/20	235,000	5.00			
			08/01/21	245,000	5.00			
			08/01/22	260,000	5.00			
			08/01/23	270,000	5.00			
			08/01/24	285,000	5.00			
			08/01/25	300,000	5.00			
			08/01/26	315,000	5.00			
			08/01/27	330,000	5.00			
			08/01/28	350,000	5.00			
			08/01/29	365,000	5.00			
			08/01/30	385,000	5.00			
				\$ 4,865,000		\$ 4,865,000		\$ 4,865,000

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Serial Bonds Payable
December 31, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Date	Maturities of Bonds Amount	Interest Rate	Balance Jan. 1, 2011	Paid 2011	Balance Dec. 31, 2011
2010 NJEIT Sewer Wastewater Treatment Refunding 2003A Bonds, Series 2010A	08/18/10	\$ 1,465,000	08/01/12	\$ 70,000	5.00%			
			08/01/13	65,909	5.00			
			08/01/14	70,635	5.00			
			08/01/15	75,353	4.00			
			08/01/16	75,793	4.00			
			08/01/17	81,553	4.20			
			08/01/18	86,296	4.25			
			08/01/19	91,375	5.00			
			08/01/20	96,265	5.00			
			08/01/21	101,053	4.50			
			08/01/22	100,449	4.75			
			08/01/23	104,291	4.75			
						\$ 1,018,972		\$ 1,083,972
2010 NJEIT Sewer Wastewater Treatment Refunding 2006A Bonds, Series 2010A	08/18/10	9,750,000	08/01/12	\$ 430,000	5.00%			
			08/01/13	450,000	5.00			
			08/01/14	470,000	5.00			
			08/01/15	495,000	5.00			
			08/01/16	520,000	5.00			
			08/01/17	545,000	4.00			
			08/01/18	570,000	4.00			
			08/01/19	590,000	4.00			
			08/01/20	615,000	4.00			
			08/01/21	640,000	4.13			
			08/01/22	665,000	4.13			
			08/01/23	695,000	4.25			
			08/01/24	609,100	5.00			
08/01/25	760,000	4.25						
08/01/26	790,000	4.25						
			\$ 8,844,100		9,249,100	405,000	8,844,100	
Grand Total						\$ 163,871,878	\$ 18,031,562	\$ 145,840,316
County Agreement Sewer Revenue Refunding Bonds \$ 110,735,000 County Agreement Sewer Revenue Bonds 4,270,000 NJEIT Refunding Bonds 14,495,316 NJWTT / NJEIT Serial Bonds 16,340,000 \$ 145,840,316								

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
December 31, 2011

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2011</u>	<u>Principal Payments 2011</u>	<u>Balance Dec. 31, 2011</u>
1991 NJWTT Loans Series B	12/01/91	5,730,078			\$ 310,161	\$ 310,161	-
1992 NJWTT Loans Series B	11/01/92	4,277,625	05/15/12	\$ 235,042	470,445	235,403	235,042
1995 NJWTT Loan Series B	11/09/95	2,220,335	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			
				\$ 456,023	568,577	112,554	456,023

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
December 31, 2011

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2011</u>	<u>Principal Payments 2011</u>	<u>Balance Dec. 31, 2011</u>
2000 NJEIT Loan Series 2000A-2	11/09/00	\$ 2,908,943	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						
				<u>\$ 1,369,966</u>	<u>\$ 1,532,210</u>	<u>\$ 162,244</u>	<u>\$ 1,369,966</u>
2000 NJEIT Loan Series 2000B-2	11/09/00	\$ 3,501,500	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	80,212						
				<u>\$ 1,231,399</u>	<u>\$ 1,423,040</u>	<u>\$ 191,641</u>	<u>\$ 1,231,399</u>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
December 31, 2011

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2011</u>	<u>Principal Payments 2011</u>	<u>Balance Dec. 31, 2011</u>
2003 NJEIT Loan Series 2003	11/08/03	\$ 3,755,879	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>\$ 2,412,118</u>	<u>\$ 2,612,876</u>	<u>\$ 200,758</u>	<u>\$ 2,412,118</u>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
December 31, 2011

