

**THE PEMBERTON TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY**

REPORT OF AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009**

THE PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

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PEMBERTON TOWNSHIP MUNICIPAL UTILITES AUTHORITY

**OFFICIALS IN OFFICE
AT DECEMBER 31, 2010**

AUTHORITY MEMBERS

Elmer D'Imperio
Chairperson

Robert Bailey
Vice Chairperson

Adrienne B. Leonard
Treasurer

Corrine Kemp
Secretary

Sherry Scull
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, 2010.

**PEMBERTON TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY**

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**



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, 2010, 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. The financial statements of the utility authority as of December 31, 2009, were audited by other auditors whose report dated April 8, 2010 expressed an unqualified opinion on those statements.

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, 2010 and 2009, 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 April 8, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 8 and 23 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pemberton Township Municipal Utilities Authority's financial statements as a whole. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements, but have been presented as additional analytical data required by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


HOLMAN & FRENIA, P.C.
Certified Public Accountants

Medford, New Jersey
April 8, 2011



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, 2010 and have issued our report thereon dated April 8, 2011. 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 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 Pemberton Township Municipal Utilities Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pemberton Township Municipal Utilities 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 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.

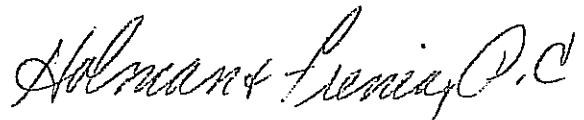
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material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

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

Medford, New Jersey
April 8, 2011

MANAGEMENT'S DISCUSSION & ANALYSIS

For The Year Ended December 31, 2010

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 nine unionized employees, a receptionist, 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 is 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. It is the Authority's practice to review its rates periodically.

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, 2010 and 2009.

The Statements of Net Assets shows the financial position of Pemberton Township Municipal Utilities Authority (the Authority) at December 31, 2010. 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, 2010, has total Assets of \$6,730,549 compared to \$6,567,225 at December 31, 2009. The increase of \$163,324 can be attributed to an increase mainly in leasehold improvements.

The Authority's total Liabilities of \$498,690 at December 31, 2010, was an increase of \$127,939 over the prior year. This increase is accounted for by an increase in contracts payable.

In Summary, Net Assets increased \$35,385 for the year ended December 31, 2010.

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 \$35,385. 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.

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

Financial Highlights

Major Revenue Source	2010	2009	Increase/ (Decrease)	% Change
User Charges	\$2,949,680	\$2,954,991	(5,311)	(0.18%)
Other Operating Revenue	140,328	113,334	26,994	23.82%
Interest on Investments	22,070	55,830	(33,760)	(60.47%)

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

Summary of Operating Expenses

	2010	2009	Increase/ (Decrease)	% Change
Cost of Providing Services	\$1,555,869	\$1,492,015	\$ 63,854	4.28%
Administrative Expenses	350,280	326,150	24,130	7.40%
Rent Payment to Pemberton Township	575,640	575,640	-	-
Employee Benefits	401,119	348,608	52,511	15.06%

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 2010 and 2009 include the following balances:

Financial Position:

ASSETS	2010	2009
Current Unrestricted Assets	\$2,664,848	\$2,513,789
Current Restricted Assets	1,836,973	1,841,106
Property, Plant and Equipment	<u>2,228,726</u>	<u>2,212,330</u>
Total Assets	<u>6,730,549</u>	<u>6,567,225</u>
LIABILITIES		
Current Unrestricted Liabilities	369,625	326,858
Current Restricted Liabilities	<u>129,065</u>	<u>73,893</u>
Total Liabilities	<u>498,690</u>	<u>370,751</u>
NET ASSETS		
Net Assets	<u>\$6,231,859</u>	<u>\$6,196,474</u>

