

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

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
<b>Current Assets:</b>		
Unrestricted:		
Cash and Cash Equivalents	\$ 6,707,930	\$ 6,873,272
Accounts Receivable	30,710	30,710
Prepaid Expenses	4,000	4,000
<b>Total Current Assets</b>	<b>6,742,640</b>	<b>6,907,982</b>
<b>Restricted Assets:</b>		
Cash and Cash Equivalents	\$ 3,039,900	\$ 3,686,380
Deposits Held by Clerk of Superior Court	7,200	7,200
NJ Envir. Infrastructure Trust/Fund Receivable	7,424	294,848
<b>Total Restricted Assets</b>	<b>3,054,524</b>	<b>3,988,428</b>
<b>Capital Assets:</b>		
Property, Plant and Equipment	59,944,942	57,929,166
Less: Accumulated Depreciation	(31,262,919)	(29,976,525)
Construction in Progress	217,869	1,729,422
<b>Net Capital Assets</b>	<b>28,899,892</b>	<b>29,682,063</b>
<b>Other Assets:</b>		
Unamortized Debt Issue Costs	169,336	181,967
<b>TOTAL ASSETS</b>	<b>\$ 38,866,392</b>	<b>\$ 40,760,440</b>

The accompanying "Independent Auditors Report" and "Notes to the Financial Statements" are an integral part of this report.

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

	<u>2010</u>	<u>2009</u>
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities:</b>		
Payable From Unrestricted Assets:		
Accounts and Accrued Liabilities	\$ 273,605	\$ 334,187
Payable - Operations	3,220,741	3,185,163
Deferred Revenue	<u>3,494,346</u>	<u>3,519,350</u>
Payable From Restricted Assets:		
Accounts Payable	13,129	13,129
Revenue Bonds, Due Within One Year	845,000	875,000
NJ Envir. Infrastructure Bonds, Due within one Yr.	289,095	276,495
Accrued Interest Payable	<u>301,592</u>	<u>319,236</u>
	<u>1,448,816</u>	<u>1,483,860</u>
Total Current Liabilities	<u>4,943,162</u>	<u>5,003,210</u>
<b>Non-Current Liabilities:</b>		
Compensated Absences	254,310	230,960
Long Term Portion of NJEIT Bonds Payable	3,845,921	4,360,015
Long Term Portion of Revenue Bonds Payable	<u>11,038,777</u>	<u>11,888,885</u>
Total Non-Current Liabilities	<u>15,139,008</u>	<u>16,479,860</u>
Total Liabilities	<u>\$ 20,082,170</u>	<u>\$ 21,483,070</u>
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, net of Related Debt	\$ 13,057,859	\$ 13,104,313
Restricted for:		
Unemployment Compensation Insurance	44,981	42,867
Construction Fund	46,438	574,533
Bond Reserve Fund	1,339,659	1,417,034
Renewal and Replacement	500,000	500,000
Current Debt Service	845,000	875,000
Unrestricted:		
Designated	2,772,972	1,424,896
Undesignated	<u>177,313</u>	<u>1,338,727</u>
TOTAL NET ASSETS	<u>\$ 18,784,222</u>	<u>\$ 19,277,370</u>

The accompanying "Independent Auditors Report" and "Notes to the Financial Statements" are an integral part of this report.

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

	<u>2010</u>	<u>2009</u>
<b>Operating Revenue:</b>		
Sewerage Use Charges	\$ 5,778,615	\$ 5,577,605
Connection Fees	51,092	147,716
Review Fees	225	1,551
NJET Project Charges	443,402	445,837
Miscellaneous Income	8,048	2,415
	<u>6,281,382</u>	<u>6,175,124</u>
<b>Total Operating Revenue</b>		
<b>Operating Expenses:</b>		
Personnel Costs	1,648,045	1,565,091
Administrative Expenses	1,316,027	1,143,059
Office Expense	46,833	44,355
Plant Operations and Maintenance	1,361,765	1,343,337
Systems Operations and Maintenance	372,351	336,915
Depreciation	1,545,921	1,516,603
	<u>6,290,942</u>	<u>5,949,360</u>
<b>Total Operating Expenses</b>		
<b>Operating Income</b>	<u>(9,560)</u>	<u>225,764</u>
<b>Non-Operating Revenue (Expenses):</b>		
Interest Income	37,112	120,120
Net increase in unemployment reserve	2,114	2,849
Increase in Asset Management	110,486	50,000
Bond Interest Expense	(625,777)	(655,847)
Amortization of Debt Issue Costs	(22,380)	(21,756)
Amortization of Premium on Bond	14,857	14,687
	<u>(483,588)</u>	<u>(489,947)</u>
<b>Non-Operating Income (Loss)</b>		
<b>Change In Net Assets</b>	<u>(493,148)</u>	<u>(264,183)</u>
<b>Net Assets - January 1</b>	<u>19,277,370</u>	<u>19,541,553</u>
<b>Net Assets - December 31</b>	<u>\$ 18,784,222</u>	<u>\$ 19,277,370</u>

The accompanying "Independent Auditor's Report" and "Notes to the Financial Statements" are an integral part of this report.

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

**EXHIBIT C**  
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	2010	2009
<b>Cash Flows From Operating Activities</b>		
Receipts From Customers and Users	\$ 6,308,687	\$ 6,246,332
Payments to Employees	(1,624,695)	(1,535,455)
Payments to Suppliers	(3,044,958)	(2,689,946)
Other Operating Receipts	8,273	3,966
	<u>1,647,307</u>	<u>2,024,897</u>
<b>Net Cash Provided by Operating Activities</b>		
<b>Cash Flows From Capital and Related Financing Activities</b>		
Acquisition of Capital Assets	(763,748)	(2,042,869)
Principal Paid on Debt	(1,376,496)	(1,136,982)
Interest Paid on Debt	(643,421)	(679,868)
Receipts from NJEIT Receivable	287,424	
Payment on restricted liabilities		(5,111)
	<u>(2,496,241)</u>	<u>(3,864,830)</u>
<b>Net Cash Provided By Capital and Related Financial Activities</b>		
<b>Cash Flows from Investing Activities:</b>		
Interest Income	37,112	120,120
	<u>37,112</u>	<u>120,120</u>
<b>Net Cash Provided By Investing Activities</b>		
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	(811,822)	(1,719,813)
<b>Balance - Beginning of the Year</b>	<u>10,559,652</u>	<u>12,279,465</u>
<b>Balance - End of the Year</b>	<u>\$ 9,747,830</u>	<u>\$ 10,559,652</u>
<b>Reconciliation to Balance Sheet:</b>		
Unrestricted	\$ 6,707,930	\$ 6,873,272
Restricted	3,039,900	3,686,380
	<u>9,747,830</u>	<u>10,559,652</u>

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STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED  
DECEMBER 31,

EXHIBIT C  
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	2010	2009
Reconciliation of Operating Income Net Cash		
Provided By Operating Activities:		
Operating Income/(Loss)	\$ (9,560)	\$ 225,764
Adjustments To Reconcile Operating Income To		
Net Cash Provided By Operating Activities:		
Depreciation Expense	1,545,921	1,516,603
	1,536,361	1,742,367
Changes in Net Assets And Liabilities		
Cancellation of Accounts Payable		50,000
Increase in Unemployment Reserve	2,114	2,849
Increase in Asset Management Reserve	110,486	
Decrease in Accounts Receivable		67,000
Accrued Expenses	23,350	26,787
Accounts And Other Payables	(60,582)	127,720
Deferred Revenue	35,578	8,174
	110,946	282,530
Net Cash Provided By Operating Activities	1,647,307	2,024,897

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