

**PLUMSTED TOWNSHIP  
MUNICIPAL UTILITIES AUTHORITY**

**(A COMPONENT UNIT OF THE  
TOWNSHIP OF PLUMSTED)**

**Comprehensive Annual Financial Report  
For the Year Ended June 30, 2011**

**WILLIAM E. ANTONIDES AND COMPANY  
Certified Public Accountants**

**506 Hooper Avenue, Suite B  
Toms River, NJ 08753**

**PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWNSHIP OF PLUMSTED)**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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# **Introductory Section**

**Appendix A**

**2011**

**Plumsted Township Municipal Utilities Authority**

**Authority Members**

<b><u>Name</u></b>	<b><u>Title</u></b>
Michael McCue	Chairman
Walter Bronson	Vice-Chairman
Robert Minter (from 09/02/10)	Treasurer
George Lee, Jr. (from 08/04/10)	Member
Edward J. Weirsky, Jr.	Member
Gary Pizzuti (from 12/10/10)	Alternate Member

**Appendix B**

**2011**

**Plumsted Township Municipal Utilities Authority**

**Management**

<b><u>Name</u></b>	<b><u>Title</u></b>
Peter Ylvisaker	Executive Director
Nancy Hendrickson	Secretary

**Appendix C**

**2011**

**Plumsted Township Municipal Utilities Authority**

**Consultants**

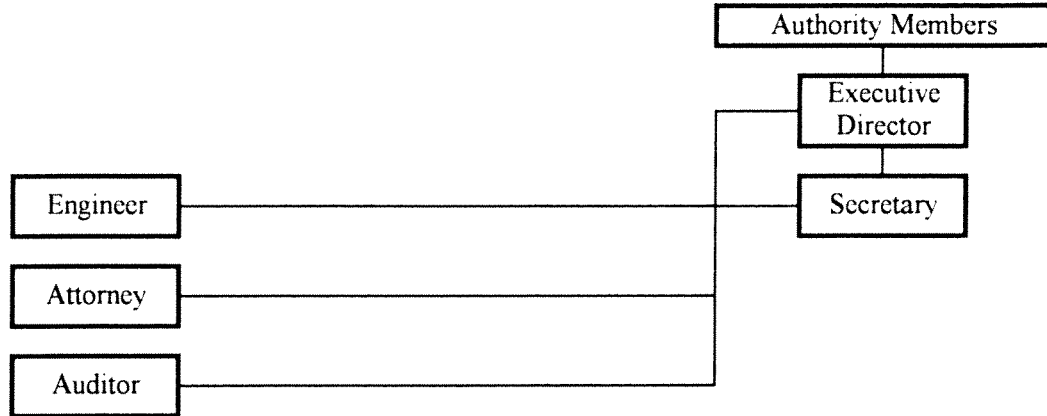
Dasti, Murphy, McGuckin, Ulaky, Cherkos and Connors	Attorneys
William E. Antonides and Company	Auditor
Van Cleef Engineering Associates	Engineers

Appendix D

2011

Plumsted Township Municipal Utilities Authority

Organization Chart





## **Financial Section**

*William E. Antonides and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM E. ANTONIDES, C.P.A., R.M.A., P.S.A.  
WILLIAM E. ANTONIDES, JR., C.P.A., R.M.A., P.S.A.

EDWARD J. SIMONE, C.P.A., R.M.A., P.S.A.  
BRIAN K. LOGAN, C.P.A., R.M.A., P.S.A.  
DOROTHY S. GALLAGHER, C.P.A., R.M.A., P.S.A.  
DONALD F. HILL, C.P.A., P.S.A.  
CHI-LING LAI, C.P.A., P.S.A.  
WAYNE M. SIBILIA, C.P.A., P.S.A.

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506 Hooper Avenue, Suite B  
Toms River, New Jersey 08753-7704  
732-914-0004

**INDEPENDENT AUDITOR'S REPORT**

Chairman and Authority Members  
Plumsted Township Municipal Utilities Authority  
121 Evergreen Road  
New Egypt, NJ 08533

We have audited the accompanying financial statements of the Plumsted Township Municipal Utilities Authority (the "Authority"), in the County of Ocean, State of New Jersey, as of and for the years ended June 30, 2011 and 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.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2011 and 2010, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2011, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Auditing 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 Authority's financial statements as a whole. The introductory section and supporting schedules, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of 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. The introductory section listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*William E. Antonides and Company*

**Independent Auditors**

**William E. Antonides  
Certified Public Accountant**

October 14, 2011

## Management's Discussion and Analysis

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The discussion and analysis is designed to provide an analysis of the Authority's financial condition and operating results and to also inform the reader on Authority financial issues and activities.

