

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 2016 Audit Report of the
Borough of Paulsboro as required by NJSA 40A:5-7

COMPARATIVE BALANCE SHEET

	December 31,	
	Year 2016	Year 2015
ASSETS		
Cash and Investments	\$ 5,102,302.80	\$ 4,662,409.31
Taxes, Utility and Liens Receivable	1,341,181.21	1,394,585.91
Property Acquired for Taxes - Assessed Value	1,009,700.00	1,009,700.00
Deferred Charges to Future Taxation - Other Funds	15,161.10	20,823.45
Deferred Charges to Future Taxation - General Capital	6,402,154.86	6,725,761.96
Fixed Capital	14,356,369.65	14,356,369.65
Fixed Capital - Authorized & Uncompleted - Utility	2,777,666.21	260,666.21
General Fixed Assets	16,290,400.09	16,204,544.09
Accounts Receivable	3,378,676.39	1,618,040.46
	<u>\$ 50,673,612.31</u>	<u>\$ 46,252,901.04</u>
LIABILITIES, RESERVES, AND FUND BALANCE		
Bonds and Notes Payable	\$ 10,278,797.17	\$ 9,637,800.13
Other Liabilities and Special Funds	3,366,743.77	4,173,922.95
Improvement Authorizations	2,731,709.41	875,476.47
Reserves for Certain Assets Receivable	2,615,469.91	3,259,505.75
Amortization of Debt for Fixed Capital	13,257,393.55	10,668,942.69
Investment in Fixed Assets	16,290,400.09	16,204,544.09
Fund Balance	2,133,098.31	1,432,708.96
	<u>\$ 50,673,612.21</u>	<u>\$ 46,252,901.04</u>

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

	Year 2016	Year 2015
Revenue & Other Income Realized		
Fund Balance Utilized	\$ 138,102.31	\$ 741,789.71
Miscellaneous - From Other Than Local Property		
Tax Levies	3,178,719.48	3,028,258.49
Collection of Delinquent Taxes & Tax Title Liens	667,143.57	213,998.92
Collection of Current Tax Levy	12,528,744.21	12,380,453.32
	16,512,709.57	16,364,500.44
Expenditures		
Budget Expenditures:		
Municipal Purposes	7,487,849.87	7,269,163.64
County Taxes	2,453,630.79	2,539,596.81
Local School Taxes	5,696,372.00	5,696,372.00
Other Expenditures	256,294.93	833,234.57
	15,894,147.59	16,338,367.02
Excess in Revenue	618,561.98	26,133.42
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	8,288.65	7,001.19
	626,850.63	33,134.61
Statutory Excess to Fund Balance	944,973.69	1,653,628.79
Fund Balance January 1	1,571,824.32	1,686,763.40
Less: Utilization as Anticipated Revenue	138,102.31	741,789.71
Fund Balance December 31	\$ 1,433,722.01	\$ 944,973.69

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

Revenue & Other Income Realized	<u>Year 2016</u>	<u>Year 2015</u>
Fund Balance Utilized	\$ 322,200.26	\$ 359,736.71
Collection of Water & Sewer Rents	1,618,044.40	1,374,373.60
Miscellaneous Revenue	271,494.71	225,918.27
	<u>2,211,739.37</u>	<u>1,960,028.58</u>
 Expenditures		
Budget Expenditures:		
Operating	1,425,616.42	1,427,217.00
Capital Improvements	5,000.00	115,000.00
Debt Service	146,136.22	160,172.68
Deferred Charges & Statutory Expenditures	102,749.26	99,498.71
	<u>1,679,501.90</u>	<u>1,801,888.39</u>
Excess in Revenue	532,237.47	158,140.19
Adjustment to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	<u>816.42</u>	<u>4,222.26</u>
Statutory Excess to Fund Balance	533,053.89	162,362.45
Fund Balance January 1	<u>457,643.26</u>	<u>655,017.52</u>
	990,697.15	817,379.97
Less: Utilization as Anticipated Revenue	<u>322,200.26</u>	<u>359,736.71</u>
Fund Balance December 31	<u><u>\$ 668,496.89</u></u>	<u><u>\$ 457,643.26</u></u>

FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESSES

*2016-001: Finding: The required journal entries to lapse appropriation reserves, 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.

SIGNIFICANT DEFICIENCIES

*2016-002: Finding: Interfund loans that should have been cleared by December 31, 2016, existed at year-end.

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

*2016-003: Finding: There was one line item in the 2016 current fund budget overexpended by a total of \$273.65. There was one line item in the 2016 water and sewer budget overexpended by a total of \$816.42. There was one line item in the current fund appropriation reserve budget that was an expenditure without appropriation for \$8,015.00.

Recommendation: The CFO ensure sufficient appropriations are available in budget line items prior to encumbering/expending funds; and, if not, secure the transfer resolution within the prescribed statutory period.

2016-004: Finding: The Borough failed to issue IRS Form 1099-Misc for four out of eleven vendors selected for testing.

Recommendation: The CFO prepare IRS Form 1099-Misc for required vendors.

* 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 2016. 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