

**THE PEMBERTON TOWNSHIP  
MUNICIPAL UTILITIES AUTHORITY**

**REPORT OF AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2008 AND 2007**

# THE PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

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**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

**OFFICIALS IN OFFICE  
AT DECEMBER 31, 2008**

**AUTHORITY MEMBERS**

Adrienne B. Leonard  
Chairperson

Robert Bailey  
Vice Chairperson

Elmer D'Imperio  
Treasurer

Sherry Scull  
Secretary

Corrine Kemp  
Assistant Secretary

Kara C. Schnure  
Alternate

James Pickett  
Alternate

**OTHER OFFICIALS**

Gina Scully  
Administrator – Administration

Charles W. Vester  
Administrator – Operations

Brian Guest  
Solicitor

Richard Alaimo  
Engineer

Public Employees Dishonesty Bond coverage of \$250,000 is in effect as December 31, 2008.

**PEMBERTON TOWNSHIP  
MUNICIPAL UTILITIES AUTHORITY**

**INDEPENDENT AUDITOR'S REPORTS  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

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Certified Public Accountants & Consultants

## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Pemberton Township Municipal Utilities Authority

We have audited the accompanying financial statements of the business-type activities of the Pemberton Township Municipal Utilities Authority, County of Burlington, State of New Jersey, as of and for the years ended December 31, 2008 and December 31, 2007, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 respective financial position of the business-type activities, of the Pemberton Township Municipal Utilities Authority, County of Burlington, State of New Jersey, as of December 31, 2008 and 2007, and the respective changes in financial position and cash flows, thereof 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 March 27, 2009, on our consideration of the Pemberton Township Municipal Utilities Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis information and budgetary comparison information as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

### MEDFORD OFFICE

618 Stokes Road • Medford, New Jersey 08055  
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[www.holmanfrenia.com](http://www.holmanfrenia.com)

### TOMS RIVER OFFICE

10 Allen Street, Suite 2B • Toms River, NJ 08753  
Tel: 732.797.1333 • Fax: 732.797.1022

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Pemberton Township Municipal Utilities Authority's basic financial statements. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Holman & Frenia, P.C.*

HOLMAN & FRENIA, P.C.  
Certified Public Accountants

Medford, New Jersey  
March 27, 2009



Certified Public Accountants & Consultants

**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**

Board of Commissioners  
Pemberton Township Municipal Utilities Authority

We have audited the financial statements of the Pemberton Township Municipal Utilities Authority, County of Burlington, State of New Jersey, as of and for the year ended December 31, 2008, and have issued our report thereon dated March 27, 2009. 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 Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be 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 Pemberton Township Municipal Utilities Authority's financial statements are free of material misstatement, we performed tests of its compliance

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with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

This report is intended solely for the information and use of the Pemberton Township Municipal Utilities Authority's management, and others within the organization, the Division of Local Government Services, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Holman & Frenia, P.C.*  
HOLMAN & FRENIA, P.C.  
Certified Public Accountants

Medford, New Jersey  
March 27, 2009



**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

Management's Discussion and Analysis

# MANAGEMENT'S DISCUSSION & ANALYSIS

**For The Year Ended December 31, 2008**

## **Introduction**

The Pemberton Township Municipal Utilities Authority, hereinafter referred to as the "PTMUA", is presenting this Annual Financial Report developed in accordance with the statement of Governmental Accounting Standard No. 34 entitled "Basic Financial Statement – Management's Discussion Analysis – for State and Local Governments", hereinafter referred to as GASB34, and related statements.

## **Mission**

The PTMUA's mission is to provide wastewater treatment services. All operations are monitored by State and Federal Regulations. The Authority is "dedicated to a clean environment."

## **Locations**

### **Administration – Business Office:**

131 Fort Dix Road, P. O. Box 247  
Pemberton, New Jersey 08068  
609-894-4873

### **Plant:**

"Francis S. Doyle, Jr. Treatment Facility"  
Birmingham, New Jersey 08011  
609-894-4343

## **History**

The Pemberton Township Municipal Utilities Authority (PTMUA) is a regional wastewater treatment facility created by Pemberton Township Ordinance adopted in July, 1969. In 1995, the treatment plant was renamed the "Francis S. Doyle, Jr. Treatment Facility".

The PTMUA is an entity separate and apart from the Municipality with seven Commissioners appointed by the Township Council to serve five-year terms. The business office/administrative staff consists of three full time & occasional part time personnel staff serving approximately 6,100 accounts. The plant operational staff consists of ten unionized employees, one part time employee and two managerial personnel.

The PTMUA, which adopted its own Rules and Regulations, services the Township of Pemberton and the Borough of Pemberton, covering an area of 64.67 square miles.

