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PLAINFIELD MUNICIPAL UTILITIES AUTHORITY

REPORT OF AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY

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INDEPENDENT AUDITORS' REPORT

Honorable Chairman and Members of the Board
Plainfield Municipal Utilities Authority
Plainfield, New Jersey

We have audited the accompanying balance sheet of the Plainfield Municipal Utilities Authority as of and for the year ended December 31, 1999, and the related statements of revenues, expenses and changes in retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Plainfield Municipal Utilities Authority for the year ended December 31, 1998 were audited by another auditor whose reported dated April 16, 1999, expressed an unqualified opinion on those statements.


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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plainfield Municipal Utilities Authority as of December 31, 1999, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2000 on our consideration of the Plainfield Municipal Utilities Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of our audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Plainfield Municipal Utilities Authority, taken as a whole. The accompanying supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Plainfield Municipal Utilities Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

LERCH, VINCI & HIGGINS
LERCH, VINCI & HIGGINS
Certified Public Accountants
Registered Municipal Accountants


Jeffrey O. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
March 2, 2000

FINANCIAL STATEMENTS

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
COMPARATIVE BALANCE SHEETS
AS OF DECEMBER 31, 1999 AND 1998

	December 31, 1999	December 31, 1998 (Restated)
ASSETS		
Unrestricted Current Assets		
Cash and Cash Equivalents (Notes 1 and 3)	\$ 637,616	\$ 1,182,975
Accounts Receivable (net of allowance for uncollectibles) (Notes 1 and 7)	3,529,339	2,861,230
Prepaid Expenses		9,000
Due From the City of Plainfield	-	53,086
Total Unrestricted Current Assets	4,166,955	4,106,291
Restricted Assets (Notes 2 and 4)		
Revenue Fund		
Cash and Cash Equivalents (Notes 1 and 3)	3,679	
Developers Escrow Account		68,767
Cash and Cash Equivalents (Notes 1 and 3)	71,249	
Project Note Debt Service Fund		
Cash and Cash Equivalents (Notes 1 and 3)	4,643,750	156,250
Project Note Construction Fund		
Cash and Cash Equivalents (Notes 1 and 3)	133,226	3,588
Revenue Bond Service Fund		
Cash and Cash Equivalents (Notes 1 and 3)	881,051	
Revenue Bond Reserve Fund		
Cash and Cash Equivalents (Notes 1 and 3)	1,317,661	
Revenue Bond Construction Fund		
Cash and Cash Equivalents (Notes 1 and 3)	8,288,070	-
Total Restricted Current Assets	15,338,686	228,605
Deferred Debits (Note 1)		
Debt Issuance Costs/Original Issue Discount (net of amortization)	928,317	117,720
Total Deferred Debits	928,317	117,720
Fixed Assets (Notes 1 and 5)		
Land	87,895	86,666
Building	589,618	274,321
Accumulated Depreciation - Building	(9,313)	
Property and Equipment	957,784	475,672
Accumulated Depreciation - Property and Equipment	(177,174)	(39,092)
Work in Progress	1,311,170	796,004
Total Fixed Assets (net of accumulated depreciation)	2,759,980	1,593,571
Total Assets	\$ 23,193,938	\$ 6,046,187

The Accompanying Notes are an Integral Part of the Financial Statements

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
COMPARATIVE BALANCE SHEETS
AS OF DECEMBER 31, 1999 AND 1998

	<u>December 31, 1999</u>	<u>December 31, 1998</u> (Restated)
LIABILITIES AND FUND EQUITY		
Current Liabilities (Payable from Unrestricted Assets)		
Accounts Payable	\$ 717,059	\$ 558,375
Accrued Expenses	76,327	20,893
Due to the City of Plainfield	25,921	
Other Liabilities	<u>78,536</u>	<u>278,197</u>
Total Current Liabilities Payable from Unrestricted Assets	<u>897,843</u>	<u>857,465</u>
Current Liabilities (Payable from Restricted Assets)		
Accounts Payable	121,374	13,816
Project Notes Payable (Note 6)	5,000,000	
Revenue Bonds Payable (Note 6)	150,000	
Accrued Interest on Bonds and Notes	103,179	65,973
Escrow Deposits Payable	<u>46,354</u>	<u>68,767</u>
Total Current Liabilities Payable from Restricted Assets	<u>5,420,907</u>	<u>148,556</u>
Non-Current Liabilities		
Revenue Bonds Payable (Note 6)	16,265,000	
Project Note Payable (Note 6)	-	5,000,000
Total Non-Current Liabilities	<u>16,265,000</u>	<u>5,000,000</u>
FUND EQUITY		
Retained Earnings		
Reserve for Renewal and Replacement (Notes 2 and 15)	430,000	
Unreserved Retained Earnings	<u>180,188</u>	<u>40,166</u>
Total Retained Earnings	<u>610,188</u>	<u>40,166</u>
Total Liabilities and Fund Equity	<u>\$ 23,193,938</u>	<u>\$ 6,046,187</u>

The Accompanying Notes are an Integral Part of the Financial Statements

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	December 31, 1999	December 31, 1998 (Restated)
OPERATING REVENUES		
Sewer Fees Billed	\$ 5,345,294	\$ 3,005,676
Solid Waste Fees Billed	4,065,523	3,452,370
Municipal Contribution	1,174,079	1,200,000
Interest on Delinquent Balances	178,597	182,744
Miscellaneous	52,270	15,378
Total Operating Revenues	<u>10,815,763</u>	<u>7,856,168</u>
OPERATING EXPENSES		
Salaries & Wages	1,529,614	1,395,391
Fringe Benefits	381,138	325,703
Administrative and Executive	477,217	525,603
Cost of Providing Services	6,613,056	6,255,437
Professional Fees	632,136	613,006
Depreciation	147,396	35,046
Total Operating Expenses	<u>9,780,557</u>	<u>9,150,186</u>
OPERATING INCOME (LOSS)	<u>1,035,206</u>	<u>(1,294,018)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	33,987	40,875
Interest Expenses	(302,569)	(199,645)
Amortization of Costs of Issuance/Original Issue Discount	(121,859)	(60,758)
Intergovernmental Grants	54,571	46,972
Bad Debt Expense	(135,597)	(214,445)
Miscellaneous	6,283	173,474
Total Non-operating Income (Expenses)	<u>(465,184)</u>	<u>(213,527)</u>
NET INCOME (LOSS)	570,022	(1,507,545)
Retained Earnings, January 1	40,166	1,014,130
Prior Period Adjustments (Note 17)	-	533,581
Retained Earnings, December 31	<u>\$ 610,188</u>	<u>\$ 40,166</u>

The Accompanying Notes are an Integral Part of the Financial Statements

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	December 31, 1999	December 31, 1998
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 8,744,013	\$ 8,761,210
Cash Received from Municipality	1,200,000	814,539
Cash Paid to Suppliers	(7,935,863)	(9,819,699)
Cash Paid to Employees	(1,474,180)	(1,374,498)
Net Cash Provided (Used) by Operating Activities	<u>533,970</u>	<u>(1,618,448)</u>
Cash Flows from Noncapital Financing Activities		
Net Change in Restricted Assets	(15,110,081)	(240,177)
Proceeds from Intergovernmental Grants	54,571	46,972
Net Cash Used by Non-Capital Financing Activities	<u>(15,055,510)</u>	<u>(193,205)</u>
Cash flows from Capital and Related Financing Activities		
Proceeds from Issuance of Long-Term Debt	16,415,000	5,000,000
Principal Payments on Intergovernmental Loans		(513,000)
Acquisition of Fixed Assets	(1,002,786)	(1,180,463)
Payment of Debt Issuance Costs/OID	(932,456)	(178,478)
Interest Paid	(1,042,676)	(204,283)
Net Cash Provided by Capital and Related Financing Activities	<u>13,437,082</u>	<u>2,923,776</u>
Cash Flows from Investing Activities		
Interest Received	539,099	40,875
Net Cash Provided by Investing Activities	<u>539,099</u>	<u>40,875</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(545,359)	1,152,998
Cash and Cash Equivalents, January 1,	<u>1,182,975</u>	<u>29,977</u>
Cash and Cash Equivalents, December 31,	<u>\$ 637,616</u>	<u>\$ 1,182,975</u>

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	December 31, 1999	December 31, 1998
Operating Income	<u>\$ 1,035,206</u>	<u>\$ (1,294,018)</u>
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Write-off of Accounts Receivables	(287,117)	(35,367)
Depreciation	147,396	35,046
(Increase)/Decrease in Due from City	53,086	456,606
(Increase)/Decrease in Accounts Receivable	(463,979)	205,606
(Increase)/Decrease in Prepaid Expenses	9,000	(9,000)
Increase/(Decrease) in Accounts Payable	158,684	(813,492)
Increase/(Decrease) in Accrued Expenses	55,434	20,893
Increase/(Decrease) in Other Liabilities	(199,661)	278,197
Increase/(Decrease) in Due to City	<u>25,921</u>	<u>(462,919)</u>
Total Adjustments	<u>(501,236)</u>	<u>(324,430)</u>
Net Cash Provided by Operating Activities	<u>\$ 533,970</u>	<u>\$ (1,618,448)</u>

NOTES TO FINANCIAL STATEMENTS

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Plainfield Municipal Utilities Authority (the "Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to Proprietary Funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

A. Reporting Entity

The Authority, a public body corporate and politic of the State of New Jersey, was created pursuant to the Municipal and County Utilities Authorities Law (the "Act") by virtue of an ordinance of the governing body of the City of Plainfield ("the City") duly and finally adopted by the City Council on September 18, 1995 and approved by the Mayor on September 20, 1995, pursuant to the act.

