

SUMMARY OR SYNOPSIS OF AUDIT REPORT FOR PUBLICATION

Attention is directed to the fact that a summary or synopsis of the audit report, together with the recommendations, is the minimum required to be published pursuant to NJSA 40A:5-7.

Summary or Synopsis of 2014 Audit Report of the
Borough of Paulsboro as required by NJSA 40A:5-7

COMPARATIVE BALANCE SHEET

	December 31	
	Year 2014	Year 2013
ASSETS		
Cash and Investments	\$ 6,270,706.49	\$ 7,023,327.99
Taxes, Utility and Liens Receivable	1,018,792.70	1,071,894.82
Property Acquired for Taxes - Assessed Value	1,009,700.00	1,009,700.00
Deferred Charges to Future Taxation - Other Funds	37,817.25	40,261.18
Deferred Charges to Future Taxation - General Capital	6,678,849.62	6,365,313.31
Fixed Capital	12,398,169.64	12,390,669.64
Fixed Capital - Authorized & Uncompleted - Utility	2,218,866.22	2,113,866.22
General Fixed Assets	14,314,888.00	13,990,204.00
Accounts Receivable	1,850,714.58	1,165,739.26
	<u>\$ 45,798,504.50</u>	<u>\$ 45,170,976.42</u>
LIABILITIES, RESERVES, AND FUND BALANCE		
Bonds and Notes Payable	\$ 10,486,222.08	\$ 10,798,168.53
Other Liabilities and Special Funds	4,825,906.55	4,714,830.12
Improvement Authorizations	1,521,117.05	1,586,723.28
Reserves for Certain Assets Receivable	2,410,956.10	2,170,361.72
Amortization of Debt for Fixed Capital	9,900,676.40	9,218,790.64
Investment in Fixed Assets	14,314,888.00	13,990,204.00
Fund Balance	2,338,738.32	2,691,898.13
	<u>\$ 45,798,504.50</u>	<u>\$ 45,170,976.42</u>

**COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND**

	Year 2014	Year 2013
Revenue & Other Income Realized		
Fund Balance Utilized	\$ 685,471.93	\$ 514,930.26
Miscellaneous - From Other Than Local Property		
Tax Levies	2,328,509.57	2,450,892.74
Collection of Delinquent Taxes & Tax Title Liens	524,939.82	653,961.91
Collection of Current Tax Levy	12,818,053.22	12,567,495.06
	16,356,974.54	16,187,279.97
 Expenditures		
Budget Expenditures:		
Municipal Purposes	7,579,405.38	7,422,206.91
County Taxes	2,516,604.09	2,696,200.73
Local School Taxes	5,561,211.00	5,246,100.00
Other Expenditures	311,163.05	76,100.72
	15,968,383.52	15,440,608.36
Excess in Revenue	388,591.02	746,671.61
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	8,428.54	32,237.69
Statutory Excess to Fund Balance	397,019.56	778,909.30
Fund Balance January 1	1,942,081.46	1,678,101.92
	2,339,101.02	2,457,011.22
Less: Utilization as Anticipated Revenue	685,471.93	514,930.26
Fund Balance December 31	\$ 1,653,629.09	\$ 1,942,081.46

**COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - WATER & SEWER UTILITY FUND**

Revenue & Other Income Realized	Year 2014	Year 2013
Fund Balance Utilized	\$ 273,724.49	\$ 393,214.00
Collection of Water & Sewer Rents	1,446,313.42	1,532,787.77
Miscellaneous Revenue	271,146.71	276,660.49
	<u>1,991,184.62</u>	<u>2,202,662.26</u>
Expenditures		
Budget Expenditures:		
Operating	1,405,777.20	1,456,420.00
Capital Improvements	151,500.00	80,000.00
Debt Service	164,199.59	169,656.56
Deferred Charges & Statutory Expenditures	88,392.49	97,511.00
Prior Year Refund	44.00	
	<u>1,809,913.28</u>	<u>1,803,587.56</u>
Excess in Revenue	181,271.34	399,074.70
Adjustment to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	<u>10,188.71</u>	<u>9,459.63</u>
Statutory Excess to Fund Balance	191,460.05	408,534.33
Fund Balance January 1	<u>737,281.96</u>	<u>721,961.63</u>
	928,742.01	1,130,495.96
Less: Utilization as Anticipated Revenue	<u>273,724.49</u>	<u>393,214.00</u>
Fund Balance December 31	<u>\$ 655,017.52</u>	<u>\$ 737,281.96</u>

FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESSES

2014-001: Finding: The general ledgers of the required individual funds were found to be out-of-balance. The Temporary CFO posted journal entries across funds creating the out-of-balance environment.