The Management's Discussion and Analysis (MD&A) should be read in conjunction with the Transmittal Letter (beginning on page 1) and the Authority's basic financial statements (beginning on page 10).

### USING THIS ANNUAL REPORT

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. As enterprise funds, the Authority's basic financial statements include:

- **Statements of Net Assets** - reports the Authority's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (Exhibit A)
- **Statements of Revenues, Expenses and Changes in Net Assets** - reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions. (Exhibit B)
- **Statements of Cash Flows** - reports the Authority's cash flows from operating and non-operating activities, capital and related financing activities and investing activities. (Exhibit C)

### STATEMENTS OF NET ASSETS

Years Ended June 30,	<u>2011</u>	<u>2010</u>
Assets:		
Current Assets:		
Unrestricted Assets	\$ <u>70,694</u>	\$ <u>32,439</u>
Total Assets	\$ <u>70,694</u>	\$ <u>32,439</u>
Liabilities:		
Current Liabilities:		
Unrestricted Current Liabilities	\$ <u>8,816</u>	\$ <u>12,175</u>
Total Liabilities	\$ <u>8,816</u>	\$ <u>12,175</u>
Net Assets:		
Unrestricted	\$ <u>61,878</u>	\$ <u>20,264</u>
Total Net Assets	\$ <u>61,878</u>	\$ <u>20,264</u>

The net assets of the Authority increased to \$61,878 during 2011, an increase of \$41,614 when compared to 2010. The increase was due to solid waste fees received from customers.

## REVIEW OF REVENUES

Years Ended June 30,	<u>2011</u>	<u>2010</u>
Operating Revenues:		
Service Charges	\$ 71,080 *	\$
Other Operating Revenues	<u>200</u>	<u>300</u>
Total Operating Revenue	<u>71,280</u>	<u>300</u>
Non-Operating Revenues:		
Local Subsidies and Donations	163,494	301,810
Interest on Investments	<u>3</u>	<u></u>
Total Non-Operating Revenues	<u>163,497</u>	<u>301,810</u>
Total Revenues	\$ <u>234,777</u>	\$ <u>302,110</u>

In 2011, operating revenues increased by \$70,980 and non-operating revenues decreased by \$138,313 when compared to 2010. Total revenues decreased by \$67,333 from those of the previous year. Changes in other operating revenues are a function of the number and type of applications filed while changes in local subsidies and donations depend upon what expenses the Township covers through its budget appropriation.

\* The service charges received in 2011 resulted from the collection of solid waste fees received from customers.

## REVIEW OF EXPENSES

Years Ended June 30,	<u>2011</u>	<u>2010</u>
Operating Expenses:		
Administration	\$ <u>193,164</u>	\$ <u>287,641</u>
Total Expenses	\$ <u>193,164</u>	\$ <u>287,641</u>

The Authority's operating expenses decreased by \$94,477 in 2011 when compared to 2010. The decrease was due to decreased expenses for the investigation of a proposed sewer service plan to the Township's redevelopment areas.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital assets, net of depreciation

None

### DEBT OUTSTANDING

None

## FINANCIAL CONTACT

The Authority's financial statements are designed to present users (water-sewer users, ratepayers and creditors) with a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have any questions about the report or need additional financial information, please contact the Secretary, Plumsted Township Municipal Utilities Authority, 121 Evergreen Road, New Egypt, NJ 08533.

**PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWNSHIP OF PLUMSTED)**

**STATEMENTS OF NET ASSETS**

Exhibit A

**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<b>June 30</b>	
	<b><u>2011</u></b>	<b><u>2010</u></b>
<b><u>Assets</u></b>		
Current Assets:		
Cash and Cash Equivalents		
Unrestricted	\$ 56,152.77	\$ 23,439.06
Accounts Receivable	<u>14,540.89</u>	<u>9,000.00</u>
Total Assets	<u>\$ 70,693.66</u>	<u>\$ 32,439.06</u>
<b><u>Liabilities</u></b>		
Current Liabilities:		
Accounts Payable	<u>\$ 8,816.04</u>	<u>\$ 12,174.93</u>
Total Liabilities	<u>\$ 8,816.04</u>	<u>\$ 12,174.93</u>
<b><u>Net Assets</u></b>		
Unrestricted	<u>\$ 61,877.62</u>	<u>\$ 20,264.13</u>
Total Net Assets	<u>\$ 61,877.62</u>	<u>\$ 20,264.13</u>

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

**PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

**(A COMPONENT UNIT OF THE TOWNSHIP OF PLUMSTED)**

**Exhibit B**

**STATEMENTS OF REVENUE, EXPENSES AND**

**CHANGES IN NET ASSETS**

**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<b><u>June 30, 2011</u></b>	<b><u>June 30, 2010</u></b>
Operating Revenue:		
Service Charges	\$ 71,079.89	\$
Other Operating Revenue	200.00	300.00
Total Operating Revenue	<u>71,279.89</u>	<u>300.00</u>
Operating Expenses:		
Other Operating Expenses	<u>193,163.56</u>	<u>287,640.71</u>
Total Operating Expenses	<u>193,163.56</u>	<u>287,640.71</u>
Operating Income (Loss)	<u>(121,883.67)</u>	<u>(287,340.71)</u>
Non-Operating Revenue/(Expenses):		
Local Subsidies and Donations	163,494.22	301,810.24
Interest on Investments	2.94	
Total Non-Operating Revenue/(Expenses)	<u>163,497.16</u>	<u>301,810.24</u>
Net Income	41,613.49	14,469.53
Net Assets July 1	<u>20,264.13</u>	<u>5,794.60</u>
Net Assets June 30	<u>\$ 61,877.62</u>	<u>\$ 20,264.13</u>

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

**PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

**(A COMPONENT OF THE TOWNSHIP OF PLUMSTED)**

**Exhibit C**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Cash Flows From Operating Activities:		
Cash Received from Application Fees	\$ 200.00	\$ 300.00
Cash Received from Service Charges	56,539.00	
Cash Payments for Goods and Services	(142,408.44)	(44,749.88)
Net Cash Flows from Operating Activities	<u>(85,669.44)</u>	<u>(44,449.88)</u>
Cash Flows from Capital and Related Financing Activities:		
Local Subsidies and Donations	118,380.21	65,994.34
Net Cash Flows from Capital and Related Financing Activities	<u>118,380.21</u>	<u>65,994.34</u>
Cash Flows from Investing Activities:		
Receipt of Interest	2.94	
Net Cash Flows from Investing Activities	<u>2.94</u>	
Net Increase/(Decrease) in Cash and Cash Equivalents	32,713.71	21,544.46
Cash and Cash Equivalents July 1	<u>23,439.06</u>	<u>1,894.60</u>
Cash and Cash Equivalents June 30	<u>\$ 56,152.77</u>	<u>\$ 23,439.06</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income/(Loss)	\$ (121,883.67)	\$ (287,340.71)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Contribution from Township of Plumsted	54,114.01	231,815.90
(Increase)/Decrease in Service Charges Receivable	(14,540.89)	
Increase/(Decrease) in Accounts Payable	<u>(3,358.89)</u>	<u>11,074.93</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (85,669.44)</u>	<u>\$ (44,449.88)</u>

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



**PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

**(A COMPONENT UNIT OF THE TOWNSHIP OF PLUMSTED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Plumsted Township Municipal Utilities Authority (the "Authority"), a public body corporate and politic of the Township of Plumsted, County of Ocean, State of New Jersey, was organized and exists under the Municipal and County Utilities Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1957, of the State of New Jersey, and the acts amendatory and supplemental thereto. The Authority was created by virtue of an ordinance of the Mayor and Committee of the Township of Plumsted adopted June 29, 1990. The Authority members are appointed by the Township Committee for terms of five years.

GASB Statement 14 established criteria to be used to determine which component units should be included in the basic financial statements of the oversight entity. In accordance with this statement the Authority is a component unit of the Township and should be reported in the financial statements of the Township. However, the Bureau of Authority Regulation, Department of Community Affairs, ("DCA") State of New Jersey requires that the financial statements of the Authority and Township be reported separately.