Other Financial Information:	2010	2009
Total Revenues	\$3,090,008	\$ 3,068,325
Interest Revenue	22,070	55,830
Expenses	<u>(3,076,693)</u>	<u>(2,951,240)</u>
Operating Income/(Loss)	<u>\$ 35,385</u>	<u>\$ 172,915</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, 2010 AND 2009

ASSETS	2010	2009
Unrestricted Assets:		
Cash & Cash Equivalents	\$2,197,458	2,061,387
User Charges Receivable	454,606	432,143
User Charges & Connection Fee - Liens Receivable	11,714	11,125
Interest Receivable on Investments	1,070	1,616
Prepaid Expenses		7,518
		<hr/>
Total Unrestricted Current Assets	2,664,848	2,513,789
		<hr/>
Restricted Assets:		
Customer Deposits:		
Cash	34,052	43,757
Special Reserve Fund:		
Cash & Cash Equivalents	1,110,000	1,110,000
Assets Designated for Future Construction, Reconstruction, Repairs, Maintenance & Replacement:		
Cash & Cash Equivalents	692,536	686,983
Interest Receivable on Investments	387	366
		<hr/>
Total Restricted Current Assets	1,836,975	1,841,106
		<hr/>
Land, Property & Leasehold Improvements:		
Land	124,247	124,247
Property	496,986	496,986
Vehicles	311,045	295,972
Leasehold Improvements	3,833,998	3,638,890
Less: Accumulated Depreciation	(2,537,550)	(2,343,765)
		<hr/>
Total Net Land, Property, Equipment & Leasehold Improvements	2,228,726	2,212,330
		<hr/>
Total Assets	6,730,549	6,567,225
		<hr/>
LIABILITIES		
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable - Operations	182,372	112,760
Accounts Payable - Fixed Asset Acquisition		20,809
User Charges Overpayments	4,917	
Compensated Absences Payable	182,336	193,289
		<hr/>
Total Current Unrestricted Liabilities	369,625	326,858
		<hr/>
Current Restricted Liabilities:		
Customer Deposits	34,198	43,893
Contracts Payable	94,867	
		<hr/>
Total Liabilities	498,690	370,751
		<hr/>
NET ASSETS		
Investment in Capital Assets Net of Related Debt	2,228,726	2,212,330
Reserve for Special Reserve Fund	1,110,000	1,110,000
Repairs, Maintenance & Replacement	692,923	686,984
Unrestricted	2,200,210	2,187,160
		<hr/>
Total Net Assets	\$6,231,859	6,196,474
		<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, 2010 AND 2009**

	2010	2009
Operating Revenues:		
User Charges	\$2,949,680	2,954,991
Penalties on Delinquent Accounts	101,317	99,182
Miscellaneous Charges	39,011	14,152
	<hr/>	<hr/>
Total Operating Revenues	3,090,008	3,068,325
	<hr/>	<hr/>
Operating Expenses:		
Cost of Providing Services	1,555,869	1,492,015
Administrative Expenses	350,280	326,150
Rent Payment to Pemberton Township	575,640	575,640
Employee Benefits	401,119	348,608
Depreciation of Property & Equipment	193,785	208,827
	<hr/>	<hr/>
Total Operating Expenses	3,076,693	2,951,240
	<hr/>	<hr/>
Operating Income/(Loss)	13,315	117,085
	<hr/>	<hr/>
Nonoperating Revenues:		
Investment Income	22,070	55,830
	<hr/>	<hr/>
Total Nonoperating Revenue	22,070	55,830
	<hr/>	<hr/>
Net Income/(Loss)	35,385	172,915
Net Assets, January 1,	6,196,474	6,023,559
	<hr/>	<hr/>
Net Assets, December 31	6,231,859	6,196,474
	<hr/>	<hr/>