The PTMUA owns and operates a 2.5 MGD activated sludge wastewater treatment plant, with both aerobic and anaerobic digestion. Secondary effluent is designed with tertiary treatment for phosphorous removal and a final process of ultraviolet disinfection into the North Branch of the Rancocas Creek, located in the Birmingham area of Pemberton Township.

Biosolids are land applied on 259 acres of farm ground, owned and operated by the PTMUA. Crops consisting of field corn and hay are grown and harvested on the farm site.

The PTMUA manages and maintains a billing office, wastewater treatment facility, land application site, 16 pump stations, over 200 miles of gravity sewers, force mains, interceptors and inverted siphons.

### **Rates**

The PTMUA authorized a rate study during the year 2003. As a result of this study, the sewer service rates were increased from an annual rate of \$200.00 to \$240.00. This increase took place in 2004. Prior to this increase the service rates had not been increased since October, 1977. Another rate study was done in 2005 which increased the rates to \$320.00 annually.

The report further recommended that these charges be reviewed again in the year 2009. These increases are attributed to inflation, an aging system as well as slow growth in the area.

Connection fees are reviewed and adjusted more frequently due to increases in capital costs.

### **Financial Statements**

The financial statements included on this report are the Statements of Net Assets, Statements of Revenues, Expenses, and changes in Net Assets, and Statements of Cash Flows for the years ended December 31, 2008 and 2007.

The Statements of Net Assets shows the financial position of Pemberton Township Municipal Utilities Authority (the Authority) at December 31, 2008. Assets are compared with Liabilities and Net Assets are the result.

The Statements of Revenues, Expenses, and Changes in Net Assets measure performance for the year and how this performance impacts Net Assets.

Finally, the Statements of Cash Flows demonstrates why cash balances increased or decreased during the year.

### **Financial Analysis**

The Authority, at December 31, 2008, has total Assets of \$6,372,567 compared to \$6,105,365 at December 31, 2007. The increase of \$267,202 can be attributed to an increase mainly in leasehold improvements.

The Authority's total Liabilities of \$349,010 at December 31, 2008, was a decrease of \$77,919 over the prior year. This decrease is accounted for by a decrease in contracts payable.

In Summary, Net Assets increased \$345,121 for the year ended December 31, 2008.

The Authority's Statements of Revenues, Expenses, and Changes in Net Assets accounts for this increase in Net Assets. The Authority's net gain for the year was \$345,121. The Board anticipated this gain during the budgeting process to increase surplus. The Board will monitor the change in Net Assets to see if the rate increase will be necessary in the future.

## Financial Highlights

Major Revenue Source	2008	2007	Increase/ (Decrease)	% Change
User Charges	\$2,990,199	\$2,995,945	(5,746)	(0.19%)
Other Operating Revenue	118,027	116,966	1,061	0.91%
Interest on Investments	112,886	166,428	(53,542)	(32.22%)

Interest on investments decreased due to lower interest rates than in prior years.

## Summary of Operating Expenses

	2008	2007	Increase/ (Decrease)	% Change
Cost of Providing Services	\$1,428,432	\$1,344,236	\$ 84,196	6.26%
Administrative Expenses	310,863	312,922	(2,059)	(.66%)
Rent Payment to Pemberton Township	575,640	575,640	-	-
Employee Benefits	361,455	371,677	(10,222)	(2.75%)

The increase in overall expenses is due to increases in wages, electric, chemicals and vehicle expenses.

## Condensed Financial Information

Key Authority Financial Information for the years 2008 and 2007 include the following balances:

Financial Position:

ASSETS	2008	2007
Current Unrestricted Assets	\$2,194,025	\$1,800,173
Current Restricted Assets	1,820,487	1,819,501
Property, Plant and Equipment	<u>2,358,055</u>	<u>2,485,691</u>
Total Assets	<u>6,372,567</u>	<u>6,105,365</u>
LIABILITIES		
Current Unrestricted Liabilities	289,317	265,148
Current Restricted Liabilities	<u>59,693</u>	<u>161,781</u>
Total Liabilities	<u>349,010</u>	<u>426,929</u>
NET ASSETS		
Net Assets	<u>\$6,023,557</u>	<u>\$5,678,436</u>

Other Financial Information:	2008	2007
Total Revenues	\$3,108,226	\$ 3,112,911
Interest Revenue	112,886	166,428
Expenses	<u>(2,875,991)</u>	<u>(2,781,598)</u>
Operating Income/(Loss)	<u>\$ 345,121</u>	<u>\$ 497,741</u>

**Note from the Authority's Management**

The Authority's financial report is designed to provide users of the financial statements with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. The financial statements of the Authority are a matter of public record and may be examined, 131 Fort Dix Road, Pemberton, New Jersey during the Authority's business hours.