**B. Basis of Accounting**

The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Financial Accounting Standards Board (FASB) Statements for private-sector accounting and financial reporting issued prior to December 1, 1989, generally are followed in the basic financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. The Authority also has the option of following subsequent FASB statements subject to this same limitation. The Authority has elected not to follow subsequent FASB statements.

The Authority is a special purpose government engaged only in business-type activities. For these governments, only enterprise fund financial statements are presented.

In June 1999, the GASB adopted its Statement No. 34 "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments." The adoption of Statement No. 34 required the Authority to make several changes to the presentation of its basic financial statements in addition to requiring the presentation of the Authority's Management's Discussion and Analysis (MD&A). MD&A is considered to be required supplemental data and precedes the financial statements.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Budgets**

Budgets which are required by state statute are adopted in accordance with regulations promulgated by the Bureau of Authority Regulation (the "Bureau"). An annual appropriated budget is adopted for the operations of the Authority, subject to approval by the Bureau.

**D. 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, revenues and expenses, and make disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**NOTE 2. CASH AND CASH EQUIVALENTS**

**A. Deposits**

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

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

**B. Investments**

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Authority may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Authority:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.

**NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**

**B. Investments (Continued)**

- a. (3) Any obligation that a federal agency or a 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 obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Township, or bonds or other obligations of the school district of which the Township is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Local government investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Authority shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Authority and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or their withdrawal provisions, the Authority had no investments in qualified securities at June 30, 2010.

**C. Cash Management Plan**

In accordance with N.J.S. 40A:5-14, every authority shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the members and may be modified from time to time in order to reflect changes in federal or state law or regulations. The executive director shall be charged with administering the plan

**NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**

**C. Cash Management Plan (Continued)**

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

**D. Credit Risk Categories**

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2011</u>	<u>2010</u>
Insured:		
FDIC	\$ <u>67,416</u>	\$ <u>23,439</u>

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

During the year, the Authority had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Authority.

At year-end the carrying amount of the Authority's deposits was \$56,153 and the bank balance amount was \$67,416. The total amount of \$67,416 was covered by federal depository insurance.

**NOTE 3. INTERIM SHARED SERVICES AGREEMENT**

On September 22, 2009, the Authority entered into an Interim Shared Services Agreement with the Township of Plumsted. The purpose of the agreement was to authorize the Authority to investigate a proposed sewer service plan for the Township's redevelopment areas. In accordance with the agreement, "the parties intend that the repayment of funds provided by the Township to the PMUA will be determined and provided for in the Final Agreement to be executed between the parties". As a result of this agreement the Authority may be responsible for the repayment of expenses that were incurred for the investigation of the proposed sewer service plan. As of the date of the audit the final agreement was not executed.

**NOTE 4. CONTINGENT LIABILITIES**

**Pending Litigation**

It is the opinion of the Authority officials that there is no litigation threatened or pending that would materially affect the financial position of the Authority or adversely affect the Authority to levy, collect and enforce the collection of other revenue for the payment of its obligations.

*William E. Antonides and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM E. ANTONIDES, C.P.A., R.M.A., P.S.A.  
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506 Hooper Avenue, Suite B  
Toms River, New Jersey 08753-7704  
732-914-0004

**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**

Chairman and Authority Members  
Plumsted Township Municipal Utilities Authority  
121 Evergreen Road  
New Egypt, NJ 08533

We have audited the financial statements of the Plumsted Township Municipal Utilities Authority (the "Authority"), as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

### **Internal Control Over Financial Reporting (Continued)**

Our consideration of internal control over financial reporting was for the limited purposes 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. However, we identified certain deficiencies in internal control over financial reporting, described in the attached Schedule of Findings and Responses that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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*. We noted certain matters that we reported to management of the Authority in the comments and recommendations section of this report and in a separate letter dated October 14, 2011. The Authority has responded to the findings identified in the accompanying Schedule of Findings and Responses. We did not audit the Authority's response and, accordingly, we express no opinion on it.

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

*William E. Antonides and Company*  
**Independent Auditors**

October 14, 2011

## **SCHEDULE OF FINDINGS AND RESPONSES**

**11-01 Criteria** - In accordance with N.J.A.C. 5-30-5.7, all local units shall be required to have and maintain a General Ledger.

**Condition** - The General Ledger was not properly maintained.

**Cause** - Bank reconciliations were not prepared on a monthly basis. Therefore, the cash balances in the General Ledger could not be agreed to the bank reconciliations.