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2011</u>	<u>Principal Payments 2011</u>	<u>Balance Dec. 31, 2011</u>
2006 NJEIT Loan Series 2006B	11/09/06	\$ 25,351,847	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			
					\$ 23,864,060	\$ 1,486,701	\$ 22,377,359
					\$ 22,377,359		\$ 22,377,359

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
December 31, 2011

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2011</u>	<u>Principal Payments 2011</u>	<u>Balance Dec. 31, 2011</u>
2007 NJEIT Loan Series 2007A	11/08/07	\$ 7,612,500	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			
					\$ 7,612,500	\$ 447,887	\$ 7,164,613

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

Schedule of Loans Payable
December 31, 2011

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2011</u>	<u>Principal Payments 2011</u>	<u>Balance Dec. 31, 2011</u>
2008 NJEIT Loan Series 2008A	11/06/08	\$ 16,042,800	02/01/12	\$ 255,301			
			08/01/12	634,743			
			02/01/13	245,815			
			08/01/13	642,121			
			02/01/14	235,907			
			08/01/14	657,509			
			02/01/15	225,367			
			08/01/15	663,834			
			02/01/16	214,406			
			08/01/16	678,168			
			02/01/17	202,812			
			08/01/17	691,870			
			02/01/18	190,585			
			08/01/18	704,940			
			02/01/19	177,726			
			08/01/19	717,377			
			02/01/20	163,560			
			08/01/20	728,507			
			02/01/21	148,024			
			08/01/21	738,267			
			02/01/22	131,793			
			08/01/22	755,764			
			02/01/23	114,634			
			08/01/23	772,333			
			02/01/24	96,547			
			08/01/24	796,406			
			02/01/25	79,050			
			08/01/25	812,638			
			02/01/26	60,711			
			08/01/26	828,026			
			02/01/27	41,528			
			08/01/27	851,004			
			02/01/28	21,291			
			08/01/28	872,927			
					\$ 16,042,800	\$ 891,309	\$ 15,151,491

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
December 31, 2011

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2011</u>	<u>Principal Payments 2011</u>	<u>Balance Dec. 31, 2011</u>
2010 NJEIT Loan Series 2010A	03/20/10	\$ 6,212,000	02/01/12	\$ 36,964			
			08/01/12	73,929			
			02/01/13	36,964			
			08/01/13	73,929			
			02/01/14	36,964			
			08/01/14	73,929			
			02/01/15	36,964			
			08/01/15	73,929			
			02/01/16	36,964			
			08/01/16	73,929			
			02/01/17	36,964			
			08/01/17	73,928			
			02/01/18	36,964			
			08/01/18	73,929			
			02/01/19	36,964			
			08/01/19	73,929			
			02/01/20	36,964			
			08/01/20	73,929			
			02/01/21	36,964			
			08/01/21	73,929			
			02/01/22	36,964			
			08/01/22	73,929			
			02/01/23	36,964			
			08/01/23	73,928			
			02/01/24	36,964			
			08/01/24	73,929			
			02/01/25	36,964			
			08/01/25	73,929			
			02/01/26	36,964			
			08/01/26	73,929			
			02/01/27	36,964			
			08/01/27	73,929			
			02/01/28	36,964			
			08/01/28	73,928			
			02/01/29	36,964			
			08/01/29	73,929			
				<u>\$ 1,996,071</u>	<u>\$ 2,070,000</u>	<u>\$ 73,929</u>	<u>\$ 1,996,071</u>

(Continued)

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Loans Payable
December 31, 2011

