

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Brick, New Jersey)

Financial Statements

For the years ended March 31, 2011 and 2010

(With Independent Auditors' Report thereon)

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
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Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Commissioners of the
Brick Township Municipal Utilities Authority

We have audited the accompanying statements of net assets of the Brick Township Municipal Utilities Authority, a component unit of the Township of Brick, County of Ocean, State of New Jersey, as of and for the years ended March 31, 2011 and 2010 and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. 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 audits 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 standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Brick Township Municipal Utilities Authority, a component unit of the Township of Brick, County of Ocean, State of New Jersey, as of March 31, 2011 and 2010, and the results of its operations and cash flows, thereof 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 May 27, 2011, on our consideration of the Brick 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 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, on pages 5 through 10 and 47 through 48, 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 an opinion on the financial statements of the Brick Township Municipal Utilities Authority, a component unit of the Township of Brick, County of Ocean, State of New Jersey, taken as a whole. The accompanying supplementary schedules I through V and VII, on pages 36 through 46 and 49, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and State of New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is also not a required part of the financial statements. These 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.

HOLMAN & FRENIA, P.C.
Certified Public Accountants

May 27, 2011
Toms River, New Jersey



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 of the
Brick Township Municipal Utilities Authority

We have audited the financial statements of the Brick Township Municipal Utilities Authority, a component unit of the Township of Brick, County of Ocean, State of New Jersey, as of and for the year ended March 31, 2011, and have issued our report thereon dated May 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Brick Township Municipal Utilities 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 Brick Township Municipal Utilities Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Brick 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 Brick Township Municipal Utilities Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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 Brick 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.

We noted certain matters that we reported to management of Brick Township Municipal Utilities Authority, in a separate letter dated May 27, 2011.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

HOLMAN & FRENIA, P.C.

HOLMAN & FRENIA, P.C.
Certified Public Accountants

May 27, 2011
Toms River, New Jersey

**BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
BRICKTOWN, NEW JERSEY**

FISCAL YEAR APRIL 1, 2010 THROUGH MARCH 31, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's narrative discussion and analysis of the financial activities of the Authority for the audit year ending March 31, 2011.

The Authority continues the trend of overall positive performance relative to budget. The Cash Management Plan adopted annually by the Board of Commissioners, the preparation of a detailed annual budget, and the five-year analysis of operations, capital, and rate projections contribute to the financial strength and direction of the Authority.

Authority Overview

The Authority provides sewerage collection and water treatment and distribution services for Brick Township. Additionally, the Authority sells bulk water to Point Pleasant Beach and Point Pleasant Borough.

The Authority's water distribution system consists of over 376 miles of water mains as well as water storage tanks and booster pumping stations that are located throughout the distribution system. The Authority treats the water supply at the William Miller Treatment Plant. The total treatment capacity of the plant is 16 million gallons per day.

The Authority's sanitary sewer system consists of over 337 miles of sewer mains, approximately 7,797 manholes, and 26 sewerage pumping stations that service the mainland and barrier island sections of Brick Township. The Authority conveys all wastewater to the Ocean County Utilities Authority (OCUA), a regional sewerage authority that provides treatment and disposal. The BTMUA is a sewer collection system only.

The user fee charged to customers is the primary source of revenue for the Authority, in addition to connection fees and bulk sales. The customer base consists primarily of over 31,200 residential single family customers.

Financial Review and Highlights

This section presents an overview of the Authority's financial position and activities for the fiscal year April 1, 2010 through March 31, 2011.

Implementation of GASB 45:

The Authority has implemented GASB 45, which is for the disclosure of liabilities for Other Post Employment Benefits (OPEB). OPEB are non-pension benefits that a government has contractually or otherwise agreed to provide employees once they have retired. GASB 45 provides standards for calculating the OPEB cost liability being incurred. In summary, the objective is to recognize the costs being incurred today for payments that will be made in the future for today's employees eligible for the benefit.

Summit Actuarial Services, LLC prepared the analysis considering various factors including demographics, health cost, employee turnover, inflation and mortality. As can be seen below, the OPEB liability is \$29.4 million. The Authority will manage the OPEB liability and annual expenses to minimize the rate impact. Further information is included with #11 of the notes to the financial statements. The OPEB valuations will be revised in March, 2012.

Condensed Statements of Net Assets – March 31st:

The Statements of Net Assets present the asset / liability financial position of an organization as of a particular date. The summary chart below contains the Authority's Statements of Net Asset values as of March 31, 2011 and 2010. Net assets represent the difference between assets and liabilities.

	<u>2011</u>	<u>2010</u>
<u>Assets:</u>		
Unrestricted current assets	\$ 16,535,421	\$ 16,498,576
Restricted current assets	26,644,350	32,070,467
Property & equipment	105,389,472	108,220,675
Other assets	<u>3,393,609</u>	<u>2,547,850</u>
Total assets	<u>\$ 151,962,852</u>	<u>\$ 159,337,568</u>
<u>Liabilities & Net Assets:</u>		
Unrestricted current liabilities	\$ 3,333,222	\$ 3,502,525
Restricted current liabilities	9,354,051	8,546,537
Net OPEB obligation	29,367,531	26,500,974
Other long-term liabilities	69,008,146	76,680,109
Net assets	<u>40,899,902</u>	<u>44,107,423</u>
Total liabilities & net assets	<u>\$ 151,962,852</u>	<u>\$ 159,337,568</u>

Overall, the Authority's Statements of Net Assets have remained relatively stable between fiscal years. Unrestricted current asset coverage of all current liabilities decreased slightly from 1.37X to 1.30X in fiscal 2011. Current restricted assets have decreased because construction funds were utilized for capital asset additions during the fiscal year, and a lower Bond Service level. The debt ratio (excluding OPEB) for both 2011 and 2010 were 53.8% and 55.7%, respectively. The higher the debt ratio, the higher is the organization's financial risk.

Net capital additions were \$3,839,219, and net accumulated depreciation was \$6,670,422. Therefore, capital assets have decreased by \$2,831,203, as shown in the above chart. Long-term liabilities (excluding OPEB) have decreased by \$7.7 million. Principal payments for all bond issues were \$6.7 million for fiscal 2010/2011. Additionally, there were over \$800,000 in NJEIT related reductions for unobligations and refundings. As of March 31, 2011, \$744,331 in Series 2002 Bond funds remained, which are included in restricted current assets in the Statements of Net Assets.

Changes in net assets, reviewed over several accounting periods, can serve as an indicator of deteriorating or improving financial position. From March 31, 2003 to March 31, 2011, the Authority's net assets (excluding OPEB) have increased by \$4.1 million.

Condensed Statements of Revenues, Expenses, and Changes in Net Assets – March 31st:

The Statements of Revenues, Expenses, and Changes in Net Assets measure the financial performance of an organization for a period of time, and the impact upon net assets. The chart below summarizes operational activity for the period April 1st to March 31st each fiscal year.

	<u>2011</u>	<u>2010</u>
Operating revenues	\$ 34,428,117	\$ 31,306,323
Operating expenses:		
Administrative expenses	7,482,323	7,183,632
Cost of providing services	16,688,823	15,982,561
Depreciation	<u>6,838,793</u>	<u>6,907,339</u>
Total operating expenses	<u>31,009,939</u>	<u>30,073,532</u>
Operating income over expenses	3,418,178	1,232,791
Total non-operating revenues/(expenses)	<u>(6,809,986)</u>	<u>(7,094,284)</u>
Net income/(loss)	(3,391,808)	(5,861,493)
Extraordinary gain/(loss)	(528,505)	-
Contributed capital	712,792	216,735
Net assets, beginning of year	<u>44,107,423</u>	<u>49,752,181</u>
Net assets, end of year	<u>\$ 40,899,902</u>	<u>\$44,107,423</u>

Selected Expenses as a Percent of Operating Revenues – March 31st:

Administrative expenses	21.8%	23.0%
Cost of providing services	48.4%	51.0%
Depreciation	<u>19.9%</u>	<u>22.1%</u>
Total operating expenses	<u>90.1%</u>	<u>96.1%</u>

Operating revenues for fiscal 2010/2011 were \$34.4 million, a \$3.1 million increase from prior fiscal year and \$603,000 above the budgeted amount of \$33.8 million. Lawn account revenues were \$279,461 or 18.5% above the \$1.5 million budget at \$1.8 million. Bulk water sales were \$144,800 or 11.6% over the \$1.2 million budget at \$1,390,342. With an overall 4.3% rate increase, annual service charges increased by \$3.0 million between fiscal years. Service charges rebounded from fiscal 2009/2010, which were impacted by a dry summer, soft economy, and reduced summer shore trade. Initial service charges decreased from \$278,360 in 2010 to \$250,324 in 2011.

Administrative expenses of \$7.5 million were 4.0% higher in 2010/2011 than prior fiscal year. However, actual administrative costs were (\$506,000) below the budgeted amount of \$8.0 million. Administrative costs were below budget in most areas, particularly with professional / consulting fees and software / support contracts in the Networking Department. The Authority had 152 budgeted positions in 2010/2011, including Commissioners and seasonal employees.

Cost of providing services increased from \$16.0 million in 2009/2010 to \$16.6 in 2010/2011. Expenses such as sewer treatment, chemicals, utilities, and water quality testing are correlated to the higher sales volume in the fiscal year.

OCUA sewerage treatment charges amounted to \$7.7 million in fiscal 2010/2011, exceeded the budget by over \$400,000. This represents the Authority's largest single operating expense. Actual OCUA meter flows for the fiscal year were 2.001 billion gallons, at a cost of \$7.5 million. The Authority budgeted 1.876 billion OCUA billed gallons, at an estimated cost of \$7.1 million. OCUA meter reads have been exceeding the Authority's billed sewer gallons over the past two fiscal years. The OCUA expense was the primary reason that there was an overall negative variance for cost of providing services of \$79,000 versus budget.

Non-operating revenues and expenses for fiscal 2010/2011 were comprised of \$3.3 million in interest expense, partially offset by \$270,000 in interest income. Net loss for fiscal 2010/2011 was (\$3.9) million. As can be seen on page 13, there was a \$1,000,000 transfer to the Township of Brick, and the OPEB obligation of \$2.9 million which significantly contributed to the net loss. Since the net loss calculations on the Statement of Revenues and Expenses include various non cash related items, future rate adjustments are expected to remain levelized.

As noted above, the ratios of administrative, depreciation, and total operating expenses relative to operating revenues improved in fiscal 2010/2011 as compared to last fiscal year. This would be expected in the case where operating revenues had a greater increase relative to associated expenses. The Authority's debt service coverage (operating revenues / debt service payments) showed improvement as well, increasing to 3.4X for fiscal 2010/2011 versus 3.1X last fiscal year.

Statements of Cash Flows

The Authority's Statements of Cash Flows show net cash provided by operating activities of \$6,387,193. Cash used by financing / investing activities was \$8,515,463 (\$6.7 million for bond principal payments) for a net cash decrease of (\$2,128,270) for the fiscal year. In comparison, fiscal 2009/2010 had a net decrease in cash of (\$447,785).

Cost of Service Study

On October 27, 2008 the Authority approved resolution 78 -- 08 for the preparation of a Cost of Service Study to be performed by the firm of Holman & Frenia. The purpose of the study was to determine the appropriate rate structure and design for each customer class, segmented between fixed and commodity pricing. The study has been completed, with the recommended changes effective on April 1, 2011. The changes can be summarized as follows:

- 1). The elimination of the minimum quarterly charge (10,000 gallons for water and 18,000 gallons for sewer).

