

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
COUNTY OF CAMDEN
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2019



TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT**TABLE OF CONTENTS**

<u>Exhibit No.</u>		<u>Page No.</u>
<u>PART 1</u>		
	Independent Auditor's Report	2
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	5
<u>CURRENT FUND</u>		
A	Statements of Assets, Liabilities, Reserves and Fund Balance-- Regulatory Basis	7
A-1	Statements of Operations and Changes in Fund Balance--Regulatory Basis	8
A-2	Statement of Revenues--Regulatory Basis	9
A-3	Statement of Expenditures--Regulatory Basis	10
	Notes to Financial Statements	12
<u>SUPPLEMENTAL EXHIBITS</u>		
<u>CURRENT FUND</u>		
SA-1	Statement of Current Cash--Per N.J.S. 40A:5-5 --Treasurer	20
SA-2	Statement of Due to/from Township of Pennsauken Current Fund	21
SA-3	Statement of Due from Township of Merchantville	22
SA-4	Statement of Due from Pennsauken Sewer Authority	22
SA-5	Statement of Due from Merchantville-Pennsauken Water Commission	23
SA-6	Statement of 2018 Appropriation Reserves	24
SA-7	Federal and State Grant Fund -- Statement of Federal and State Grants Receivable	25
SA-8	Federal and State Grant Fund -- Statement of Due from Current Fund	26
SA-9	Federal and State Grant Fund -- Statement of Reserve for Federal and State Grants – Unappropriated	27
SA-10	Federal and State Grant Fund -- Statement of Reserve for Federal and State Grants – Appropriated	28
<u>PART 2</u>		
<u>SCHEDULE OF FINDINGS AND RECOMMENDATIONS</u>		
	Schedule of Financial Statement Findings	30
	Summary Schedule of Prior Year Audit Findings and Recommendations as Prepared by Management	31
	Officials in Office and Surety Bonds	32
	APPRECIATION	33

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Pennsauken
Pennsauken, New Jersey 08110

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the Township of Pennsauken Garbage District, a component unit of the Township of Pennsauken, in the County of Camden, State of New Jersey, as of December 31, 2019 and 2018, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Garbage District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

13825

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in note 1 to the financial statements, the financial statements are prepared by the Garbage District on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Pennsauken Garbage District, a component unit of the Township of Pennsauken in the County of Camden, State of New Jersey, as of December 31, 2019 and 2018, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the Township of Pennsauken Garbage District, a component unit of the Township of Pennsauken in the County of Camden, State of New Jersey, as of December 31, 2019 and 2018, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis, for the year ended December 31, 2019, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Garbage District’s basic financial statements. The supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

The supplemental statements and schedules presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental statements and schedules described in the previous paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

13825

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2020 on our consideration of the Township of Pennsauken Garbage District, a component unit of the Township of Pennsauken, in the County of Camden, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Pennsauken Garbage District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Pennsauken Garbage District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
October 26, 2020

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Pennsauken
Pennsauken, New Jersey 08110

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Township of Pennsauken Garbage District, a component unit of the Township of Pennsauken, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Garbage District's basic financial statements, and have issued our report thereon dated October 26, 2020. That report indicated that the Township of Pennsauken Garbage District's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Pennsauken Garbage District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Pennsauken Garbage District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Pennsauken Garbage District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Pennsauken Garbage District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the Garbage District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Scott P. Barron
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
October 26, 2020