<u>Purpose</u>	<u>Date of Award</u>	<u>Original Award</u>	<u>Date</u>	<u>Loan Payments Amount</u>	<u>Balance Jan. 1, 2011</u>	<u>Principal Payments 2011</u>	<u>Balance Dec. 31, 2011</u>
2010 NJEIT Loan Series Fall 2010B	03/20/10	\$ 14,867,980	02/01/12	\$ 260,842			
			08/01/12	521,683			
			02/01/13	260,842			
			08/01/13	521,683			
			02/01/14	260,842			
			08/01/14	521,683			
			02/01/15	260,842			
			08/01/15	521,684			
			02/01/16	260,842			
			08/01/16	521,683			
			02/01/17	260,842			
			08/01/17	521,683			
			02/01/18	260,842			
			08/01/18	521,683			
			02/01/19	260,842			
			08/01/19	521,684			
			02/01/20	260,842			
			08/01/20	521,683			
			02/01/21	260,842			
			08/01/21	521,683			
			02/01/22	260,842			
			08/01/22	521,683			
			02/01/23	260,842			
			08/01/23	521,684			
			02/01/24	260,842			
			08/01/24	521,683			
			02/01/25	260,842			
			08/01/25	521,683			
			02/01/26	260,842			
			08/01/26	521,683			
			02/01/27	260,842			
			08/01/27	521,684			
			02/01/28	260,842			
			08/01/28	521,683			
			02/01/29	260,842			
			08/01/29	521,683			
			02/01/30	260,842			
			08/01/30	521,684			
				<u>\$ 14,867,980</u>	<u>\$ 14,867,980</u>		<u>\$ 14,867,980</u>
			Grand Total		<u>\$ 71,374,649</u>	<u>\$ 4,112,587</u>	<u>\$ 67,262,062</u>
			Cash Payments			<u>\$ 4,112,567</u>	

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
 Schedule of Capital Appreciation Bonds
 December 31, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Date</u>	<u>Amount</u>	<u>Year</u>	<u>Bond Accretion Amount</u>	<u>Balance Jan. 1, 2011</u>	<u>Accretion 2011</u>	<u>Paid 2011</u>	<u>Balance Dec. 31, 2011</u>			
1990 Capital Appreciation Bonds Series A	02/22/90	\$ 115,830,388	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							
						<u>\$ 105,575,000</u>		<u>\$ 25,329,479</u>		<u>\$ 88,023,321</u>	<u>\$ 6,247,200</u>	<u>\$ 14,025,000</u>	<u>\$ 80,245,521</u>

1990 Capital Appreciation Bonds Series B	02/22/90	121,677,020	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							
						<u>\$ 111,270,000</u>		<u>\$ 22,056,870</u>		<u>100,674,317</u>	<u>7,083,813</u>	<u>18,545,000</u>	<u>89,213,130</u>
								<u>Grand Total</u>		<u>\$ 188,697,638</u>	<u>\$ 13,331,013</u>	<u>\$ 32,570,000</u>	<u>\$ 169,458,651</u>

1990 Capital Appreciation Bonds \$ 169,458,651

**CAMDEN COUNTY
MUNICIPAL UTILITIES AUTHORITY**

PART 2

SINGLE AUDIT SECTION

**FOR THE YEAR ENDED
DECEMBER 31, 2011**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 the
Camden County Municipal Utilities Authority
Camden, New Jersey 08101

Compliance

We have audited the compliance of the Camden County Municipal Utilities Authority, 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 could have a direct and material effect on each of the Authority's major federal and state programs for the year ended December 31, 2011. The Authority's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and 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 Bureau of Authority Regulation, 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, Camden County Municipal Utilities Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2011.

Internal Control Over Compliance

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 federal and state programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the 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 federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

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.

This report is intended solely for the information and use of management of the Authority, others within the Authority, the Bureau of Authority Regulation, Division of Local Government Services, 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

Voorhees, New Jersey
June 18, 2012

Camden County Municipal Utilities Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011

<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	0132-0005	\$ 2,678,107	\$ 669,893
<u>U.S. Department of Environmental Protection Agency</u>					
Pass Through N.J. Department of Environmental Protection Agency					
Capitalization Grants of Clean Water (Pure Oxygen)					
	66.458	640-09	0132-052, 056	7,612,500	N/A
Capitalization Grants of Clean Water (Supplemental Loan)					
	66.458	640-6,9,11-1	0132-052, 056	14,867,980	N/A
Total U.S. Department of Environmental Protection Agency					
Total Federal Awards					

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

Key:

(1) Transfer to Schedule B, Schedule of Expenditures of State Financial Assistance.