**BASIC FINANCIAL STATEMENTS**

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**COMPARATIVE STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2008 AND 2007**

ASSETS	2008	2007
Unrestricted Assets:		
Cash & Cash Equivalents	\$1,763,117	1,361,099
User Charges Receivable	404,167	411,141
User Charges & Connection Fee - Liens Receivable	9,685	17,428
Interest Receivable on Investments	17,056	10,505
	<hr/>	<hr/>
Total Unrestricted Current Assets	2,194,025	1,800,173
Restricted Assets:		
Customer Deposits:		
Cash	33,469	43,889
Special Reserve Fund:		
Cash & Cash Equivalents	1,110,000	1,110,000
Assets Designated for Future Construction, Reconstruction, Repairs, Maintenance & Replacement:		
Cash & Cash Equivalents	673,798	651,651
Interest Receivable on Investments	3,220	1,714
Unemployment Compensation - Cash		12,247
	<hr/>	<hr/>
Total Restricted Current Assets	1,820,487	1,819,501
Land, Property & Leasehold Improvements:		
Land	124,247	124,247
Property	496,986	496,986
Vehicles	472,212	436,981
Leasehold Improvements	3,575,788	3,539,055
Less: Accumulated Depreciation	(2,311,178)	(2,111,578)
	<hr/>	<hr/>
Total Net Land, Property, Equipment & Leasehold Improvements	2,358,055	2,485,691
	<hr/>	<hr/>
Total Assets	6,372,567	6,105,365
	<hr/>	<hr/>
LIABILITIES		
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable - Operations	107,794	96,674
Compensated Absences Payable	181,523	168,474
	<hr/>	<hr/>
Total Current Unrestricted Liabilities	289,317	265,148
Current Restricted Liabilities:		
Customer Deposits	33,605	43,927
Contracts Payable	26,088	117,854
	<hr/>	<hr/>
Total Liabilities	349,010	426,929
	<hr/>	<hr/>
NET ASSETS		
Investment in Capital Assets Net of Related Debt	2,358,055	2,485,691
Reserve for Special Reserve Fund	1,110,000	1,110,000
Reserve for Unemployment Compensation Claims		12,247
Reserve for Repairs to Cracks in Tanks	673,799	651,651
Unreserved Retained Earnings	1,881,703	1,418,847
	<hr/>	<hr/>
Total Net Assets	6,023,557	5,678,436
	<hr/>	<hr/>

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

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
COMPARATIVE STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007**

EXHIBIT B

	2008	2007
Operating Revenues:		
User Charges	\$2,990,199	2,995,945
Other	26,384	50,995
Interest on Delinquent Accounts	91,643	65,971
	3,108,226	3,112,911
 Operating Expenses:		
Cost of Providing Services	1,428,432	1,344,236
Administrative Expenses	310,863	312,922
Rent Payment to Pemberton Township	575,640	575,640
Employee Benefits	361,455	371,677
Depreciation of Property & Equipment	26,125	26,309
Amortization of Leasehold Improvements	173,476	150,814
	2,875,991	2,781,598
 Operating Income/(Loss)	232,235	331,313
 Nonoperating Revenues:		
Investment Income	112,886	166,428
	112,886	166,428
 Net Income/(Loss)	345,121	497,741
Net Assets, January 1,	5,678,436	5,180,695
	\$6,023,557	5,678,436
Net Assets, December 31,	5,678,436	5,678,436

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



**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007**

	2008	2007
Cash Flows From Operating Activities:		
Cash Received From Service Users	\$3,114,886	3,045,398
Cash Paid to Suppliers & Employees	(2,743,987)	(2,628,765)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	370,899	416,633
	<hr/>	<hr/>
Cash Flows From Investing Activities:		
Interest On Investments	112,885	166,429
Purchase of Fixed Assets	(71,964)	(573,142)
Escrow Activity	(10,322)	20,955
	<hr/>	<hr/>
Net Cash Provided/(Used) by Investing Activities	30,599	(427,668)
	<hr/>	<hr/>
Cash & Cash Equivalents at January 1	3,178,886	3,189,921
	<hr/>	<hr/>
Cash & Cash Equivalents at December 31	<u>\$3,580,384</u>	<u>3,178,886</u>

**Reconciliation on Net Income to Cash Provided/(Used) by Operating Activities**

Operating Income/(Loss)	\$232,235	331,313
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) Operating Activities:		
Operating Activities:		
Depreciation & Amortization	199,601	177,123
Working Capital Changes Which Provided/(Used) Cash:		
Accounts Receivable	14,717	(64,789)
Accrued Interest	(8,057)	(2,724)
Compensated Absences	13,049	8,203
Accounts Payable	11,120	19,853
Contracts Payable	(91,766)	(52,346)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	<u>\$370,899</u>	<u>416,633</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 1. Summary of Significant Accounting Policies**

The accompanying financial statements of the Pemberton Township Municipal Utilities Authority have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governmental entities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The Authority has implemented these standards beginning with the year-ended December 31, 2004. With the implementation of GASB Statement 34, the Authority has prepared required supplementary information titled *Management's Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the Authority has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures*.

