

GLOUCESTER COUNTY
IMPROVEMENT AUTHORITY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2009

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INTRODUCTION

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

Mission

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

Responsibility and Control

The Gloucester County Improvement Authority has prepared and is responsible for the financial statements and related information in this report. The opinion of the independent auditors, Petroni & Associates LLC, is included in this report. In management’s opinion, the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Gloucester County Improvement Authority for the year ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America.

Summary of Organization and Business

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)

The discussion of the Gloucester County Improvement Authority's financial performance provides an overall review of the Authority's financial activities for the year ended December 31, 2009. The intent of this discussion and analysis is to look at the GCIA's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the GCIA's financial performance.

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

Financial Highlights

The operation of the landfill is the GCIA's main source of income. It derives its revenues primarily from (a) ash waste residue delivered from the facility, (b) bypassed acceptable waste, and (c) non perishable waste delivered to the landfill. The Service Agreement provides for the establishment of a tipping fee for acceptable waste delivered to the facility pursuant to a formula that escalates annually as a function of, among other things, the Producer Price Index for Commodities. Pursuant to the agreement, the tipping fee in effect for the year 2009 is \$70 per ton for type 13 and 13(c) waste and \$81 per ton for other acceptable waste. During our diversion days from the Wheelabrator Facility all waste that usually goes to that facility is charged \$82.52 per ton.

In order to operate the Shady Lane facility, the GCIA receives \$274.23 per day for all residents on Medicaid and \$282 per resident who pays privately. The child care facility receives weekly fees from all families with children in the facility. The Dream Park charges fees for boarding of horses and horse show and dog show events at the facility.

Statement of Net Assets and the Statement of Changes in Net Assets

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

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

The Statement of Net Assets provides the perspective of the GCIA as a whole. Net assets may serve over time as a useful indicator of a government's financial position.

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

Table 1 provides a summary of the Authority's net assets for 2009 with comparative data from 2008.

Table 1
Summary of Net Assets

	<u>2009</u>	<u>2008</u>
Current & Other Assets	327,677,467.19	378,035,139.45
Capital Assets	43,025,375.98	41,484,189.71
Total Assets	<u>370,702,843.17</u>	<u>419,519,329.16</u>
Long-term Liabilities	226,427,253.36	235,355,228.87
Other Liabilities	122,202,212.18	158,469,854.83
Total Liabilities	<u>348,629,465.54</u>	<u>393,825,083.70</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	16,346,715.97	14,688,347.02
Unrestricted	5,726,661.66	11,005,898.44
Total Net Assets	<u><u>22,073,377.63</u></u>	<u><u>25,694,245.46</u></u>

The Authority's net assets were \$22,073,377.63 on December 31, 2009. This was a decrease of \$3,620,867.83.

Table 2 shows changes in net assets for 2009 with comparative data from 2008.

Table 2
Changes in Net Assets

	<u>2009</u>	<u>2008</u>
Revenues:		
Operating Revenues:		
Charges for Services	24,295,779.66	27,795,107.65
Other	2,182,305.28	1,182,445.75
Non-Operating Revenue	720,714.26	1,720,101.40
Total Revenues	<u>27,198,799.20</u>	<u>30,697,654.80</u>
Expenses:		
Operating Expenses	29,444,792.07	26,748,764.19
Non-Operating Expenses	5,173,188.78	5,064,513.78
Total Expenses	<u>34,617,980.85</u>	<u>31,813,277.97</u>
Capital Contributions	<u>3,798,313.82</u>	<u>2,888,048.61</u>
Change in Net Assets	(3,620,867.83)	1,772,425.44
Beginning Net Assets	<u>25,694,245.46</u>	<u>23,921,820.02</u>
Ending Net Assets	<u><u>22,073,377.63</u></u>	<u><u>25,694,245.46</u></u>

Revenues from charges for services decreased by \$3,499,327.99 due to the state of the economy. There was little new construction and vendors were not disposing of as much waste as in the previous year.

Other operating revenues increased by \$999,859.53 due to an increase in receipts from refunds for expenditures made in the prior year.

Non-operating revenue decreased by \$999,387.14 due to the receipt of a one-time settlement that was received in 2008.

Operating expenses increased by \$2,696,027.88 due to the increase in salaries and the cost of employee benefits based on negotiated contracts.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the GCIA's financial statements. The notes to the financial statements can be found on pages 14 to 29 of this report.

Capital Assets

At the end of the fiscal year 2009, the GCIA had \$43,025,375.98 invested in site improvements, buildings, machinery and equipment and infrastructure. Note 6 shows year 2009 balances compared to 2008.

Debt Administration

At December 31, 2009, the Authority had \$215,328,580.81 in outstanding debt consisting of \$208,660.01 for a capital lease and \$215,119,920.80 in various bonds and loans. For more detailed information, please refer to the Notes to the Financial Statements.

Final Comments

The budget performance of the year ended 2009 has highlighted that future budgets shall require the GCIA, the Board of Commissioners and staff to regularly continue to evaluate the financial position of the Authority.

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

Contacting the Authority

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

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
21 W. High Street • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members
of the Authority
Gloucester County Improvement Authority
County of Gloucester, New Jersey

We have audited the accompanying financial statements of the Gloucester County Improvement Authority as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Gloucester County Improvement Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Gloucester County Improvement Authority as of December 31, 2009, and the results of its operations and cash flows for the year 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 15, 2010, on our consideration of the Gloucester County Improvement Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

The management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 41 through 44 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Gloucester County Improvement Authority. The introductory section and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The accompanying schedule of state awards is 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 New Jersey Treasury Circular Letter 04-04 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PETRONI & ASSOCIATES LLC

Petroni & Associates LLC

June 15, 2010

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
BALANCE SHEET

<u>ASSETS</u>	Business-Type Activities - Enterprise Funds						Total	
	Operating/ Landfill	Nursing Home	Child Care	Dream Park	Government Leasing	Other	2009	2008
	Current Assets:							
Cash and Cash Equivalents	22,079,098.02	387,406.86	60,729.86	75,751.08			22,602,985.82	20,401,764.27
Investments	13,444,480.67						13,444,480.67	13,257,754.94
Grants Receivable	237,264.71						237,264.71	5,852,337.06
Accounts Receivable	483,585.73	1,051,195.19	1,561.77	66,875.69			1,603,218.38	1,369,756.06
Other Receivables	283,275.25						283,275.25	11,069.61
Interfund Receivables	105,071.14					1,832.89	106,904.03	433,660.16
Prepaid Expenses	90,882.70						90,882.70	99,536.70
Total Current Assets	36,723,658.22	1,438,602.05	62,291.63	142,626.77		1,832.89	38,369,011.56	41,425,878.80
Restricted Assets:								
Cash and Cash Equivalents	4,364,686.07					76,472,942.03	224,645.71	81,062,273.81
Investments	16,877,816.34							16,877,816.34
Leases Receivable						188,889,240.51		188,889,240.51
Loans Receivable						143,087.00		143,087.00
Accrued Interest Receivable						2,336,037.97		2,336,037.97
Total Restricted Assets	21,242,502.41					267,841,307.51	224,645.71	289,308,455.63
Net Capital Assets	28,638,811.61	11,934,036.78	210,011.27	2,242,516.32			43,025,375.98	41,484,189.71
Bond/Loan Issuance Costs and Discounts, Net								18.43
Total Assets	86,604,972.24	13,372,638.83	272,302.90	2,385,143.09	267,841,307.51	226,478.60	370,702,843.17	419,519,329.16
<u>LIABILITIES AND NET ASSETS</u>								
Current Liabilities:								
Accounts Payable	206,350.99	102,922.04	7,384.12	21,067.05			337,724.20	684,195.09
Security Deposits				9,277.74			9,277.74	
Compensated Absences Payable	216,277.29	41,804.66	38,629.17	26,408.35			323,119.47	323,642.86
Prepaid Tuition			8,193.47				8,193.47	6,049.70
Interfund Payable	1,832.89						1,832.89	
Deferred Revenue	187,286.98						187,286.98	199,718.92
Current Portion of Lease Payable	155,374.01						155,374.01	223,754.68
Current Portion of Long Term Debt		335,000.00					335,000.00	325,000.00
Accrued Interest Payable	219,584.17	39,637.08					259,221.25	229,007.25
Other Reserves	2,958,358.13						2,958,358.13	1,125,729.12
Reserve for Grants	13,770,705.86						13,770,705.86	16,238,260.61
Reserve for Budgeted Capital Improvements	8,303,218.94	213,519.27	1,800.00	562,504.25			9,081,042.46	8,938,627.55
Reserve for Addition to Landfill	4,032,646.36						4,032,646.36	8,973,069.02
Reserve for Donations - Nursing Home		2,499.74					2,499.74	1,888.51
Reserve for Patient Needs		19,837.74					19,837.74	17,254.12
Other Post Employment Benefit Obligations	2,171,900.00						2,171,900.00	
Total Current Liabilities	32,223,535.62	755,220.53	56,006.76	619,257.39			33,654,020.30	37,286,197.43

See accompanying notes to the basic financial statements.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
BALANCE SHEET