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, 2010 AND 2009**

	2010	2009
Cash Flows From Operating Activities:		
Cash Received From Service Users	3,074,999	3,038,910
Cash Paid to Suppliers & Employees	<u>(2,745,274)</u>	<u>(2,759,286)</u>
Net Cash Provided/(Used) by Operating Activities	<u>329,725</u>	<u>279,624</u>
Cash Flows From Investing Activities:		
Interest Earned on Investments	22,068	74,123
Escrow Activity	<u>(9,695)</u>	<u>10,288</u>
Net Cash Provided/(Used) by Investing Activities	<u>12,373</u>	<u>84,411</u>
Cash Flows From Financing Activities:		
Capital Acquisitions	<u>(210,181)</u>	<u>(42,292)</u>
Net Cash Provided/(Used) by Investing Activities	<u>(210,181)</u>	<u>(42,292)</u>
Cash & Cash Equivalents at January 1	<u>3,902,127</u>	<u>3,580,384</u>
Cash & Cash Equivalents at December 31	<u><u>\$4,034,044</u></u>	<u><u>3,902,127</u></u>

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

Operating Income/(Loss)	\$13,315	117,087
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) Operating Activities:		
Operating Activities:		
Depreciation & Amortization	193,785	208,826
Working Capital Changes Which Provided/(Used) Cash:		
Accounts Receivable	(23,052)	(29,416)
Accrued Interest	525	
Decrease in Prepaid Expenses	7,518	(7,517)
Accounts Payable	53,720	4,966
Contracts Payable	94,867	(26,088)
Compensated Absences Payable	<u>(10,953)</u>	<u>11,766</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$329,725</u></u>	<u><u>279,624</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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, 2010, 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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, 2010:

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 Maintenance & Replacement	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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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

It is estimated that the cost of unpaid vacation and sick time as of December 31, 2010 are \$32,610 and \$149,726 respectively. These amounts are reflected as an expenditure on the financial statements.

Subsequent Events

The Pemberton Township Municipal Utilities Authority has evaluated subsequent events occurring after December 31, 2010 through the date of April 1, 2011, which is the date the financial statements were available to be issued.

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, 2010, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	\$ 962,093
Certificate of Deposits	<u>3,071,953</u>
Total Deposits & Investments	<u>\$4,034,046</u>

Reconciliation of Statement of Net Assets:

Current:	
Unrestricted Assets:	
Cash & Cash Equivalents	\$2,197,458
Restricted Assets:	
Cash & Cash Equivalents	<u>1,836,588</u>
Total Reconciliation of Statement of Net Assets	<u>\$4,034,046</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$4,039,993 at December 31, 2010. Of the bank balance \$500,000 was fully insured by the FDIC (Federal Deposit Insurance Authority) and \$3,539,993 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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, 2010, 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, 2010, all of the Authority's investments are with Beneficial Bank.

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

The Authority deposited cash in 2010 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 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

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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

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.

Note 4. Property, Equipment and Leasehold Improvements

The following is a summary of changes in the Authority's property, plant and equipment for the year ended December 31, 2010:

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Note 4. Property, Equipment and Leasehold Improvements (continued):

Description	Balance December 31, 2009	Additions	Deletions	Balance December 31, 2010
Land	\$ 124,247		\$ -	\$ 124,247
Property	496,986			496,986
Vehicles	295,972	\$ 15,073		311,045
Leasehold Improvements	<u>3,638,890</u>	<u>195,108</u>		<u>3,833,998</u>
Total Property, Plant & Equipment	4,556,095	210,181		4,766,276
Less: Accumulated Depreciation	<u>(2,343,765)</u>	<u>(193,785)</u>		<u>(2,537,550)</u>
Total	<u>\$2,212,330</u>	<u>\$ 16,396</u>	<u>\$ -</u>	<u>\$2,228,726</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.

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

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Note 5. Pension Plan (continued):

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, 2010 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, 2010, 2009 and 2008 were \$62,958, \$29,151, and \$36,654 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
6/30/10	62,598	.07%
6/30/09	29,151	.04%
6/30/08	36.654	.05%

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

PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 6. Post-Retirement Benefits (continued):

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.

The State will set in fiscal year 2010 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, 2010, 2009 and 2008 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.

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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.

