

**SOUTH MONMOUTH REGIONAL SEWERAGE AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31,**

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
<b>Current Assets:</b>		
Unrestricted:		
Cash and Cash Equivalents	\$ 6,533,938	\$ 6,307,405
Accounts Receivable	97,710	97,710
Accrued Interest Receivable		
Prepaid Expenses	4,000	4,000
<b>Total Current Assets</b>	<b>6,635,648</b>	<b>6,409,115</b>
<b>Restricted Assets:</b>		
Cash and Cash Equivalents	\$ 5,745,527	\$ 6,977,090
Deposits Held by Clerk of Superior Court	7,200	7,200
NJ Envir. Infrastructure Trust/Fund Receivable	294,848	294,848
<b>Total Restricted Assets</b>	<b>6,047,575</b>	<b>7,279,138</b>
<b>Capital Assets:</b>		
Property, Plant and Equipment	56,384,665	56,293,576
Less: Accumulated Depreciation	(28,497,476)	(27,096,163)
Construction in Progress	1,268,608	334,016
<b>Net Capital Assets</b>	<b>29,155,797</b>	<b>29,531,429</b>
<b>Other Assets:</b>		
Unamortized Debt Issue Costs	194,454	206,653
<b>TOTAL ASSETS</b>	<b>\$ 42,033,474</b>	<b>\$ 43,426,335</b>

**SOUTH MONMOUTH REGIONAL SEWERAGE AUTHORITY  
STATEMENT OF NET ASSETS  
DECEMBER 31,**

	<u>2008</u>	<u>2007</u>
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities:</b>		
Payable From Unrestricted Assets:		
Accounts and Accrued Liabilities		
Payable - Operations	\$ 206,466	\$ 213,678
Deferred Revenue	3,176,989	3,028,708
	<u>3,383,455</u>	<u>3,242,386</u>
Payable From Restricted Assets:		
Accounts Payable	18,240	27,864
Revenue Bonds, Due Within One Year	865,000	845,000
NJ Envir. Infrastructure Bonds, Due within one Yr.	271,982	267,307
Accrued Interest Payable	343,257	363,516
	<u>1,498,479</u>	<u>1,503,687</u>
<b>Total Current Liabilities</b>	<u><b>4,881,934</b></u>	<u><b>4,746,073</b></u>
<b>Non-Current Liabilities:</b>		
Compensated Absences	204,173	190,780
Long Term Portion of NJEIT Bonds Payable	4,636,511	4,908,493
Long Term Portion of Revenue Bonds Payable	12,769,303	13,639,861
	<u>17,609,987</u>	<u>18,739,134</u>
<b>Total Non-Current Liabilities</b>	<u><b>17,609,987</b></u>	<u><b>18,739,134</b></u>
<b>Total Liabilities</b>	<u><b>\$ 22,491,921</b></u>	<u><b>\$ 23,485,207</b></u>
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, net of Related Debt	\$ 11,102,303	\$ 10,371,969
Restricted for:		
Unemployment Compensation Insurance	40,018	38,889
Construction Fund	2,586,544	3,579,036
Bond Service Reserve	1,450,284	1,472,534
Renewal and Replacement	500,000	500,000
Current Debt Service	865,000	845,000
Unrestricted:		
Designated	1,099,711	1,323,214
Undesignated	1,897,693	1,810,486
<b>TOTAL NET ASSETS</b>	<u><u><b>\$ 19,541,553</b></u></u>	<u><u><b>\$ 19,941,128</b></u></u>