- 2). Minimum allowances based on meter size no longer apply.
- 3). Utilize the same rate methodology as the residential single family class for all classes.
- 4). Apply a second tier cost to lawn accounts and temporary use of hydrants.
- 5). All previous rate methodologies remain intact other than noted above.

Rate Determination and History

Rates are projected on a five-year outlook basis to balance the budget. Estimates of injection from the Rate Maintenance Fund are included as needed to streamline rate change and avoid any potential rate spikes. The Authority’s history of overall rate increases are as follows:

September 1, 1999:	(6.0%)	*Decrease resulted from conversion to consumption based rates.
May 1, 2001:	3.5%	
April 1, 2002:	8.7%	
April 1, 2003:	8.8%	
April 1, 2004:	8.0%	
April 1, 2005:	8.5%	
April 1, 2006:	5.5%	
April 1, 2007:	0.0%	
April 1, 2008:	5.5%	
April 1, 2009:	2.8%	
April 1, 2010:	4.3%	
April 1, 2011:	3.9%	

Actual rate adjustments have remained reasonably consistent with five-year projections. Rate increases from 2002 through 2005 primarily resulted from increased debt service being built into base rates. This additional debt service was primarily associated with the construction of a one billion gallon reservoir, and the associated costs for the water treatment plant modifications and transmission main. The 2006 rate increase was attributed to NJEIT pump station and sewer rehabilitation debt service. For the first time in seven years, the Authority had no rate increase in fiscal 2007/2008. Increased operating expenses and a reduction in anticipated investment income were the key reasons for a 3.9% rate increase effective on April 1, 2011.

Five-year operational and rate planning is included as an integral portion of the Authority’s budget book each fiscal year.

Funding of Infrastructure and Debt Management

It has been the policy of the Brick Township Municipal Utilities Authority that funding for capital improvements, additions, or replacements be accomplished through one, or a combination, of the following methods:

- Borrowings from the New Jersey Environmental Infrastructure Trust
- Revenue bonds
- Internal Funding

Refunding of existing debt has been periodically reviewed and completed when feasible, including the most recent Series 2006 refunding issue.

Capital – Five-Year Planning

The capital improvement program includes a five year projection that is revised each year. The capital projection process allows the Finance Division to appropriately analyze future impacts of capital expenditures on remaining bond funds, internal funding, potential borrowings, and rate adjustment.

The Authority's current projection includes capital expenditures of \$18.1 million for the periods 2011/2012 through 2014/2015. Funding for the various projects includes a combination of three sources noted on the previous page. If the five-year capital plan is achieved as noted in the 2011/2012 budget book, additional capital financing may be required during fiscal year 2011/2012.

Auditors

The Authority auditor for the fiscal year ending March 31, 2011 was Holman & Frenia, P.C. Prior audits can be obtained from the office of the Brick Township Municipal Utilities Authority.



Prepared by:
Frank Planko
Chief Financial Officer

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Statements of Net Assets
March 31, 2011 and 2010

	2011	2010
ASSETS		
Unrestricted current assets:		
Cash and cash equivalents	\$ 12,876,142	\$ 12,928,700
Accounts receivable	2,611,492	2,875,799
Grants receivable	328,800	-
Note receivable - current portion	-	3,553
Accrued interest receivable	-	2,014
Inventory - supplies	483,591	491,266
Prepaid expenses	235,396	197,244
Total unrestricted current assets	16,535,421	16,498,576
Restricted current assets (See note 3):		
Cash and cash equivalents	17,429,143	19,504,855
Investments	5,410,000	6,963,500
Assets held in trust with NJ Environmental Infrastructure Trust	3,803,011	5,571,570
Accrued interest receivable	2,196	30,542
Total restricted current assets	26,644,350	32,070,467
Property and equipment, net	105,389,472	108,220,675
Other assets:		
Debt issue costs, net	1,335,227	1,465,543
Loss on defeasement, net	1,494,488	432,591
Bond discount, net	563,894	649,716
Total other assets	3,393,609	2,547,850
Total assets	151,962,852	159,337,568

See independent auditors' report and accompanying notes to financial statements.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Statements of Net Assets (continued)
March 31, 2011 and 2010

	2011	2010
LIABILITIES		
Unrestricted current liabilities:		
Accounts payable	555,045	1,079,214
Accrued expenses	371,983	569,233
Accrued estimated litigation settlement	629,103	-
Deferred income	1,777,091	1,854,078
Total unrestricted current liabilities	3,333,222	3,502,525
Restricted current liabilities:		
Accounts payable	677,401	87,383
Bonds payable, current portion	7,011,295	6,732,242
Accrued interest payable	960,334	1,038,705
Deferred income	387,304	378,914
Developer escrow	219,888	239,600
Retainage payable	97,829	69,693
Total restricted current liabilities	9,354,051	8,546,537
Long-term liabilities:		
Bonds payable, net of current portion	65,846,825	73,422,310
Net OPEB obligation (See note 11)	29,367,531	26,500,974
Bond premium, net	2,135,019	2,272,174
Reserve for compensated absences	1,026,302	985,625
Total long-term liabilities	98,375,677	103,181,083
Total liabilities	111,062,950	115,230,145
NET ASSETS		
Investments in capital assets, net of related debt	33,789,942	27,584,060
Restricted and unrestricted net assets:		
Reserved for debt service	10,479,585	10,390,982
Reserved for renewal and replacement	500,000	500,000
Reserved for future construction	5,504,892	6,621,042
Unreserved	(9,374,517)	(988,661)
Total restricted and unrestricted net assets	7,109,960	16,523,363
Total net assets	\$ 40,899,902	\$ 44,107,423

See independent auditors' report and accompanying notes to financial statements.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Statements of Revenues, Expenses and Changes in Net Assets
For the years ended March 31, 2011 and 2010

	2011	2010
Operating revenues:		
Annual service charges	\$ 33,282,899	\$ 30,285,306
Initial service charges	250,324	278,360
Tap-ins, permits and other fees	370,877	201,158
Review and inspection fees	30,436	22,566
Interest on delinquent payments	151,617	217,972
Miscellaneous income	341,964	300,961
Total operating revenues	34,428,117	31,306,323
Operating expenses:		
Cost of providing services	16,688,823	15,982,561
Administrative expenses	7,482,323	7,183,632
Depreciation	6,838,793	6,907,339
Total operating expenses	31,009,939	30,073,532
Operating income over expenses	3,418,178	1,232,791
Non-operating revenues (expenses):		
Interest on investments	277,104	527,095
Interest expense	(3,252,859)	(3,481,981)
Grant revenue	394,799	-
Change in net OPEB obligation (See note 11)	(2,866,557)	(2,866,557)
Transfer to the Township of Brick (See note 9)	(1,000,000)	(952,570)
Gain/(loss) on disposal of assets	(20,360)	(57,074)
Amortization of bond premium/discount	60,730	-
Reservoir sponsorship and scrap fund deposits	1,503	3,920
Amortization of debt issue costs	(130,316)	(67,305)
Amortization of loss on defeasement	(274,030)	(199,812)
Total non-operating revenues (expenses)	(6,809,986)	(7,094,284)
Net loss	(3,391,808)	(5,861,493)
Extraordinary gain (See note 8)	100,598	-
Extraordinary loss (See note 13)	(629,103)	-
Net loss after extraordinary gain	(3,920,313)	(5,861,493)
Restricted and unrestricted net assets, April 1	16,523,363	20,876,385
Contributed capital	712,792	216,735
Net change in investments in capital assets net of related debt	(6,205,882)	1,291,736
Restricted and unrestricted net assets, March 31	7,109,960	16,523,363
Investments in capital assets, net of related debt, April 1	27,584,060	28,875,796
Net decrease in capital assets	(2,831,203)	(5,376,106)
Decrease in related debt	9,037,085	4,084,370
Investments in capital assets, net of related debt, March 31	33,789,942	27,584,060
Total net assets, March 31	\$ 40,899,902	\$ 44,107,423

See independent auditors' report and accompanying notes to financial statements.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Statements of Cash Flows
For the years ended March 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Cash received from service users	\$ 34,675,170	\$ 31,363,551
Cash paid to suppliers and employees	(25,264,211)	(23,951,632)
Interest received	307,464	697,532
Interest paid	(3,331,230)	(3,553,477)
Net cash flow from operating activities	6,387,193	4,555,974
Cash flows from financing activities:		
Payments for capital acquisitions	(3,336,719)	(1,371,572)
Debt issuance costs	-	(52,241)
Bond principal retirements	(6,732,244)	(6,387,446)
Net cash flow from financing activities	(10,068,963)	(7,811,259)
Cash flows from investing activities:		
Maturities/(purchases) of investments	1,553,500	2,807,500
Net cash flow from investing activities	1,553,500	2,807,500
Net change in cash and cash equivalents	(2,128,270)	(447,785)
Cash and cash equivalents, April 1	32,433,555	32,881,340
Cash and cash equivalents, March 31	\$ 30,305,285	\$ 32,433,555
 Schedule of non-cash investing and financing activities:		
Capital contributions capitalized	\$ 712,792	\$ 216,735

See independent auditors' report and accompanying notes to financial statements.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Statements of Cash Flows (continued)
For the years ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Reconciliation of net income to cash flows from operating activities:		
Net loss	\$ (3,391,808)	\$ (5,861,493)
Items which did not use (provide) cash:		
Depreciation	6,838,793	6,907,339
Change in net OPEB obligation	2,866,557	2,866,557
Loss on disposal of assets	20,360	57,074
Amortization on bond premium/discount	(60,730)	-
Amortization of debt issue costs	130,316	67,305
Amortization of loss on defeasement	274,030	199,812
Working capital changes which provided (used) cash:		
Accounts receivable	264,307	119,555
Grants receivable	(328,800)	-
Note receivable	3,553	3,352
Accrued interest receivable	30,360	170,437
Inventory	7,675	944
Prepaid expenses	(38,152)	(7,518)
Accounts payable	65,849	42,163
Accrued expenses	(197,250)	352,525
Transfer payable to the Township of Brick	-	(250,000)
Deferred income	(68,597)	(17,155)
Accrued interest payable	(78,371)	(71,496)
Developer escrow	(19,712)	(52,444)
Retainage payable	28,136	(6,739)
Reserve for compensated absences	40,677	35,756
	<u> </u>	<u> </u>
Net cash flows from operating activities	<u>\$ 6,387,193</u>	<u>\$ 4,555,974</u>

See independent auditors' report and accompanying notes to financial statements.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements
For the years ended March 31, 2011 and 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Brick Township Municipal Utilities Authority ("Authority"), a public politic and corporate body, was created by virtue of an ordinance of the Township of Brick, adopted April 3, 1969, pursuant to Chapter 183 of the Municipal Utilities Authorities Laws of the State of New Jersey of 1957 (Chapter 14B of Title 40 of the Revised Statutes of New Jersey).

The purposes for which the Authority was created include the acquisition and/or construction of plants and distribution systems to provide an adequate supply of water and the acquisition and/or construction of sewer facilities incident to the disposition and treatment of sewerage for the relief of waters from pollution.

As a public body, under existing statute, the Authority is exempt from federal, state and local taxes.

The financial statements of the Authority have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of state and local governments.

Revenues are recognized when earned and measurable and expenses are recognized when incurred. Interest on delinquent accounts is realized when cash is received. Customers are billed on a quarterly basis for both water and sewer.