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, 2010

	BUDGET	ACTUAL	VARIANCE
Operating Revenue:			
User Charges	2,930,000	2,949,680	(19,680)
Interest On Delinquent Accounts	57,000	101,317	(44,317)
Other	7,000	39,011	(32,011)
Nonoperating Revenue:			
Investment Income	30,000	22,070	7,930
Total Revenues	<u>3,024,000</u>	<u>3,112,078</u>	<u>(88,078)</u>
Cost of Providing Services:			
Salaries & Wages	652,000	657,055	(5,055)
Engineering Services & Costs	30,250	22,033	8,217
Chemicals & Chemical Supplies	120,000	99,298	20,702
Gasoline & Diesel Fuel	80,000	34,554	45,446
Repairs & Maintenance	145,000	90,625	54,375
Vehicle Expenses	25,000	18,595	6,405
Water	2,600	1,491	1,109
Telephone & Alarms	21,000	14,684	6,316
Dumping Fees	10,000	4,433	5,567
D.E.P. Permit Fees	55,000	39,516	15,484
Uniform Rental	6,000	5,200	800
Other			
Electric	525,000	513,884	11,116
Heat	35,000	34,601	399
UV Parts	15,000	4,560	10,440
Farming Operations	20,000	15,340	4,660
Total Costs of Providing Services	<u>1,741,850</u>	<u>1,555,869</u>	<u>185,981</u>
Employee Benefits:			
Public Employees' Retirement Systems	65,000	62,598	2,402
Social Security Tax	64,000	66,239	(2,239)
Unemployment Compensation & Disability Insurance	5,200	3,628	1,572
Workers' Compensation Insurance	50,000	30,150	19,850
Group Insurance Plans	275,000	238,504	36,496
Total Employee Benefits	<u>459,200</u>	<u>401,119</u>	<u>58,081</u>
Administrative Expenses:			
Salaries & Wages	200,000	206,544	(6,544)
Legal Services & Costs	25,000	25,200	(200)
Legal Services & Costs - Special Counsel	25,000	465	24,535
Auditing & Accounting Costs	16,500	9,995	6,505
Insurance	80,000	64,397	15,603
Utilities	15,600	9,228	6,372
Other	44,000	34,451	9,549
Total Administrative Expenses	<u>406,100</u>	<u>350,280</u>	<u>55,820</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		50,000
Purchase of Methane Gas Equipment	50,000		50,000
Facility Improvements	225,000		225,000
Total Costs Funded by Operating Revenues	<u>325,000</u>		<u>325,000</u>
Total Expenditures	<u>3,507,850</u>	<u>2,882,908</u>	<u>624,942</u>
Favorable Variance	<u>(483,850)</u>	<u>229,170</u>	<u>713,020</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, 2010