Recommendation: The Chief Financial Officer ensure that general ledger postings are prepared to maintain the integrity of each fund.

*2014-002: Finding: The required journal entries to lapse appropriation reserve, cancel encumbrances, adjust interfund receivables/payables, record the tax levies, transfer delinquent taxes to tax title liens, record tax appeals, and recognize tax overpayments were not posted to the general ledger.

Recommendation: The Chief Financial Officer ensure that required journal entries are made to the general ledger.

*2014-003: Finding: With the exception of the General Capital and Utility Capital bank accounts, which were not properly reconciled, the Temporary CFO did not reconcile any of the remaining bank accounts for the year 2014.

Recommendation: The CFO reconcile bank accounts to the general ledger on a monthly basis.

2014-004: Finding: The required entries to post revenue received via Automated Clearing House (ACH) transactions, for the period June through December, were not posted to the general ledger.

Recommendation: Required entries to post revenue received via Automated Clearing House (ACH) transactions be made.

SIGNIFICANT DEFICIENCY

*2014-005: Finding: There were interfund loans existing as of year-end that should be cleared.

Recommendation: The CFO clear all interfunds by the end of the year.

*2014-006: Finding: There were five line items in the 2014 current fund budget overexpended by a total of \$8,428.54. There were two line items in the 2014 water and sewer budget overexpended by a total of \$10,188.71.

Recommendation: The CFO ensure sufficient appropriations are available in budget line items, prior to expending funds.

*2014-007: Finding: The monthly Cash Management Report required by NJSA40A:5-14(e) was not prepared for any month during the year 2014.

Recommendation: Monthly Cash Management Reports be prepared and submitted to the governing body in compliance with NJSA 40A:5-14(e).

2014-008: Finding: Employee contracts that expired on December 31, 2009, were negotiated and settled in the year 2012. Retroactive salary adjustment payments were made to the affected employees for the years 2010, 2011, and 2012. As required, the renegotiated contracts were forwarded to the NJ Division of Pensions for review. On June 18, 2014, NJ Division of Pensions submitted a spreadsheet to the Temporary Chief Financial Officer for completion. This spreadsheet would allow the NJ Division of Pensions to calculate the new pensionable amounts for the employees and issue a bill to the Borough of Paulsboro for retroactive amounts. This report was not completed and remains unfiled with the NJ Division of Pensions.

Recommendation: The CFO complete the retroactive pension spreadsheet and file with NJ Division of Pensions.

2014-009: Finding: NJAC 5:30-5.4(a)(1) requires the finance officer to certify the availability of funds for each contract (purchase order) which is pending approval by the governing body. The certification shall designate specifically the line item appropriation of the official budget to which the contract will be properly charged and the amount charged. The Temporary Chief Financial Officer did not indicate the budgetary line item to be charged nor the amount to be charged.

Recommendation: The Chief Financial Officer ensure that certification of availability of funds indicate the budgetary line item and amount to be charged for each contract which requires approval by the governing body.

2014-010: Finding: The NJ Division of Pensions requires monthly transmittal payments for Public Employees Retirement System and Police and Firemen's Retirement System to be made by the seventh day of the month. All payments except February were found to be filed late.

Recommendation: Monthly transmittal payments for Public Employees Retirement System and Police and Firemen's Retirement System be remitted by the seventh day of the month.

* These recommendations appeared in prior reports and corrective action was not taken.

The above summary or synopsis was prepared from the Report of Audit of the Borough of Paulsboro, County of Gloucester for the calendar year 2014. This report of Audit, submitted by Nick L. Petroni, Registered Municipal Accountant, of Petroni & Associates LLC, is on file at the City Clerk's office and may be inspected by any interested person.

Kathy VanScoy
Borough Clerk