B. Grants

Contributions from various sources of grants are recorded in the period received. Developer financed construction is recorded in the period the projects are completed and conveyed to the Authority. The valuations of these projects are based on estimates of the entire cost of construction, including rights-of way, inspection and as-built plans as calculated by developers' engineers. Donated assets are recorded at fair market value at the date of the gift. Grants not externally restricted and utilized to finance operations are identified as non-operating revenues. Grants externally restricted for non-operating purposes are recorded as contributed capital and identified as grants-in-aid.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Inventory

Inventory consists principally of pipes, appurtenances, meters and chemicals for water and sewer systems and various materials and supplies for the daily operation of the Authority and is stated at the lower of average cost determined by the first-in, first-out method (FIFO) or market.

The requirements for Authorities in the State of New Jersey state that an inventory management system is to be maintained for materials and supplies. This system of inventory is to have been made a part of the Authority financial records and maintained on a yearly basis for purchases, deletions and usage.

E. Capital Assets

Costs of the water and sewer systems incurred to date consists of facilities constructed or acquired, cost of acquisition of land, easements and rights-of-way, costs incidental to such construction or acquisitions including engineering and inspection fees, costs of equipment, administrative and legal expenses, facilities contributed to the Authority by sub dividers, the excess of value over cost of acquired facilities as determined by the Authority's Consulting Engineer or the Authority's in-house professional engineers, and interest on bonds incurred during the period of construction (less income earned on expended construction funds).

Depreciation is provided for water and sewer systems, administration complex, equipment and vehicles using the straight-line method. Depreciation is proved over the following estimated useful lives:

Water production and distribution system	40 years
Sewer collection system	40 years
Administration complex	40 years
Equipment	10 years
Vehicles	5 years

Depreciation expense for the years ended March 31, 2011 and 2010 was \$6,838,793 and \$6,907,339, respectively.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets (continued)

Details of property, plant and equipment as of March 31, 2011 and 2010 are as follows:

	<u>March 31, 2010</u>	<u>Net Change</u>	<u>March 31, 2011</u>
Land and easements	\$ 4,317,257	\$ 49,370	\$ 4,366,627
Administration building and warehouse	5,652,927	83,792	5,736,719
Water production and distribution system	81,872,164	676,869	82,549,033
Sewer collection system	97,417,055	609,453	98,026,508
Meters	2,658,261	18,098	2,676,359
Reservoir	37,045,957	4,063	37,050,020
Construction in progress – reservoir	30,418	-0-	30,418
Construction in progress – other	2,491,224	1,956,758	4,447,982
Equipment	16,673,366	453,154	17,126,520
Vehicles	<u>2,259,503</u>	<u>(12,338)</u>	<u>2,247,165</u>
Subtotal	250,418,132	3,839,219	254,257,351
Less: accumulated depreciation	<u>(142,197,457)</u>	<u>(6,670,422)</u>	<u>(148,867,879)</u>
Property, plant and equipment – net	<u>\$ 108,220,675</u>	<u>\$ (2,831,203)</u>	<u>\$ 105,389,472</u>

F. Cash and Investment Accounts

In accordance with the 1996 bond resolution, as amended and/or supplemented, the Authority has established the following cash and investment accounts for the deposit and/or transfer, in the priority of the order listed, of all monies received by the Authority.

<u>Account</u>	<u>Amount</u>	<u>Purpose</u>
<u>Unrestricted:</u>		
Revenue Fund	All revenues received by the Authority.	Authorized operating expenses and, at least once a month, transfers to the various accounts described below.
General Fund	Any excess over expenditures in the revenue fund or accounts shall be transferred to the general fund each month if all required deposits and trustee expenses have been duly executed.	Amounts on deposit in the general fund shall be applied by the Authority to any lawful purpose of the Authority related to the sewer or water sewer systems.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Investment Accounts (continued)

Restricted:

Bond Service Fund (Current debt service)	Amount needed to pay matured principal and interest due on or before the following December 1 st .	Principal and interest on bonds.
Bond Reserve Fund (Future debt service)	Amount equal to the Bond Reserve requirement.	Transfers to meet minimum levels required in the bond service or sinking accounts. Any excess may be transferred into the revenue account.
Renewal and Replacement Fund (Maintenance reserve)	An amount equal to the System Reserve requirement.	Transfers to meet minimum levels required in the bond reserve account for major repairs, renewals and extensions of the system.
Construction fund	Amount needed to fund construction projects.	Transfers to meet costs of construction projects.

Investments are shown on the balance sheet at fair value.

G. Unamortized Debt Issue Costs

Deferred debt issue costs are being amortized over the lives of the bond issues based on the straight-line method; accumulated amortization as of March 31, 2011 and 2010 is \$1,833,676 and \$1,703,360, respectively.

H. Subsequent Events

The Authority has evaluated subsequent events occurring after March 31, 2011 through May 27, 2011, which is the date the financial statements were available to be issued.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 2: CASH, 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 March 31, 2011 and 2010, and reported at fair value, are as follows:

2011

Type	Rating	Maturities	Carrying Value
Deposits:			
Demand deposits			\$ 20,840,285
Certificates of deposit		Various	<u>14,875,000</u>
Total cash and investments			<u>\$ 35,715,285</u>

Reconciliation of Statements of Net Assets:

Unrestricted current assets:		
Cash and cash equivalents		\$ 12,876,142
Restricted current assets:		
Cash and cash equivalents		17,429,143
Investments		<u>5,410,000</u>
Total cash and investments		<u>\$ 35,715,285</u>

2010

Type	Rating	Maturities	Carrying Value
Deposits:			
Demand deposits			\$ 12,289,795
Certificates of deposit		Various	<u>27,107,260</u>
Total cash and investments			<u>\$ 39,397,055</u>

Reconciliation of Statements of Net Assets:

Unrestricted current assets:		
Cash and cash equivalents		\$ 12,928,700
Restricted current assets:		
Cash and cash equivalents		19,504,855
Investments		<u>6,963,500</u>
Total cash and investments		<u>\$ 39,397,055</u>

A. Custodial Credit Risk

Deposits in financial institutions, reported as components of cash and investments had bank balance of \$35,500,560 and \$37,285,949 at March 31, 2011 and 2010. Of the bank balances at March 31, 2011, \$750,000 was fully insured by depository insurance and \$34,750,560 was secured by a collateral pool held by the bank in accordance with the Governmental Unit Deposit Protection Act, as described in note 4. Of the bank balances at March 31, 2010, \$500,000 was fully insured by depository insurance and \$36,785,949 was secured by a collateral pool held by the bank in accordance with the Governmental Unit Deposit Protection Act.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

B. Investment Interest Rate Risk

The Authority follows the requirements set forth by the State of New Jersey limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

C. Investment Credit Risk

The Authority limits investment choices according to New Jersey statutes which permit the Authority to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

D. Concentration of Investment Credit Risk

The Authority places no limit on the amount it may invest in any one issuer. The Authority is secured by a collateral pool held by the banks. At March 31, 2011, all of the Authority's investments were held by Crown, TD and Wachovia Banks. At March 31, 2010, all of the Authority's investments were held by TD and Wachovia Banks.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 3: RESTRICTED CURRENT ASSETS

At March 31, 2011 and 2010, the Authority had current assets restricted for accounts as follows:

	<u>2011</u>	<u>2010</u>
Bond service:		
Cash and cash equivalents	\$ 2,794,237	\$ 4,133,381
Accrued interest receivable	287	3,380
Bond reserve:		
Cash and cash equivalents	8,037,393	8,037,393
Accrued interest receivable	-	2,311
Renewal and replacement:		
Cash and cash equivalents	500,000	500,220
Series 2002 construction fund:		
Cash and cash equivalents	744,331	1,861,916
Accrued interest receivable	48	2,287
NJEIT – Series 2002:		
Due from New Jersey Infrastructure Trust	2,500,000	3,483,370
NJEIT – Series 2010:		
Due from New Jersey Infrastructure Trust	1,303,011	2,088,200
NJEIT Processing Fund:		
Cash and cash equivalents	1,806,851	2,964,333
Accrued interest receivable	-	8,202
Developer escrow:		
Cash	604,770	620,986
Working capital fund:		
Cash and cash equivalents	1,621,464	1,621,464
Accrued interest receivable	447	2,555
Rate maintenance fund:		
Cash and cash equivalents	3,591,000	3,591,000
Accrued interest receivable	833	7,595
Emergency repair fund:		
Cash and cash equivalents	500,000	500,220
Reservoir sponsorship fund:		
Cash and cash equivalents	205,519	203,864
Future capital requirements:		
Cash and cash equivalents	2,433,578	2,433,578
Accrued interest receivable	<u>581</u>	<u>4,212</u>
 Total restricted current assets	 <u>\$ 26,644,350</u>	 <u>\$ 32,070,467</u>

NOTE 4: GOVERNMENTAL UNIT DEPOSIT PROTECTION ACT (GUDPA)

The Authority has deposited cash in fiscal years 2011 and 2010 with an approved public fund depository qualified under the provisions of the Governmental Unit Deposit Protection Act. In addition to savings and checking accounts, the Authority invests monies in certificates of deposits.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 4: GOVERNMENTAL UNIT DEPOSIT PROTECTION ACT (GUDPA) (continued)

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 six month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the six 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 the FDIC 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 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 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 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 30 and December 31) with the Commissioner of Banking. Any public depository which refuses or neglects to give any such information so requested may be excluded 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 municipality should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 5: NOTE RECEIVABLE – BOROUGH OF MANTOLOKING

On April 12, 2000, the Authority entered into an agreement with the Borough of Mantoloking to install SCADA system and instrumentation improvements to the Bay Avenue Sewer Pump Station. The contract requires the Borough of Mantoloking to reimburse the Authority for the cost of the improvements, together with interest at 6%, which will be repaid over a 10 year period. The principal balance of \$3,553 was paid in full on January 24, 2011 in accordance with the agreement.

NOTE 6: LONG-TERM DEBT

Bonds payable at March 31, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Series 1998 refunding bonds, interest rate of 3.75% to 4.30%, maturity dates serially beginning December 1, 2003 and ending December 1, 2012. Interest payment dates are June 1 and December 1. Bonds dated on or before December 1, 2008 are not callable; others are at any time after December 1, 2008 and prior to maturity.	\$ 2,240,000	\$ 3,290,000
New Jersey Environmental Infrastructure Trust 2001 (W1506001-001), interest rate of 4.00% to 5.50%, maturity dates serially beginning August 1, 2004 and ending August 1, 2021. Interest payment dates are February 1 and August 1.	3,131,599	3,596,838
New Jersey Environmental Infrastructure Fund 2001 (W1506001-001), interest rate of 0%, semi-annual maturity dates beginning February 1, 2004 and ending August 1, 2021.	2,577,763	3,065,993
New Jersey Environmental Infrastructure Trust 2001 (S340-448-04), interest rate of 4.00% to 5.50%, maturity dates serially beginning August 1, 2003 and ending August 1, 2021. Interest payment dates are February 1 and August 1.	741,920	807,614
New Jersey Environmental Infrastructure Fund 2001 (S340-448-04), interest rate of 0%, semi-annual maturity dates beginning February 1, 2003 and ending August 1, 2021.	654,933	724,361
Series 2002 revenue bonds, interest rate of 3.50% to 5.25%, maturity dates serially beginning December 1, 2005 and ending December 1, 2032. Interest payment dates are June 1 and December 1. Bonds dated on or before December 1, 2012 are not subject to optional redemption prior to maturity. Bonds maturing December 1, 2013 are subject to redemption on or after December 1, 2012 in whole or in part.	15,885,000	16,720,000

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 6: LONG-TERM DEBT (continued)