	BUDGET	ACTUAL	VARIANCE
Operating Revenue:			
User Charges	2,925,000	2,954,991	29,991
Interest On Delinquent Accounts	57,000	99,182	42,182
Other	7,000	14,152	7,152
Nonoperating Revenue:			
Investment Income	30,000	55,830	25,830
Total Revenues	3,019,000	3,124,155	105,155
Cost of Providing Services:			
Salaries & Wages	626,000	603,353	22,647
Engineering Services & Costs	30,250	21,630	8,620
Chemicals & Chemical Supplies	120,000	116,526	3,474
Gasoline & Diesel Fuel	100,000	27,266	72,734
Repairs & Maintenance	145,000	90,314	54,686
Vehicle Expenses	20,000	24,643	(4,643)
Water	2,600	1,893	707
Telephone & Alarms	21,000	15,400	5,600
Dumping Fees	10,000	3,862	6,138
D.E.P. Permit Fees	50,000	41,326	8,674
Uniform Rental	6,000	4,626	1,374
Electric	500,000	491,691	8,309
Heat	25,000	28,829	(3,829)
UV Parts	15,000	9,212	5,788
Farming Operations	31,500	11,444	20,056
Total Costs of Providing Services	1,702,350	1,492,015	210,335
Employee Benefits:			
Public Employees' Retirement Systems	53,000	52,497	503
Social Security Tax	64,000	60,088	3,912
Unemployment Compensation & Disability Insurance	5,200	2,886	2,314
Workers' Compensation Insurance	50,000	33,707	16,293
Group Insurance Plans	275,000	199,430	75,570
Total Employee Benefits	447,200	348,608	98,592
Administrative Expenses:			
Salaries & Wages	191,000	189,768	1,232
Legal Services & Costs	25,000	18,747	6,253
Legal Services & Costs - Special Counsel	25,000		25,000
Auditing & Accounting Costs	16,500	9,438	7,062
Insurance	75,000	63,969	11,031
Utilities	15,600	9,424	6,176
Other	44,000	34,804	9,196
Total Administrative Expenses	392,100	326,150	65,950
Rent Payment to Pemberton Township	575,700	575,640	60
Other Cost Funded by Operating Revenues:			
Capital Outlay:			
Purchase of Vehicles, Equipment and/or Other Improvements	50,000		50,000
Improvements to Office Building & Plant Improvements			225,000
Facility Improvements	225,000		225,000
Total Costs Funded by Operating Revenues	275,000		275,000
Total Expenditures	3,392,350	2,742,413	649,937
Favorable Variance	(373,350)	381,742	755,092

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, 2010**

Balance - December 31, 2009		\$2,061,387
Cash Receipts:		
Sewer Rents	\$2,887,977	
Connection Charges	<u>44,157</u>	
Total User Charges		2,932,134
Interest on Investments	19,664	
Delinquent Penalties	101,317	
Other	<u>56,842</u>	177,823
Total Cash Receipt and Balances		3,109,957
Cash Disbursements:		
Budget Operations	2,723,929	
Purchase of Fixed Asset	90,481	
Accounts Payable-Budge Operations	133,569	
Contracts Payable	24,833	
Other	<u>1,074</u>	2,973,886
Total Cash Disbursements		<u>\$2,973,886</u>
Cash & Savings		
Balance December 31, 2010		<u>\$2,197,458</u>
Total		

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, 2010**

	SPECIAL RESERVE FUND	CUSTOMER'S DEPOSIT FUND	FUTURE RECONSTRUCTION REPLACEMENT OR MAINTENANCE
Cash & Investments - January 1, 2010	\$1,110,000	43,757	686,983
Cash Receipts:			
Escrow Deposits		32,600	
Interest Earned on Investments		20	5,553
Total Cash Receipts	<u>1,110,000</u>	<u>76,377</u>	<u>692,536</u>
Cash Disbursements:			
Escrow Deposits		42,325	
Total Cash Disbursements		<u>42,325</u>	
Cash & Investments December 31, 2010	<u>\$1,110,000</u>	<u>34,052</u>	<u>692,536</u>
Balance Comprised of:			
Checking & Savings Accounts		34,052	
Investments:			
Certificates of Deposit	\$1,110,000		692,536
Total	<u>\$1,110,000</u>	<u>34,052</u>	<u>692,536</u>

**PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
ANALYSIS OF ACCOUNTS RECEIVABLE - USER CHARGES
FOR THE YEAR ENDED DECEMBER 31, 2010**

Balance January 1, 2010		\$432,143
Increase:		
Service Fees	2,905,523	
Connection Fees	44,157	
Sewer Rent Overpayments	4,917	2,954,597
		<hr/>
Subtotal		3,386,740
Decrease:		
Collections	2,920,420	
Transfer to Lien	11,714	2,932,134
		<hr/>
Balance December 31, 2010		<u>\$454,606</u>

**PEMBERTON TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY**

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010**



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, 2010. 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 \$26,000 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:

Replacement of Biogas Waste Burner

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.

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.



HOLMAN & FRENIA, P.C.
Certified Public Accountants

Medford, New Jersey
April 8, 2011