	Business-Type Activities - Enterprise Funds						Total	
	Operating/ Landfill	Nursing Home	Child Care	Dream Park	Government Leasing	Other	2009	2008
	Current Liabilities Payable from Restricted Assets:							
Accounts Payable					238,707.80		238,707.80	42,115.20
Interfund Payable					105,071.14		105,071.14	433,660.16
Due County of Gloucester						115,922.18	115,922.18	115,308.82
Deferred Revenue								2,478.24
Prepaid Interest					15,914.73		15,914.73	11,838.77
Reserve for Cost of Issuance								32,214.99
Reserve for Energy Conservation Program					49,275.08		49,275.08	49,251.32
Reserve for Government Lease Programs					76,111,734.17		76,111,734.17	109,984,738.04
Reserve for Scrap Tire Management Program						81.39	81.39	80.94
Reserve for Recycling Programs						110,475.03	110,475.03	44,872.55
Current Portion of Long Term Debt					9,455,326.57		9,455,326.57	8,433,410.46
Accrued Interest Payable					2,345,683.79		2,345,683.79	2,033,687.91
Total Current Liabilities Payable from Restricted Assets					88,321,713.28	226,478.60	88,548,191.88	121,183,657.40
Long Term Liabilities:								
Bonds and Loans Payable	15,905,000.00	9,905,000.00			179,519,594.23		205,329,594.23	215,117,664.11
Lease Payable	53,286.00						53,286.00	102,088.01
Estimated Liability for Landfill Closure and Postclosure Costs	21,044,373.13						21,044,373.13	20,135,476.75
Total Long Term Liabilities	37,002,659.13	9,905,000.00			179,519,594.23		226,427,253.36	235,355,228.87
Total Liabilities	69,226,194.75	10,660,220.53	56,006.76	619,257.39	267,841,307.51	226,478.60	348,629,465.54	393,825,083.70
Net Assets:								
Investment in Capital Assets, Net of Related Liabilities	12,525,151.60	1,369,036.78	210,011.27	2,242,516.32			16,346,715.97	14,688,347.02
Unrestricted	4,853,625.89	1,343,381.52	6,284.87	(476,630.62)			5,726,661.66	11,005,898.44
Total Net Assets	17,378,777.49	2,712,418.30	216,296.14	1,765,885.70			22,073,377.63	25,694,245.46
Total Liabilities and Net Assets	86,604,972.24	13,372,638.83	272,302.90	2,385,143.09	267,841,307.51	226,478.60	370,702,843.17	419,519,329.16

See accompanying notes to the basic financial statements.

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

	Business-Type Activities - Enterprise Funds					Total		
	Operating/ Landfill	Nursing Home	Child Care	Dream Park	Government Leasing	Other	2009	2008
Operating Revenues:								
Landfill Operating Revenue	14,015,192.89						14,015,192.89	17,086,082.47
Operating Income Wheelabrator Ash	2,741,547.82						2,741,547.82	2,737,613.94
Communication Tower Rental	13,636.86						13,636.86	14,320.75
Monitoring and Financing Fees	21,491.94						21,491.94	145,147.63
Other Income	2,182,305.28						2,182,305.28	1,182,445.75
Private Billings		1,283,832.03					1,283,832.03	847,290.62
Medicaid/Medicare Billings		4,575,338.29					4,575,338.29	4,404,960.90
Ancillary Income		383,919.75					383,919.75	404,825.40
County Income								1,250,000.00
Tuition Revenue			890,206.63				890,206.63	720,949.39
Logan Park Income				370,613.45			370,613.45	183,916.55
Total Operating Revenues	<u>18,974,174.79</u>	<u>6,243,090.07</u>	<u>890,206.63</u>	<u>370,613.45</u>			<u>26,478,084.94</u>	<u>28,977,553.40</u>
Operating Expenses:								
Personnel Services	7,593,093.68	4,502,307.66	1,166,733.13	717,750.92			13,979,885.39	11,552,837.94
Other Expenses	5,131,032.54	4,155,253.37	565,762.74	3,472,913.16			13,324,961.81	12,842,115.16
Depreciation and Depletion	1,421,708.61	660,895.45	15,222.29	42,118.52			2,139,944.87	2,351,550.97
Amortization								2,260.12
Total Operating Expenses	<u>14,145,834.83</u>	<u>9,318,456.48</u>	<u>1,747,718.16</u>	<u>4,232,782.60</u>			<u>29,444,792.07</u>	<u>26,748,764.19</u>
Operating Income (Loss)	<u>4,828,339.96</u>	<u>(3,075,366.41)</u>	<u>(857,511.53)</u>	<u>(3,862,169.15)</u>			<u>(2,966,707.13)</u>	<u>2,228,789.21</u>
Non-Operating Revenue (Expense):								
Interest Earned	505,716.07	1,223.00	791.45	905.49			508,636.01	921,654.22
Interest on Revenue Bonds	(31,107.75)	(485,428.65)					(516,536.40)	(687,546.43)
Sanitary Landfill Tax	(396,516.09)						(396,516.09)	(386,734.35)
Host Community Tax	(600,000.00)						(600,000.00)	(600,000.00)
Solid Waste Assessment Tax	(86,971.18)						(86,971.18)	(125,590.28)
Closure and Alternate Closure Expense	(908,896.38)						(908,896.38)	(1,360,044.75)
Prior Year Additional Payables		(1,265.18)	(4,321.45)				(5,586.63)	(192,466.53)
Prior Year Payables Canceled								633,565.20
Prior Year Expenditures Refunded								164,881.98
Landfill Subsidy	(7,160,982.68)	3,186,712.45	805,124.01	3,169,146.22				
Grant Reserve Canceled	9.95						9.95	
Logan Park Refund of Expenditures	173,368.30						173,368.30	2,949,643.61
Logan Park Expenditures								(3,521,108.99)
Original Issue Discount								(138,734.40)
Settlements								(665,000.00)
Other Expenditures - County	(189,096.39)						(189,096.39)	(336,931.66)
Storm Water Expenditures	(258,985.71)						(258,985.71)	
Annual OPEB Costs	(2,210,600.00)						(2,210,600.00)	
Annual OPEB Contributions	38,700.00						38,700.00	
Total Non-Operating Revenue (Expense)	<u>(11,125,361.86)</u>	<u>2,701,241.62</u>	<u>801,594.01</u>	<u>3,170,051.71</u>			<u>(4,452,474.52)</u>	<u>(3,344,412.38)</u>
Increase (Decrease) in Net Assets Before Capital Contributions	<u>(6,297,021.90)</u>	<u>(374,124.79)</u>	<u>(55,917.52)</u>	<u>(692,117.44)</u>			<u>(7,419,181.65)</u>	<u>(1,115,623.17)</u>
Capital Contributions	1,439,245.36	72,633.62	1,800.00	2,284,634.84			3,798,313.82	2,888,048.61
Increase (Decrease) in Net Assets	<u>(4,857,776.54)</u>	<u>(301,491.17)</u>	<u>(54,117.52)</u>	<u>1,592,517.40</u>			<u>(3,620,867.83)</u>	<u>1,772,425.44</u>
Net Assets at Beginning of Year	22,236,554.03	3,013,909.47	270,413.66	173,368.30			25,694,245.46	23,921,820.02
Net Assets at End of Year	<u>17,378,777.49</u>	<u>2,712,418.30</u>	<u>216,296.14</u>	<u>1,765,885.70</u>			<u>22,073,377.63</u>	<u>25,694,245.46</u>

See accompanying notes to the basic financial statements.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
STATEMENT OF CASH FLOWS