The City created the Authority for the principal purpose of undertaking and financing the required refurbishment, expansion and restructuring, as applicable, and operation of the Sewer System and Solid Waste System. To define the Authority's obligations with respect to the provision of the sewer and solid waste services and to effect the transfer of all Sewer System and Solid Waste System operations to the Authority, the Authority and the City entered into an Interlocal Agreement, dated as of October 17, 1997 (the "Interlocal Agreement"). The Interlocal Agreement provides, among other things, for the following: (1) the combined long-term lease or purchase, as applicable, of the entire Sewer System and Solid Waste System from the City by the Authority; (2) the establishment of annual rental charges payable by the Authority to the City for the leased components of the Sewer System (\$812,000 in 1998 and \$1,062,000 in each year thereafter, subject to a defined escalation factor); (3) the purchase price of \$250,000 for the purchased components of the Sewer System; and (4) the establishment of annual rentals/installment purchase payments for the leased and purchased components of the Solid Waste System (such rentals to be established annually in amounts necessary to reimburse the City for its solid waste disposal payments, minus an annual \$1,200,000 City contribution towards same).

The Authority was also charged with the responsibility of developing, implementing and administering a system for the billing and collection of "user charges" from City residents for the use of the Sewer System. Concerning the Solid Waste System, the Authority was charged with establishing a coordinated solid waste collection process for the collection and disposal of all City solid waste and simultaneously collect solid waste user fees from City residents.

The Authority has broad powers under the Act including, among others, the following: to retain, operate and administer its property; to provide for bonds and to secure their payment and rights of holders thereof; to charge and collect service charges for the use of its facilities and to revise such service charges to ensure that the revenues of the Authority will at all times be adequate to pay all operating and maintenance expenses, including reserves, insurance, extensions and replacements, and to pay the principal of and the interest on any bonds or loans, and to maintain such reserves or sinking funds therefore as may be required by the terms of any contract of the Authority; and to make and enforce rules and regulations for the management of its business and affairs.

The Authority is governed by a Board of Commissioners (the "Board") consisting of five members, and two alternative members, each of whom is appointed by the Mayor with the advice and consent of the City counsel for staggered five-year terms. An Executive Director is appointed by the Board and functions as Chief Executive Officer responsible for the daily operations of the Authority. A Chief Financial Officer is appointed by the Board and oversees the fiscal affairs of the Authority.

B. Fund Accounting

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounting records that comprise its assets, liabilities, fund equity, revenues and expenses. Government resources are allocated and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into one generic fund type and one broad fund category, as follows:

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Proprietary Fund Types

Enterprise Funds - The Enterprise Funds are used to account for governmental operations which are financed and operated in a manner similar to private enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to its users on a continuing basis be financed or recovered primarily through user charges.

C. Basis of Accounting

The Authority's financial transactions are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Authority are included on the balance sheet. Fund equity (i.e., net total assets) is reported as retained earnings. The Authority's operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Authority accounts for its proprietary funds as presented by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is utilized. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

The Authority's financial transactions are recorded in accounts that are created by various resolutions adopted by the Authority to meet bond or note covenant requirements (more fully defined in Note 2).

D. Budgetary Accounting

The Authority annually prepares operating budgets for its Sewer and Solid Waste systems. The budget is prepared in accordance with the Budget Manual for Local Public Authorities as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles. The budgets serve as a plan for expenses and the proposed means for financing them. Budgetary control is exercised within the respective system. Unencumbered appropriations lapse at year end.

The annual budgets are approved at least sixty days prior to the beginning of the fiscal year. The budgets must be approved by the Board and submitted to the Division of Local Government Services, Bureau of Authority regulation for approval prior to adoption. Budget adoptions and amendments are recorded in the Authority's minutes.

Six Year Capital budgets are also prepared for each system. Included within the budgets are individual projects along with their estimated cost, completion date and source of funding.

E. Encumbrances

In accordance with generally accepted accounting principles, outstanding encumbrances at year end for which goods or services are received, are reclassified to expenses and accounts payable.

F. Revenues

After the operating budgets are adopted, a sewer user rate is approved by the Board. Sewer user charges are directly imposed on users through quarterly bills based on water consumption provided by Elizabethtown Water Company and include a minimum usage charge. Revenue is recognized in the year that the user is billed.

Solid waste fees are imposed on users through quarterly bills based on the budget as adopted. Solid Waste fees are based on the number of units (households) or pick-ups (container service) per location and include a shared service component fee to all city residences and businesses. Revenue is recognized in the year the services are rendered.

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash and Cash Equivalents

The Authority's cash and cash equivalents are considered to be cash on hand, cash in banks, certificates of deposit and all highly liquid investments with a maturity of three months or less from the date of purchase.

H. Investments

The Authority's investments are reported at market value. The Authority investments are limited by the 1997 Bond Resolution and 1998 Note Resolution as amended and supplemented thereto.

I. Accounts Receivable

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

J. Interfunds Receivable and Payable

During the course of its operations, the Authority has numerous transactions between funds (accounts) to finance operations, provide services, construct assets, and retire debt. To the extent that certain transactions between the accounts had not been paid or received as of the balance sheet dates, balances of interfund amounts receivable and payable have not been recorded.

K. Inventory

The Authority does not record inventory on its balance sheets. The costs of inventory items are deemed immaterial and are recognized as expenses when purchased.

L. Prepaid Expenses

The Authority accounts for all prepaid expenses on an accrual basis. A prepaid expense is recognized when an expense is made for goods or services that reflect costs applicable to future accounting periods.

M. Fixed Assets

All fixed assets acquired or constructed by the Authority are reported as expenses in the account that finances the acquisition of the assets and are capitalized in the Operating Accounts.

Construction costs are charged to work in progress until such time as they are completed and certified by the Authority's consulting engineers, at which time they are transferred to their respective asset category and are then depreciated over their useful lives.

All fixed assets are valued at historical cost and depreciated on the straight-line method based on their asset class and estimated useful lives as follows:

<u>Class</u>	<u>Life</u>
Buildings and Improvements	40 Years
Machinery and Equipment	10 Years
Vehicles	5 Years
Furniture and Computers	3 Years

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Amortization

The costs associated with the issuance of Authority debt are amortized over the life of their respective debt issue.

O. Compensated Absences

Sick leave is accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the Authority will compensate the employee for the benefits.

P. Deferred Debits

Debt Issuance Costs/Original Issue Discount

In connection with the Authority's issuance of debt, the Authority incurred certain professional and printing costs. These expenses are deferred and amortized over the respective lives of the debt.

Q. Fund Equity

Reservations of retained earnings are limited to outside third-party restrictions. Unreserved retained earnings represent the net assets available for future operations or distribution.

R. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Authority 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. Accordingly, actual results could differ from those estimates.

S. Reclassifications

Certain reclassifications have been made to the December 31, 1998 balances to conform to the December 31, 1999 presentation.

NOTE 2 CREATION OF FUNDS

Under the original Bond Resolution dated August 14, 1997 and amended and supplemented on February 3, 1999, the following funds are required to be created and held by the Authority's Trustee:

- A) Construction Fund (Restricted)
- B) Revenue Fund (Restricted)
- C) Operating Fund (Unrestricted)
- D) Bond Service Fund (Restricted)
- E) Sinking Fund (Restricted)
- F) Bond Reserve Fund (Restricted)
- G) Renewal and Replacement Fund (Restricted)
- H) Subordinated Debt Fund (Restricted)
- I) Surplus Revenue Fund (Restricted)
- J) General Fund (Unrestricted)

Each of the above funds represent separate accounts held by a trustee, except for the Operating Accounts which are held by the Authority.

Only those funds and accounts that are presently required by the Trustee are described herein.