**Recommendation** - That the General Ledger is properly maintained and the subsidiary records are reconciled to the General Ledger on a monthly basis.

**Management's Response** - Bank reconciliations will be performed on a monthly basis and agreed to the cash balances in the General Ledger.

**11-02 Criteria** - In accordance with N.J.A.C. 5-30-5.7, a Cash Receipts Journal is required to be maintained in support of the General Ledger.

**Condition** - The Authority did not use a Cash Receipts Journal to record all transactions where cash is received by the local unit.

**Cause** - Cash receipts were posted directly to the General Ledger.

**Recommendation** - That all receipts be recorded in the Cash Receipts Journal.

**Management's Response** - A Cash Receipts Journal will be maintained in order to record all transactions where cash is received.

## **Supplemental Information**



**PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

**(A COMPONENT UNIT OF THE TOWNSHIP OF PLUMSTED)**

**SCHEDULE OF UNRESTRICTED CASH AND CASH EQUIVALENTS**

**Schedule 1**

**FOR THE YEAR ENDED JUNE 30, 2011**

Cash and Cash Equivalents June 30, 2010		\$ 23,439.06
Increased by Receipts:		
Service Fees Receivable	\$ 56,539.00	
Accounts Receivable	9,000.00	
Application Fees	200.00	
Interest on Investments	2.94	
Local Subsidies	<u>109,380.21</u>	
Total Receipts		<u>175,122.15</u>
Total Receipts and Balances		<u>198,561.21</u>
Decreased by Disbursements:		
Budget Appropriations		<u>142,408.44</u>
Cash and Cash Equivalents June 30, 2011		\$ <u><u>56,152.77</u></u>

**PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

**(A COMPONENT UNIT OF THE TOWNSHIP OF PLUMSTED)**

**SCHEDULE OF REVENUES AND APPROPRIATIONS**

Schedule 2

**COMPARED TO BUDGET FOR THE YEAR ENDED JUNE 30, 2011**

**WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

**(NON-GAAP BUDGETARY BASIS)**

	<u>2011</u>		<u>2010</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b><u>Anticipated Revenues</u></b>			
Operating Revenues:			
Service Fees Receivable	\$	\$ 71,079.89	\$
Other Operating Revenues		200.00	300.00
Total Operating Revenues		<u>71,279.89</u>	<u>300.00</u>
Non-Operating Revenues:			
Local Subsidies and Donations	98,615.00	163,494.22	301,810.24
Interest on Investments		2.94	
Total Non-Operating Revenues	<u>98,615.00</u>	<u>163,497.16</u>	<u>301,810.24</u>
Total Anticipated Revenues	<u>\$ 98,615.00</u>	<u>\$ 234,777.05</u>	<u>\$ 302,110.24</u>
<b><u>Budget Appropriations</u></b>			
Operating Appropriations:			
Administration:			
Salaries and Wages	\$ 46,000.00	\$ 39,999.96	\$ 9,000.00
Fringe Benefits	3,500.00	4,377.91	974.93
Other Expenses	49,115.00	148,785.69	277,665.78
Total Administration	<u>98,615.00</u>	<u>193,163.56</u>	<u>287,640.71</u>
Total Operating Appropriations	98,615.00	193,163.56	287,640.71
Unreserved Retained Earnings to Balance Budget			
Total Appropriations - Unreserved Retained Earnings	<u>\$ 98,615.00</u>	<u>193,163.56</u>	<u>287,640.71</u>
Excess/(Deficit) of Revenues over Appropriations		<u>\$ 41,613.49</u>	<u>\$ 14,469.53</u>
<b><u>Reconciliation of Net Income</u></b>			
Reconciliation to Net Income:			
Excess/(Deficit) from Above - Budgetary Basis		\$ 41,613.49	\$ 14,469.53
Adjustments to Budgetary Basis:			
Retained Earnings Appropriated			
		<u>\$ 41,613.49</u>	<u>\$ 14,469.53</u>