New Jersey Environmental Infrastructure Trust 2002 (S340-448-04), interest rate of 4.00% to 5.25%, maturity dates serially beginning August 1, 2006 and ending August 1, 2022. Interest payment dates are February 1 and August 1.	2,921,761	3,423,220
New Jersey Environmental Infrastructure Trust 2002 (S340-448-04), interest rate of 0%, semi-annual maturity dates beginning February 1, 2006 and ending August 1, 2022.	2,831,937	3,318,326
Series 2006 revenue bonds, interest rate of 4.00% to 5.00%, maturity dates serially beginning December 1, 2007 and ending December 1, 2027. Interest payment dates are June 1 and December 1. Bonds dated on or before December 1, 2016 are not subject to optional redemption prior to maturity. Bonds maturing December 1, 2017 are subject to redemption on or after December 1, 2016 in whole or in part.	39,865,000	43,120,000
New Jersey Environmental Infrastructure Trust 2010 (S340-448-07/08), interest rate of 3.00% to 5.00%, maturity dates serially beginning August 1, 2011 and ending August 1, 2029. Interest payment dates are February 1 and August 1.	515,000	515,000
New Jersey Environmental Infrastructure Trust 2010 (S340-448-07/08), interest rate of 0%, semi-annual maturity dates beginning August 1, 2010 and ending August 1, 2029.	<u>1,493,207</u>	<u>1,573,200</u>
Total bonds payable	72,858,120	80,154,552
Less: current portion	<u>(7,011,295)</u>	<u>(6,732,242)</u>
Bonds payable, excluding current portion	<u>\$ 65,846,825</u>	<u>\$ 73,422,310</u>

1998 Bonds

Description

The Authority issued revenue-refunding bonds, Series 1998, dated December 1, 1998 in the amount of \$9,590,000. The proceeds of the issue, together with \$1,300,000 of Authority funds, were utilized to partially refund Series 1992 Authority bonds in the amount of \$9,905,000.

The Bonds have remaining annual maturities ranging from \$1,095,000 to \$1,145,000 with principal payments due December 1st through December 1, 2012 and bear interest at rates ranging from 4.25% to 4.30%. Annual maturities and interest rates are more fully described in Schedule I.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 6: LONG-TERM DEBT (continued)

2001 Series Bonds – New Jersey Environmental Infrastructure Trust

2001 (W15606001-001)

Description

On November 8, 2001, the Authority issued \$18,006,813 in Revenue Bonds through the New Jersey Environmental Infrastructure Trust. The “Fund” (Federal Funds) portion of the Bond Issue, \$8,946,813, was issued with no interest rate. The remaining Bonds mature semi-annually from August 1, 2011 through August 1, 2020 at maturities ranging from \$3,148 to \$66,102. Annual maturities and interest rates are more fully described in Schedule I.

The “Loan” (State Funds) portion of the Bond Issue, \$9,060,000, the remaining bonds mature annually from August 1, 2011 through 2021 at annual maturities ranging from \$55,498 to \$80,030 and bear interest at rates ranging from 4.75% to 5.50%. Annual maturities and interest rates are more fully described in Schedule I.

During the year ended March 31, 2008, the project was closed out and there was a reduction of the amounts due from New Jersey Environmental Infrastructure Trust and the repayment of the bonds of \$5,483,911 due to the building cost bids received and awarded by the Authority coming in well below the estimated amount bonded. During the year ended March 31, 2008, the New Jersey Environmental Infrastructure Trust refunded bonds it had outstanding, resulting in a principal savings credit of \$611,799.

During the year ended March 31, 2011, the New Jersey Environmental Infrastructure Trust refunded bonds it had outstanding, resulting in a principal savings credit of \$40,238.

2001 (S340448-04)

Description

On November 8, 2001, the Authority also issued \$2,646,019 in Revenue Bonds through the New Jersey Environmental Infrastructure Trust. The “Fund” (federal Funds) portion of the Bond issue, \$1,336,019, was issued with no interest rate. The remaining Bonds mature semi-annually from August 1, 2011 through August 1, 2021 at maturities ranging from \$62,249 to \$425,701. Annual maturities and interest rates are more fully described in Schedule I.

The “Loan” (State Funds) portion of the Bond issue, \$1,310,000, has remaining maturities annually from August 1, 2011 through 2021 at annual maturities ranging from \$142,735 to \$500,000 and bear interest at rates ranging from 4.75% to 5.50%. Annual maturities and interest rates are more fully described in Schedule I.

During the year ended March 31, 2008, the project was closed out and there was a reduction of the amounts due from New Jersey Environmental Infrastructure Trust and the repayment of the bonds of \$103,443 due to the building cost bids received and awarded by the Authority coming in well below the estimated amount bonded. During

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 6: LONG-TERM DEBT (continued)

2001 Series Bonds – New Jersey Environmental Infrastructure Trust (continued)

2001 (S340448-04) (continued)

Description (continued)

the year ended March 31, 2008, the New Jersey Environmental Infrastructure Trust refunded bonds it had outstanding, resulting in a principal savings credit of \$53,943.

During the year ended March 31, 2011, the New Jersey Environmental Infrastructure Trust refunded bonds it had outstanding, resulting in a principal savings credit of \$5,694.

2002 Bonds

Description

The Authority's 2002 Bonds were issued on June 19, 2002 and were dated June 1, 2002 in the aggregate principal amount of \$37,615,000. The 2002 Bonds were issued to (1) plan, design, construct, acquire and operate a reservoir within the District and Wall Township, New Jersey, with all necessary and incidental connecting equipment, apparatus, structures and appurtenances, and including all real property and rights-of-way, easements and other interest therein and all personal property necessary or desirable for the efficient construction and operation of such facilities and all work and materials necessary therefore and incidental thereto, all to be undertaken pursuant to the Resolution, and such other additions, alterations and improvements to the Authority's water and/or sewer systems as specified on the list of projects now on file at the Authority ("2002 Project"); (2) fund a deposit to the Bond Reserve Fund; (3) make a deposit of accrued interest and capitalized interest into the Bond Service Fund and (4) the payment of certain costs and expenses incidental to the issuance and delivery of the 2002 Bonds, including the premium for a municipal bond issuance policy. Interest is due and payable semi-annually each December 1 and June 1. Principal is payable on December 1st commencing on December 1, 2005. The Bonds have annual maturities ranging from \$685,000 to \$10,880,000 (Term Bonds) and bear interest at rates ranging from 3.50% to 5.00%. Annual maturities and interest rates are more fully described in Schedule I.

Optional Redemption

The 2002 Bonds maturing on or before December 1, 2012 are not subject to optional redemption prior to maturity. The 2002 Bonds maturing on or after December 1, 2013 shall be subject to redemption prior to their stated maturity date, at the option of the Authority, on or after December 1, 2012 as a whole at any time, or in part on any interest payment date, in such order of maturity as directed by the Authority and by lot within a maturity if less than all of such maturity is called for redemption, upon notice of redemption, at a redemption price equal to 100% of the principal amount of the 2002 Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption.

Maturity Sinking Fund Redemption

The 2002 Bonds maturing on December 1, 2025 are subject to mandatory redemption prior to maturity on each December 1, commencing December 1, 2021 through and including

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 6: LONG-TERM DEBT (continued)

2002 Bonds (continued)

Maturity Sinking Fund Redemption (continued)

December 1, 2025 by lot at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date. Payment of the redemption prices for such 2002 Bonds are payable from Sinking Fund Installments which are required to be made in amounts sufficient to redeem on December 1 of each year the principal of such 2002 bonds specified for each of the years indicated below:

<u>Year</u>	<u>Sinking Fund Installments</u>
2021	\$ 1,400,000
2022	1,465,000
2023	1,540,000
2024	1,625,000
2025*	1,700,000

*Final maturity

The 2002 Bonds maturing on December 1, 2027 are subject to mandatory redemption prior to maturity on each December 1, commencing December 1, 2026 through and including December 1, 2027 by lot at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date. Payment of the redemption prices for such 2002 Bonds are payable from Sinking Fund Installments which are required to be made in amounts sufficient to redeem on December 1 of each year the principal of such 2002 Bonds specified for each of the years indicated below:

<u>Year</u>	<u>Sinking Fund Installments</u>
2026	\$ 1,790,000
2027*	1,880,000

*Final maturity

The 2002 Bonds maturing on December 1, 2032 are subject to mandatory redemption prior to maturity on each December 1 commencing December 1, 2028 through and including December 1, 2032 by lot at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date. Payment of the redemption prices for such 2002 Bonds are payable from Sinking Fund Installments which are required to be made in amounts sufficient to redeem on December 1 of each year the principal of such 2002 Bonds specified for each of the years indicated on the following page:

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 6: LONG-TERM DEBT (continued)

2002 Bonds (continued)

Maturity Sinking Fund Redemption (continued)

<u>Year</u>	<u>Sinking Fund Installments</u>
2028	\$ 1,970,000
2029	2,070,000
2030	2,170,000
2031	2,280,000
2032*	2,390,000

*Final maturity

2002 Series Bonds – New Jersey Environmental Infrastructure Trust

2002 (S340448-05/06)

Description

On November 7, 2002, the Authority also issued \$9,066,398 in Revenue Bonds through the New Jersey Environmental Infrastructure Trust. The “Fund” (Federal Funds) portion of the Bond issue, \$4,085,366, was issued with no interest rate. The remaining Bonds mature semi-annually beginning February 1, 2006 through August 1, 2022 at maturities ranging from \$5,917 to \$248,338. Annual maturities and interest rates are more fully described in Schedule I.

The “Loan” (State Funds) portion of the Bond Issue, \$4,465,000, mature annually beginning on August 1, 2006 through 2022 at annual maturities ranging from \$80,195 to \$327,781 and bear interest at rates ranging from 4.75% to 5.25%. Annual maturities and interest rates are more fully described in Schedule I.

During the year ended March 31, 2008, the New Jersey Environmental Infrastructure Trust refunded bonds it had outstanding, resulting in a principal savings credit of \$451,780.

During the year ended March 31, 2011, the New Jersey Environmental Infrastructure Trust unobligated \$463,590 of bonds it had outstanding but had not yet funded to the Authority, resulting in an additional principal savings credit of \$54,666.

2006 Bonds

Description

The Authority issued Revenue Refunding Bonds, Series 2006, dated November 29, 2006 in the amount of \$52,055,000. The proceeds of this bond issue were used to (1) refund all of the Authority’s outstanding Series 1996 Bonds dated November 1, 1996 and (2) to advance

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 6: LONG-TERM DEBT (continued)

2006 Bonds (continued)

Description (continued)

refund certain callable maturities of the Authority's Series 2002 Bonds. The Series 1996 and 2002 Bonds were redeemed on November 29, 2006 at a redemption price of 100% of the principal amount thereof.

The Bonds have remaining annual maturities ranging from \$70,000 to \$5,100,000 with principal payments due December 1st through December 1, 2027 and bear interest at rates ranging from 4.00% to 5.00%. Annual maturities and interest rates are more fully described in Schedule I.