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 2 CREATION OF FUNDS (Continued)

Construction Fund - To account for all financial resources received by the Authority for the payment of costs related to the construction, acquisition or restoration of the systems. All moneys that are on deposit in the Construction Account are pledged to secure the payment of the principal of, redemption premium, if any, and the interest on the Bonds.

Revenue Fund - To account for all revenues and deficiency advances received by the Authority. All revenues and deficiency advances deposited into the Revenue Fund are transferred by the Trustee on the transfer dates as defined by the Bond Resolution to the following funds described below.

Operating Fund - To account for the payment of all operating costs of the Authority.

Bond Service Fund - To account for the accumulation of resources for the payment of principal and interest due during the current fiscal year on outstanding bonds.

Sinking Fund - To account for the accumulation of resources required to pay principal on all term bonds in accordance with the Sinking Fund requirements.

Bond Reserve Fund - To account for funds held in accordance with the Bond Resolution to meet the Bond Reserve requirement, an amount which is equal to the maximum annual debt service on outstanding bonds.

Renewal and Replacement Fund - To account for the accumulation of resources to meet the renewal and replacement reserve requirement, as certified by the Authority's consulting engineers, in accordance with the Bond Resolution. The Trustee can withdraw from this fund, upon a certification of the consulting engineers, for the use of reasonable and necessary expenses of the Authority with respect to major repairs, renewals, replacements, maintenance items, equipment or operating expenses.

Subordinate Debt Fund - To account for funds held for any bonds or notes or other obligations of the Authority that is issued under a separate bond resolution.

Surplus Revenue Fund - To account for any funds available after giving effect to all transfers described above. Thus, funds shall remain in existence until the date the pledge securing the 1998 Project Note is discharged and satisfied.

General Fund - To account for the accumulation of resources resulting from excess monies which are not required to be maintained in any of the above funds.

Under the 1998 Sewer Project Note Resolution, dated March 25, 1998 and amended and supplemented on April 21, 1998, the following accounts are required to be created and held by the Authority's trustee:

- A) Debt Service Account (Restricted)
- B) Construction Account (Restricted)
- C) Rebate Account (Restricted)

Each of the above accounts represent separate accounts held by a trustee.

Only those accounts that are presently required by the Trustee are described herein.

Debt Service Account - To account for the accumulation of resources for the payment of principal and interest due during the current fiscal year on outstanding Notes.

Construction Account - To account for the proceeds of the Project Note received by the Authority for the payment of costs related to the construction, acquisition, or restoration of the sewer system. All moneys that are on deposit in the Construction Account are pledged to secure the payment of the principal of, redemption premium, if any, and the interest on the Notes.

**PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 2 CREATION OF FUNDS (Continued)

Rebate Account - To account for financial resources and payments as determined by the Authority for interest earnings which are subject to arbitrage rebate to the United States Government.

NOTE 3 DEPOSITS AND INVESTMENTS

The Authority considers change funds, cash in banks, certificates of deposits, New Jersey Cash Management Funds and investments which mature within three months or less from the date purchased as cash and cash equivalents.

Deposits - The Authority's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unit Deposit Protection Act. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank balances are insured up to \$100,000 in the aggregate by the FDIC for each bank. At December 31, 1999 and 1998, the book value of the Authority's deposits were \$706,392 and \$296,755, respectively, and bank balances of the Authority's cash and deposits amounted to \$861,507 and \$580,284, respectively. The Board's deposits which are displayed on the balance sheet as "cash and cash equivalents" are categorized as:

Category 1 - Insured or collateralized with securities held by the Authority or its agent in the Authority's name.

Category 2 - Collateralized with securities held by the pledging financial institutions trust department or agent in the Authority's name.

Category 3 - Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Authority's name.

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Bank</u> <u>Balance</u>
1999				
Restricted	\$ 71,249			\$ 71,249
Unrestricted	<u>790,258</u>	_____	_____	<u>790,258</u>
	<u>\$861,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$861,507</u>
1998				
Restricted	\$228,605			\$228,605
Unrestricted	<u>351,679</u>	_____	_____	<u>351,679</u>
	<u>\$580,284</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$580,284</u>

**PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

Investments - The Authority is required by its Bond and Note Resolutions to maintain each of its investment in the Fund (account) in which the investment is made. In all accounts, except the operating account, the securities and the underlying collateral are held by the Bond Trustees and are within their care, custody and control. The type, quality and length of time of investment are regulated by the Bond Resolution (see Note 2).

Under the Authority's Bond Resolution, the following investments are permitted:

- 1) Deposits or certificates of deposit with public depositories under the provisions of the Governmental Unit Deposit Protection Act.
- 2) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- 3) Bond of any federal intermediate credit bank, federal home loan bank, federal land bank, federal national mortgage association, United States Bank for Cooperatives, export-import bank, Tennessee Valley Authority, government national mortgage association, farmer's home administration, federal financing bank, student loan marketing association, U.S. Postage Service and Resolution Funding Corporation.
- 4) Bonds or other obligations of the Authority or other obligations of school districts of which the district of the Authority is a part, in either case having a credit rating of at least "A" by Standard & Poor's Corporation and/or Moody's Investors Service.
- 5) Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investments of the Department of Treasury.
- 6) The New Jersey Cash Management Fund.
- 7) Negotiable or non-negotiable certificates of deposit issued by any bank, savings and loan association, trust company or national banking association.
- 8) Full faith and credit obligation of any state, which is rated in either of the two highest rating categories.
- 9) Any obligations which are expressly authorized as permissible investments for municipal utilities authorities under the laws of the State of New Jersey.

The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1 - Insured or registered, or securities held by the Authority or its agent in the Authority's name.

Category 2 - Uninsured and unregistered, with securities held by the counterpart's trust department or agent in the Authority's name.

Category 3 - Uninsured and unregistered, with securities held by the counterpart or by its trust department or agent, but not in the Authority's name.

**PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Reported</u> <u>Amount</u>	<u>Fair</u> <u>Market</u> <u>Value</u>
<u>1999</u>					
U.S. Government Security Funds:					
Restricted			\$15,267,437	\$15,267,437	\$15,267,437
Unrestricted			<u>2,473</u>	<u>2,473</u>	<u>2,473</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$15,269,910</u>	<u>\$15,269,910</u>	<u>\$15,269,910</u>
<u>1998</u>					
U.S. Government Security Funds:					
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,114,825</u>	<u>\$1,114,825</u>	<u>\$1,114,825</u>

NOTE 4 RESTRICTED ASSETS

Bond and Note covenants of the Authority require portions of the debt proceeds as well as other resources to be set aside for various purposes. These amounts are reported as restricted assets. The "Revenue Fund" account reserves all revenues received for future distribution to the various accounts of the Authority in accordance with the Bond Resolution. The "Construction Fund" account segregates cash and investments that are restricted for use in construction. Cash and investments restricted for debt service payment on bonds and notes are segregated in "Bond Service Fund" and "Debt Service Fund" accounts. Cash and investments reserved to meet future debt service contingencies are segregated in "Bond Reserve Fund" accounts. Cash and investments reserved for major repairs, renewals, replacements and non-routine maintenance items are segregated in "Renewal and Replacement Fund" accounts.

NOTE 5 FIXED ASSETS

The following is a summary of fixed assets:

	<u>December 31,</u> <u>1999</u>	<u>December 31,</u> <u>1998</u>
Land	\$ 87,895	\$ 86,666
Building	589,618	274,321
Property and Equipment	957,784	475,672
Work in Process	1,311,170	796,004
Less Accumulated Depreciation	<u>(186,487)</u>	<u>(39,092)</u>
Net	<u>\$ 2,759,980</u>	<u>\$1,593,571</u>

**PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 5 FIXED ASSETS (Continued)

Total work in progress has been adjusted to include interest expense and income associated with such financings. Net capitalized interest expense for the years ended December 31, 1999 and 1998 was \$294,469 and \$22,267, respectively.

NOTE 6 LONG-TERM DEBT

Revenue Bonds – On February 3, 1999, the Authority issued \$9,390,000 of Sewer Revenue Bonds (the “1999 Sewer Bonds”) and \$7,025,000 of Solid Waste Revenue Bonds, (the “1999 Solid Waste Bonds”).

The 1999 Sewer Bonds were issued to (i) permanently finance the Sewer System Acquisition and Improvements, (ii) provide monies to pay a portion of the 1999 Sewer Notes on their April 15, 2000 maturity date, (iii) fund the Bond Reserve Requirement for the 1999 Sewer Bonds, (iv) provide for the capitalized interest on the 1999 Sewer Bonds for the period from the date of their original issuance through December 15, 2000 and (v) provide for payment of the costs of issuance related to the 1999 Sewer Bond.