<u>Grant Period</u>		<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Receipts or</u> <u>Revenue</u> <u>Recognized</u>	<u>Key</u>	<u>Adjustment</u>	<u>Disbursements</u> <u>Expenditures</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>(Memo Only)</u>	
<u>From</u>	<u>To</u>							<u>Cash Received</u> <u>(Memo Only)</u>	<u>Accumulated</u> <u>Expenditures</u>
06/01/09	12/31/11	\$ 2,234,285			\$ 72,232	\$ 2,162,053		\$ 1,185,947	
11/01/07	08/01/27	4,026,248			4,026,248	-	\$ 4,026,248	7,612,500	
11/01/10	08/01/30	9,489,788		1	\$ (9,489,788)	-	-		
		13,516,036	-		(9,489,788)	4,026,248	-	4,026,248	7,612,500
		\$ 15,750,321	\$ -		\$ (9,489,788)	\$ 4,098,480	\$ 2,162,053	\$ 4,026,248	\$ 8,798,447

**Camden County Municipal Utilities Authority
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2011**

<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 Blades	N/A	640-09	0132-052, 056	2,740,500	11/01/07	08/01/27
Supplemental Grant for Sludge Drying, Pure Oxygen System,	N/A	640-06,09,11-1	0132-052, 056	20,022,213	11/01/10	08/01/30
Passed thru City of Camden:						
Central Gateway Project	N/A	366-08	0132-013	3,334,000	11/01/08	08/01/28
Total Department of Environmental Protection						
<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 and Notes to Financial Statements are an integral part of this schedule.

Key:

(1) Transfer from Schedule A, Schedule of Expenditures of Federal Awards.

Balance Dec. 31, 2010	Receipts or Revenue Recognized	Key	Adjustment	Disbursements Expenditures	NJ EIT Loan Receivable Dec. 31, 2011		Cash Received (Memo Only)	Accumulated Expenditures
					Unreimbursed Expenditures	Project Funds Balance		
\$ 193,088						\$ 193,088		\$ 6,485,542
575,656						575,656		362,202
907,916						907,916		11,434,940
10,161,475						10,161,475		11,036,322
1,342,084				\$ 1,342,084		-	\$ 1,342,084	2,740,500
3,163,265		1	\$ 9,489,788	10,067,193	\$ 3,428,262	2,585,860	13,809,852	17,436,353
136,718						136,718		3,197,282
16,480,202			9,489,788	11,409,277	3,428,262	14,560,713	15,151,936	52,693,141
3,366,090				1,297,920		2,068,170	1,297,920	7,931,830
236,608						236,608		834,873
<u>\$ 20,082,900</u>	<u>\$ -</u>		<u>\$ 9,489,788</u>	<u>\$ 12,707,197</u>	<u>\$ 3,428,262</u>	<u>\$ 16,865,491</u>	<u>\$ 16,449,856</u>	<u>\$ 61,459,844</u>

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended December 31, 2011

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 Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 federal and state financial reports.

Note 5: **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, 2011**

**CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011**

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 X no

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

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))? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to determine Type A programs \$ 300,000

Auditee qualified as low-risk auditee? yes X no

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011

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:

<u>GMIS Numbers</u>	<u>Name of State Program</u>
Not Available	NJ Environmental Infrastructure Trust Program

Dollar threshold used to determine Type A programs \$ 381,216

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, 2011

Section 2- Schedule of Financial Statement Findings

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

None

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011

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.

None

CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011

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

None

STATE FINANCIAL ASSISTANCE PROGRAMS

None

31700

APPRECIATION

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

Respectfully submitted,

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