	Business-Type Activities - Enterprise Funds						Total	
	Operating/ Landfill	Nursing Home	Child Care	Dream Park	Government Leasing	Other	2009	2008
	<hr/>							
Cash Flows from Operating Activities:								
Cash Received from Clients	18,653,236.66	6,066,310.30	891,952.63	430,382.28			26,041,881.87	23,919,552.03
Cash Received from County								1,250,000.00
Cash Paid to Suppliers	(8,600,438.60)	(4,343,513.95)	(656,596.89)	(2,726,850.43)			(16,327,399.87)	(14,616,297.71)
Cash Paid to Employees	(4,716,334.81)	(4,168,696.30)	(1,072,793.64)	(649,384.30)			(10,607,209.05)	(10,109,771.08)
Net Cash Provided (Used) by Operating Activities	<u>5,336,463.25</u>	<u>(2,445,899.95)</u>	<u>(837,437.90)</u>	<u>(2,945,852.45)</u>			<u>(892,727.05)</u>	<u>443,483.24</u>
<hr/>								
Cash Flows from Investing Activities:								
Investments Redeemed	438,116.87						438,116.87	346,742.62
Purchase of Investments	(853,786.46)						(853,786.46)	(983,210.15)
Interest and Dividend Income	101,427.93	1,348.24	791.45	936.05	49,221.78	926.30	154,651.75	1,716,817.48
Net Cash Provided (Used) by Investing Activities	<u>(314,241.66)</u>	<u>1,348.24</u>	<u>791.45</u>	<u>936.05</u>	<u>49,221.78</u>	<u>926.30</u>	<u>(261,017.84)</u>	<u>1,080,349.95</u>
<hr/>								
Cash Flows from Non-Capital Financing Activities:								
Energy Conservation Program Disbursements					(117,228.11)		(117,228.11)	(540,584.96)
Energy Conservation Program Receipts					313,828.08		313,828.08	461,096.38
Government Lease Program Disbursements					(34,029,056.81)		(34,029,056.81)	(23,602,098.77)
Grant Receipts	6,666,956.35					118,900.00	6,785,856.35	12,634,366.88
Grant Disbursements	(3,873,144.83)					(89,006.24)	(3,962,151.07)	(1,815,934.39)
Other Income (Expenditures)	(3,022,345.64)						(3,022,345.64)	(837,049.68)
Compost Income						1,180.00	1,180.00	
Logan Park Income								183,916.55
Logan Park Expenditures Net of Refunds	173,368.30						173,368.30	(571,465.38)
Resource Recovery Investment Tax Receipts								14,314.08
Resource Recovery Investment Tax Disbursements								(19,039.89)
Sanitary Landfill Tax	(396,516.09)						(396,516.09)	(386,734.35)
Host Community Tax	(600,000.00)						(600,000.00)	(600,000.00)
Solid Waste Assessment Tax	(86,971.18)						(86,971.18)	(125,590.28)
Original Issue Discount								138,734.40
Interfund Transfers	(6,892,459.68)	3,124,552.61	791,380.99	2,950,190.42		26,335.66		
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(8,031,112.77)</u>	<u>3,124,552.61</u>	<u>791,380.99</u>	<u>2,950,190.42</u>	<u>(33,832,456.84)</u>	<u>57,409.42</u>	<u>(34,940,036.17)</u>	<u>(15,066,069.41)</u>
<hr/>								
Cash Flows from Capital & Related Financing Activities:								
Lease Revenue					18,922,825.68		18,922,825.68	12,603,537.98
Proceeds from Issuance of Long Term Debt								102,555,000.00
Proceeds from Loans					250,002.00		250,002.00	662,909.00
Premium and Accrued Interest on Sale of Bonds								4,287,458.15
Payment of Bond Issuance Costs								(936,407.54)
Principal Payments on Debt		(325,000.00)			(8,431,153.77)		(8,756,153.77)	(8,858,410.46)
Interest Paid on Debt	(627,644.75)	(486,322.40)			(10,750,396.05)		(11,864,363.20)	(5,750,115.24)
Trustee Fees					(42,372.29)		(42,372.29)	(45,382.80)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(627,644.75)</u>	<u>(811,322.40)</u>			<u>(51,094.43)</u>		<u>(1,490,061.58)</u>	<u>104,518,589.09</u>
<hr/>								
Increase (Decrease) in Cash and Cash Equivalents	(3,636,535.93)	(131,321.50)	(45,265.46)	5,274.02	(33,834,329.49)	58,335.72	(37,583,842.64)	90,976,352.87
Cash and Cash Equivalents at Beginning of Year	30,080,320.02	518,728.36	105,995.32	70,477.06	110,307,271.52	166,309.99	141,249,102.27	50,272,749.40
Cash and Cash Equivalents at End of Year	<u>26,443,784.09</u>	<u>387,406.86</u>	<u>60,729.86</u>	<u>75,751.08</u>	<u>76,472,942.03</u>	<u>224,645.71</u>	<u>103,665,259.63</u>	<u>141,249,102.27</u>

See accompanying notes to the basic financial statements.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
STATEMENT OF CASH FLOWS

	Business-Type Activities - Enterprise Funds					Total		
	Operating/ Landfill	Nursing Home	Child Care	Dream Park	Government Leasing	Other	2009	2008
	Reconciliation to Balance Sheet:							
Unrestricted Cash and Cash Equivalents	22,079,098.02	387,406.86	60,729.86	75,751.08			22,602,985.82	20,401,764.27
Restricted Cash and Cash Equivalents	4,364,686.07				76,472,942.03	224,645.71	81,062,273.81	120,847,338.00
	<u>26,443,784.09</u>	<u>387,406.86</u>	<u>60,729.86</u>	<u>75,751.08</u>	<u>76,472,942.03</u>	<u>224,645.71</u>	<u>103,665,259.63</u>	<u>141,249,102.27</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for):								
Operating Activities:								
Operating Income (Loss)	4,828,339.96	(3,075,366.41)	(857,511.53)	(3,862,169.15)			(2,966,707.13)	2,044,872.66
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:								
Depreciation, Depletion & Amortization Expense	1,421,708.61	660,895.45	15,222.29	42,118.52			2,139,944.87	2,353,811.09
(Increase) Decrease in Accounts Receivable	(48,732.49)	(232,502.66)	1,209.03	46,563.80			(233,462.32)	472,336.87
(Increase) Decrease in Other Current Assets	(272,205.64)						(272,205.64)	(870,687.76)
Increase (Decrease) in Accounts Payable	(316,098.74)	(39,447.10)	(11,992.10)	21,067.05			(346,470.89)	546,961.44
Increase (Decrease) in Other Current Liabilities	18,310.21	179,626.11	6,212.84	587,611.53			791,760.69	(3,911,344.53)
Prior Year Additional Payables		(1,265.18)	(4,321.45)				(5,586.63)	(192,466.53)
Interfund Canceled	(294,858.66)	62,159.84	13,743.02	218,955.80				
Net Cash Provided (Used) by Operating Activities	<u>5,336,463.25</u>	<u>(2,445,899.95)</u>	<u>(837,437.90)</u>	<u>(2,945,852.45)</u>			<u>(892,727.05)</u>	<u>443,483.24</u>

See accompanying notes to the basic financial statements.

GLoucester County Improvement Authority
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

NOTE 1: GENERAL

Introduction

The accounting and reporting framework and the more significant accounting principles of the Gloucester County Improvement Authority are discussed in Note 2. The remainder of the Notes are organized to provide explanations, including required disclosures, of the Authority's financial activities for the fiscal year ended December 31, 2008. The Authority implemented new reporting model standards beginning January 1, 2002. Comparability with reports of all prior years will be affected.

Creation and Governing Body

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

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

- a) Government Leasing Program – to acquire, construct, renovate and install certain equipment, vehicles and facilities to be leased by the Authority to local government units in the County.
- b) Energy Conservation Program – to finance the acquisition and installation of energy conservation equipment leased to the County of Gloucester and various local government units in the County.
- c) Recycling Program – to administer and provide planning for the solid waste, recycling and household special waste programs of the County.
- d) Scrap Tire Management Program – to provide for the disposal of tires by the residents of the County of Gloucester.
- e) Shady Lane Nursing Home – to provide for the operation of the nursing home facility.
- f) Child Development Center – to provide for the operation of the day care facility.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

NOTE 1: GENERAL (CONTINUED)

- g) Gloucester County Dream Park – to provide for the management of the facility.

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

Income Taxes

As a public body, under existing statute, the Authority is exempt from both federal and state taxes.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

The Authority's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Authority applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Local Finance Board rules as set forth in the New Jersey Administrative Code, including financial oversight and Division regulatory responsibilities, including review and approval of annual budgets pursuant to statute, shall apply and supersede the previous where applicable.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expense) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Accounting

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

Cash Equivalents, Deposits and Investments

Cash and cash equivalents, for purposes of the statement of cash flows, include restricted and unrestricted cash on hand or on deposit, certificates of deposit and investments with a maturity of three months or less. Investments are reported at cost which approximates market value.

Restricted Assets

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

Receivables and Payables

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

Capital Assets

Property, plant and equipment are stated at cost which includes direct construction costs and other expenditures related to construction.

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

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

Depletion has been provided on a percentage of depletion basis on each phase of the Landfill Projects. At December 31, 2009, the accumulated depletion represents 100% of Landfill Phase I, 100% of Landfill Phase II, 100% of Landfill Phase III, 100% of Landfill Phase IV, 100% of Landfill Phase V, and 27.71% of Landfill Phase VI estimated capacity.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensation for Future Absences

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

Claims and Judgments

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

Operating Revenues and Rate Structure

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

Special and Extraordinary Items

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

Use of Estimates

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

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net assets are classified in the following three components: invested in capital assets, net of related liabilities; restricted for capital activity and debt service; and unrestricted net assets. Invested in capital assets, net of related debt, consist of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted for capital activity and debt services consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other assets not included in the above categories.

Conduit Debt Obligations

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

As of December 31, 2009, there were twenty-seven series of Special Revenue Bonds outstanding. Aggregate principal totaling \$12,453,008.35 on four of the series is treated strictly as conduit debt obligations under interpretation No. 2 of the Governmental Accounting Standards Board (GASB) and, accordingly, is not included in the financial statements. The remaining twenty-six series of Special Revenue Bonds are included in the financial statements.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

NOTE 3: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost or amortized cost, which approximates market.

Deposits

New Jersey statutes require that authorities deposit public funds in contracted depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Authorities are also permitted to deposit funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds, under the Governmental Unit Deposit Protection Act (G.U.D.P.A.) N.J.S.A. 17:9-41, that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Although the pledged securities are not in the name of the Authority, the deposits are deemed collateralized under New Jersey law, and certificates to eligibility are issued every six months by the public depository under the provisions of G.U.D.P.A.