The 1999 Solid Waste Bonds were issued to (i) permanently finance the Solid Waste Acquisition and Improvements, (ii) provide for certain Solid Waste System operating expenses for an approximately one month period, (iii) reimburse the Sewer Operating Fund for certain preliminary Solid Waste System operating expenses previously funded on an interim basis, (iv) fund the Bond Reserve Requirement for the 1999 Solid Waste Bonds, (v) provide for capitalized interest on the 1999 Solid Waste Bonds for the period from their date of original issuance through December 15, 2000, and (vi) provide for payment and the costs of issuance related to the 1999 Solid Waste Bonds.

Revenue Bonds outstanding at December 31, 1999 and 1998, consist of the following:

	<u>1999</u>	<u>1998</u>
Sewer Revenue Bonds, Series 1999A 4.40% to 4.75% due December 15, 2011 to 2023	\$ 6,135,000	-
Sewer Revenue Bonds, Taxable Series, 1999B 5.65% to 6.00% due December 15, 2002 to 2010	3,255,000	-
Solid Waste Revenue Bonds, Series 1999A 4.40% to 4.75% due December 15, 2011 to 2023	4,820,000	-
Solid Waste Revenue Bonds, Taxable Series 1999B 5.65% to 6.00% due December 15, 2000 to 2010	<u>2,205,000</u>	<u>-</u>
Total	16,415,000	-
Less:		
Current Portion of Revenue Bonds Payable	<u>150,000</u>	<u>-</u>
Net Long Term Portion of Revenue Bonds Payable	<u>\$16,265,000</u>	<u>\$ -</u>

**PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 6 LONG-TERM DEBT (Continued)

The Authority's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Year Ending December 31,	Revenue Bonds		Total
	Principal	Interest	
2000	\$150,000	\$837,145	\$ 987,145
2001	155,000	828,670	983,670
2002	450,000	819,913	1,269,913
2003	475,000	794,668	1,269,668
2004	505,000	767,650	1,272,650
Thereafter	14,680,000	7,877,969	22,557,969

Project Note Payable – On April 28, 1998, the Authority issued \$5,000,000 in project notes to (i) temporarily finance a \$280,000 portion of the Sewer System Acquisition and Improvements, (ii) repay in entirety the City Sewer System loan, in the amount of \$1,060,956, (iii) provide \$3,234,440 for certain Sewer System initial working capital expenses, (iv) provide \$300,342 for capitalized interest on the 1998 Sewer Notes for the period from their date of issuance through April 14, 1999, and (v) pay the costs of issuance of the 1998 Sewer Notes.

Note payable at December 31, 1999 and 1998 is comprised of the following:

	<u>1999</u>	<u>1998</u>
Project Note Payable – Sewer System 6.25% due April 15, 2000	\$5,000,000	\$5,000,000
Less: Current Portion of Project Note Payable	<u>5,000,000</u>	<u>-</u>
Net Long-Term Portion of Project Note Payable	<u>\$ -</u>	<u>\$5,000,000</u>

NOTE 7 USER CHARGES RECEIVABLE

User charges receivable at December 31, 1999 and 1998, including the applicable Allowance for Doubtful Accounts, consisted of the following:

	<u>1999</u>	<u>1998</u>
Gross User Charges Receivable	\$4,254,654	\$ 3,790,675
Less: Allowance for Uncollectibles	<u>(725,315)</u>	<u>(929,445)</u>
Net User Charges Receivable	<u>\$3,529,339</u>	<u>\$ 2,861,230</u>

NOTE 8 DEFICIENCY AGREEMENT

In connection with the issuance of the 1999 Bonds and 1998 Project Note, the Authority and the City have entered into a Deficiency Agreement, dated as of October 17, 1997 (the "Deficiency Agreement"). The Deficiency Agreement requires the City to pay an annual charge to the Authority for any amounts which may be necessary to provide for any deficit in the operation and maintenance and debt service requirements of the Authority. The Deficiency Agreement may be terminated at any time, after the payment in full of all obligations including its Bonds of the Authority.

**PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 9 INTERLOCAL SERVICE AGREEMENT

~~The Authority entered into an Interlocal Agreement with the City of Plainfield (the City) dated October 17, 1997.~~ Under the terms of the agreement, the City leased to the Authority the Sewer and Solid Waste Systems' assets for a period not greater than forty (40) years. During the lease term, the Authority is responsible for all costs of operating, repairing, constructing and maintaining the Assets and the Systems, including, but not limited to, all utility and insurance costs and any taxes, fees, fines or other charges, and the City shall have no responsibility or liability with respect thereto.

In consideration for the lease of the Sewerage System Assets, the Authority paid to the City a lease payment of \$812,000 on June 1, 1998 and payments of \$1,062,000 which commenced on June 1, 1999 and payable on June 1 each year thereafter during the term of the Interlocal Agreement. As of June 1, 1999 and each June 1 thereafter, the lease payment amount is adjusted in accordance with the Escalation Factor as defined in the Interlocal Agreement

In consideration for the lease of the Solid Waste System Assets, the City shall appropriate as part of its annual budget, in each City Fiscal Year commencing July 1, 1997, an amount necessary to pay the cost of disposal of Solid Waste originating within the geographical boundaries of the City. The City appropriation is based upon an estimate of the Solid Waste tonnage available for disposal and the disposal cost per ton during the fiscal year as set forth in the certificate approved by resolution of the Authority. In addition, the Authority shall pay to the City as a lease payment for the Solid Waste System Assets, an amount equal to the difference between the amount the City appropriated and \$1,200,000.

The Interlocal Agreement also included a provision whereby the City agreed to sell to the Authority, for the additional sum of \$250,000, certain Assets of the Solid Waste System.

The Authority agreed to pay the City its Revenue Sharing Percentage for each Fiscal Year, as set forth in the Interlocal Agreement. After the close of each fiscal year the Authority is required to perform a calculation, in accordance with the Interlocal Agreement, of the Revenue Sharing Percentage, due the City, if any, for such fiscal year.

None of the properties owned or controlled by the City and connected to the Sewerage System are subject to the payment of Service Charges or other periodic charges. In addition, the City is not subject to the payment of Service Charges for any Solid Waste generated by the properties owned or controlled by the City. However, the City shall pay Service Charges for the cost of collection and disposal of Solid Waste illegally dumped on City owned property that the Authority collects and for which it arranges disposal at the direction of the City.

The Assets purchased by the Authority are the property of the Authority, and the Authority has a leasehold interest in the leased Assets. The Assets leased and purchased by the Authority are deemed public property and, to the extent permitted by the Act, in particular held by the Authority for the use and benefit of the inhabitants and property owners of the City.

NOTE 10 ACCRUED COMPENSATED ABSENCES

Under the existing policies of the Authority, employees are allowed to accumulate (with certain restrictions) unused sick leave and vacation benefits over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon retirement, termination in good standing or by extended absence immediately preceding retirement. It is estimated that the current cost of such unpaid compensation would approximate \$18,342 and \$20,893 at December 31, 1999 and 1998, respectively. These amounts are accrued as a current liability at December 31, 1999 and 1998.

**PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 11 SEGMENT INFORMATION

The Authority maintains two enterprise funds to provide sewer and solid waste services. Significant financial data as of and for the year ended December 31, 1999 and 1998 are as follows:

	<u>December 31, 1999</u>			<u>December 31, 1998 (Restated)</u>		
	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
Operating Revenues	\$ 5,478,796	\$ 5,336,967	\$10,815,763	\$ 3,174,114	\$4,682,054	\$ 7,856,168
Depreciation Expense	103,184	44,212	147,396	24,335	10,711	35,046
Operating Income (Loss)	853,109	182,097	1,035,206	(1,285,690)	8,322	(1,294,018)
Net Income (Loss)	428,852	141,170	570,022	(1,435,420)	72,119	(1,507,545)
Property Plant and Equipment						
Additions	969,142	344,662	1,313,804	820,849	399,180	1,220,029
Net Working Capital	2,066,953	1,202,159	3,269,112	3,693,658	(444,832)	3,248,826
Total Assets	15,303,092	7,890,846	23,193,938	5,298,371	747,816	6,046,187
Bonds Payable	9,390,000	7,025,000	16,415,000	-	-	-
Total Equity	455,387	154,801	610,188	26,535	13,631	40,166

NOTE 12 PENSION PLANS

Plan Descriptions

Substantially all of the Authority's employees participate in the Public Employees' Retirement System (PERS), which is a contributory defined benefit public employee retirement system which has been established by State statute. This system is sponsored and administered by the State of New Jersey. The Public Employees Retirement System is considered a cost-sharing multiple-employer plan.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$241,106,642 from the proceeds of the bonds were deposited into the investment accounts of the PERS.

**PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 12 PENSION PLANS (Continued)

Significant Legislation (Cont.)

As a result of additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), the asset valuation method was changed from market related value to full-market value for the valuation reports dated March 31, 1996. This legislation also contains a provision to reduce the employee contribution rates under PERS by 1/2 of 1 percent to 4.5 percent for calendar years 1998 and 1999, and to allow for a similar reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1998, and thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under the retirement system was eliminated.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 4.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Authority's contribution to PERS for the years ended December 31, 1999 and 1998 were \$-0- and \$-0-, respectively. The Authority's 1999 and 1998 PERS contributions were offset by a Pension Security Act credit.

Post-Retirement Medical Benefits

Chapter 136, P.L. 1977 provides for the state to pay health benefits coverage of retired PFRS employees regardless of retirement date whose pensions are based upon 25 years or more of credited service (except those who elect a deferred retirement) or a disability retirement regardless of years of service. Excluded from these benefits are retirees from the Public Employees' Retirement System which finance the cost of providing the same health benefits coverage to the retirees. These benefits are funded by the State on a "pay as you go" basis.

Financial Statements

Complete financial statements of the PERS and PFRS may be obtained from the State of New Jersey, Department of Treasury, Division of Pensions, P.O. Box 295, Trenton, NJ 08625.

NOTE 13 CONTINGENT LIABILITY

The Authority is a party defendant in some lawsuits, none of a kind unusual for an Authority of its size and scope of operation. In the opinion of the Authority's Attorney the potential claims against the Authority not covered by insurance policies would not materially affect the financial condition of the Authority.

**PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 14 INSURANCE

The Authority is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Authority has obtained insurance coverage to guard against these events which will provide minimum exposure to the Authority should they occur.

The Authority is a member of the New Jersey Utility Authorities Joint Insurance Fund (NJUAJIF). The joint insurance fund is both an insured and self-administered group of authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The NJUAJIF is a risk-sharing public entity pool, providing coverage in amounts which are on file with the Executive Director.

The relationship between the Authority and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Authority is contractually obligated to make all annual and supplementary contributions to insurance funds, to report claims on a timely basis, cooperate with the management of the Fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the insurance pools. Members have a contractual obligation to fund any deficit of the insurance funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members.

There has been no significant reduction in insurance coverage from the previous year, nor have there been any settlements in excess of insurance coverages in any of the prior three years.

NOTE 15 AMOUNTS REQUIRED BY BOND RESOLUTION COVENANTS

The Authority's bond covenants require certain restricted funds to be on deposit at year-end. The balances required to be on deposit at December 31, 1999 are as follows:

	<u>Revenue Fund</u>	<u>Bond Service Fund</u>	<u>Bond Reserve Fund</u>	<u>Renewal and Replace- ment Fund</u>	<u>Project Note Debt Service Fund</u>
Required Balance		\$493,473	\$1,276,661	\$ 430,000	\$4,643,750
Cash and Investments	<u>\$3,679</u>	<u>881,051</u>	<u>1,317,661</u>	_____	<u>4,643,750</u>
Excess or (Deficit)	<u>\$3,679</u>	<u>\$387,578(A)</u>	<u>\$ 41,000</u>	<u>\$ (430,000)</u>	<u>\$ -</u>

(A) The excess in the Bond Service Fund represents, in part, capitalized interest to December 15, 2000 which was funded from the 1999 Revenue Bond proceeds.

**PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998**

NOTE 16 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, 1999, the Authority had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Commitment</u>	<u>Expected Date of Completion</u>
Acquisition of Rear Loading Packer Trucks	\$405,000	2/00

NOTE 17 PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments have been made to the Authority's 1998 retained earnings balance to reflect correction of errors in prior years:

Allowance for uncollectibles overstated	\$329,242
Sewer lease payable overstated	203,001
Petty cash balance not recorded	<u>1,338</u>
	<u>\$533,581</u>

NOTE 18 RESTATEMENT

The Authority's financial statements have been restated at December 31, 1998, giving effect to eliminating the deferred debits associated with start-up costs which were originally capitalized and amortized over ten (10) years. The deferral of start-up costs is not in accordance with generally accepted accounting principles which require these costs to be expensed in the year the liability is incurred.

	<u>Balance Prior to Restatement</u>	<u>Adjustment</u>	<u>Balance After Restatement</u>
<u>Balance Sheet</u>			
Deferred Debits			
Start-up costs	\$ 335,222	\$(335,222)	\$ -0-
Accumulated Amortization	(112,564)	112,564	-0-
Retained Earnings	262,824	(222,658)	40,166

SUPPLEMENTARY SCHEDULES

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
COMBINING BALANCE SHEET
AS OF DECEMBER 31, 1999

	Sewer	Solid Waste	Total
ASSETS			
Unrestricted Current Assets			
Cash and Cash Equivalents	\$ 518,133	\$ 119,483	\$ 637,616
Accounts Receivable (net of allowance for for uncollectibles)	<u>1,773,322</u>	<u>1,756,017</u>	<u>3,529,339</u>
Total Unrestricted Current Assets	<u>2,291,455</u>	<u>1,875,500</u>	<u>4,166,955</u>
Restricted Assets			
Revenue Fund			
Cash and Cash Equivalents	2,753	926	3,679
Developers Escrow Account			
Cash and Cash Equivalents	71,249		71,249
Project Note Debt Service Fund			
Cash and Cash Equivalents	4,643,750		4,643,750
Project Note Construction Fund			
Cash and Cash Equivalents	133,226		133,226
Bond Service Fund			
Cash and Cash Equivalents	508,779	372,272	881,051
Bond Reserve Fund			
Cash and Cash Equivalents	796,098	521,563	1,317,661
Bond Construction Fund			
Cash and Cash Equivalents	<u>4,512,570</u>	<u>3,775,500</u>	<u>8,288,070</u>
Total Restricted Current Assets	<u>10,668,425</u>	<u>4,670,261</u>	<u>15,338,686</u>
Deferred Debits			
Debt Issuance Costs/Original Issue Discount (net of amortization)	<u>515,543</u>	<u>412,774</u>	<u>928,317</u>
Total Deferred Debits	<u>515,543</u>	<u>412,774</u>	<u>928,317</u>
Fixed Assets			
Land	63,785	24,110	87,895
Building	382,252	207,366	589,618
Accumulated Depreciation - Building	(6,721)	(2,592)	(9,313)
Property and Equipment	677,069	280,715	957,784
Accumulated Depreciation - Property and Equipment	(124,195)	(52,979)	(177,174)
Work in Progress	<u>835,479</u>	<u>475,691</u>	<u>1,311,170</u>
Total Fixed Assets (Net of accumulated depreciation)	<u>1,827,669</u>	<u>932,311</u>	<u>2,759,980</u>
Total Assets	<u>\$ 15,303,092</u>	<u>\$ 7,890,846</u>	<u>\$ 23,193,938</u>

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
COMBINING BALANCE SHEET
AS OF DECEMBER 31, 1999

	Sewer	Solid Waste	Total
LIABILITIES AND FUND EQUITY			
Current Liabilities (Payable from Unrestricted Assets)			
Accounts Payable	\$ 137,551	\$ 579,508	\$ 717,059
Accrued Expenses	32,462	43,865	76,327
Due to the City of Plainfield		25,921	25,921
Other Liabilities	54,489	24,047	78,536
Total Current Liabilities Payable from Unrestricted Assets	<u>224,502</u>	<u>673,341</u>	<u>897,843</u>
Current Liabilities (Payable from Restricted Assets)			
Accounts Payable	99,503	21,871	121,374
Project Notes Payable	5,000,000	-	5,000,000
Revenue Bonds Payable	-	150,000	150,000
Accrued Interest on Bonds and Notes	87,346	15,833	103,179
Escrow Deposits Payable	46,354	-	46,354
Total Current Liabilities Payable from Restricted Assets	<u>5,233,203</u>	<u>187,704</u>	<u>5,420,907</u>
Non-Current Liabilities			
Revenue Bonds Payable	9,390,000	6,875,000	16,265,000
Total Non-Current Liabilities	<u>9,390,000</u>	<u>6,875,000</u>	<u>16,265,000</u>
FUND EQUITY			
Retained Earnings			
Reserve for Renewal and Replacement	430,000	-	430,000
Unreserved Retained Earnings	25,387	154,801	180,188
Total Retained Earnings	<u>455,387</u>	<u>154,801</u>	<u>610,188</u>
Total Liabilities and Fund Equity	<u>\$ 15,303,092</u>	<u>\$ 7,890,846</u>	<u>\$ 23,193,938</u>

