

**SUMMARY OF SYNOPSIS OF 2010 AUDIT REPORT**  
**TWO RIVERS WATER RECLAMATION AUTHORITY**  
**AS REQUIRED BY N.J.S. 40A:5A-16**  
**COMBINED STATEMENT OF NET ASSETS**

	<u>October 31, 2010</u>	<u>October 31, 2009</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and Investments	\$ 3,837,133	\$ 4,255,080
Customer Charges and Sewer Billings Receivable	1,056,086	839,308
Other Assets	14,796	70,294
Total Current Assets	<u>4,908,015</u>	<u>5,164,682</u>
Restricted Assets:		
Cash and Investments	<u>21,391,252</u>	<u>20,039,794</u>
Total Restricted Assets	<u>21,391,252</u>	<u>20,039,794</u>
Capital Assets, Net of Depreciation	<u>80,179,057</u>	<u>82,760,807</u>
Deferred Charges:		
Unamortized Bond Issue Costs	<u>439,490</u>	<u>535,067</u>
Total Assets	<u>\$ 106,917,813</u>	<u>\$ 108,500,350</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities Payable from Current Assets	\$ 1,586,265	\$ 1,396,136
Current Liabilities Payable from Restricted Assets	3,846,192	5,032,193
Long-Term Revenue Bonds Payable (Net)	32,815,090	35,813,801
Other Long-Term Liabilities	452,108	432,414
Accrued Non-Current Employee Benefits	1,174,649	633,375
Net Assets:		
Restricted	13,097,199	12,989,499
Invested in Capital Assets, Net of Related Debt	43,919,909	42,323,218
Unrestricted	<u>10,026,402</u>	<u>9,879,714</u>
Total Liabilities and Net Assets	<u>\$ 106,917,813</u>	<u>\$ 108,500,350</u>

**SUMMARY OF SYNOPSIS OF 2010 AUDIT REPORT**  
**TWO RIVERS WATER RECLAMATION AUTHORITY**  
**COMPARATIVE STATEMENT OF REVENUES,**  
**EXPENSES AND CHANGES IN NET ASSETS**

	For the Fiscal Years Ended	
	<u>October 31, 2010</u>	<u>October 31, 2009</u>
Operating Revenues:		
Customer Municipalities	\$ 7,627,062	\$ 8,690,722
Participating Municipalities	5,599,757	5,697,020
Other Fees	<u>1,002,899</u>	<u>586,217</u>
 Total Operating Revenues	 <u>14,229,718</u>	 <u>14,973,959</u>
Operating Expenses:		
Administration and General	2,234,968	2,360,146
Treatment Plant and Main Pumping Station	5,058,332	5,016,898
Lines and System Pumping Stations	1,054,867	1,005,170
Depreciation	3,042,289	2,989,251
Renewal and Replacement	<u>27,622</u>	<u>59,396</u>
 Total Operating Expenses	 <u>11,418,080</u>	 <u>11,430,861</u>
 Operating Income	 2,811,639	 3,543,098
Non-Operating Revenues/(Expenses) - Net	<u>(960,561)</u>	<u>(1,220,038)</u>
 Change in Net Assets before Extraordinary Item	 1,851,078	 2,323,060
Extraordinary Item:		
Litigation Settlement	<u></u>	<u>11,500,000</u>
 Change in Net Assets after Extraordinary Item	 1,851,078	 13,823,060
Net Assets, Beginning	<u>65,192,431</u>	<u>51,369,371</u>
Net Assets, Ending	<u>\$ 67,043,509</u>	<u>\$ 65,192,431</u>

**RECOMMENDATIONS**  
**OCTOBER 31, 2010**

It is recommended:

- 2010-1 That all bank reconciliations be prepared accurately on a monthly basis and that reconciled balances agree with general ledger amounts.
  
- 2010-2 That the general ledger be maintained accurately.

The preceding summary of synopsis was prepared from the report of audit of the Two Rivers Water Reclamation Authority, County of Monmouth, New Jersey, for the years ended October 31, 2010 and 2009. The report of audit, submitted by David A. Kaplan, Certified Public Accountant, for the firm DAK CPA, is on file at the Administration Building and may be inspected by any interested person.

A corrective action plan, which outlines actions the Two Rivers Water Reclamation Authority will take to correct the findings listed above, will be prepared in accordance with federal and state requirements. A copy of it will be placed on file and made available for public inspection in the office of the Executive Director of the Two Rivers Water Reclamation Authority within 45 days of this notice.

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Michael A. Gianforte, P.E.  
Executive Director