On October 3, 2008, the Emergency Economic Stabilization Act of 2008 was enacted, which temporarily raises the basic limit on federal deposit insurance coverage from \$100,000 to \$250,000 per depositor. The legislation provides that the basic deposit insurance limit will return to \$100,000 after December 31, 2009. On May 20, 2009, with the signing of the Helping Families Save Their Home Act, the temporary increase was extended through December 31, 2013.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

NOTE 3: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

The carrying amount of the Authority's cash and cash equivalents at December 31, 2009, was \$103,665,259.63 and the bank balance was \$101,936,100.00. Of the bank balance, \$858,682.60 was covered by federal depository insurance (including public and custodial funds) and \$101,077,417.40 was covered by a collateral pool maintained by the bank as required by New Jersey statutes.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2009, all of the Authority's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The Authority does not have a policy for custodial credit risk.

Investments

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

Investments at December 31, 2009 were as follows:

	Cost	Market Value
US Government Securities	30,322,297.01	30,621,003.64

Credit risk: The Authority does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government.

Interest rate risk: The Authority does not have a policy to limit interest rate risk.

Foreign currency risk: The Authority does not have a policy for foreign currency risk since statutes preclude municipalities from investing in these types of securities.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable were composed of the following:

Landfill Ash Revenue Receivable	252,356.72
Wheelabrator Ash Revenue Receivable	231,229.01
Dream Park Receivable	66,875.69
Private Nursing Home Revenue Receivable	237,033.14
Hospice Nursing Home Revenue Receivable	79,220.35
Medicaid and Medicare Nursing Home Revenue Receivable	734,941.70
Day Care Receivable	1,561.77
	<u>1,603,218.38</u>

NOTE 5: RESTRICTED ASSETS

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

NOTE 6: CAPITAL ASSETS

Capital asset activity during the year was as follows:

	<u>Dec. 31, 2008</u>	<u>Additions</u>	<u>Dec. 31, 2009</u>
Land	2,391,556.58		2,391,556.58
Buildings	14,187,230.55		14,187,230.55
Solid Waste Complex:			
Phase I	11,677,585.78		11,677,585.78
Phase II	14,111,920.41		14,111,920.41
Phase III	8,716,138.00		8,716,138.00
Phase IV	4,701,468.20		4,701,468.20
Phase V	3,300,000.00		3,300,000.00
Phase VI	6,069,823.54		6,069,823.54
Phase VII	15,905,000.00		15,905,000.00
Road, Scale and Landscaping	3,128,977.01	660,846.45	3,789,823.46
Equipment	10,704,996.91	3,020,284.69	13,725,281.60
Vehicles	796,907.35		796,907.35
Total Capital Assets	<u>95,691,604.33</u>	<u>3,681,131.14</u>	<u>99,372,735.47</u>
Accumulated Depreciation	<u>(54,207,414.62)</u>	<u>(2,139,944.87)</u>	<u>(56,347,359.49)</u>
Net Capital Assets	<u>41,484,189.71</u>	<u>1,541,186.27</u>	<u>43,025,375.98</u>

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

NOTE 7: PRIOR PERIOD ADJUSTMENT

The Authority has restated its' previously issued December 31, 2008 financial statements for matters related to the following previously reported items: overstatement of investment in capital assets, net of related liabilities of \$13,399,985.99; and understatement of unrestricted net assets of \$13,399,985.99.

NOTE 8: BONDS PAYABLE AND LOANS PAYABLE

Debt Forgiveness

In response to the need to provide for the environmentally sound and proper disposal of solid waste, the New Jersey Legislature enacted the "Solid Waste Management Act" which required each county or public authority designated by the governing body of the county, to adopt and implement a district solid waste management plan for the disposal of solid waste generated within its geographic boundaries. The Resource Recovery and Solid Waste Disposal Facility Bond Act of 1985 provided for the issuance of general obligation bonds of the State of New Jersey to assist local government units with the financing of resource recovery facilities and environmentally sound sanitary landfill facilities through the provision of zero or low interest loans. The Authority entered into a Landfill Project Loan Agreement, dated October 8, 1992, which provided a zero-interest loan in the principal amount of \$7,600,000 (County Guaranteed Solid Waste Revenue Bonds, Series C). On September 1, 1999, a loan forgiveness agreement was made by the Authority and the State of New Jersey in which the State forgave in whole the repayment by the Authority of the outstanding balance of the loan.

Prior Years' Debt Defeasance

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

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

NOTE 8: BONDS PAYABLE AND LOANS PAYABLE (CONTINUED)

Bonds Payable

There were bonds payable on December 31, 2009 in the amount of \$215,119,920.80.

	Balance Dec. 31, 2008	Issued	Redeemed	Balance Dec. 31, 2009	Current Portion
Bonds Payable	223,876,074.57	None	8,756,153.77	215,119,920.80	9,790,326.57

See Schedule of Bonds Payable in Supplementary Information section of this report for interest rates and maturity dates on all issues.

Remaining debt service payments at December 31, 2009 are as follows:

	Interest	Principal	Total
2010	9,151,293.82	10,004,327.25	19,155,621.07
2011	8,763,533.82	10,428,445.73	19,191,979.55
212	8,349,781.32	8,592,211.59	16,941,992.91
2013	8,040,633.82	8,754,150.94	16,794,784.76
2014	7,728,617.56	9,037,035.29	16,765,652.85
2015-2019	33,251,046.38	44,510,888.71	77,761,935.09
2020-2024	23,678,700.11	42,377,861.29	66,056,561.40
2025-2029	15,370,965.63	37,240,000.00	52,610,965.63
2030-2034	8,084,087.50	24,830,000.00	32,914,087.50
2035-2038	2,478,500.00	19,345,000.00	21,823,500.00
	124,897,159.96	215,119,920.80	340,017,080.76

NOTE 9: CAPITAL LEASE PAYABLE

The Authority has entered into capital leases to finance the cost of the acquisition of equipment. These assets have been recorded as fixed assets on the Authority's records and are being depreciated over the useful life of the asset. The lease agreements are for three years and carry interest rates ranging from 1.242% to 3.75%. The following is a schedule of future minimum lease payments.

Year Ended Dec. 31	Interest	Principal	Total
2010	6,642.46	148,731.55	155,374.01
2011	1,677.95	51,608.05	53,286.00
	8,320.41	200,339.60	208,660.01

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

NOTE 10: LEASES RECEIVABLE

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

At December 31, 2009, the future minimum lease payments, including principal and unearned interest to be received in the various Leasing Programs are as follows:

	County Justice Complex Lease Program	Energy Conservation Lease Program	Electric Mobility Program
2010	480,252.50	502,845.00	204,637.50
2011		512,645.00	202,887.50
2012			205,362.50
2013			207,300.00
2014			203,700.00
Thereafter			615,737.50
Total	<u>480,252.50</u>	<u>1,015,490.00</u>	<u>1,639,625.00</u>

	Stormwater Management Program	Government Lease Programs	Total All Lease Programs
2010	651,233.51	16,474,007.56	18,312,976.07
2011	649,101.99	16,440,525.06	17,805,159.55
2012	646,117.85	14,531,712.58	15,383,192.93
2013	650,807.19	14,710,838.84	15,568,946.03
2014	645,691.54	14,862,241.30	15,711,632.84
Thereafter	4,542,818.84	217,847,587.30	223,006,143.64
Total	<u>7,785,770.92</u>	<u>294,866,912.64</u>	<u>305,788,051.06</u>

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

NOTE 11: PENSION PLAN

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

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

Funding Policy - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Authority's contributions for the years ending December 31, 2009, 2008 and 2007 were \$475,795, \$403,246, and \$192,231 respectively, equal to the required contributions for each year.

NOTE 12: DEFERRED COMPENSATION

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

Equitable Assurance Society
Variable Life Insurance Company

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

NOTE 13: COMPENSATED ABSENCES

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

Authority employees are granted varying amounts of vacation and sick leave in accordance with the Authority's personnel policy. Upon termination or retirement, employees are paid for accrued vacation and are paid 50% of their accrued sick leave, up to a maximum of \$15,000.

The total value of compensated absences owed to employees as of December 31, 2009 was \$323,119.47.

NOTE 14: SELF-INSURED HEALTH PLAN

The Authority has a self-insured health plan for all its employees. The Authority has purchased stop-loss insurance in order to limit its exposure, which will reimburse the Authority for individual claim in excess of \$90,000 annually.

The plan is administered by Insurance Administrator of America, Inc. The coverage and contribution requirements are established based on company policy. The required contribution is based on projected pay-as-you-go financing requirements. Plan members receiving benefits are not required to make contributions. There are no plan assets.

NOTE 15: POST-EMPLOYMENT HEALTH CARE PLAN

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

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

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

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

Annual OPEB Cost and Net OPEB Obligation – The Authority’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority’s net OPEB obligation to the plan (dollar amounts in thousands):

Annual required contribution	2,210.6
Interest on net OPEB obligation	0.0
Adjustment to annual required contribution	0.0
Annual OPEB cost (expense)	<u>2,210.6</u>
Contributions made	<u>(38.7)</u>
Increase in net OPEB obligation	2,171.9
Net OPEB obligation - beginning of year	<u>0.0</u>
Net OPEB obligation - end of year	<u><u>2,171.9</u></u>

The Authority’s annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for 2009 was as follows:

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
13/31/2009	2,210.6	1.8%	2,171.9

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

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

Funded Status and Funding Progress – As of December 31, 2009, the Authority is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis.

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.

The Actuarial Accrued Liability (“AAL”) is the present value of all future expected postretirement medical payments and administrative costs which are attributable to pastservice. The Authority’s unfunded AAL is calculated to be \$13,504.4 (thousands).