Maturity Sinking Fund Redemption

The 2006 Bonds maturing on December 1, 2027 are subject to mandatory redemption prior to maturity on each December 1, commencing December 1, 2025 through and including December 1, 2027 by lot at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date. Payment of the redemption prices for such 2006 Bonds are payable from Sinking Fund Installments which are required to be made in amounts sufficient to redeem on December 1 of each year the principal of such 2006 bonds specified for each of the years indicated below:

<u>Year</u>	<u>Sinking Fund Installments</u>
2025	\$ 1,710,000
2026	1,785,000
2027*	1,855,000

*Final maturity

Optional Redemption

The Series 2006 Bonds maturing on and after December 1, 2006 are not subject to optional redemption prior to maturity. The 2006 Bonds maturing on or after December 1, 2017, shall be subject to redemption prior to their stated maturity date, at the option of the Authority, on or after December 1, 2016 as a whole at any time, or in part on any interest payment date, in such order of maturity as directed by the Authority, and by lot within a maturity if less than all of such maturity is called for redemption, upon notice of redemption, at a redemption price equal to 100% of the principal amount of the 2006 Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 6: LONG-TERM DEBT (continued)

2010 Series Bonds – New Jersey Environmental Infrastructure Trust

2010 (S340-448-07/08)

Description

On March 4, 2010, the Authority issued \$2,088,200 in Revenue Bonds through the New Jersey Environmental Infrastructure Trust. The “Fund” (Federal Funds) portion of the Bond Issue, \$1,573,200, was issued with no interest rate. The remaining Bonds mature semi-annually from August 1, 2011 through August 1, 2029 at maturities ranging from \$26,664 to \$53,329. Annual maturities and interest rates are more fully described in Schedule I.

The “Loan” (State Funds) portion of the Bond Issue, \$515,000, the remaining bonds mature annually from August 1, 2011 through 2029 at annual maturities ranging from \$20,000 to \$40,000 and bear interest at rates ranging from 3.00% to 5.00%. Annual maturities and interest rates are more fully described in Schedule I.

Schedule of Aggregate Annual Debt Service for the Next Five Years and Thereafter

Fiscal Year(s) Ending March 31,	Bond Principal	Interest*	Total Debt Service
2012	\$ 7,011,295	\$ 3,052,903	\$ 10,064,198
2013	7,312,600	2,762,787	10,075,387
2014	6,245,854	2,470,660	8,716,514
2015	6,512,559	2,216,434	8,728,993
2016	6,440,187	1,972,695	8,412,882
2017-2021	14,709,290	6,943,003	21,652,293
2022-2026	9,668,025	4,559,906	14,227,931
2027-2031	10,288,310	2,657,982	12,946,292
2032-2033	<u>4,670,000</u>	<u>353,000</u>	<u>5,023,000</u>
Total	<u>\$ 72,858,120</u>	<u>\$ 26,989,370</u>	<u>\$ 99,847,490</u>

*Net of capitalized interest amounts on deposit plus earnings

NOTE 7: COMPENSATED ABSENCES PAYABLE

The Authority has a policy and express provisions in its employment contracts that allow employees to accrue unused sick and vacation days. The Authority pays all vacation time accrued upon retirement, but employees can only carry over one year of vacation into the following year, at which time the unused balance is cancelled. The Authority pays a maximum of \$15,000 of sick time accrued at retirement. Annually the Authority buys back unused sick days in excess of the allowed carryover to limit the liability they may incur upon retirement of an employee. At March 31, 2011 and 2010, an amount of \$1,026,302 and \$985,625, respectively, has been provided to fully fund this potential liability.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 8: EXTRAORDINARY GAIN

During the year ended March 31, 2011, the New Jersey Environmental Infrastructure Trust refinanced outstanding bond issues. This resulted in principal savings credits for the Authority on outstanding 2001 New Jersey Environmental Infrastructure Trust bonds payable for projects 15606001-01 and S340448-04 and 2002 New Jersey Environmental Infrastructure Trust bonds payable for project S340448-05/06 in the amounts of \$40,238, \$5,694, and \$54,666, respectively. The total amount of the principal savings of \$100,598 has been recognized as an extraordinary gain for the year ended March 31, 2011.

NOTE 9: TRANSFER TO THE TOWNSHIP OF BRICK

In November and December 2010, the Authority transferred \$1,000,000 from the Authority's surplus to the Township of Brick, County of Ocean, State of New Jersey pursuant to N.J.S.A. 40A:4-35.1. This has been paid in the year ending March 31, 2011 and has been recorded in the statement of revenues, expenses, and changes in net assets as transfer to the Township of Brick.

On December 21, 2009, the Authority transferred \$952,570 from the Authority's surplus to the Township of Brick, County of Ocean, State of New Jersey pursuant to N.J.S.A. 40A:4-35.1. This has been paid in the year ending March 31, 2010 and has been recorded in the statement of revenues, expenses, and changes in net assets as transfer to the Township of Brick.

NOTE 10: PENSIONS

A. Plan Description

The Authority contributes to a cost-sharing multiple-employer defined benefit pension plan administered by Public Employees' Retirement System (PERS) of New Jersey, which is part of the Division of Pensions in the Department of the Treasury, State of New Jersey. It provides retirement, disability, annual cost-of-living and death benefits to plan members and beneficiaries. The State administered funds were established by an Act of the State Legislature which assigns the Authority to establish and amend benefit provisions to the Plan's board of trustees. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERS.

B. Funding Status and Progress

Plan members are required to contribute 5.5% of their annual covered salary. The Authority is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Authority are established and may be amended by the plan's board of trustees. During 2011 and 2010, the Authority contributed 100% of their normal and accrued liabilities and will pay pension obligations through a five-year phase-in. The Authority contributed \$827,169 and \$640,715 to PERS for the years ended March 31, 2011 and 2010, respectively.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 11: OTHER POST EMPLOYMENT BENEFITS

The Brick Township Municipal Utilities Authority provides post-employment medical and prescription drug coverage to eligible retired employees and their dependents. Once Medicare age is attained by either the retired employee or the spouse in the case of spousal coverage, Medicare is primary and the Authority provides supplementary medical insurance. The Brick Township Municipal Utilities Authority pays 100% of the insurance cost for the retiree.

The Brick Township Municipal Utilities Authority's annual Other Post-Employment Benefit cost is calculated based on the Annual Required Contribution. The actuarial cost method used to determine the Plan's funding requirements is the "Unit Credit" method. Under this method, an actuarial accrued liability is determined as the present value of the earned benefits, which is allocated to service before the current plan year. The Plan is currently unfunded. The unfunded actuarial liability is amortized over thirty years. The table on the following page shows the changes in the Authority's annual Other Post-Employment Benefit cost for the year, the amount actually contributed to the Plan and changes in their net Other Post-Employment Benefit obligation to the plan:

Annual Required Contribution	\$ 2,866,557
Interest on Net Other Post-Employment Benefit	-
Adjustment to Annual Required Contribution	-
	2,866,557
Annual Other Post-Employment Benefit contributions made	-
Increase in Net OPEB Obligation	2,866,557
Net OPEB, beginning of year	26,500,974
Net OPEB, end of year	\$ 29,367,531

The Brick Township Municipal Utilities Authority's annual Other Post-Employment Benefit cost, the percentage of annual Other Post Employment Benefit cost contributed to the Plan, and the net Other Post Employment Benefit obligation (OPEB) for the years ending March 31, 2011 and 2010 are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
03/31/11	\$ 2,866,557	0%	\$ 29,367,531
03/31/10	2,866,557	0%	26,500,974

Actuarial assumptions were used to value the post-retirement medical liabilities. Actuarial assumptions were based on the actual experience of the covered group, to the extent that creditable experience data was available, with an emphasis on expected long-term future trends rather than giving undue weight to recent past experience. The reasonableness of each actuarial assumption was considered independently based on its own merits, its consistency with each other assumption, and the combined impact of all assumptions.

Two economic assumptions used in the valuation are the discount rate and the health care cost trend rates. The economic assumptions are used to account for changes in the cost of benefits over time and to discount future benefit payments for the time value of money.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (continued)

The investment return assumption (discount rate) should be the estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits. The investments expected to be used to finance the payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans, or a proportionate combination of the two for plans that being partially funded. We assumed a discount rate of 5.0 percent for purposes of developing the liabilities and Annual Required Contribution on the basis that the Plan would not be funded. We based medical claims on an annual average claims cost of approximately \$19,646 per covered retiree for family coverage and \$7,858 for single coverage prior to age 65. For retirees age 65 and over we have utilized an annual average claims cost of approximately \$8,899 per covered retiree for family coverage and \$4,450 for single coverage. We assumed health care costs would increase annually at a rate of 7%.

The Brick Township Municipal Utilities Authority currently has sixteen eligible retired employees receiving retirement benefits. The net Other Post-Employment Benefit obligation to the Brick Township Municipal Utilities Authority to provide benefits to the retirees for the year ended March 31, 2011 was \$29,367,531.

NOTE 12: DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all eligible employees and administered by Hartford Life Insurance Company, permits them to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until terminations, retirement, death or unforeseeable emergency.

NOTE 13: CONTINGENCIES AND COMMITMENTS

On February 27, 1973, the Authority entered into a contract with the Ocean County Utilities Authority providing for the treatment and disposal of sewerage and charges for such services. This agreement may be terminated only after the County Authority has paid in full all of its obligations and, subsequent thereto, has been given two years notice.

On August 23, 2010, the Authority awarded a public contract to Layne Christensen Company in the amount of \$3,570,020 for the construction of a new aquifer storage and recovery well "WELL ASR-15". The project began during the year ended March 31, 2011 and payments in the amount of \$657,850 were made to Layne Christensen Company by the Authority. As of March 31, 2011, the contracted balance of the project that would be payable to Layne Christensen Company upon completion of the project is \$2,912,170.

Pending Litigation

The Company is a defendant in a lawsuit filed by a developer who has contested the amount of off-site improvements which have been constricted as part of the water and sewer system in conjunction with the development of Pine View Estates. The plaintiff sued the Authority alleging that it was required by the Authority to oversize the system, and therefore should be

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements (continued)
For the years ended March 31, 2011 and 2010

NOTE 13: CONTINGENCIES AND COMMITMENTS (continued)

reimbursed the fair market value of the over sizing of the off-site improvements which did not directly affect or impact upon that development. On May 24, 2011, judgment in favor of the Plaintiff was awarded by the Superior Court of New Jersey in the amount of \$629,103. The Authority is in the process of determining whether it will file an appeal of that judgment. A liability has been recorded in the full amount of the judgment, which has been charged as an extraordinary item in the statement of revenues, expenses and changes in net assets and the related liability was recorded on the balance sheet for the year ended March 31, 2011. The final liability may be less if the Judgment is reversed and/or remanded should the Authority successfully appeal the decision.

There are other actions, which have been instituted against the Authority, or that the Authority anticipates being filed against it. The claims are preliminary in nature or unasserted as of May 27, 2011, which is the date the financial statements were available to be issued. As such, a potential loss, if judgment is unfavorable to the Authority, is not able to be reasonably estimated.

NOTE 14: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Authority maintains insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Schedule of Insurance.