# **Statistical Section**

**PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWNSHIP OF PLUMSTED)**

**OPERATING REVENUES BY SOURCE**

Schedule 3

**FOR THE YEARS ENDED JUNE 30, 2011 THROUGH 2002**

**(UNAUDITED)**

	June 30										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Operating Revenues:											
Service Charges	\$ 71,079.89			\$	\$	\$		\$	\$	\$	
Application Fees and Other		300.00	300.00	300.00	500.00	1,000.00	600.00	750.00	850.00	650.00	
Operating Revenues	<u>200.00</u>	<u>300.00</u>	<u>300.00</u>	<u>300.00</u>	<u>500.00</u>	<u>1,000.00</u>	<u>600.00</u>	<u>750.00</u>	<u>850.00</u>	<u>650.00</u>	
Total Operating Revenues	<u>\$ 71,279.89</u>	<u>\$ 300.00</u>	<u>\$ 300.00</u>	<u>\$ 300.00</u>	<u>\$ 500.00</u>	<u>\$ 1,000.00</u>	<u>\$ 600.00</u>	<u>\$ 750.00</u>	<u>\$ 850.00</u>	<u>\$ 650.00</u>	

**PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWNSHIP OF PLUMSTED)**

Schedule 4

**OPERATING EXPENSES BY SOURCE**

**FOR THE YEARS ENDED JUNE 30, 2011 THROUGH 2002**

(UNAUDITED)

	June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating Appropriations:										
Administration	\$ 193,163.56	\$ 287,640.71	\$ 1,807.70	\$ 1,664.08	\$ 1,175.00	\$ 1,544.00	\$ 1,583.72	\$ 1,592.85	\$ 1,260.02	\$ 1,345.44
Total Operating Expenses	\$ 193,163.56	\$ 287,640.71	\$ 1,807.70	\$ 1,664.08	\$ 1,175.00	\$ 1,544.00	\$ 1,583.72	\$ 1,592.85	\$ 1,260.02	\$ 1,345.44









**PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWNSHIP OF PLUMSTED)**

**TEN LARGEST WATER-SEWER USERS**

Schedule 8

**FOR THE YEAR ENDED JUNE 30, 2011**

**Name**  
N/A

**Description**  
N/A

**Billing**  
\$ N/A

PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE TOWNSHIP OF PLUMSTED)

GENERAL TAX RATE

Schedule 9

FOR THE YEARS ENDED DECEMBER 31, 2011 THROUGH 2002

(UNAUDITED)

	December 31									
	2011	2010	2009	2008	2007*	2006	2005	2004	2003	2002
Plumsted Township	\$ 1.565	\$ 1.436	\$ 1.391	\$ 1.345	\$ 1.320	\$ 3.210	\$ 3.015	\$ 2.830	\$ 2.795	\$ 2.550

\* Revaluation of Township Ratables

**PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWNSHIP OF PLUMSTED)**

Schedule 10

**RATIO OF ANNUAL DEBT SERVICE TO**

**TOTAL OPERATING EXPENSES**

**FOR THE YEARS ENDED JUNE 30, 2011 THROUGH 2002**

**(UNAUDITED)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Expenses</u>	<u>Ratio of Debt Service to Total Operating Expense</u>
2011	\$ -0-	\$ -0-	\$ -0-	\$ 193,163.56	-0-
2010	-0-	-0-	-0-	287,640.71	-0-
2009	-0-	-0-	-0-	1,807.70	-0-
2008	-0-	-0-	-0-	1,664.08	-0-
2007	-0-	-0-	-0-	1,175.00	-0-
2006	-0-	-0-	-0-	1,544.00	-0-
2005	-0-	-0-	-0-	1,583.72	-0-
2004	-0-	-0-	-0-	1,592.85	-0-
2003	-0-	-0-	-0-	1,260.02	-0-
2002	-0-	-0-	-0-	1,345.44	-0-

**PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWNSHIP OF PLUMSTED)**

**POPULATION 2010, 2000 AND 1990 CENSUS**

Schedule 11

**(UNAUDITED)**

	<u>2010</u>	<u>2000</u>	<u>1990</u>
Plumsted Township	8,421	7,275	6,005

**PLUMSTED TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWNSHIP OF PLUMSTED)**

**MUNICIPAL LABOR FORCE ESTIMATES 2007, 2006 AND 2005**

Schedule 12

**(UNAUDITED)**

	Potential Labor Force			Number of Residents			Unemployment			Unemployment Rate		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Plumsted Township	4,601	4,600	4,446	4,468	4,454	4,311	133	146	135	2.9%	3.2%	3.0%

Source: Ocean County Data Book (15th Edition) May 2008