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

In the December 31, 2009 actuarial valuation, the projected unit cost method was used. The UAAL is being amortized as a level amortization.

NOTE 16: CLOSURE AND POST-CLOSURE COST

State and Federal laws and regulations require the Authority to place a final cover on its Gloucester County Solid Waste Complex, New Jersey DEP Facility No. 0186A when it stops accepting waste and to provide a post-closure plan for thirty years after closure. Although closure and post-closure costs will be paid only near or after the date that the landfill stops accepting waste, the Authority provides a portion of these closure and postclosure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$21,044,373.13 reported as Solid Waste Complex Closure and Post-Closure Liability at December 31, 2009 represents the cumulative amount provided to date based on the use of 73.91% of the estimated capacity of the Solid Waste Complex. The Authority will recognize the remaining estimated cost of Closure and Post-Closure of \$7,429,319.33 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all Closure and Post-Closure as of the last revised Financial Plan dated April 2004. The Authority expects to close the Solid Waste Complex in the year 2017. Actual cost may be higher due to inflation, changes in technology or regulations.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

NOTE 16: CLOSURE AND POST-CLOSURE COST (CONTINUED)

The Authority is required by State and Federal Laws and Regulations to make annual contributions to escrow accounts to finance closure and post-closure. The Authority is in compliance with these requirements and at December 31, 2009 investments of \$16,877,816.34 are held for these purposes. These are reported as restricted assets on the accompanying balance sheet. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future users.

NOTE 17: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended December 31, 2009, the Authority did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

NOTE 18: ECONOMIC DEPENDENCY

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

NOTE 19: LITIGATION

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

It is the Gloucester County Improvement Authority's Counsel's opinion that there exists no litigation or contingent liability that may be pending against the Authority that would have an adverse effect on the financial position in the future.

NOTE 20: SUBSEQUENT EVENTS

In accordance with recently enacted Chapter 2 of the Laws of 2010, effective May 1, 2010, or on the expiration of any applicable labor agreement in force on that date, all employees must contribute a minimum of 1.5% of their current base salary towards their health benefits cost. The Authority implemented this provision beginning with the first pay following the effective date.

SUPPLEMENTARY INFORMATION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
21 W. High Street • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

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

Honorable Chairman and Members
of the Authority
Gloucester County Improvement Authority
County of Gloucester, New Jersey

We have audited the financial statements of the Gloucester County Improvement Authority as of and for the year ended December 31, 2009, and have issued our report thereon dated June 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Local Finance Board.

Internal Control over Financial Reporting

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

This report is intended solely for the information and use of the management, the governing body, federal and state awarding agencies and pass-through entities and the 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.

PETRONI & ASSOCIATES LLC

Petroni & Associates LLC

June 15, 2010

PETRONI & ASSOCIATES LLC

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

Honorable Chairman and Members
of the Authority
Gloucester County Improvement Authority
County of Gloucester, New Jersey

Compliance

We have audited the compliance of the Gloucester County Improvement Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the provisions of the *New Jersey State Aid/Grant Compliance Supplement Circular Letter 04-04 OMB*, that are applicable to each of its major state programs for the year ended December 31, 2009. The Gloucester County Improvement Authority's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Gloucester County Improvement Authority's management. Our responsibility is to express an opinion on the Gloucester County Improvement 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; audit requirements as prescribed by the State of New Jersey; and the provisions of the New Jersey State Treasury Circular Letter 04-04 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*". Those standards, OMB Circular A-133 and the New Jersey State Treasury Circular Letter 04-04 OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Gloucester County Improvement Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Gloucester County Improvement Authority's compliance with those requirements.

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

Internal Control Over Compliance

The management of the Gloucester County Improvement Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Gloucester County Improvement Authority's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Gloucester County Improvement Authority's internal control over compliance.

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

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 the Gloucester County Improvement Authority's management, the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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.

PETRONI & ASSOCIATES LLC

Petroni & Associates LLC

June 15, 2010

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

State Funding Department/Program	State Grant Number	Program Amount	Funds Received	Grant Period		Amount of Expenditures	Cumulative Expenditures
				From	To		
Department of Environmental Protection							
Resource Recovery Investment Tax	4900-759-042-4900	2,143,473.00	2,143,473.00	12/01/94	N/A	8,253.62	2,098,477.62
Recycling Enhancement Grant	4900-752-042-4900	174,000.00	174,000.00	1/1/09	12/31/09	174,000.00	174,000.00
Bonus Recycling Enhancement Grant	4900-752-042-4900	118,900.00	118,900.00	1/1/09	12/31/09	50,070.28	50,070.28
Clean Communities	4900-765-042-4900-004-VCMC-6020	102,884.00	102,884.00	1/1/09	N/A	53,968.46	53,968.46
Clean Communities	4900-765-042-4900-004-VCMC-6020	80,379.00	80,379.00	1/1/08	N/A	6,390.93	80,379.00
Flood Control Bond Fund	06-573-042-4895-004	3,025,000.00	2,787,735.29	1/3/07	1/3/10	2,515,497.00	3,025,000.00
New Jersey Stormwater Management:							
Fund Loan	N/A	4,105,000.00	4,043,904.00	10/15/05	N/A	160,248.00	4,068,703.50
Trust Loan	N/A	4,125,895.00	4,043,904.00	10/15/05	N/A	160,248.00	4,089,598.50
Department of Transportation							
Transportation Infrastructure Improvements	6320-480-6320-Z50-TCAP-6010	16,000,000.00	16,000,000.00	11/14/05	N/A	744,469.00	2,278,182.64
		<u>29,875,531.00</u>	<u>29,495,179.29</u>			<u>3,873,145.29</u>	<u>15,918,380.00</u>

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
NOTES TO SCHEDULES OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE A: BASIS OF PRESENTATION

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

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- | | | |
|----------------------------------------------------------------------------------------------|-----------|----------------------------|
| 1) Material weakness(es) identified? | _____ yes | <u> X </u> no |
| 2) Significant deficiencies(s) identified that are not considered to be material weaknesses? | _____ yes | <u> X </u> none reported |

Noncompliance material to general-purpose financial statements noted?	_____ yes	<u> X </u> no
-----------------------------------------------------------------------	-----------	-----------------

Federal Awards

N/A

Internal Control over major programs:

- | | | |
|----------------------------------------------------------------------------------------------|-----------|---------------------|
| 1) Material weakness(es) identified? | _____ yes | _____ no |
| 2) Significant deficiencies(s) identified that are not considered to be material weaknesses? | _____ yes | _____ none reported |

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee?	_____ yes	_____ no
----------------------------------------	-----------	----------

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

State Awards

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

Internal Control over major programs:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies(s) identified that are not considered to be material weaknesses? yes X none reported

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

Identification of major programs:

<u>State Grant Number(s)</u>	<u>Name of State Program</u>
06-573-042-4895-004	Flood Control Bond Fund

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2009

Section II – Financial Statement Findings

None

Section III – Federal and State Awards Findings and Questioned Costs

FEDERAL AWARDS – N/A

STATE AWARDS

No matters were reported.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2009

There were no prior year findings reported.

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
BUDGETARY COMPARISON SCHEDULE - OPERATING/LANDFILL
YEAR ENDED DECEMBER 31, 2009

	2009 Budget		2009 Actual	Variance of 2009 Actual Data To	
	Original	Final		Budget	
				Dollars	%
			Favorable (Unfavorable)		
Operating Revenues:					
Surplus Anticipated		1,300,000.00		(1,300,000.00)	-100.00%
Landfill Operating Revenue	16,750,000.00	16,750,000.00	14,015,192.89	(2,734,807.11)	-16.33%
Operating Income Wheelabrator Ash	2,770,000.00	2,770,000.00	2,741,547.82	(28,452.18)	-1.03%
Communication Tower Rental	13,322.00	13,322.00	13,636.86	314.86	2.36%
Monitoring and Financing Fees	78,000.00	78,000.00	21,491.94	(56,508.06)	-72.45%
Other Income	300,000.00	300,000.00	2,182,305.28	1,882,305.28	627.44%
Total Operating Revenues	19,911,322.00	21,211,322.00	18,974,174.79	(2,237,147.21)	-10.55%
Operating Expenses:					
Personnel Services:					
Salaries and Wages	3,902,738.00	4,490,858.99	4,493,140.33	(2,281.34)	-0.05%
Employee Benefits	2,375,901.00	2,797,012.33	3,099,953.35	(302,941.02)	-10.83%
Total Personnel Services	6,278,639.00	7,287,871.32	7,593,093.68	(305,222.36)	-4.19%
Other Expenses:					
Administrative	1,294,010.00	1,155,521.77	1,112,782.93	42,738.84	3.70%
Marketing	130,150.00	120,150.00	150,662.63	(30,512.63)	-25.40%
Project Coordinator	1,525.00	1,591.34	1,354.43	236.91	14.89%
Solid Waste Complex	2,911,643.00	2,387,966.40	1,483,733.40	904,233.00	37.87%
Enforcement	5,800.00	5,800.00	4,817.50	982.50	16.94%
County Projects	1,329,250.00	729,550.00	661,844.96	67,705.04	9.28%
Shady Lane Projects	450,125.00	448,858.12	355,572.24	93,285.88	20.78%
Logan Park			16,619.45	(16,619.45)	-100.00%
Capital Expenses	1,343,645.00	1,343,645.00	1,343,645.00		
Total Other Expenses	7,466,148.00	6,193,082.63	5,131,032.54	1,062,050.09	17.15%
Total Operating Expenses	13,744,787.00	13,480,953.95	12,724,126.22	756,827.73	5.61%
Operating Income (Loss)	6,166,535.00	7,730,368.05	6,250,048.57	(1,480,319.48)	
Non-Operating Income (Expense):					
Interest Income	1,225,000.00	1,225,000.00	505,716.07	(719,283.93)	-58.72%
Debt Service Requirements			(31,107.75)	(31,107.75)	-100.00%
Sanitary Landfill Tax	(750,000.00)	(340,000.00)	(396,516.09)	(56,516.09)	16.62%
Host Community Tax	(720,000.00)	(670,000.00)	(600,000.00)	70,000.00	-10.45%
Solid Waste Assessment Tax	(200,000.00)	(90,000.00)	(86,971.18)	3,028.82	-3.37%
Closure and Alternate Closure Expense	(1,325,000.00)	(860,000.00)	(908,896.38)	(48,896.38)	-5.69%
Shady Lane Subsidy	(2,136,381.00)	(2,432,585.48)	(3,186,712.45)	(754,126.97)	-31.00%
Day Care Subsidy	(303,750.00)	(1,082,476.88)	(805,124.01)	277,352.87	25.62%
Dream Park Subsidy	(1,956,404.00)	(3,480,305.69)	(3,169,146.22)	311,159.47	8.94%
Total Non-Operating Income (Expense)	(6,166,535.00)	(7,730,368.05)	(8,678,758.01)	(948,389.96)	-12.27%
Increase (Decrease) in Budgeted Net Assets			(2,428,709.44)	(2,428,709.44)	