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Sewer	Solid Waste	Total
OPERATING REVENUES			
Sewer Fees Billed	\$ 5,345,294		\$ 5,345,294
Solid Waste Fees Billed		\$ 4,065,523	4,065,523
Municipal Contribution		1,174,079	1,174,079
Interest on Delinquent Balances	93,357	85,240	178,597
Miscellaneous	40,145	12,125	52,270
Total Operating Revenues	5,478,796	5,336,967	10,815,763
OPERATING EXPENSES			
Salaries & Wages	639,403	890,211	1,529,614
Fringe Benefits	171,159	209,979	381,138
Administrative and Executive	227,494	249,723	477,217
Cost of Providing Services	3,188,252	3,424,804	6,613,056
Professional Fees	296,195	335,941	632,136
Depreciation	103,184	44,212	147,396
Total Operating Expenses	4,625,687	5,154,870	9,780,557
OPERATING INCOME	853,109	182,097	1,035,206
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	28,090	5,897	33,987
Interest Expenses	(302,569)	-	(302,569)
Amortization of Costs of Issuance/Original Issue Discount	(106,066)	(15,793)	(121,859)
Intergovernmental Grants	-	54,571	54,571
Bad Debt Expense	(44,508)	(91,089)	(135,597)
Miscellaneous	796	5,487	6,283
Total Non-operating Income (Expenses)	(424,257)	(40,927)	(465,184)
NET INCOME	428,852	141,170	570,022
Retained Earnings (Restated), January 1, 1999	26,535	13,631	40,166
Retained Earnings, December 31, 1999	<u>\$ 455,387</u>	<u>\$ 154,801</u>	<u>\$ 610,188</u>

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Sewer	Solid Waste	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 4,875,895	\$ 3,868,118	\$ 8,744,013
Cash Received from Municipality		1,200,000	1,200,000
Cash Paid to Suppliers	(3,863,208)	(4,072,655)	(7,935,863)
Cash Paid to Employees	(618,500)	(855,680)	(1,474,180)
Net Cash Provided by Operating Activities	<u>394,187</u>	<u>139,783</u>	<u>533,970</u>
Cash Flows from Noncapital Financing Activities			
Net Change in Restricted Assets	(10,439,820)	(4,670,261)	(15,110,081)
Proceeds from Intergovernmental Grant	-	54,571	54,571
Net Cash Provided by Non-Capital Financing Activities	<u>(10,439,820)</u>	<u>(4,615,690)</u>	<u>(15,055,510)</u>
Cash flows from Capital and Related Financing Activities			
Proceeds from Issuance of Long-Term Debt	9,390,000	7,025,000	16,415,000
Acquisition of Fixed Assets	(809,632)	(193,154)	(1,002,786)
Payment of Debt Issuance Costs/OID	(503,889)	(428,567)	(932,456)
Interest Paid	(731,956)	(310,720)	(1,042,676)
Net Cash Used by Capital and Related Financing Activities	<u>7,344,523</u>	<u>6,092,559</u>	<u>13,437,082</u>
Cash Flows from Investing Activities			
Interest Received	<u>395,773</u>	<u>143,326</u>	<u>539,099</u>
Net Cash Provided by Investing Activities	<u>395,773</u>	<u>143,326</u>	<u>539,099</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	(2,305,337)	1,759,978	(545,359)
Cash and Cash Equivalents, January 1, 1999	<u>2,823,470</u>	<u>(1,640,495)</u>	<u>1,182,975</u>
Cash and Cash Equivalents, December 31, 1999	<u>\$ 518,133</u>	<u>\$ 119,483</u>	<u>\$ 637,616</u>

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Sewer	Solid Waste	Total
Operating Income	\$ 853,109	\$ 182,097	\$ 1,035,206
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities:			
Write-off of Accounts Receivables	(268,445)	(18,672)	(287,117)
Depreciation	103,184	44,212	147,396
(Increase)/Decrease in Due from City	44,213	8,873	53,086
(Increase)/Decrease in Accounts Receivable	(263,622)	(200,357)	(463,979)
(Increase)/Decrease in Prepaid Expenses	4,500	4,500	9,000
Increase/(Decrease) in Accounts Payable	15,392	143,292	158,684
Increase/(Decrease) in Accrued Expenses	20,903	34,531	55,434
Increase/(Decrease) in Due to the City		25,921	25,921
Increase/(Decrease) in Other Liabilities	(115,047)	(84,614)	(199,661)
Total Adjustments	(458,922)	(42,314)	(501,236)
Net Cash Provided by Operating Activities	\$ 394,187	\$ 139,783	\$ 533,970

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1992

	Gross Revenue Account	Operating Account	Operating Investment	Payroll	Pension/Insurance	Petty Cash	Total
Cash and Investments, January 1, 1999	\$ -	\$ 41,749	\$ 1,114,825	\$ 13,458	\$ 11,572	\$ -	\$ 1,181,604
Increase:							
Interest on Deposits and Investments	3,546	11,999	14,010				29,555
Receipts from Customers	8,260,812	1,711,871					9,972,683
Transfers from Restricted Accounts		10,410,023					10,410,023
Transfers from Unrestricted Accounts	1,271	1,120,783		1,626,898		4,308	2,753,260
Payroll Withholdings				1,026	89,605		90,631
Miscellaneous	13,168	-	-	-	-	1,355	14,523
Total Increases	8,278,797	13,254,676	14,010	1,627,924	89,605	5,663	23,270,675
	8,278,797	13,296,425	1,128,835	1,641,382	101,177	5,663	24,452,279

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Gross Revenue Account	Operating Account	Operating Investments	Payroll	Pension/ Insurance	Petty Cash	Total
Decreases:							
Payment of Capital Expenses		\$ 846,948					\$ 846,948
Payment of Operating Expenses		7,895,967	\$ 1,625,611		\$ 89,252	\$ 5,185	9,616,015
Transfers to Restricted Accounts	\$ 8,117,169	2,481,271					10,598,440
Transfers to Unrestricted Accounts		1,626,898	\$ 1,126,362				2,753,260
Miscellaneous		-	-				-
Total Decreases	<u>8,117,169</u>	<u>12,851,084</u>	<u>1,126,362</u>	<u>1,625,611</u>	<u>89,252</u>	<u>5,185</u>	<u>23,814,663</u>
Cash and Investments, December 31, 1999	<u>\$ 161,628</u>	<u>\$ 445,341</u>	<u>\$ 2,473</u>	<u>\$ 15,771</u>	<u>\$ 11,925</u>	<u>\$ 478</u>	<u>\$ 637,616</u>
Analysis of Balance:							
Cash and Cash Equivalents	\$ 161,628	\$ 445,341	\$ 2,473	\$ 15,771	\$ 11,925	\$ 478	\$ 637,616
Investments	-	-	-	-	-	-	-
Cash and Investments, December 31, 1999	<u>\$ 161,628</u>	<u>\$ 445,341</u>	<u>\$ 2,473</u>	<u>\$ 15,771</u>	<u>\$ 11,925</u>	<u>\$ 478</u>	<u>\$ 637,616</u>

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
SEWER RESTRICTED ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1992

Developer's Escrow Account	Project Note		Bond Service Fund		Bond Reserve Fund		Sub-Total
	Debt Service Fund	Construction Fund	1999A Debt Service Account	1999B Debt Service Account	1999A Bond Reserve Account	1999B Bond Reserve Account	
\$ 68,767	\$ 156,250	\$ 3,588	-	-	-	-	\$ 228,605
	127,668	1,970	\$ 16,732	\$ 11,142	\$ 10,182	\$ 16,943	184,637
	1,620,000	127,668					1,747,668
	1,580,000						1,580,000
3,037	1,600,000	-	540,450	359,911	288,668	480,305	3,037
3,037	4,927,668	129,638	557,182	371,053	298,850	497,248	6,784,676
71,804	5,083,918	133,226	557,182	371,053	298,850	497,248	7,013,281

Cash and Investments, January 1, 1999

Increases:

Interest on Deposits and Investments
Transfers from Restricted Accounts
Transfers from Unrestricted Accounts
Escrow Deposits
Bond Proceeds

Total Increases

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
SEWER RESTRICTED ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1992