NOTE 15: CHANGE ORDERS

On August 27, 2007, the Authority awarded a Wastewater Pump Station Improvement bid to Marvec Construction Corporation not to exceed \$594,696. During construction, certain costs were added due to a change in road paving requirements from the Township of Brick. The change orders issued exceeded twenty percent (20%) of the original contract price. On February 11, 2011, the Authority received approval of the change orders from the Division of Local Government Services, in accordance with N.J.A.C. 5:30-11.9,

NOTE 16: RECLASSIFICATION OF BALANCES

As a result of a change in the Authority's accounting method for Ocean County Utilities Authority ("OCUA") charges for the treatment and disposal of sewerage during the year ended March 31, 2011, reclassifications as of March 31, 2010 of accrued expenses and net assets are shown on the Statements of Net Assets and OCUA charges as included in costs of providing services on the Statements of Revenues, Expenses and Changes in Net Assets:

	Previously <u>Stated Balance</u>	Increase <u>(Decrease)</u>	Restated <u>Balance</u>
Accrued expenses	\$ 289,016	\$ 280,217	\$ 569,233
Unreserved net assets	(708,444)	(280,217)	988,661
Cost of providing services	15,671,504	280,217	15,951,721

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Revenue Bonds Outstanding
March 31, 2011 and 2010

Schedule I

Purpose	Date Issued	Semi-annual Principal Due	Interest Rate	Outstanding at March 31, 2011	Outstanding at March 31, 2010
1998 Revenue Bonds -	12/01/98	12/01/10	4.20		\$ 1,050,000
Partially refund series		12/01/11	4.25	\$ 1,095,000	1,095,000
1992 Authority bonds		12/01/12	4.30	1,145,000	1,145,000
				<u>\$ 2,240,000</u>	<u>\$ 3,290,000</u>
NJEIT 2001 - Finance	11/01/01	08/01/10	-		\$ 54,643
the costs of		02/01/11	-		14,785
improvements for		08/01/11	-	\$ 56,809	56,809
Kettle Creek and sewer		02/01/12	-	13,629	13,629
rehabilitation projects		08/01/12	-	55,653	55,653
		02/01/13	-	12,474	12,474
		08/01/13	-	57,730	57,730
		02/01/14	-	11,229	11,229
		08/01/14	-	59,718	59,718
		02/01/15	-	10,017	10,017
		08/01/15	-	58,506	58,506
		02/01/16	-	8,805	8,805
		08/01/16	-	60,526	60,526
		02/01/17	-	7,512	7,512
		08/01/17	-	62,466	62,466
		02/01/18	-	6,138	6,138
		08/01/18	-	64,324	64,324
		02/01/19	-	4,683	4,683
		08/01/19	-	66,102	66,102
		02/01/20	-	3,148	3,148
		08/01/20	-	35,464	35,464
				<u>\$ 654,933</u>	<u>\$ 724,361</u>

* = Represents term bonds

See independent auditors' report.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Revenue Bonds Outstanding
March 31, 2011 and 2010

Schedule I
(continued)

Purpose	Date Issued	Semi-annual Principal Due	Interest Rate	Outstanding at March 31, 2011	Outstanding at March 31, 2010
NJFIT 2001 - Partially finance the cost for the construction of a reservoir	11/08/01	08/01/10	-		\$ 383,614
		02/01/11	-		104,615
		08/01/11	-	\$ 392,119	392,119
		02/01/12	-	96,709	96,709
		08/01/12	-	400,185	400,185
		02/01/13	-	88,364	88,364
		08/01/13	-	407,812	407,812
		02/01/14	-	79,579	79,579
		08/01/14	-	418,194	418,194
		02/01/15	-	71,113	71,113
		08/01/15	-	425,701	425,701
		02/01/16	-	62,249	62,249
		08/01/16	-	135,738	135,739
					<u>\$ 2,577,763</u>

See independent auditors' report.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Revenue Bonds Outstanding
March 31, 2011 and 2010

Schedule I
(continued)

Purpose	Date Issued	Annual Principal Due	Interest Rate	Outstanding at March 31, 2011	Outstanding at March 31, 2010
NJEIT 2001 - Partially finance the cost for the construction of a reservoir	11/08/01	08/01/10	5.50		\$ 425,000
		08/01/11	5.50	\$ 450,000	450,000
		08/01/12	5.50	475,000	475,000
		08/01/13	5.50	500,000	500,000
		08/01/14	5.00	489,762	530,000
		08/01/15	5.00	142,735	142,735
		08/01/16	5.00	151,451	151,451
		08/01/17	5.00	155,299	155,299
		08/01/18	5.00	167,034	167,034
		08/01/19	5.00	181,235	181,235
		08/01/20	4.75	196,670	196,670
		08/01/21	4.75	222,413	222,414
			<u>\$ 3,131,599</u>	<u>\$ 3,596,838</u>	
NJEIT 2001 - Finance the costs of improvements for Kettle Creek and sewer rehabilitation projects	11/08/01	08/01/10	5.50		\$ 60,000
		08/01/11	5.50	\$ 65,000	65,000
		08/01/12	5.50	65,000	65,000
		08/01/13	5.50	70,000	70,000
		08/01/14	5.00	69,306	75,000
		08/01/15	5.00	55,498	55,498
		08/01/16	5.00	59,450	59,450
		08/01/17	5.00	63,388	63,388
		08/01/18	5.00	67,253	67,253
		08/01/19	5.00	71,472	71,472
		08/01/20	4.75	75,523	75,523
		08/01/21	4.75	80,030	80,030
			<u>\$ 741,920</u>	<u>\$ 807,614</u>	

See independent auditors' report.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Revenue Bonds Outstanding
March 31, 2011 and 2010

Schedule I
(continued)

Purpose	Date Issued	Annual Principal Due	Interest Rate	Outstanding at March 31, 2011	Outstanding at March 31, 2010
2002 Revenue Bonds -	06/01/02	12/01/10	4.75		\$ 835,000
Finance the cost of the		12/01/11	4.00	\$ 880,000	880,000
reservoir and various		12/01/12	4.30	910,000	910,000
other water and sewer		12/01/13	4.25	955,000	955,000
projects, fund debt		12/01/14	4.35	990,000	990,000
service reserve, fund		12/01/19	4.75	1,270,000	1,270,000
debt service account	*	12/01/28	5.00	1,970,000	1,970,000
for capitalized interest	*	12/01/29	5.00	2,070,000	2,070,000
and pay the costs of	*	12/01/30	5.00	2,170,000	2,170,000
issuance	*	12/01/31	5.00	2,280,000	2,280,000
	*	12/01/32	5.00	2,390,000	2,390,000
				<u>\$ 15,885,000</u>	<u>\$ 16,720,000</u>
NJEIT 2002 - Finance	11/07/02	08/01/10	5.00		\$ 215,000
the costs of the		08/01/11	5.00	\$ 230,000	230,000
rehabilitation of		08/01/12	5.00	240,000	240,000
pumping stations and		08/01/13	5.25	80,195	250,000
sanitary sewer and		08/01/14	5.25	169,205	265,000
manholes		08/01/15	5.00	230,792	234,965
		08/01/16	5.00	241,660	245,833
		08/01/17	5.00	250,929	256,492
		08/01/18	5.00	267,678	269,068
		08/01/19	5.00	280,206	281,597
		08/01/20	5.00	292,975	294,365
		08/01/21	5.00	310,340	311,730
		08/01/22	4.75	327,781	329,170
				<u>\$ 2,921,761</u>	<u>\$ 3,423,220</u>

See independent auditors' report.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Revenue Bonds Outstanding
March 31, 2011 and 2010

Schedule I
(continued)

Purpose	Date Issued	Semi-annual Principal Due	Interest Rate	Outstanding at March 31, 2011	Outstanding at March 31, 2010
NJEIT 2002 - Finance the costs of the rehabilitation of pumping stations and sanitary sewer and manholes	11/07/02	08/01/10	-		\$ 196,790
		02/01/11	-		57,802
		08/01/11	-	\$ 202,860	202,860
		02/01/12	-	54,176	54,176
		08/01/12	-	205,541	205,541
		02/01/13	-	50,392	50,392
		08/01/13	-	208,063	208,063
		02/01/14	-	46,253	46,253
		08/01/14	-	213,385	213,385
		02/01/15	-	41,866	41,866
		08/01/15	-	218,458	218,458
		02/01/16	-	37,451	37,451
		08/01/16	-	223,503	223,503
		02/01/17	-	32,800	32,800
		08/01/17	-	228,312	228,312
		02/01/18	-	27,912	27,912
		08/01/18	-	232,885	232,885
		02/01/19	-	22,787	22,787
		08/01/19	-	237,221	237,221
		02/01/20	-	17,427	17,427
		08/01/20	-	241,320	241,320
		02/01/21	-	11,829	11,829
08/01/21	-	248,338	248,338		
02/01/22	-	5,917	5,917		
08/01/22	-	23,243	255,038		
			<u>\$ 2,831,939</u>	<u>\$ 3,318,326</u>	

See independent auditors' report.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Revenue Bonds Outstanding
March 31, 2011 and 2010

Schedule I
(continued)

Purpose	Date Issued	Annual Principal Due	Interest Rate	Outstanding at March 31, 2011	Outstanding at March 31, 2010
2006 Revenue Bonds -	11/29/06	12/01/10	4.50		\$ 3,255,000
Refund the Authority's		12/01/11	4.50	\$ 3,375,000	3,375,000
1996 and 2002 revenue		12/01/12	4.50	3,565,000	3,565,000
bonds, fund the debt		12/01/13	4.50	3,730,000	3,730,000
service reserve, and		12/01/14	4.50	3,880,000	3,880,000
pay the costs of		12/01/15	5.00	5,100,000	5,100,000
issuance		12/01/16	5.00	4,695,000	4,695,000
		12/01/17	5.00	1,225,000	1,225,000
		12/01/18	4.00	1,285,000	1,285,000
		12/01/19	4.00	70,000	70,000
		12/01/20	4.00	1,400,000	1,400,000
		12/01/21	4.00	1,460,000	1,460,000
		12/01/22	4.00	1,510,000	1,510,000
		12/01/23	4.125	1,575,000	1,575,000
		12/01/24	4.125	1,645,000	1,645,000
		12/01/25	4.125	1,710,000	1,710,000
		12/01/26	4.125	1,785,000	1,785,000
		12/01/27	4.125	1,855,000	1,855,000
				<u>\$ 39,865,000</u>	<u>\$ 43,120,000</u>
NJEIT 2010 - Finance	03/04/10	08/01/11	4.00	\$ 20,000	\$ 20,000
the costs of pump		08/01/12	5.00	20,000	20,000
station improvements		08/01/13	5.00	20,000	20,000
and sewer main		08/01/14	5.00	20,000	20,000
parallel		08/01/15	5.00	20,000	20,000
		08/01/16	5.00	20,000	20,000
		08/01/17	5.00	25,000	25,000
		08/01/18	5.00	25,000	25,000
		08/01/19	4.00	25,000	25,000
		08/01/20	5.00	25,000	25,000
		08/01/21	3.00	30,000	30,000
		08/01/22	4.00	30,000	30,000
		08/01/23	4.00	30,000	30,000
		08/01/24	4.00	30,000	30,000
		08/01/25	4.00	30,000	30,000
		08/01/26	3.50	35,000	35,000
		08/01/27	4.00	35,000	35,000
		08/01/28	4.00	35,000	35,000
		08/01/29	4.00	40,000	40,000
				<u>\$ 515,000</u>	<u>\$ 515,000</u>

See independent auditors' report.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Revenue Bonds Outstanding
March 31, 2011 and 2010

Schedule I
(continued)