The accompanying financial statements present the financial position of the Authority, the results of operations of the Authority and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2008, and for the year then ended.

**A. Reporting Entity:**

The Pemberton Township Municipal Utilities Authority was created by an ordinance adopted July 11, 1969 by the Pemberton Township council to construct and operate a wastewater collection system to serve the Township of Pemberton. The Authority bills and collects its revenues from users of the system.

The Authority is a component unit of the Township of Pemberton as described in Governmental Accounting Standards Board Statement No. 14 due to the existence of a service contract between the Authority and the Township. These financial statements would be either blended or discreetly present as part of the Township's financial statements if the Township reported using generally accepted accounting principles applicable to governmental entities.

The New Jersey Department of Environmental Protection (DEP) in accordance with the New Jersey Water Pollution Control Act regulates the Authority. The Authority operates under a New Jersey Pollutant Discharge Elimination System Permit.

The Authority is operated in accordance with regulations of the State of New Jersey, Department of Community Affairs, Division of Local Government Services.

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 1. Summary of Significant Accounting Policies (continued):**

**B. Basis of Presentation - Fund Accounting:**

The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. The financial statements of the Authority are maintained in accordance with the principles of fund accounting applicable to Proprietary Funds. A proprietary fund is used to account for governmental activities that are similar to activities that may be performed by a commercial enterprise. There are two types of proprietary funds: an Internal Service Fund and an Enterprise Fund. The Authority accounts for its operations in an Enterprise Fund.

**Enterprise Funds** - are used to account for operations, the measurement of which is a determination of net profit from operations, which includes an accounting for all cost allocations, including depreciation, associated with the fund. The costs of services rendered by the fund are financed primarily through user charges. The accrual method as used by business enterprises is the basis of accounting for proprietary funds.

**Proprietary Funds** - are reported in accordance with Governmental Accounting Standards Board (GASB) Statement No. 20. "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting". This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB's) issued on or before November 30, 1989, be applied to proprietary activities unless they (FASB Statements and Interpretations, APB Opinions, and ARB's) conflict with or contradict GASB pronouncements.

**C. Allowance for Doubtful Accounts**

An allowance for doubtful accounts has not been established since the Authority utilized the tax sale method to collect old outstanding accounts receivable

**D. Grants and Contributions**

Contributions received are recorded in the period received. Developer financed construction is recorded in the period in which applicable costs are incurred. Donated assets are recorded at fair market value at time of the contribution.

**E. Property, Equipment and Leasehold Improvements**

Property, Equipment and Leasehold Improvements are stated at cost, which includes direct costs and other expenditures related to their acquisition.

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 1. Summary of Significant Accounting Policies (continued):**

**E. Property, Equipment and Leasehold Improvements (continued):**

System construction costs are charged to construction in progress until such time as given segments of the system are completed and put in operation.

Depreciation and amortization is determined on a straight-line basis for all property, equipment and leasehold improvements. Depreciation and amortization is provided over the following estimated useful lives:

Depreciation:	
Building	40 Years
Vehicles	5 Years
Amortization:	
Sewer Mains & Interceptors	40 to 75 Years
Pump Stations	15 Years
Equipment	5 to 10 Years

Depreciation on assets acquired with grants and contributed capital is recorded as a reduction of contributed capital.

**F. Unamortized Debt Issued Costs – Costs related to the issuance of bonds are capitalized**

Deferred debt issue costs incurred are amortized over the life of the issue based on the straight-line method. Currently, the Authority has no deferred debt costs.

**G. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**H. Budgets**

Budgets which are required by state statute, are adopted in accordance with regulations promulgated by the Department of Community Affairs (DCA). An annual appropriated budget is adopted for the operations of the authority, subject to approval by the DCA. A capital program adopted by the Authority is management's six-year plan for financing the estimated cost of addition or replacement of major fixed assets used in the Authority's operation.

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS (continued)  
 FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 1. Summary of Significant Accounting Policies (continued):**

**I. Fund Equity**

Contributed capital represents equity provided by sources outside the Authority for property, plant and equipment.

Reserved retained earnings are those items of equity, which are unavailable for expense or are legally restricted as to use. Presently, the Authority has three reservations on retained earnings.

**J. Net Assets**

Net Assets is distributed into the following two categories:

**Restricted** – represents earnings that are set aside as required by the Authority’s Bond Resolution. Reserved net assets include amounts set aside for special reserve, unemployment compensation, tank repair, operating reserve and future arbitrage payments.