EXHIBIT B

**SOUTH MONMOUTH REGIONAL SEWERAGE AUTHORITY  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
DECEMBER 31,**

	<u>2008</u>	<u>2007</u>
<b>Operating Revenue:</b>		
Sewerage Use Charges	\$ 5,220,158	\$ 5,159,979
Connection Fees	133,177	181,873
Review Fees	4,239	662
NJFIT Project Charges	447,862	447,743
Miscellaneous Income	43,321	3,738
	<u>5,848,757</u>	<u>5,793,995</u>
<b>Total Operating Revenue</b>		
	<u>5,848,757</u>	<u>5,793,995</u>
<b>Operating Expenses:</b>		
Personnel Costs	1,514,730	1,402,215
Administrative Expenses	1,120,980	960,613
Office Expense	41,325	45,147
Plant Operations and Maintenance	1,527,604	1,501,234
Systems Operations and Maintenance	261,554	268,826
Depreciation	1,418,259	1,419,687
	<u>5,884,452</u>	<u>5,597,722</u>
<b>Total Operating Expenses</b>		
	<u>5,884,452</u>	<u>5,597,722</u>
<b>Operating Income</b>	<u>(35,695)</u>	<u>196,273</u>
<b>Non-Operating Revenue (Expenses):</b>		
Interest Income	291,183	525,720
Net increase in unemployment reserve	1,129	5,335
Cancellation of Accounts Payable	50,000	
Bond Interest Expense	(699,551)	(760,384)
Amortization of Debt Issue Costs	(20,988)	(42,010)
Amortization of Premium on Bond	14,347	14,262
	<u>(363,880)</u>	<u>(257,077)</u>
<b>Non-Operating Income (Loss)</b>		
	<u>(363,880)</u>	<u>(257,077)</u>
<b>Change In Net Assets</b>	<u>(399,575)</u>	<u>(60,804)</u>
<b>Net Assets - January 1</b>	<u>19,941,128</u>	<u>20,001,932</u>
<b>Net Assets - December 31</b>	<u>\$ 19,541,553</u>	<u>\$ 19,941,128</u>

**SOUTH MONMOUTH REGIONAL SEWERAGE AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31,**

**EXHIBIT C**  
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	<b>2008</b>	<b>2007</b>
<b>Cash Flows From Operating Activities</b>		
Receipts From Customers and Users	\$ 5,949,478	\$ 5,930,478
Payments to Employees	(1,451,337)	(1,394,887)
Payments to Suppliers	(2,957,545)	(2,724,326)
Other Operating Receipts	47,560	4,400
<b>Net Cash Provided by Operating Activities</b>	<b>1,588,156</b>	<b>1,815,665</b>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Acquisition of Capital Assets	(1,042,627)	(795,055)
Principal Paid on Debt	(1,112,308)	(3,096,635)
Interest Paid on Debt	(719,810)	(830,820)
Payment on restricted liabilities	(9,624)	
<b>Net Cash Provided By Capital and Related Financial Activities</b>	<b>(2,884,369)</b>	<b>(4,722,510)</b>
<b>Cash Flows from Investing Activities:</b>		
Received from NJEIT Trust/Fund		574,196
Interest Income	291,183	546,825
<b>Net Cash Provided By Investing Activities</b>	<b>291,183</b>	<b>1,121,021</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>(1,005,030)</b>	<b>(1,785,824)</b>
<b>Balance - Beginning of the Year</b>	<b>13,284,495</b>	<b>15,070,319</b>
<b>Balance - End of the Year</b>	<b>\$ 12,279,465</b>	<b>\$ 13,284,495</b>
<b>Reconciliation to Balance Sheet:</b>		
<b>Unrestricted</b>	\$ 6,533,938	\$ 6,307,405
<b>Restricted</b>	5,745,527	6,977,090
	<b>12,279,465</b>	<b>13,284,495</b>

SOUTH MONMOUTH REGIONAL SEWERAGE AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED  
DECEMBER 31,

	<u>2008</u>	<u>2007</u>
Reconciliation of Operating Income Net Cash Provided By Operating Activities:		
Operating Income	\$ (35,695)	\$ 196,273
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:		
Depreciation Expense	<u>1,418,259</u>	<u>1,419,687</u>
	<u>1,382,564</u>	<u>1,615,960</u>
Changes In Net Assets And Liabilities		
Cancellation of Accounts Payable	50,000	
Increase in Unemployment Reserve	1,129	
Accrued Expenses	13,393	7,328
Accounts And Other Payables	(7,211)	51,494
Deferred Revenue	<u>148,281</u>	<u>140,883</u>
	<u>205,592</u>	<u>199,705</u>
Net Cash Provided By Operating Activities	<u><u>1,588,156</u></u>	<u><u>1,815,665</u></u>