Purpose	Date Issued	Annual Principal Due	Interest Rate	Outstanding at March 31, 2011	Outstanding at March 31, 2010
NJFIT 2010 - Finance the costs of pump station improvements and sewer main parallel manholes	03/04/10	08/01/10	-		\$ 53,329
		02/01/11	-		26,664
		08/01/11	-	\$ 53,329	53,329
		02/01/12	-	26,664	26,664
		08/01/12	-	53,329	53,329
		02/01/13	-	26,664	26,664
		08/01/13	-	53,329	53,329
		02/01/14	-	26,664	26,664
		08/01/14	-	53,329	53,329
		02/01/15	-	26,664	26,664
		08/01/15	-	53,329	53,329
		02/01/16	-	26,664	26,664
		08/01/16	-	53,329	53,329
		02/01/17	-	26,664	26,664
		08/01/17	-	53,329	53,329
		02/01/18	-	26,664	26,664
		08/01/18	-	53,329	53,329
		02/01/19	-	26,664	26,664
		08/01/19	-	53,329	53,329
		02/01/20	-	26,664	26,664
		08/01/20	-	53,329	53,329
		02/01/21	-	26,664	26,664
		08/01/21	-	53,329	53,329
		02/01/22	-	26,664	26,664
		08/01/22	-	53,329	53,329
		02/01/23	-	26,664	26,664
		08/01/23	-	53,329	53,329
		02/01/24	-	26,664	26,664
		08/01/24	-	53,329	53,329
		02/01/25	-	26,664	26,664
	08/01/25	-	53,329	53,329	
	02/01/26	-	26,664	26,664	
	08/01/26	-	53,329	53,329	
	02/01/27	-	26,664	26,664	
	08/01/27	-	53,329	53,329	
	02/01/28	-	26,664	26,664	
	08/01/28	-	53,329	53,329	
	02/01/29	-	26,664	26,664	
	08/01/29	-	53,333	53,333	
				<u>\$ 1,493,207</u>	<u>\$ 1,573,200</u>

See independent auditors' report.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule II

Operating Revenues

For the years ended March 31, 2011 and 2010

	Total Amount	Water		Sewer	
		Number of Customers	Amount	Number of Customers	Amount
For the year ended March 31, 2011:					
Annual service charges:					
Residential:					
Single-family	\$ 23,876,494	31,230	\$ 9,860,153	30,773	\$ 14,016,341
Multi-family	1,774,751	2,483	638,931	2,501	1,135,820
Commercial and industrial	3,166,848	1,670	1,422,131	1,630	1,744,717
Schools	230,784	23	117,215	20	113,569
Municipal	63,134	43	35,083	33	28,051
Lawn watering	1,788,472	3,946	1,788,472	-	-
Bulk - Point Pleasant Beach	982,559	-	982,559	-	-
Bulk - other	447,545	-	407,783	-	39,762
Fire protection:					
Public fire districts	607,393	4	607,393	-	-
Private	344,919	182	344,919	-	-
Total annual service charges	<u>33,282,899</u>	<u>39,581</u>	<u>16,204,639</u>	<u>34,957</u>	<u>17,078,260</u>
Initial service charges	250,324	-	154,045	-	96,279
Tap-ins, permits and other fees	370,877	-	241,594	-	129,283
Review and inspection fees	30,436	-	15,574	-	14,862
Interest on delinquent payments	151,617	-	75,809	-	75,808
Miscellaneous income	341,964	-	170,982	-	170,982
Total operating revenues	<u>\$ 34,428,117</u>	<u>39,581</u>	<u>\$ 16,862,643</u>	<u>34,957</u>	<u>\$ 17,565,474</u>
For the year ended March 31, 2010:					
Annual service charges:					
Residential:					
Single-family	\$ 22,153,731	31,223	\$ 9,089,740	30,766	\$ 13,063,991
Multi-family	1,742,127	2,485	629,137	2,503	1,112,990
Commercial and industrial	3,001,006	1,659	1,339,585	1,618	1,661,421
Schools	208,146	23	105,827	20	102,319
Municipal	57,797	42	31,471	33	26,326
Lawn watering	992,977	3,829	992,977	-	-
Bulk - Point Pleasant Beach	878,075	-	878,075	-	-
Bulk - other	338,838	-	278,759	-	60,079
Fire protection:					
Public fire districts	587,827	4	587,827	-	-
Private	324,782	184	324,782	-	-
Total annual service charges	<u>30,285,306</u>	<u>39,449</u>	<u>14,258,180</u>	<u>34,940</u>	<u>16,027,126</u>
Initial service charges	278,360	-	185,584	-	92,776
Tap-ins, permits and other fees	201,158	-	83,489	-	117,669
Review and inspection fees	22,566	-	9,986	-	12,580
Interest on delinquent payments	217,972	-	108,986	-	108,986
Miscellaneous income	300,961	-	150,481	-	150,480
Total operating revenues	<u>\$ 31,306,323</u>	<u>39,449</u>	<u>\$ 14,796,706</u>	<u>34,940</u>	<u>\$ 16,509,617</u>

See independent auditors' report.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule III

Cost of Providing Services

For the years ended March 31, 2011 and 2010

	2011		2010	
	Total	Water	Sewer	Total
Treatment of sewerage by:				
Ocean County Utilities Authority	\$ 7,720,930	\$ -	\$ 7,720,930	\$ 7,383,365
Toms River Municipal Utilities Authority	21,960	-	21,960	23,824
Operating labor	4,203,855	3,211,446	992,409	4,070,163
Employee benefits	2,029,759	1,523,930	505,829	1,784,109
Repairs and maintenance	360,064	259,141	100,923	349,503
Remediation/restoration expense	11,406	5,678	5,728	44,040
Vehicle expenses	118,480	45,654	72,826	94,087
Utilities	1,293,043	1,136,364	156,679	1,288,596
Other expenses:				
Supplies	177,815	156,496	21,319	163,447
Water quality testing	40,596	40,596	-	31,177
Chemicals	518,518	511,288	7,230	571,309
Information systems	48,950	45,350	3,600	38,471
Usage, fees, permits and licenses	91,676	91,506	170	80,762
Education, travel, exams and dues	22,916	20,854	2,062	22,615
Professional services	24,153	24,153	-	30,840
Other expenses	4,702	3,422	1,280	6,253
Total cost of providing services	\$ 16,688,823	\$ 7,075,878	\$ 9,612,945	\$ 15,982,561
				\$ 9,173,354

See independent auditors' report.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule IV

Administrative Expenses

For the years ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Salaries	\$ 4,048,550	\$ 4,015,863
Employee benefits	2,178,355	2,004,916
Repairs and maintenance	46,999	41,773
Vehicles	16,961	13,521
Utilities	260,871	216,667
Supplies	82,238	94,455
Insurance	267,833	247,886
Information systems	95,824	99,507
Professional services	304,833	277,072
Postage	89,655	92,027
Usage, fees, permits, and licenses	3,898	4,087
Education, travel, exams, and dues	42,003	50,449
Other expenses	44,303	25,409
	<u> </u>	<u> </u>
Total administrative expenses	<u>\$ 7,482,323</u>	<u>\$ 7,183,632</u>

See independent auditors' report.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Interest Expense
For the years ended March 31, 2011 and 2010

Schedule V

	2011	2010
\$9,590,000 Revenue Bonds (Series 1998) 3.75-4.30%, due December 1, 1998 - 2012	\$ 125,173	\$ 168,153
\$2,646,019 NJEIT (Series 2001) 4.00-5.50%, due February 1, 2002 - 2021	41,143	44,259
\$18,006,813 NJEIT (Series 2001) 4.00-5.50%, due August 1, 2002 - 2021	215,411	237,711
\$37,615,000 Revenue Bonds (Series 2002) 3.50-5.25%, due December 1, 2002 - 2022	788,749	827,303
\$8,872,297 NJEIT (Series 2002) 4.00-5.25%, due August 1, 2003 - 2022	164,273	174,858
\$52,250,000 Revenue Bonds (Series 2006) 4.00-5.00%, due December 1, 2007 - 2027	1,896,600	2,026,233
\$2,088,200 NJEIT (Series 2010) 3.00-5.00%, due August 1, 2010 - 2029	21,510	3,464
Total interest expense	3,252,859	3,481,981
Accrued interest expense accrual adjustment	78,371	71,496
Total per budget	\$ 3,331,230	\$ 3,553,477

See independent auditors' report.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Operating Revenues and Expenditures Funded by Operating Revenues,
Compared to Budget
For the years ended March 31, 2011 and 2010

	2011			2010			Excess/ (Deficit)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
Operating revenues:							
Annual service charges	\$ 32,869,172	\$ 32,869,172	\$ 33,282,899	\$ 32,038,795	\$ 32,038,795	\$ 30,285,306	\$ (1,753,489)
Initial service charges	208,219	208,219	250,324	170,580	170,580	278,360	107,780
Tap-ins, permits and other fees	251,988	251,988	370,877	254,656	254,656	201,158	(53,498)
Review and inspection fees	20,000	20,000	30,436	12,000	12,000	22,566	10,566
Interest on delinquent payments	110,000	110,000	151,617	110,600	110,600	217,972	107,372
Interest on investments	334,000	334,000	277,104	856,000	856,000	527,095	(328,905)
Miscellaneous income	365,687	365,687	341,964	257,812	257,812	300,961	43,149
Total operating revenues	\$ 34,159,066	\$ 34,159,066	\$ 34,705,221	\$ 33,700,443	\$ 33,700,443	\$ 31,833,418	\$ (1,867,025)
Expenses:							
Costs of providing services:							
Payment to other authorities:							
Treatment of sewerage	\$ 7,342,000	\$ 7,342,000	\$ 7,742,890	\$ 7,540,000	\$ 7,540,000	\$ 7,407,189	\$ 132,811
Operating labor	4,394,841	4,394,841	4,203,855	4,203,036	4,203,036	4,070,163	132,873
Employee benefits	1,971,225	1,971,225	2,029,759	1,700,427	1,700,427	1,784,109	(83,682)
Repairs and maintenance	368,825	368,825	360,064	380,400	380,400	349,503	30,897
Remediation/restoration expense	7,200	14,700	11,406	30,700	30,700	44,040	(13,340)
Vehicle expense	95,500	95,500	118,480	117,000	117,000	94,087	22,913
Utilities	1,473,566	1,473,566	1,293,043	1,453,198	1,453,198	1,288,596	164,602
Supplies	161,300	161,300	177,815	150,320	150,320	163,447	(13,127)
Water quality testing	35,000	35,000	40,596	68,000	68,000	31,177	36,823
Chemicals	559,500	559,500	518,518	564,000	564,000	571,309	(7,309)
Information systems	46,300	46,300	48,950	38,400	38,400	38,471	(71)
Usage fees and permits	85,150	85,550	91,676	73,750	73,750	80,762	(7,012)
Education, travel, exams, and dues	29,925	29,925	22,916	31,125	31,125	22,615	8,510
Professional services	20,720	20,720	24,153	50,720	50,720	30,840	19,880
Other	15,100	7,200	4,702	15,400	15,400	6,253	9,147
Total costs of providing services	\$ 16,606,152	\$ 16,606,152	\$ 16,688,823	\$ 16,416,476	\$ 16,416,476	\$ 15,982,561	\$ 433,915

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Operating Revenues and Expenditures Funded by Operating Revenues,
Compared to Budget
For the years ended March 31, 2011 and 2010