**Unrestricted** – represents cumulative earnings that are currently available and may be appropriated for any lawful purpose.

The following are the restricted assets as of December 31, 2008:

Restricted Assets	Revenue Source	Use for Which Restricted
Special Reserve Fund	PTMUA Funds	Established Under Article IV Sec. 4.2 of Lease Agreement. Maximum Amount Stipulated, \$1,110,000. Presently fully funded.
Repairs to Cracks in Tanks	Court Judgment Plus Interest on Investment of Principal	To Correct Damage Associated with Original Construction.

**Compensated Absences Payable** - The Authority allows employees to earn vacation time based on the employee’s length of service and time worked during the preceding year. Any unused vacation days may be carried forward to the following calendar year only, unless otherwise directed by the Administrator. No employee should receive an allowance for more than twice the annual vacation allowance to which the employee is entitled in the year immediately preceding termination or retirement.

Unused sick leave may be carried forward into subsequent calendar years. Upon retirement, accumulated sick leave may be converted to a cash payment at 1/3 the employee’s current hourly salary. This also applies to employees who leave for other than retirement.

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 1. Summary of Significant Accounting Policies (continued):**

It is estimated that the cost of unpaid vacation and sick time as of December 31, 2008 are \$31,099 and \$150,424 respectively. These amounts are reflected as an expenditure on the financial statements.

**Note 2. Cash and Cash Equivalents and Investments**

The Authority is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2008, and reported at fair value are as follows:

Type	Carrying Value
<b>Deposits:</b>	
Demand Deposits	\$ 606,303
Certificate of Deposits	<u>2,974,081</u>
<b>Total Deposits &amp; Investments</b>	<u><b>\$3,580,384</b></u>

**Reconciliation of Statement of Net Assets:**

Current:	
Unrestricted Assets:	
Cash & Cash Equivalents	\$1,763,117
Restricted Assets:	
Cash & Cash Equivalents	<u>1,817,267</u>
<b>Total Reconciliation of Statement of Net Assets</b>	<u><b>\$3,580,384</b></u>

**Custodial Credit Risk** – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$3,569,963 at December 31, 2008. Of the bank balance \$750,000 was fully insured by the FDIC (Federal Deposit Insurance Authority) and \$2,819,963 was secured by a collateral pool held by the bank, but not in the Authority’s name, as required by New Jersey’s Governmental Unit Deposit Protection Act (GUDPA). The Governmental Unit Deposit Protection Act is more fully described below.

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 2. Cash and Cash Equivalents and Investments (continued):**

**Investment Interest Rate Risk** – The Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investment held at December 31, 2008, are provided in the above schedule.

**Investment Credit Risk** – The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Authority or bonds or other obligations of the local unit or units within which the Authority is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Authority;
- Local Governments investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

**Concentration of Investment Credit Risk** – The Authority places no limit on the amount it may invest in any one issuer. At December 31, 2008, all of the Authority's investments are with Commerce Bank.

**Note 3. Governmental Unit Deposit Protection Act (GUDPA)**

The Authority deposited cash in 2008 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42



**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):**

provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The Authority should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 4. Property, Equipment and Leasehold Improvements**

The balance of fixed assets for the Authority for the year ended December 31, 2008 was as follows:

	<b>Balance December 31, 2008</b>
Land	\$ 124,247
Buildings	496,986
Vehicles	<u>472,212</u>
Total Land, Buildings & Vehicles	1,093,445
Less: Accumulated Depreciation	<u>(693,392)</u>
Subtotal	<u>400,053</u>
Leasehold Improvements	3,575,788
Less: Accumulated amortization	<u>(1,617,786)</u>
Subtotal	<u>1,958,002</u>
Grand Total	<u>\$2,358,055</u>

**Note 5. Pension Plan**

Employees of the Pemberton Township Municipal Utilities Authority are enrolled in the Public Employees' Retirement System (PERS), a cost sharing multiple-employer public employee retirement system.

**a. Description of Systems**

Substantially all of Pemberton Township Municipal Utilities Authority's employees participate in the Public Employees' Retirement System (PERS). This system is sponsored and administered by the State of New Jersey. The Public Employees' Retirement System is considered a cost sharing multiple-employer plan.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS (continued)  
 FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 5. Pension Plan (continued):**

**b. Significant Legislation**

Legislation was passed during the year (P.L.2001n c.353) that provides for an increase in the special veterans' retirement allowance and the ordinary and accidental disability retirement allowances for members of the PERS. The special veteran's retirement allowance increased from 50% to 54.5% of the member's compensation during the highest-paid year of service. The minimum ordinary disability retirement allowance increased from 40% to 43.6% of final average compensation, and the accidental disability retirement allowance increased from 66.66% to 72.7% of the actual annual compensation at the time of the accident. Existing retirees and beneficiaries are eligible for the increases, which were effective October 2001.