	Developer's Escrow Account	Project Note		Bond Service Fund		Bond Reserve Fund		Sub-Total
		Debt Service Fund	Construction Fund	1999A Debt Service Account	1999B Debt Service Account	1999A Bond Reserve Account	1999B Bond Reserve Account	
Decreases	\$ 105							\$ 105
Payment of Operating Expenses		\$ 312,500		\$ 251,783	\$ 167,673			731,956
Interest Payment		127,668						127,668
Transfers to Restricted Accounts								
Transfers to Unrestricted Accounts	450							450
Refund of Escrow Deposits								
Total Decreases	555	440,168		251,783	167,673			860,179
Cash and Investments, December 31, 1999	\$ 71,249	\$ 4,643,750	\$ 133,226	\$ 305,399	\$ 203,380	\$ 298,850	\$ 497,248	\$ 6,153,102
Analysis of Balance:								
Cash and Cash Equivalents	\$ 71,249	\$ 4,643,750	\$ 133,226	\$ 305,399	\$ 203,380	\$ 298,850	\$ 497,248	\$ 6,153,102
Investments								
Cash and Investments, December 31, 1999	\$ 71,249	\$ 4,643,750	\$ 133,226	\$ 305,399	\$ 203,380	\$ 298,850	\$ 497,248	\$ 6,153,102

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
SEWER RESTRICTED ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Bond Construction Fund						Grand Total
	Revenue Account	1999A Construction Account	1999B Construction Account	1999A Issuance Account	1999B Issuance Account	1999B Cost of	
Cash and Investments, January 1, 1999	-	-	-	-	-	-	\$ 228,605
Increases:							
Interest on Deposits and Investments	\$ 1,241	\$ 157,328	\$ 24,735	\$ 611	\$ 370	\$ 184,285	368,922
Transfers from Restricted Accounts	6,500					6,500	1,754,168
Transfers from Unrestricted Accounts	4,828,874					4,828,874	6,408,874
Escrow Deposits	-	4,943,320	701,202	99,201	46,149	5,789,872	3,037
Proceeds from Revenue Bonds							9,059,206
Total Increases	4,836,615	5,100,648	725,937	99,812	46,519	10,809,531	17,594,207
	4,836,615	5,100,648	725,937	99,812	46,519	10,809,531	17,822,812

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
SEWER RESTRICTED ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Bond Construction Fund				Grand Total
	1999A Construction Account	1999B Construction Account	1999A Cost of Issuance Account	1999B Cost of Issuance Account	
Decreases					
Payment of Capital Expenses	\$ 155,838				\$ 155,838
Payment of Operating Expenses	6,500				6,605
Payment of Debt Issuance Costs			\$ 82,653	\$ 35,016	117,669
Interest Payment					731,956
Transfers to Restricted Accounts	1,620,000		4,420	2,080	1,754,168
Transfers to Unrestricted Accounts	3,207,362	713,862			4,387,701
Refund of Escrow Deposits					450
Total Decreases	4,833,862	869,700	87,073	37,096	7,154,387
Cash and Investments, December 31, 1999	\$ 2,753	\$ 4,230,948	\$ 12,739	\$ 9,423	\$ 10,668,425
Analysis of Balance:					
Cash and Cash Equivalents	\$ 2,753	\$ 4,230,948	\$ 12,739	\$ 9,423	\$ 10,668,425
Investments					
Cash and Investments, December 31, 1999	\$ 2,753	\$ 4,230,948	\$ 12,739	\$ 9,423	\$ 10,668,425

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
SOLID WASTE RESTRICTED ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1999

Revenue Account	Bond Service Fund		Bond Reserve Fund		Bond Construction Fund		Total
	1999A Debt Service Account	1999B Debt Service Account	1999A Bond Reserve Account	1999B Bond Reserve Account	1999A Construction Account	1999B Construction Account	
\$ 2,315	\$ 10,206	\$ 5,826	\$ 6,198	\$ 7,677	\$ 106,474	\$ 1,049	\$ 139,745
912							912
4,189,566	424,597	242,364	226,788	280,900	3,961,802	1,637,762	4,189,566
-							6,774,213
<u>4,192,793</u>	<u>434,803</u>	<u>248,190</u>	<u>232,986</u>	<u>288,577</u>	<u>4,068,276</u>	<u>1,638,811</u>	<u>11,104,436</u>
<u>4,192,793</u>	<u>434,803</u>	<u>248,190</u>	<u>232,986</u>	<u>288,577</u>	<u>4,068,276</u>	<u>1,638,811</u>	<u>11,104,436</u>

Cash and Investments, January 1, 1999

Increases:

Interest on Deposits and Investments
Transfers from Restricted Accounts
Transfers from Unrestricted Accounts
Proceeds from Revenue Bonds

Total Increases

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
SOLID WASTE RESTRICTED ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Bond Service Fund</u>		<u>Bond Reserve Fund</u>		<u>Bond Construction Fund</u>		<u>Total</u>
	<u>1999A</u>	<u>1999B</u>	<u>1999A</u>	<u>1999B</u>	<u>1999A</u>	<u>1999B</u>	
<u>Revenue</u>	<u>Debt Service</u>	<u>Debt Service</u>	<u>Debt Service</u>	<u>Debt Service</u>	<u>Construction</u>	<u>Construction</u>	
<u>Account</u>	<u>Account</u>	<u>Account</u>	<u>Account</u>	<u>Account</u>	<u>Account</u>	<u>Account</u>	
Decreases							
Payment of Debt Issuance Costs					\$ 69,617	\$ 30,603	\$ 100,220
Interest Payment	\$ 197,810	\$ 112,911					310,721
Transfers to Restricted Accounts	912						912
Transfers to Unrestricted Accounts	4,190,955				231,367	1,600,000	6,022,322
Total Decreases	4,191,867	197,810	112,911		300,984	1,630,603	6,434,175
Cash and Investments, December 31, 1999	\$ 926	\$ 236,993	\$ 135,279	\$ 232,986	\$ 3,767,292	\$ 8,208	\$ 4,670,261
Analysis of Balance:							
Cash and Cash Equivalents	\$ 926	\$ 236,993	\$ 135,279	\$ 232,986	\$ 288,577	\$ 8,208	\$ 4,670,261
Investments							
Cash and Investments, December 31, 1999	\$ 926	\$ 236,993	\$ 135,279	\$ 232,986	\$ 288,577	\$ 8,208	\$ 4,670,261

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
SEWER
FOR THE YEAR ENDED DECEMBER 31, 1999
BUDGETARY BASIS

	1999 <u>Budget</u>	1999 <u>Actual</u>	Variance <u>Excess (Deficit)</u>
<u>SEWER</u>			
OPERATING REVENUES			
Service Charges	\$ 5,042,844	\$ 5,345,294	\$ 302,450
Miscellaneous	85,000	133,502	48,502
	<u>5,127,844</u>	<u>5,478,796</u>	<u>350,952</u>
Total Operating Revenues			
NON-OPERATING REVENUES			
Interest on Investments	135,000	28,090	(106,910)
	<u>135,000</u>	<u>28,090</u>	<u>(106,910)</u>
Total Non-Operating Revenues			
Total Sewer Revenues	<u>\$ 5,262,844</u>	<u>\$ 5,506,886</u>	<u>\$ 244,042</u>
OPERATING APPROPRIATIONS			
ADMINISTRATION			
Salaries and Wages	\$ 325,424	\$ 381,097	\$ (55,673)
Fringe Benefits	78,704	135,500	(56,796)
Other Expenses	343,023	418,936	(75,913)
	<u>747,151</u>	<u>935,533</u>	<u>(188,382)</u>
Total Administration			
COST OF PROVIDING SERVICES			
Salaries and Wages	210,509	258,306	(47,797)
Fringe Benefits	63,453	35,659	27,794
Other Expenses	3,410,377	3,293,005	117,372
	<u>3,684,339</u>	<u>3,586,970</u>	<u>97,369</u>
Total Cost of Providing Services			
NON-OPERATING APPROPRIATIONS			
Interest Payments on Debt	221,354	302,569	(81,215)
Rate Stabilization Reserve	430,000	430,000	-
Other Reserves	180,000	180,000	-
	<u>831,354</u>	<u>912,569</u>	<u>(81,215)</u>
Total Non-Operating Appropriations			
Total Appropriations	<u>\$ 5,262,844</u>	<u>\$ 5,435,072</u>	<u>\$ (172,228)</u>

