

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 2018 Audit Report of the
Borough of Paulsboro as required by NJSA 40A:5-7

COMPARATIVE BALANCE SHEET

| | December 31, | |
|---|-------------------------|-------------------------|
| | Year 2018 | Year 2017 |
| ASSETS | | |
| Cash and Investments | \$ 8,529,900.68 | \$ 7,429,986.99 |
| Taxes, Utility and Liens Receivable | 1,223,326.21 | 1,436,573.53 |
| Property Acquired for Taxes - Assessed Value | 2,211,200.00 | 1,009,700.00 |
| Deferred Charges to Future Taxation - Other Funds | 282,861.74 | 1,006.83 |
| Deferred Charges to Future Taxation - General Capital | 10,073,034.48 | 10,573,057.84 |
| Fixed Capital | 14,356,369.65 | 14,356,369.65 |
| Fixed Capital - Authorized & Uncompleted - Utility | 8,382,066.21 | 6,125,066.21 |
| General Fixed Assets | 17,086,223.00 | 16,355,236.59 |
| Accounts Receivable | 8,060,578.09 | 3,221,896.41 |
| | <u>\$ 70,205,560.06</u> | <u>\$ 60,508,894.05</u> |
| LIABILITIES, RESERVES, AND FUND BALANCE | | |
| Bonds and Notes Payable | \$ 20,493,744.46 | \$ 12,261,415.10 |
| Other Liabilities and Special Funds | 7,686,614.65 | 3,839,519.14 |
| Improvement Authorizations | 5,656,208.70 | 9,716,966.52 |
| Reserves for Certain Assets Receivable | 4,194,704.74 | 2,584,444.04 |
| Amortization of Debt for Fixed Capital | 13,418,475.88 | 13,337,228.60 |
| Investment in Fixed Assets | 17,086,223.00 | 16,355,236.59 |
| Fund Balance | 1,669,588.63 | 2,414,084.06 |
| | <u>\$ 70,205,560.06</u> | <u>\$ 60,508,894.05</u> |

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

| | Year 2018 | Year 2017 |
|--|---------------|-----------------|
| Revenue & Other Income Realized | | |
| Fund Balance Utilized | \$ 855,357.40 | \$ 808,324.00 |
| Miscellaneous - From Other Than Local Property | | |
| Tax Levies | 3,117,351.06 | 2,740,843.61 |
| Collection of Delinquent Taxes & Tax Title Liens | 489,616.10 | 532,644.00 |
| Collection of Current Tax Levy | 12,713,956.82 | 13,067,630.00 |
| | 17,176,281.38 | 17,149,441.61 |
| Expenditures | | |
| Budget Expenditures: | | |
| Municipal Purposes | 7,979,533.72 | 7,426,467.03 |
| County Taxes | 2,539,142.46 | 2,523,404.96 |
| Local School Taxes | 6,164,408.00 | 6,117,249.00 |
| Other Expenditures | 736,993.48 | 96,458.77 |
| | 17,420,077.66 | 16,163,579.76 |
| Excess in Revenue | | 985,861.85 |
| Deficit in Revenue | 243,796.28 | |
| Adjustments to Income Before Fund Balance: | | |
| Expenditures Included Above Which are by Statute | | |
| Deferred Charges to Budget of Succeeding Year | 1,500.00 | |
| | 1,500.00 | |
| Statutory Excess to Fund Balance | | 985,861.85 |
| Fund Balance January 1 | 1,611,259.86 | 1,433,722.01 |
| | 1,611,259.86 | 2,419,583.86 |
| Less: Utilization as Anticipated Revenue | 855,357.40 | 808,324.00 |
| Fund Balance December 31 | \$ 755,902.46 | \$ 1,611,259.86 |

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

| Revenue & Other Income Realized | <u>Year 2018</u> | <u>Year 2017</u> |
|--|-----------------------------|-----------------------------|
| Fund Balance Utilized | \$ 335,606.33 | \$ 314,964.63 |
| Collection of Water & Sewer Rents | 1,743,554.72 | 1,675,047.01 |
| Miscellaneous Revenue | 300,287.31 | 260,251.03 |
| | <u>2,379,448.36</u> | <u>2,250,262.67</u> |
| Expenditures | | |
| Budget Expenditures: | | |
| Operating | 1,559,500.00 | 1,480,000.00 |
| Capital Improvements | 178,517.00 | 5,000.00 |
| Debt Service | 249,585.69 | 169,246.72 |
| Deferred Charges & Statutory Expenditures | 200,533.83 | 195,350.25 |
| | <u>2,188,136.52</u> | <u>1,849,596.97</u> |
| Excess in Revenue | 191,311.84 | 400,665.70 |
| Adjustment to Income Before Fund Balance: | | |
| Expenditures Included Above Which are by Statute | | |
| Deferred Charges to Budget of Succeeding Year | <u>207,582.46</u> | <u>1,006.83</u> |
| Statutory Excess to Fund Balance | 398,894.30 | 401,672.53 |
| Fund Balance January 1 | <u>755,204.79</u> | <u>668,496.89</u> |
| | 1,154,099.09 | 1,070,169.42 |
| Less: Utilization as Anticipated Revenue | <u>335,606.33</u> | <u>314,964.63</u> |
| Fund Balance December 31 | <u><u>\$ 818,492.76</u></u> | <u><u>\$ 755,204.79</u></u> |

FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESSES

*2018-001: 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. Expenditures for appropriation reserves were commingled with current year appropriations and accounts payable.

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

2018-002: Finding: Numerous purchase orders paid in 2019 for goods and services received in 2018 were not encumbered as of year-end.

Recommendation: The Chief Financial Officer maintain an encumbrance accounting system as required by NJAC 5:30-5.2.

COMPLIANCE

*2018-003: Finding: There was a line item in the Utility Operating Fund budget that was an overexpended for \$39,065.46.

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.

2018-004: Finding: The Borough approved the purchase of a mechanical broom street sweeper from a vendor approved as a national cooperative contract, at a cost of \$219,900. No documentation of the cost savings determination was made.

Recommendation: The Borough develop internal procedures for purchases made through a national cooperative contract to ensure compliance with PL 2011, c. 139.

2018-005: Finding: The individual statements of accounting for Developer’s Escrow required by NJSA 40:55D-53.2 were not prepared and sent to each applicant.

Recommendation: Developer Escrow statements are sent to the applicants in accordance with NJSA: 40:55D-53.2.

2018-006: Finding: An individual escrow applicant had an initial deposit of \$5,000 was not setup in a separate bank account as required by NJSA: 40:55D-53.1.

Recommendation: A separate bank account be maintained for escrow applicants for accounts with an initial deposit greater than \$5,000.00 in compliance with NJSA: 40-55D-53.1.

2018-007: Finding: Employees required to enroll in a retirement system when hired were not timely enrolled. Employee withholdings for pension retirement were not in agreement with amount reported and paid quarterly to Division of Pension.

Recommendation: Enrollment in retirement system be completed on a timely basis and employee deductions be in agreement with certification of payroll deductions.

* 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 2018. 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