Chapter 133, Public Law 2001 increased the retirement benefits under service, deferred and early retirement by changing the formula from 1/60 to 1/55 of final compensation for each year of service. This legislation also increased the retirement benefit for veteran members with 35 or more years of service and reduced the age qualification from 60 to 55. Existing retirees and beneficiaries received a comparable percentage increase in their retirement allowances. This benefit enhancement was effective with the November 1, 2001 benefit payments.

**c. Contribution Requirements**

State of New Jersey's normal contribution from 1997 to 2004, excluding the contribution for post-retirement medical benefits in PERS and TPAF.

The contribution Policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 5% through June 30, 2008 and 5.5% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

The Authority's contributions to PERS for the years ended December 31, 2008, 2007 and 2006 were \$36,654, \$22,106, and \$10,686 respectively equal to the required contributions for each year.

**Three-Year Trend Information for PERS**

Year Funding	Annual Pension Cost (APC)	Percentage of Covered Payroll
6/30/08	\$36,654	.005%
6/30/07	22,106	.006%
6/30/06	10,686	.006%

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 6. Post-Retirement Benefits**

**Plan Description**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating entities, including the Authority. The Plans are cost-sharing, multiple employer-defined benefit plans.

As a result of implementing GASB Statement No. 43, *Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans ("OPEB")*, effective for fiscal year 2007, the State Health Benefits Program ("SHBP") and the Prescription Drug Program ("PDP") and Post-Retirement Medical ("PRM") of the PERS and TPAF are combined and reported as Pension and Other Employee Benefit Trust funds in the State's Comprehensive Annual Financial Report ("CAFR"). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Fund (Health Benefits Program Fund-State). The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as a separate Fund (Health Benefits Program Fund-Local) in the State's CAFR. The health benefits programs had a total of 454 state and local participating employers and contributing entities for fiscal year 2007.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues publicly-available financial reports that include the financial statements and required supplementary information of the above trusts. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

**Funding Policy**

P.L. 1987, c.384 and P.L. 1990, c.6 required the PERS to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2007, there were 75,860 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

P.L. 1977, c.136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under 2 provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$64.6 million for 6,304 eligible retired members for fiscal year 2007.

PERS retirees are excluded from the provisions set forth in P.L. 1977, c.136 since their health benefits coverage is funded through each of their respective pension fund systems via an annual appropriation. The State and participating local governments made PRM contributions of \$224.3 million for PERS in fiscal year 2007.

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 6. Post-Retirement Benefits (continued):**

The State will set in fiscal year 2008 the employer contribution rate based on the annual required contribution of the employers ("ARC"), an amount actuarially-determined in accordance with the parameters of GASB Statement No. 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) of the plan over a period not to exceed 30 years. The Authority's contributions to the State Health Benefits Program Fund for post-retirement benefits for the years ended December 31, 2007, 2006 and 2005 were not available.

**Note 7. Risk Management**

The Authority is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There was no reduction in commercial coverage during the year.

**Note 8. Lease Agreement – Township of Pemberton**

On May 29, 1980, the Authority entered into a lease agreement with the Township of Pemberton to lease sewerage facilities. Those facilities have been owned by the Authority prior to 1980 and were purchased by the Township with the proceeds of a Farmers Home Administration Grant of \$3,000,000 and a Farmers Home Administration Loan of \$9,750,000.

The lease provides that the Authority will make annual lease payments for forty (40) years in an amount equal to the debt service payments due on the Farmers Home Administration Loan to the Township. Payments commenced on May 28, 1981 and will continue until May 28, 2020.