	2011			2010				
	Original Budget	Final Budget	Actual	Excess/ (Deficit)	Original Budget	Final Budget	Actual	Excess/ (Deficit)
Expenses (continued):								
Administrative expenses:								
Salaries	\$ 4,261,662	\$ 4,261,662	\$ 4,048,550	\$ 213,112	\$ 4,146,116	\$ 4,146,116	\$ 4,015,863	\$ 130,253
Employee benefits	2,148,946	2,148,946	2,178,355	(29,409)	1,917,130	1,917,130	2,004,916	(87,786)
Repairs and maintenance	45,275	45,275	46,999	(1,724)	58,800	58,800	41,773	17,027
Vehicle expense	11,500	11,500	16,961	(5,461)	22,250	22,250	13,521	8,729
Utilities	299,883	299,883	260,871	39,012	251,845	251,845	216,667	35,178
Supplies	72,050	72,050	82,238	(10,188)	86,025	86,025	94,455	(8,430)
Insurance	286,564	286,564	267,833	18,731	297,328	297,328	247,886	49,442
Information systems	171,900	171,900	95,824	76,076	167,650	167,650	99,507	68,143
Professional services	443,790	443,790	304,833	138,957	444,900	444,900	277,072	167,828
Postage	105,100	105,100	89,655	15,445	98,100	98,100	92,027	6,073
Usage, fees, permits, and licenses	4,300	4,300	3,898	402	7,250	7,250	4,087	3,163
Education, travel, exams, and dues	68,825	68,825	42,003	26,822	75,860	75,860	50,449	25,411
Other expenses	47,675	47,675	44,303	3,372	61,675	61,675	25,409	36,266
Total administrative expenses	7,967,470	7,967,470	7,482,323	485,147	7,634,929	7,634,929	7,183,632	451,297
Total operating expenses	24,573,622	24,573,622	24,171,146	402,476	24,051,405	24,051,405	23,166,193	885,212
Debt service:								
Principal maturity	6,730,822	6,730,822	6,732,244	(1,422)	6,387,446	6,387,446	6,387,446	-
Interest expense	3,353,994	3,353,994	3,331,230	22,764	3,553,477	3,553,477	3,553,477	-
Total debt service	10,084,816	10,084,816	10,063,474	21,342	9,940,923	9,940,923	9,940,923	-
Total costs funded by operating activities	34,658,438	34,658,438	34,234,620	423,818	33,992,328	33,992,328	33,107,116	885,212
Excess/(deficit) of revenues over/(under) expenditures	\$ (499,372)	\$ (499,372)	470,601	\$ 969,973	\$ (291,885)	\$ (291,885)	(1,273,698)	\$ (981,813)
Plus:								
Principal maturity			6,732,244				6,387,446	
Non-operating revenues			457,032				3,920	
Decrease in accrued interest			78,371				71,496	
Less:								
Depreciation expense			(6,838,793)				(6,907,339)	
Non-operating expenses			(4,291,263)				(4,143,318)	
Net loss			\$ (3,391,808)				\$ (5,861,493)	

See independent auditors' report.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule VII

**Cash and Investments
March 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Current unrestricted cash and investments:		
Operating fund	\$ 11,619,734	\$ 11,126,841
General fund investments	250,000	250,000
Initial service charge fund	64,544	130,575
Miscellaneous	<u>941,864</u>	<u>1,421,284</u>
Total current unrestricted cash and investments	<u>12,876,142</u>	<u>12,928,700</u>
Current restricted cash and investments:		
Bond service fund	2,794,237	4,133,381
Bond reserve fund	8,037,393	8,037,393
Renewal and replacement fund	500,000	500,220
Series 2002 construction fund	744,331	1,861,916
NJEIT processing fund	1,806,851	2,964,333
Developer escrow fund	604,770	620,986
Working capital fund	1,621,464	1,621,464
Rate projection maintenance fund	3,591,000	3,591,000
Emergency repair fund	500,000	500,220
Reservoir sponsorship fund	205,519	203,864
Future capital requirements	<u>2,433,578</u>	<u>2,433,578</u>
Total current restricted cash and investments	<u>22,839,143</u>	<u>26,468,355</u>
Total cash and investments	<u>\$ 35,715,285</u>	<u>\$ 39,397,055</u>

See independent auditors' report.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Board of Commissioners and Management
March 31, 2011

Joseph M. Veni, P.E. Chairman
John A. Catalano Vice Chairman
Patrick L. Bottazzi Secretary
Allan E. Cartine Treasurer
Joseph P. Buttacavoli, DMD Assistant Secretary/Treasurer
John M. Ciocco Alternate
Edward McBride Alternate
James F. Lacey, C.P.W.M. Executive Director
Stephen T. Specht, P.E. Director of Engineering/Operations
Scott Bundy Director of Central Services
Frank Pannucci, Jr Director of Customer Accounts
Frank Planko Chief Financial Officer
Joseph Maggio, P.E. Director of Water Quality

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Insurance Coverage
March 31, 2011

Package Policy:	
Property Program	\$ 150,000,000
Extra Expense – Blanket.....	5,000,000
Auto Fleet:	
Liability (Combined Single Limit)	10,000,000
Public Officials’ Liability.....	2,000,000
Umbrella Liability:	
Each Occurrence	10,000,000
Maximum Group Limit.....	40,000,000
Workers’ Compensation (Policy Limit)	250,000

The above schedule is presented as a memorandum only and we do not express an opinion as to the adequacy of coverage.



Certified Public Accountants & Consultants

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04**

Board of Commissioners of the
Brick Township Municipal Utilities Authority

Compliance

We have audited the compliance of the Brick Township Municipal Utilities Authority, a component unit of the Township of Brick, County of Ocean, State of New Jersey (the "Authority") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the New Jersey State Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended March 31, 2011. The Authority's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and auditing requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended March 31, 2011. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133, the State of New Jersey OMB Circular 04-04, and which are described in the accompanying schedule of findings and questioned costs as items.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state will not be prevented, or detected and correct, on a timely basis.

Our consideration of the internal control over compliance 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 compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Authority's management, audit committee, Board of Commissioners, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

HOLMAN & FRENIA, P.C.

HOLMAN & FRENIA, P.C.
Certified Public Accountants

May 27, 2011
Toms River, New Jersey

Schedule A

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Financial Assistance - Federal
For the year ended March 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Period	Award Amount	Accounts Receivable March 31, 2010	Cash Received	Expenditures	Cancelled	Accounts Receivable March 31, 2011	Cumulative Total Expenditures
New Jersey Environmental Infrastructure Trust - 2002	66,458	Open	4,416,398	1,741,685	259,890	259,890	231,795	1,250,000	3,393,314
New Jersey Environmental Infrastructure Trust - 2010	66,458	Open	1,573,200	1,573,200	595,942	595,942	-	977,258	595,942
				<u>\$ 3,314,885</u>	<u>\$ 855,832</u>	<u>\$ 855,832</u>	<u>\$ 231,795</u>	<u>\$ 2,227,258</u>	<u>\$ 3,989,256</u>

See independent auditors' report and notes to schedules of financial assistance.

Schedule B

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Financial Assistance - State
For the year ended March 31, 2011

State Grantor/ Program Title	State or Grant Project Number	Grant Period	Award Amount	Accounts Receivable March 31, 2010	Cash Received	Expenditures	Cancelled	Accounts Receivable March 31, 2011	Cumulative Total Expenditures
New Jersey Environmental Infrastructure Trust - 2002	66.458	Open	4,650,000	1,741,685	259,890	259,890	231,795	1,250,000	3,393,314
New Jersey Environmental Infrastructure Trust - 2010	66.458	Open	524,400	524,400	198,647	198,647	-	325,753	198,647
New Jersey Department of Environmental Protection	10 503 042 4860 011	Open	320,000	-	-	320,000	-	320,000	320,000
				<u>\$ 2,266,085</u>	<u>\$ 458,537</u>	<u>\$ 778,537</u>	<u>\$ 231,795</u>	<u>\$ 1,895,753</u>	<u>\$ 3,911,961</u>

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Notes to the Schedules of Financial Assistance
For the year ended March 31, 2011

NOTE 1: GENERAL

The accompanying schedules of financial assistance present the activity of all Federal and State financial assistance programs of the Brick Township Municipal Utilities Authority (the "Authority"). The Authority is defined in Note 1 of the general purpose financial statements. All federal financial assistance received directly from Federal agencies, as well as Federal financial assistance passed through other governmental agencies, is included on the Schedule of Financial Assistance – Federal.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of Financial Assistance are presented using the accrual basis of accounting. This basis of accounting is described in Note 1 of the general-purpose financial statements.

NOTE 3: RELATIONSHIP TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Authority's general-purpose financial statements.

NOTE 4: RELATIONSHIP TO THE FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with amounts reported in the related Federal and State financial reports.

NOTE 5: OTHER

Requirements to have State and Federal Single Audits include loan programs. Participation by the Authority in the Environmental Infrastructure Trust Loan Program necessitates a Federal and State Single Audit.

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the year ended March 31, 2011

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness identified?	No
2) Reportable condition identified that are not considered to be material weaknesses?	No
Noncompliance material to general purpose financial statements noted?	No

Federal Awards

Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	No
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Internal control over major programs:	
1) Material weakness identified?	No
2) Reportable condition identified that are not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133?	No

Identification of major programs:

CFDA Number

Name of Federal Program

66.458
66.458

NJ Environmental Infrastructure Trust – 2002
NJ Environmental Infrastructure Trust – 2010

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs (continued)
For the year ended March 31, 2011

Section I - Summary of Auditors' Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	No
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Internal control over major programs:	
1) Material weakness identified?	No
2) Reportable condition identified that are not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04?	No
Identification of major programs:	

<u>Grant Number</u>	<u>Name of State Program</u>
66.458	NJ Environmental Infrastructure Trust – 2002
66.458	NJ Environmental Infrastructure Trust – 2010
10 503 042 4860 011	NJ Department of Environmental Protection

BRICK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs (continued)
For the year ended March 31, 2011

Section II – Financial Statement Findings

This section identifies the reportable conditions, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

No Current Year Findings

Section III – State Financial Assistance Finding & Questioned Costs

This section identifies the reportable conditions, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Year Findings



Certified Public Accountants & Consultants

To the Board of Commissioners of the
Brick Township Municipal Utilities Authority
Brick, New Jersey 08724

We have audited the financial accounts and transactions of the Brick Township Municipal Utilities Authority, a component unit of the Township of Brick, County of Ocean, State of New Jersey, for the year ended March 31, 2011. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments and Recommendations* for the year then ended.

GENERAL COMMENTS AND RECOMMENDATIONS

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

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$21,000 through June 30, 2010 and \$26,000 thereafter 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:

Chemicals, aquifer storage and recovery well, road patch materials, backhoe, 20 permalogs with patrollers, HVAC modifications, parallel gravity sewer main construction, pipes and appurtances, Pump Station improvements.

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*.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures revealed individual payments, contracts or agreements in excess of \$3,150 through June 30, 2010 and \$3,900 thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

The minutes indicate that quotes were requested for the following items:

Annual printing services, annual plans and drawings printing, garage replacement doors, pump repairs, SCADA server upgrade.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Fund

The examination of the payroll account included the detailed computation of various deductions and other credits from the payroll of the Authority employees and ascertained that the accumulated withholdings were disbursed to the proper agencies.

Property, Plant & Equipment

The property, plant and equipment subsidiary ledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

Accounts Payable

A review of unpaid purchase orders included in the balance of accounts payable was made as of March 31, 2011 for propriety and to determine that goods were received and services were rendered as of March 31, 2011. The results of this examination did not disclose any discrepancies.

Classification of Expenditures

The codification of expenditures was tested for proper classification in accordance with N.J.A.C.6:20-2(m) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit procedures. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

General Ledger

The general ledger was complete with the required journal entries.

Cash Receipts

During our review of cash receipts, we noted the following:

Finding 2010-01:

During a test of timely deposits, it was noted that one out of ten receipts were not deposited within forty-eight (48) hours of receipt as per N.J.S.A.40:5-15. Management noted that in these instances, depositing of the receipts was not deemed necessary due to the small size of the deposits.

Recommendation:

All deposits must be made within forty-eight (48) hours of receipt.

Follow-Up of Prior Years' Findings

In accordance with government auditing standards we have included a review of prior year findings. There were no findings noted in the March 31, 2010 audit.

Acknowledgment

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

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call me.

HOLMAN & FRENIA, P.C.

HOLMAN & FRENIA, P.C.
Certified Public Accountants

May 27, 2011
Toms River, New Jersey