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
BUDGETARY COMPARISON SCHEDULE - NURSING HOME
YEAR ENDED DECEMBER 31, 2009

	2009 Budget		2009 Actual	Variance of 2009 Actual Data To Budget	
	Original	Final		Dollars	%
	Favorable (Unfavorable)				
Operating Revenues:					
Private Billings	500,000.00	500,000.00	1,283,832.03	783,832.03	156.77%
Medicaid/Medicare Billings	5,432,046.00	5,432,046.00	4,575,338.29	(856,707.71)	-15.77%
Ancillary Income	300,000.00	300,000.00	383,919.75	83,919.75	27.97%
County Income	1,250,000.00	1,250,000.00		(1,250,000.00)	-100.00%
GCIA Subsidy	2,136,381.00	2,136,381.00	3,186,712.45	1,050,331.45	49.16%
Total Operating Revenues	<u>9,618,427.00</u>	<u>9,618,427.00</u>	<u>9,429,802.52</u>	<u>(188,624.48)</u>	<u>-1.96%</u>
Operating Expenses:					
Personnel Services:					
Salaries and Wages	4,266,612.00	4,169,046.37	4,141,872.18	27,174.19	0.65%
Employee Benefits	409,583.00	360,435.48	360,435.48		
Total Personnel Services	<u>4,676,195.00</u>	<u>4,529,481.85</u>	<u>4,502,307.66</u>	<u>27,174.19</u>	<u>0.60%</u>
Other Expenses:					
Administrative	635,300.00	520,525.92	502,237.14	18,288.78	3.51%
Nursing	624,600.00	887,537.19	885,654.46	1,882.73	0.21%
Food Service	351,500.00	315,535.38	307,863.06	7,672.32	2.43%
Social Services	3,300.00	3,300.00	3,164.32	135.68	4.11%
Recreation	25,132.00	25,583.68	15,799.65	9,784.03	38.24%
Plant Services	212,580.00	212,580.00	153,593.31	58,986.69	27.75%
Environmental Services	105,250.00	96,819.49	97,969.80	(1,150.31)	-1.19%
Other Expenses	1,888,200.00	1,930,693.49	1,935,949.19	(5,255.70)	-0.27%
Capital Expenses	285,000.00	285,000.00	253,022.44	31,977.56	11.22%
Total Other Expenses	<u>4,130,862.00</u>	<u>4,277,575.15</u>	<u>4,155,253.37</u>	<u>122,321.78</u>	<u>2.86%</u>
Total Operating Expenses	<u>8,807,057.00</u>	<u>8,807,057.00</u>	<u>8,657,561.03</u>	<u>149,495.97</u>	<u>1.70%</u>
Operating Income (Loss)	811,370.00	811,370.00	772,241.49	(39,128.51)	
Non-Operating Income (Expense):					
Debt Service Requirements	<u>(811,370.00)</u>	<u>(811,370.00)</u>	<u>(810,428.65)</u>	<u>941.35</u>	<u>-0.12%</u>
Increase (Decrease) in Budgeted Net Assets			<u>(38,187.16)</u>	<u>(38,187.16)</u>	

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
BUDGETARY COMPARISON SCHEDULE - DAY CARE
YEAR ENDED DECEMBER 31, 2009

	2009 Budget		2009 Actual	Variance of 2009 Actual Data To Budget	
	Original	Final		Dollars	%
				Favorable (Unfavorable)	
Operating Revenues:					
Tuition Revenue	1,323,972.00	1,323,972.00	890,206.63	(433,765.37)	-32.76%
GCIA Subsidy	303,750.00	403,750.00	805,124.01	401,374.01	99.41%
Total Operating Revenues	<u>1,627,722.00</u>	<u>1,727,722.00</u>	<u>1,695,330.64</u>	<u>(32,391.36)</u>	<u>-1.87%</u>
Operating Expenses:					
Personnel Services:					
Salaries and Wages	1,146,672.00	1,072,793.64	1,076,569.81	(3,776.17)	-0.35%
Employee Benefits	94,027.00	90,163.32	90,163.32		
Total Personnel Services	<u>1,240,699.00</u>	<u>1,162,956.96</u>	<u>1,166,733.13</u>	<u>(3,776.17)</u>	<u>-0.32%</u>
Other Expenses:					
Other Expenses	387,023.00	564,765.04	565,762.74	(997.70)	-0.18%
Total Other Expenses	<u>387,023.00</u>	<u>564,765.04</u>	<u>565,762.74</u>	<u>(997.70)</u>	<u>-0.18%</u>
Total Operating Expenses	<u>1,627,722.00</u>	<u>1,727,722.00</u>	<u>1,732,495.87</u>	<u>(4,773.87)</u>	<u>-0.28%</u>
Operating Income (Loss)			<u>(37,165.23)</u>	<u>(37,165.23)</u>	
Increase (Decrease) in Budgeted Net Assets			<u>(37,165.23)</u>	<u>(37,165.23)</u>	

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
BUDGETARY COMPARISON SCHEDULE - DREAM PARK
YEAR ENDED DECEMBER 31, 2009

	2009 Budget		2009 Actual	Variance of 2009 Actual Data To Budget	
	Original	Final		Dollars	%
				Favorable (Unfavorable)	
Operating Revenues:					
Logan Park Revenues	523,100.00	523,100.00	370,613.45	(152,486.55)	-29.15%
GCIA Subsidy	1,956,404.00	3,480,305.69	3,169,146.22	(311,159.47)	-8.94%
Total Operating Revenues	<u>2,479,504.00</u>	<u>4,003,405.69</u>	<u>3,539,759.67</u>	<u>(463,646.02)</u>	<u>-11.58%</u>
Operating Expenses:					
Personnel Services:					
Salaries and Wages	449,604.00	649,384.30	665,244.40	(15,860.10)	-2.44%
Employee Benefits	48,000.00	52,506.52	52,506.52		
Total Personnel Services	<u>497,604.00</u>	<u>701,890.82</u>	<u>717,750.92</u>	<u>(15,860.10)</u>	<u>-2.26%</u>
Other Expenses:					
Administrative	208,400.00	461,546.15	690,021.15	(228,475.00)	-49.50%
Maintenance	267,709.00	401,462.54	344,385.83	57,076.71	14.22%
Capital Expenses	1,505,791.00	2,438,506.18	2,438,506.18		
Total Other Expenses	<u>1,981,900.00</u>	<u>3,301,514.87</u>	<u>3,472,913.16</u>	<u>(171,398.29)</u>	<u>-5.19%</u>
Total Operating Expenses	<u>2,479,504.00</u>	<u>4,003,405.69</u>	<u>4,190,664.08</u>	<u>(187,258.39)</u>	<u>-4.68%</u>
Operating Income (Loss)			<u>(650,904.41)</u>	<u>(650,904.41)</u>	
Increase (Decrease) in Budgeted Net Assets			<u>(650,904.41)</u>	<u>(650,904.41)</u>	

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2009

County Guaranteed Government Leasing Program Series 1994

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed
5/1/94	5,000,000.00	Government Lease Program	340,000.00	340,000.00

County Guaranteed Government Leasing Program Series 1996

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
11/1/96	7,920,000.00	Government Lease Program	590,000.00	190,000.00	400,000.00

Schedule of Annual Maturities

Due November 1	Interest Rate	Annual Principal Payment
2010	5.40%	195,000.00
2011	5.45%	205,000.00
		400,000.00