**Note 9. Prior Period Adjustment**

The Net Assets as reflected in the 2007 financial statements did not distinguish the amount Invested in Capital Assets. The amount of Investment in Capital Assets was included in Unreserved Retained Earnings. The amount of Investment in Capital Assets as well as Unreserved Retained Earnings was restated as of December 31, 2007 as \$2,485,691 and \$1,418,847 respectively.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED BY**  
**OPERATING REVENUES COMPARED TO BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	BUDGET	ACTUAL	VARIANCE
Operating Revenue:			
Net Assets Appropriated	\$364,350	364,350	
User Charges	2,925,000	2,990,199	(65,199)
Interest On Delinquent Accounts	57,000	91,643	(34,643)
Other	7,000	26,384	(19,384)
Nonoperating Revenue:			
Investment Income	30,000	90,738	(60,738)
Total Revenues	<u>3,383,350</u>	<u>3,563,314</u>	<u>(179,964)</u>
Cost of Providing Services:			
Salaries & Wages	620,000	576,401	43,599
Engineering Services & Costs	30,250	6,785	23,465
Chemicals & Chemical Supplies	100,000	99,290	710
Gasoline & Diesel Fuel	70,000	56,033	13,967
Repairs & Maintenance	135,000	74,900	60,100
Vehicle Expenses	17,000	31,824	(14,824)
Water	2,600	1,828	772
Telephone & Alarms	20,000	15,332	4,668
Dumping Fees	10,000	3,328	6,672
D.E.P. Permit Fees	50,000	38,963	11,037
Uniform Rental	6,000	4,869	1,131
Other	10,000	7,159	2,841
Electric	470,000	463,330	6,670
Heat	25,000	24,686	314
UV Parts	20,000	14,437	5,563
Farming Operations	31,500	9,267	22,233
Total Costs of Providing Services	<u>1,617,350</u>	<u>1,428,432</u>	<u>188,918</u>
Employee Benefits:			
Public Employees' Retirement Systems	40,000	36,654	3,346
Social Security Tax	62,000	57,954	4,046
Unemployment Compensation & Disability Insurance	5,200	2,722	2,478
Workers' Compensation Insurance	43,000	39,717	3,283
Group Insurance Plans	300,000	224,408	75,592
Total Employee Benefits	<u>450,200</u>	<u>361,455</u>	<u>88,745</u>
Administrative Expenses:			
Salaries & Wages	182,000	185,651	(3,651)
Legal Services & Costs	25,000	8,043	16,957
Legal Services & Costs - Special Counsel	25,000	5,130	19,870
Auditing & Accounting Costs	16,500	11,348	5,152
Insurance	75,000	54,839	20,161
Utilities	15,600	10,461	5,139
Other	44,000	35,391	8,609
Total Administrative Expenses	<u>383,100</u>	<u>310,863</u>	<u>72,237</u>
Rent Payment to Pemberton Township	<u>575,700</u>	<u>575,640</u>	<u>60</u>
Other Cost Funded by Operating Revenues:			
Capital Outlay:			
Purchase of Vehicles, Equipment &/or Other Improvements	50,000	35,231	14,769
Pump Station Rehabilitation	82,000		82,000
Facility Improvements	225,000	36,734	188,266
Total Costs Funded by Operating Revenues	<u>357,000</u>	<u>71,965</u>	<u>285,035</u>
Total Expenditures	<u>3,383,350</u>	<u>2,748,355</u>	<u>634,995</u>
Favorable Variance	<u>-</u>	<u>814,959</u>	<u>814,959</u>

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
STATEMENT OF OPERATING REVENUES AND COSTS FUNDED BY  
OPERATING REVENUES COMPARED TO BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	BUDGET	ACTUAL	VARIANCE
<b>Operating Revenue:</b>			
Net Assets Appropriated	\$418,030	418,030	
User Charges	2,925,000	2,995,945	70,945
Interest On Delinquent Accounts	57,000	65,971	8,971
Other	7,000	50,995	43,995
<b>Nonoperating Revenue:</b>			
Investment Income	30,000	133,524	103,524
<b>Total Revenues</b>	<b>3,437,030</b>	<b>3,664,465</b>	<b>227,435</b>
<b>Cost of Providing Services:</b>			
Salaries & Wages	583,363	555,496	27,867
Engineering Services & Costs	30,250	9,327	20,923
Chemicals & Chemical Supplies	93,600	72,811	20,789
Gasoline & Diesel Fuel	80,000	46,782	33,218
Repairs & Maintenance	135,200	101,288	33,912
Vehicle Expenses	17,000	11,920	5,080
Water	2,600	1,865	735
Telephone & Alarms	20,000	15,181	4,819
Dumping Fees	10,000	3,944	6,056
D.E.P. Permit Fees	50,000	35,193	14,807
Uniform Rental	5,700	5,026	674
Other	10,000	7,098	2,902
Electric	435,000	446,438	(11,438)
Heat	25,000	17,077	7,923
UV Parts	15,000	736	14,264
Farming Operations	31,500	14,054	17,446
<b>Total Costs of Providing Services</b>	<b>1,544,213</b>	<b>1,344,236</b>	<b>199,977</b>
<b>Employee Benefits:</b>			
Public Employees' Retirement Systems	16,000	22,106	(6,106)
Social Security Tax	57,000	55,477	1,523
Unemployment Compensation & Disability Insurance	5,200	2,189	3,011
Workers' Compensation Insurance	35,000	38,565	(3,565)
Group Insurance Plans	300,000	253,340	46,660
<b>Total Employee Benefits</b>	<b>413,200</b>	<b>371,677</b>	<b>41,523</b>
<b>Administrative Expenses:</b>			
Salaries & Wages	184,817	176,692	8,125
Legal Services & Costs	25,000	9,608	15,392
Legal Services & Costs - Special Counsel	25,000	4,394	20,606
Auditing & Accounting Costs	16,500	9,275	7,225
Insurance	73,000	65,220	7,780
Utilities	15,600	8,834	6,766
Other	44,000	38,899	5,101
<b>Total Administrative Expenses</b>	<b>383,917</b>	<b>312,922</b>	<b>70,995</b>
Rent Payment to Pemberton Township	575,700	575,640	60
<b>Other Cost Funded by Operating Revenues:</b>			
<b>Capital Outlay:</b>			
Purchase of Vehicles, Equipment and/or Other Improvem	50,000	65,248	(15,248)
Improvements to Office Building & Plant Improvements	245,000	303,183	(58,183)
Facility Improvements	225,000	31,261	193,739
Plant Digester Cleaning		173,449	(173,449)
<b>Total Costs Funded by Operating Revenues</b>	<b>520,000</b>	<b>573,141</b>	<b>(53,141)</b>
<b>Total Expenditures</b>	<b>3,437,030</b>	<b>3,177,616</b>	<b>259,414</b>
<b>Favorable Variance</b>	<b>-</b>	<b>486,849</b>	<b>486,849</b>