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
SOLID WASTE
FOR THE YEAR ENDED DECEMBER 31, 1999
BUDGETARY BASIS

	1999 <u>Budget</u>	1999 <u>Actual</u>	Variance <u>Excess (Deficit)</u>
<u>SOLID WASTE</u>			
OPERATING REVENUES			
Service Charges	\$ 3,920,131	\$ 4,065,523	\$ 145,392
Municipal Contribution		1,200,000	1,200,000
Miscellaneous	45,000	97,365	52,365
Total Operating Revenues	<u>3,965,131</u>	<u>5,362,888</u>	<u>1,397,757</u>
NON-OPERATING REVENUES			
Interest on Investments	30,000	5,897	(24,103)
Miscellaneous	-	54,571	54,571
Total Non-Operating Revenues	<u>30,000</u>	<u>60,468</u>	<u>30,468</u>
Total Solid Waste Revenues	<u>\$ 3,995,131</u>	<u>\$ 5,423,356</u>	<u>\$ 1,428,225</u>
OPERATING APPROPRIATIONS			
ADMINISTRATION			
Salaries and Wages	\$ 325,424	\$ 382,517	\$ (57,093)
Fringe Benefits	78,704	152,076	(73,372)
Other Expenses	490,980	478,007	12,973
Total Administration	<u>895,108</u>	<u>1,012,600</u>	<u>(117,492)</u>
COST OF PROVIDING SERVICES			
Salaries and Wages	429,253	507,694	(78,441)
Fringe Benefits	118,336	57,903	60,433
Other Expenses	2,452,434	3,512,461	(1,060,027)
Total Cost of Providing Services	<u>3,000,023</u>	<u>4,078,058</u>	<u>(1,078,035)</u>
NON-OPERATING APPROPRIATIONS			
Other Reserves	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total Appropriations	<u>\$ 3,995,131</u>	<u>\$ 5,190,658</u>	<u>\$ (1,195,527)</u>

SCHEDULE 9

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 1999

<u>Description</u>	<u>Date Issued</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance January 1998</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance December 31, 1999</u>
Sewer Revenue Bonds Series 1999A	2/1/99	6,135,000	4.40-4.75%	-	\$ 6,135,000		\$ 6,135,000
Taxable Series 1999B	2/1/99	3,255,000	5.65-6.00%		3,255,000		3,255,000
Solid Waste Revenue Bonds Series 1999A	2/1/99	4,820,000	4.40-4.75%		4,820,000		4,820,000
Taxable Series 1999B	2/1/99	2,205,000	5.65-6.00%		2,205,000		2,205,000
Total Bonds Payable				\$ -	\$ 16,415,000	\$ -	16,415,000
Less: Current Portion of Bonds Payable							
Solid Waste Revenue Bonds, Taxable Series 1999B							150,000
Total Long-Term Portion of Bonds Payable							\$ 16,265,000

GOVERNMENT AUDITING STANDARDS REPORT

AND

SCHEDULE OF STATE FINANCIAL ASSISTANCE

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY

ROSTER OF OFFICIALS

AS OF DECEMBER 31, 1999

Authority Board Members

Position

Dr. Gerard Lee

Chairman

Cassell Wood

Vice Chairman

Philip Bartlett

Treasurer

La-Rome Talley

Member

James Green

Member

Nathaniel Singleton

Alternate

Edwin Maldanato

Alternate

Authority Staff

Eric C. Watson

Executive Director

David Ervin

Assistant Executive Director

Louis E. Jones

Chief of Operations

James R. Perry

Chief Financial Officer

Consultants and Advisors

McManimon and Scotland, L.L.C.

General Counsel

T & M Associates

Sewer Consulting Engineer

JCA Associates, Inc.

Solid Waste Consulting Engineers

LERCH, VINCI & HIGGINS

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
(201) 791-7100
FACSIMILE (201) 791-3035

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JOSEPH F. KELLY, CPA, RMA, PSA

CHRISTINE CORRUBIA, CPA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ANNETTE E. GIORDANO, CPA, RMA, PSA
RICHARD P. CAHILL, CPA, RMA, PSA
ANTOINETTE P. KELLY, CPA, PSA
ANDREW PARENTE, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Chairman and Members of the Board
Plainfield Municipal Utilities Authority
Plainfield, New Jersey

We have audited the financial statements of the Plainfield Municipal Utilities Authority as of and for the year ended December 31, 1999, and have issued our report thereon dated March 2, 2000. We conducted our audit in accordance with generally accepted auditing standards; the 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.

Compliance

As part of obtaining reasonable assurance about whether the Plainfield 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 grants, 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 instances of noncompliance that are required to be reported under Government Auditing Standards and audit requirements as prescribed by Division of Local Government Services, Department of Community Affairs, State of New Jersey which are described in the section entitled, "General Comments and Recommendations" as items 99-5 and 99-7.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Plainfield Municipal Utilities Authority in our report of audit in the section entitled "General Comments and Recommendations".

Internal Control Over Financial Reporting

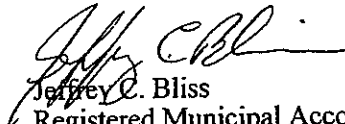
In planning and performing our audit, we considered Plainfield Municipal Utilities Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Plainfield Municipal Utilities Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-1, 99-2, 99-4, 99-5 and 99-7.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. Of the reportable conditions identified above, we considered items 99-2, 99-5 and 99-7 to be material weaknesses.

We also noted other matters involving internal control over financial reporting that we have reported to management of the Plainfield Municipal Utilities Authority in our report of audit in the section entitled "General Comments and Recommendations".

This report is intended solely for the information and use of the Plainfield Municipal Utilities Authority Board Members, management, the New Jersey State Department of Community Affairs and other state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Lerch, Vinci & Higgins
LERCH, VINCI & HIGGINS
Certified Public Accountants
Registered Municipal Accountants


Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
March 2, 2000

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED DECEMBER 31, 1999

State Grant Program	Grant Number	Grant Year	Grant Receipts	Balance, January 1, 1999	Receipts/ Revenue	Expended	Balance, December 31 1999
Clean Communities Program (Passed through City of Plainfield)	4900-765-178920	1999	\$54,571	\$ -	\$ 54,571	\$ 54,571	\$ -

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

- 99-1 Our audit revealed that the "Utility Account Status Audit Totals" report's beginning balance changes as amounts are collected against the prior year receivable balance. As a result, the cash collected per the report does not reflect cash collected against the prior year balance due. It is recommended that the computer generated "Utility Account Status" reports properly reflect all amounts due in the beginning balance and all cash collected during the year.
- 99-2 Our audit revealed that the Authority did not maintain a complete record of outstanding liens held by the City of Plainfield. It is recommended that the Authority maintain complete records of all liens held by the City of Plainfield, and that procedures be developed, in conjunction with the City, to reconcile outstanding liens on a quarterly basis.
- 99-3 Our audit revealed no internal control procedures were in place for the collection of cash at the transfer station. It is recommended that internal control procedures be developed, implemented and maintained over the collection of cash at the transfer station.
- 99-4 Our audit revealed that the Authority did not maintain a work in progress subsidiary ledger by project. It is recommended that a work in progress subsidiary ledger be developed, implemented and maintained to ensure costs are accounted for by individual project.
- 99-5 Our audit of the purchasing system revealed that purchase orders were issued subsequent to the receipt of vendor invoices, contracts were not encumbered when awarded and certain signatures were not obtained on the respective purchase order prior to payment. It is recommended that internal controls over the purchasing/disbursement cycle be reviewed and strengthened to enhance procedure currently utilized in these functions.
- 99-6 Our audit revealed that the PERS quarterly pension reports did not agree to the pension deducted per the ADP reports. It is recommended that PERS quarterly pension reports be adjusted to reflect the actual pension deducted from each employee's pay to ensure amounts remitted are in agreement with amounts deducted.
- 99-7 Our audit revealed that the Renewal and Replacement Fund (Account) held by the Authority Sewer Trustee had a deficient reserve balance at December 31, 1999. It is recommended that the Sewer Trustee be consulted regarding the Renewal and Replacement reserve requirement and the transfer of funds be made in accordance with the sewer bond resolution.

Appreciation

We desire to express our appreciation to the Executive Director, Chief Financial Officer and the other Authority staff who assisted us during the course of our audit.

RECOMMENDATIONS

It is recommended that:

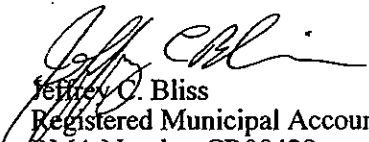
1. The computer generated "Utility Account Status" reports properly reflect all amounts due in the beginning balance and all cash collected during the year.
2. The Authority maintain complete records of all liens held by the City of Plainfield, and that procedures should be developed, in conjunction with the City, to reconcile outstanding liens on a quarterly basis.
3. Internal control procedures be developed, implemented and maintained for the collection of cash at the transfer station.
4. A work in progress subsidiary ledger be developed, implemented and maintained to ensure costs are accounted for by individual project.
5. Internal controls over the purchasing/disbursement cycle be reviewed and strengthened to enhance procedures currently utilized in these functions.
6. PERS quarterly pension reports be adjusted to reflect the actual pension deducted from each employee's pay to ensure amounts remitted are in agreement with amounts deducted.
7. The Authority consult with its Sewer Trustee regarding the Renewal and Replacement reserve requirement and that the transfer of funds be made in accordance with the bond resolution.

A review was performed on all prior year recommendations. Corrective action was taken on all prior year recommendations with the exception of those recommendations denoted with an asterisk (*).

* * * * *

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

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