County Guaranteed Government Leasing Program Series 1997

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
10/15/97	5,355,000.00	Government Lease Program	580,000.00	135,000.00	445,000.00

Schedule of Annual Maturities

Due November 1	Interest Rate	Annual Principal Payment
2010	5.00%	140,000.00
2011	5.00%	150,000.00
2012	5.10%	155,000.00
		445,000.00

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2009

County Guaranteed Government Leasing Program Series 1999 A

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
12/1/99	8,120,000.00	Government Lease Program	3,960,000.00	580,000.00	3,380,000.00

Schedule of Annual Maturities

Due December 1	Interest Rate	Annual Principal Payment
2010	5.10%	610,000.00
2011	5.20%	640,000.00
2012	5.30%	670,000.00
2013	5.40%	710,000.00
2014	5.50%	750,000.00
		<u>3,380,000.00</u>

County Guaranteed Government Leasing Program Series 1999 B

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed
12/1/99	4,020,000.00	Government Lease Program	185,000.00	185,000.00

County Guaranteed Government Leasing Program Series 1999 C

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed
12/1/99	8,635,000.00	Government Lease Program	395,000.00	395,000.00

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2009

County Guaranteed Government Leasing Program Series 2000

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
6/1/00	6,600,000.00	Government Lease Program	650,000.00	315,000.00	335,000.00

Schedule of Annual Maturities		
Due August 1	Interest Rate	Annual Principal Payment
2010	5.40%	335,000.00

County Guaranteed Government Leasing Program Series 2001 A

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
11/1/01	7,495,000.00	Government Lease Program	5,425,000.00	325,000.00	5,100,000.00

Schedule of Annual Maturities		
Due September 1	Interest Rate	Annual Principal Payment
2010	3.70%	335,000.00
2011	3.75%	350,000.00
2012	4.00%	365,000.00
2013	4.10%	375,000.00
2014	4.13%	395,000.00
2015	4.25%	410,000.00
2016	4.40%	425,000.00
2021	4.75%	2,445,000.00
		5,100,000.00

County Guaranteed Government Leasing Program Series 2001 B

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
11/1/01	880,000.00	Government Lease Program	135,000.00	45,000.00	90,000.00

Schedule of Annual Maturities		
Due September 1	Interest Rate	Annual Principal Payment
2010	3.70%	45,000.00
2011	3.80%	45,000.00
		90,000.00

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2009

County Guaranteed Government Leasing Program Series 2003 A

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
6/1/03	18,020,000.00	Government Lease Program	14,875,000.00	735,000.00	14,140,000.00

Schedule of Annual Maturities

Due July 1	Interest Rate	Annual Principal Payment
2010	3.00%	770,000.00
2011	5.00%	790,000.00
2012	3.00%	830,000.00
2013	3.13%	855,000.00
2014	3.25%	885,000.00
2015	3.40%	910,000.00
2016	5.00%	1,000,000.00
2017	5.00%	1,000,000.00
2018	5.00%	1,045,000.00
2019	5.00%	1,095,000.00
2020	5.00%	1,150,000.00
2021	5.00%	1,210,000.00
2022	5.00%	1,270,000.00
2023	5.00%	1,330,000.00
		14,140,000.00

County Guaranteed Government Leasing Program Series 2003 B

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
6/1/03	2,380,000.00	Government Lease Program	1,255,000.00	105,000.00	1,150,000.00

Schedule of Annual Maturities

Due July 1	Interest Rate	Annual Principal Payment
2010	2.500%	105,000.00
2011	3.000%	105,000.00
2012	3.000%	105,000.00
2013	3.125%	110,000.00
2014	3.250%	60,000.00
2015	3.375%	60,000.00
2016	5.000%	65,000.00
2017	5.000%	65,000.00
2018	5.000%	70,000.00
2019	5.000%	75,000.00
2020	5.000%	75,000.00
2021	5.000%	80,000.00
2022	5.000%	85,000.00
2023	5.000%	90,000.00
		1,150,000.00

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2009

Justice Complex Lease Project Revenue Bonds Refunding Series 1993

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
5/1/93	4,285,000.00	Justice Complex Lease Project	890,000.00	435,000.00	455,000.00

Schedule of Annual Maturities		
Due December 15	Interest Rate	Annual Principal Payment
2010	5.55%	455,000.00

County Guaranteed Lease Revenue Bonds Energy Conservation Project Series 1996

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
5/22/96	3,890,000.00	Energy Conservation Project	1,345,000.00	410,000.00	935,000.00

Schedule of Annual Maturities		
Due October 1	Interest Rate	Annual Principal Payment
2010	5.60%	450,000.00
2011	5.70%	485,000.00
		935,000.00

County Guaranteed Redevelopment Bonds Electric Mobility Project Series 1997

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
12/1/97	2,480,000.00	Electric Mobility Project	1,435,000.00	130,000.00	1,305,000.00

Schedule of Annual Maturities		
Due November 1	Interest Rate	Annual Principal Payment
2010	5.000%	135,000.00
2011	5.375%	140,000.00
2012	5.375%	150,000.00
2013	5.375%	160,000.00
2014	5.375%	165,000.00
2015	5.375%	175,000.00
2016	5.375%	185,000.00
2017	5.375%	195,000.00
		1,305,000.00

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2009

County Guaranteed Revenue Bonds Shady Lane Nursing Home Project Series 2004

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
6/1/04	11,750,000.00	Shady Lane Nursing Home	10,565,000.00	325,000.00	10,240,000.00

Schedule of Annual Maturities

Due December 1	Interest Rate	Annual Principal Payment
2010	3.500%	335,000.00
2011	3.600%	345,000.00
2012	3.800%	360,000.00
2013	4.000%	370,000.00
2014	4.000%	385,000.00
2015	4.250%	400,000.00
2016	4.300%	420,000.00
2017	4.400%	440,000.00
2018	4.500%	455,000.00
2019	4.600%	475,000.00
2020	4.625%	500,000.00
2021	5.000%	520,000.00
2022	5.000%	550,000.00
2023	5.000%	575,000.00
2024	5.000%	605,000.00
2025	5.000%	635,000.00
2026	5.000%	665,000.00
2027	5.000%	700,000.00
2028	5.000%	735,000.00
2029	5.000%	770,000.00
		<u>10,240,000.00</u>

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2009

County Guaranteed Lease Revenue Refunding Bonds Series A 2004

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
6/1/04	13,295,000.00	Government Lease Program	12,885,000.00	160,000.00	12,725,000.00

Schedule of Annual Maturities

Due December 1	Interest Rate	Annual Principal Payment
2010	2.400%	780,000.00
2011	2.750%	1,150,000.00
2012	3.000%	1,185,000.00
2013	3.200%	1,220,000.00
2014	3.375%	1,260,000.00
2015	3.500%	1,300,000.00
2016	5.000%	1,350,000.00
2017	5.000%	1,420,000.00
2018	5.000%	1,495,000.00
2019	4.000%	1,565,000.00
		12,725,000.00

County Guaranteed Lease Revenue Bonds Series B 2004

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
12/1/04	1,480,000.00	Government Lease Program	915,000.00	150,000.00	765,000.00

Schedule of Annual Maturities

Due November 1	Interest Rate	Annual Principal Payment
2010	3.000%	40,000.00
2011	3.150%	40,000.00
2012	3.300%	40,000.00
2013	3.500%	45,000.00
2014	3.600%	45,000.00
2015	3.750%	45,000.00
2016	4.000%	50,000.00
2017	4.000%	50,000.00
2018	4.000%	50,000.00
2019	4.100%	55,000.00
2020	4.125%	55,000.00
2021	4.250%	60,000.00
2022	4.250%	60,000.00
2023	4.375%	65,000.00
2024	4.500%	65,000.00
		765,000.00

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2009

County Guaranteed Lease Revenue Bonds Series C 2004

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
12/1/04	3,415,000.00	Government Lease Program	1,670,000.00	470,000.00	1,200,000.00

Schedule of Annual Maturities

Due November 1	Interest Rate	Annual Principal Payment
2010	3.000%	155,000.00
2011	3.150%	160,000.00
2012	3.300%	165,000.00
2013	3.500%	165,000.00
2014	3.600%	170,000.00
2015	3.750%	45,000.00
2016	4.000%	45,000.00
2017	4.000%	45,000.00
2018	4.000%	50,000.00
2019	4.100%	55,000.00
2020	4.125%	25,000.00
2021	4.250%	30,000.00
2022	4.250%	30,000.00
2023	4.375%	30,000.00
2024	4.500%	30,000.00
		1,200,000.00

County Guaranteed Lease Revenue Bonds Series 2005

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
11/10/05	33,895,000.00	Government Lease Program	31,200,000.00	860,000.00	30,340,000.00

Schedule of Annual Maturities

Due September 1	Interest Rate	Annual Principal Payment
2010	3.500%	890,000.00
2011	5.000%	925,000.00
2012	4.000%	970,000.00
2013	4.000%	1,010,000.00
2014	5.000%	1,050,000.00
2015	5.000%	1,100,000.00
2016	4.000%	1,155,000.00
2017	4.000%	1,200,000.00
2018	5.000%	1,250,000.00
2019	5.000%	1,310,000.00
2020	5.000%	1,380,000.00
2021	5.000%	1,445,000.00
2022	5.000%	1,520,000.00
2023	5.000%	1,595,000.00
2024	5.000%	1,675,000.00
2025	4.500%	1,760,000.00
2026	4.750%	1,840,000.00
2027	4.750%	1,925,000.00
2028	4.750%	2,015,000.00
2029	4.750%	2,110,000.00
2030	4.750%	2,215,000.00
		30,340,000.00