SCHEDULE 2

PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
 CHANGES IN CASH AND INVESTMENTS UNRESTRICTED ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2008

Balance - December 31, 2007		\$1,361,099
Cash Receipts:		
Sewer Rents	\$2,889,939	
Connection Charges	107,234	
	<hr/>	
Total User Charges		2,997,173
Interest on Investments	70,463	
Delinquent Penalties	91,643	
Other	26,384	188,490
	<hr/>	
Total Cash Receipts		4,546,762
Cash Disbursements:		
Operations		2,783,645
		<hr/>
Cash & Investments December 31, 2008		<u>\$1,763,117</u>
Balance Comprised of:		
Petty Cash & Change Fund		\$350
Checking & Savings Accounts		312,737
Certificates of Deposit		1,450,030
		<hr/>
Total		<u>\$1,763,117</u>

SCHEDULE 3

PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
 CHANGES IN CASH AND INVESTMENTS RESTRICTED ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	SPECIAL RESERVE FUND	CUSTOMERS DEPOSIT FUND	UNEMPLOYMENT COMPENSATION FUND	FUTURE RECONSTRUCTION REPLACEMENT OR MAINTENANCE
Cash & Investments - January 1, 2008	\$1,110,000	43,889	12,247	651,651
Cash Receipts:				
Escrow Deposits		36,280		
Interest Earned on Investments		142	34	22,148
Total Cash Receipts	1,110,000	80,311	12,281	673,799
Cash Disbursements:				
Transfer to Operating			12,281	
Escrow Deposits		46,842		
Total Cash Disbursements		46,842	12,281	
Cash & Investments December 31, 2008	\$1,110,000	33,469		673,799
Balance Comprised of:				
Checking & Savings Accounts		33,469		
Investments:				
Certificates of Deposit	\$1,110,000			673,799
Total	\$1,110,000	33,469		673,799

SCHEDULE 4

PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
 ANALYSIS OF ACCOUNTS RECEIVABLE - USER CHARGES  
 FOR THE YEAR ENDED DECEMBER 31, 2008

Balance January 1, 2008		\$411,141
Increase:		
User Charges Billed in 2008	\$2,882,965	
Connection Fees	107,234	2,990,199
		<hr/>
Subtotal		3,401,340
Decrease:		
Collected in 2008	2,987,488	
Transfer to Lien	9,685	2,997,173
		<hr/>
Balance December 31, 2008		<u><u>\$404,167</u></u>

**PEMBERTON TOWNSHIP  
MUNICIPAL UTILITIES AUTHORITY**

**COMMENTS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

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Certified Public Accountants & Consultants

To the Chairperson and Members of the  
Pemberton Township Municipal Utilities Authority  
Pemberton Township, New Jersey

We have audited the financial accounts and transactions of the Pemberton Township Municipal Utilities Authority in the County of Burlington for the year ended December 31, 2008. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community and Urban Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

**GENERAL COMMENTS**

***Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)***

*N.J.S.A.40A:11-4* - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$21,000 except by contract or agreement.

It is pointed out that the Members of the Authority have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum 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 bids were requested by public advertising for the following items:

Repair Collection System, Liquid Aluminum Sulfate

The minutes indicate that resolutions were adopted 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 furnishing 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.

**Examination of Vouchers**

A test examination of vouchers paid during the year under audit indicated them to be in good order.

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## RECOMMENDATIONS

There are no recommendations at this time.

### Acknowledgment

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

A handwritten signature in cursive script that reads "Holman & Frenia, P.C.".

HOLMAN & FRENIA, P.C.  
Certified Public Accountants

Medford, New Jersey  
March 27, 2009