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2009

County Guaranteed Stormwater Management Trust Loan Series 2005A

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
10/15/05	4,105,000.00	Stormwater Management Plan	3,705,000.00	210,000.00	3,495,000.00

Schedule of Annual Maturities

Due August 1	Interest Rate	Annual Principal Payment
2010	5.000%	225,000.00
2011	5.000%	235,000.00
2012	5.000%	245,000.00
2013	5.000%	260,000.00
2014	5.000%	270,000.00
2015	4.000%	285,000.00
2016	4.000%	295,000.00
2017	4.000%	310,000.00
2018	4.250%	320,000.00
2019	4.250%	335,000.00
2020	4.500%	350,000.00
2021	4.375%	365,000.00
		3,495,000.00

County Guaranteed Stormwater Management Fund Loan Series 2005B

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
10/15/05	4,125,895.00	Stormwater Management Plan	3,486,074.57	266,153.77	3,219,920.80

Schedule of Annual Maturities

Due	Interest Rate	Annual Principal Payment
2/1/10	0.000%	55,326.57
8/1/10	0.000%	214,000.68
2/1/11	0.000%	51,359.72
8/1/11	0.000%	217,086.01
2/1/12	0.000%	47,216.56
8/1/12	0.000%	219,995.03
2/1/13	0.000%	42,897.10
8/1/13	0.000%	226,253.84
2/1/14	0.000%	38,313.18
8/1/14	0.000%	228,722.11
2/1/15	0.000%	33,552.96
8/1/15	0.000%	234,540.16
2/1/16	0.000%	29,533.21
8/1/16	0.000%	237,572.60
2/1/17	0.000%	25,372.43
8/1/17	0.000%	243,990.08
2/1/18	0.000%	21,000.07
8/1/18	0.000%	246,669.91
2/1/19	0.000%	16,204.59
8/1/19	0.000%	252,452.70
2/1/20	0.000%	11,184.32
8/1/20	0.000%	258,010.70
2/1/21	0.000%	5,630.72
8/1/21	0.000%	263,035.55
		3,219,920.80

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2009

County Guaranteed Lease Revenue Bonds Series A 2006

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
8/15/06	5,845,000.00	Government Lease Program	3,640,000.00	1,170,000.00	2,470,000.00

Schedule of Annual Maturities

Due September 1	Interest Rate	Annual Principal Payment
2010	3.650%	1,215,000.00
2011	4.000%	1,255,000.00
		<u>2,470,000.00</u>

County Guaranteed Lease Revenue Bonds Series A 2006

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
12/18/06	10,850,000.00	Government Lease Program	9,970,000.00	550,000.00	9,420,000.00

Schedule of Annual Maturities

Due September 1	Interest Rate	Annual Principal Payment
2010	4.000%	640,000.00
2011	5.000%	660,000.00
2012	5.000%	510,000.00
2013	3.600%	530,000.00
2014	3.600%	545,000.00
2015	5.000%	570,000.00
2016	5.000%	600,000.00
2017	3.750%	555,000.00
2018	3.750%	580,000.00
2019	3.875%	600,000.00
2020	4.000%	620,000.00
2021	4.000%	650,000.00
2022	4.000%	435,000.00
2023	4.000%	455,000.00
2024	4.125%	470,000.00
2025	4.125%	490,000.00
2026	4.125%	510,000.00
		<u>9,420,000.00</u>

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2009

County Guaranteed Lease Revenue Bonds Series 2008

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
8/22/07	11,225,000.00	Woolwich Township Municipal Building Project	11,225,000.00	270,000.00	10,955,000.00

Schedule of Annual Maturities

Due May 1	Interest Rate	Annual Principal Payment
2010	4.000%	280,000.00
2011	4.000%	290,000.00
2012	4.000%	300,000.00
2013	5.000%	315,000.00
2014	4.000%	330,000.00
2015	5.000%	345,000.00
2016	5.000%	365,000.00
2017	5.000%	380,000.00
2018	5.000%	400,000.00
2019	4.125%	420,000.00
2020	5.000%	440,000.00
2021	4.250%	460,000.00
2022	4.250%	480,000.00
2023	4.250%	500,000.00
2024	4.250%	525,000.00
2025	4.375%	545,000.00
2026	4.375%	570,000.00
2027	4.500%	595,000.00
2028	4.500%	625,000.00
2029	4.500%	650,000.00
2030	4.500%	680,000.00
2031	4.500%	715,000.00
2032	4.500%	745,000.00
		10,955,000.00

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2009

County Guaranteed Lease Revenue Bonds Series 2009

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Description</u>	<u>Balance Dec. 31, 2008</u>	<u>Redeemed</u>	<u>Balance Dec. 31, 2009</u>
5/5/08	86,650,000.00	County Capital Program	86,650,000.00	None	86,650,000.00

Schedule of Annual Maturities

<u>Due April 1</u>	<u>Interest Rate</u>	<u>Annual Principal Payment</u>
2010	4.000%	1,600,000.00
2011	4.000%	1,645,000.00
2012	4.000%	1,715,000.00
2013	4.000%	1,785,000.00
2014	5.000%	1,865,000.00
2015	5.000%	1,960,000.00
2016	5.000%	2,060,000.00
2017	5.000%	2,170,000.00
2018	5.000%	2,280,000.00
2019	5.000%	2,395,000.00
2020	5.000%	2,520,000.00
2021	5.000%	2,645,000.00
2022	5.000%	2,785,000.00
2023	5.000%	2,925,000.00
2024	5.000%	2,585,000.00
2025	5.000%	2,715,000.00
2026	5.000%	2,855,000.00
2027	5.000%	3,000,000.00
2028	5.000%	3,155,000.00
2029	5.000%	3,320,000.00
2030	5.000%	3,490,000.00
2031	5.000%	3,665,000.00
2032	5.000%	3,855,000.00
2033	5.000%	4,055,000.00
2034	5.000%	4,260,000.00
2035	5.000%	4,480,000.00
2036	5.000%	4,710,000.00
2037	5.000%	4,950,000.00
2038	5.000%	5,205,000.00
		<u>86,650,000.00</u>

GLOUCESTER COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF BONDS AND LOANS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2009

County Guaranteed Solid Waste Revenue Bonds Series 2009

Date of Issue	Amount of Issue	Description	Balance Dec. 31, 2008	Issued	Balance Dec. 31, 2009
9/18/08	15,905,000.00	Construction of New Landfill Cell	15,905,000.00	None	15,905,000.00

Schedule of Annual Maturities

Due April 1	Interest Rate	Annual Principal Payment
2011	3.000%	545,000.00
2012	3.000%	560,000.00
2013	3.000%	575,000.00
2014	3.050%	595,000.00
2015	4.500%	615,000.00
2016	4.500%	640,000.00
2017	4.000%	670,000.00
2018	4.000%	695,000.00
2019	3.800%	725,000.00
2020	4.000%	750,000.00
2021	4.125%	780,000.00
2022	4.200%	815,000.00
2023	4.250%	850,000.00
2024	4.500%	885,000.00
2025	4.500%	925,000.00
2026	4.500%	965,000.00
2027	4.500%	1,010,000.00
2028	4.500%	1,055,000.00
2029	4.500%	1,100,000.00
2030	4.500%	1,150,000.00
		<u>15,905,000.00</u>

	Balance Dec. 31, 2008	Redeemed	Balance Dec. 31, 2009
Summary Total of all Bonds	<u>223,876,074.57</u>	<u>8,756,153.77</u>	<u>215,119,920.80</u>

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-4 states “Every contract or agreement awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law.”

The governing body of the Authority has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor’s opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for “Professional Services” per N.J.S.A. 40A:11.5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishings or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid threshold “for the performance of any work or the furnishing or hiring of any materials or supplies,” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

Cash Management Program

The Authority has adopted a cash management plan and deposits its money in accordance with N.J.A.C. 5:31-3.1. All money received by the Authority is deposited within 48 hours in its legal depositories. The investment of Authority funds is in interest bearing accounts. The practice of cashing checks with public funds is prohibited.

All disbursements are made only after the approval of the members of the Authority.

Examination of Claims

An examination of claims paid during the period under review indicated no discrepancies with respect to claimant’s certification and acknowledgment of receipt as required by N.J.A.C. 5:31-4.1.

Accounting System

The records maintained by the Authority were found to be in very good condition.

The general ledger is the official permanent financial record of the Authority which provides a summary of all financial transactions as they have been recorded in the books of original entry utilizing a “double entry” accounting system.

A fixed asset accounting and reporting system has been established by the Authority. Fixed assets comprise the most significant investment of the Authority; therefore, it is important that these assets are properly safeguarded. A system for maintaining and verifying fixed assets can provide these safeguards as well as provide valuable management information.

Corrective Action Plan

No corrective action plan for the year 2008 needed to be filed.

FINDINGS AND RECOMMENDATIONS

None

We received the complete cooperation of all the officials of the Authority and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

PETRONI & ASSOCIATES LLC

Petroni & Associates LLC