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2019 and 2018

ASSETS:	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Regular Fund:			
Cash -- Treasurer	SA-1	\$ 552,371.38	\$ 608,731.37
Receivables and Other Assets			
Due from Township of Pennsauken:			
Current Fund	SA-2	105,016.21	
Due from Borough of Merchantville	SA-3	5,052.54	4,846.42
Due from Pennsauken Sewer Authority	SA-4	3,795.13	4,023.70
Due From Merchantville-Pennsauken Water Commission	SA-5	4,206.38	4,532.03
		<u>670,441.64</u>	<u>622,133.52</u>
Total Regular Fund			
Federal and State Grant Fund:			
Due from Current Fund	SA-8	131,021.10	110,499.63
		<u>131,021.10</u>	<u>110,499.63</u>
Total Federal and State Grant Fund			
		<u>131,021.10</u>	<u>110,499.63</u>
Total Assets		<u>\$ 801,462.74</u>	<u>\$ 732,633.15</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Regular Fund:			
Liabilities:			
Reserve for Encumbrances	A-3, SA-6	\$ 500,702.72	\$ 477,077.41
Due to Township of Pennsauken:			
Current Fund	SA-2		6,055.55
Due to Federal and State Grant Fund	SA-8	131,021.10	110,499.63
		<u>631,723.82</u>	<u>593,632.59</u>
Fund Balance	A-1	38,717.82	28,500.93
		<u>670,441.64</u>	<u>622,133.52</u>
Total Regular Fund			
Federal and State Grant Fund:			
Reserve for Federal and State Grants - Unappropriated	SA-9	38,262.42	
Reserve for Encumbrances	SA-10	7,606.61	15,869.59
Reserve for Federal and State Grants - Appropriated	SA-10	85,152.07	94,630.04
		<u>131,021.10</u>	<u>110,499.63</u>
Total Federal and State Grant Fund			
		<u>131,021.10</u>	<u>110,499.63</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 801,462.74</u>	<u>\$ 732,633.15</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
CURRENT FUND
 Statements of Operations and Changes in Fund Balance -- Regulatory Basis
 For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Revenue and Other Income Realized</u>		
Surplus Utilized		\$ 40,000.00
Miscellaneous Revenues Anticipated	\$ 110,199.49	128,709.91
Receipts from Current Taxes	4,280,000.00	4,200,000.00
Non-Budget Revenues	2,399.25	1,063.51
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	524.00	7,409.79
	<u>4,393,122.74</u>	<u>4,377,183.21</u>
<u>Expenditures</u>		
Garbage District Appropriations	4,376,603.32	4,345,155.23
Payment of Prior Year Expenditures -- Disbursements	6,302.53	28,175.90
	<u>4,382,905.85</u>	<u>4,373,331.13</u>
Total Expenditures		
Regulatory Excess to Fund Balance	10,216.89	3,852.08
<u>Fund Balance</u>		
Balance January 1	28,500.93	64,648.85
	38,717.82	68,500.93
Decreased by:		
Utilization as Anticipated Revenue		40,000.00
Balance December 31	<u>\$ 38,717.82</u>	<u>\$ 28,500.93</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2019

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Miscellaneous Revenues:				
Special Items of Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Public and Private Revenues Offset with Appropriations:				
Clean Communities Grant Program		\$ 71,318.66	\$ 71,318.66	
Recycling Tonnage Grant Program		38,880.83	38,880.83	
Total Miscellaneous Revenues		110,199.49	110,199.49	
Amount to be Raised by Taxes for Support of Garbage District Budget	\$ 4,280,000.00		4,280,000.00	
Budget Totals	4,280,000.00	110,199.49	4,390,199.49	
Non-Budget Revenues			2,399.25	\$ 2,399.25
Total Revenues	<u>\$ 4,280,000.00</u>	<u>\$ 110,199.49</u>	<u>\$ 4,392,598.74</u>	<u>\$ 2,399.25</u>
Reserve for Federal and State Grant Fund - Unappropriated			\$ 110,199.49	
Amount to be Raised by Taxes -- Receipts			4,280,000.00	
Miscellaneous Revenue Not Anticipated:				
Receipts			2,399.25	
			<u>\$ 4,392,598.74</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2019

	Adopted Budget	Budget After Modification	Paid or Charged			Unexpended Balance Canceled
			Expended	Encumbered	Reserved	
Operating Appropriations:						
Salaries and Wages	\$ 781,435.00	\$ 776,985.00	\$ 776,968.78			\$ 16.22
Other Expenses	100,000.00	119,800.00	59,320.60	\$ 47,404.66		13,074.74
Contractual Services	1,877,965.00	1,873,040.00	1,697,581.40	175,355.45		103.15
Disposal Fees	1,134,245.00	1,181,095.00	902,791.35	277,942.61		361.04
Group Insurance	209,455.00	151,730.00	151,712.36			17.64
Other Insurance	75,370.00	75,370.00	75,370.00			
Clean-up Spruce-up Program	43,145.00	43,145.00	43,145.00			
Total Operating Appropriations	4,221,615.00	4,221,165.00	3,706,889.49	500,702.72		13,572.79
Statutory Expenditures:						
Social Security	58,385.00	58,835.00	58,811.62			23.38
Public and Private Programs Off-Set by Revenues:						
Clean Communities Grant Program (N.J.S.A 40A:4-87, \$71,318.66+)		71,318.66	71,318.66			
Recycling Tonnage Grant (N.J.S.A 40A:4-87, \$38,880.83+)		38,880.83	38,880.83			
Total Operating Appropriations		110,199.49	110,199.49			
Total Appropriations (Carried Forward)	\$ 4,280,000.00	\$ 4,390,199.49	\$ 3,875,900.60	\$ 500,702.72	\$ -	\$ 13,596.17

(Continued)

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2019

	Adopted Budget	Budget After Modification	Paid or Charged			Unexpended Balance Canceled
			Expended	Encumbered	Reserved	
Total Appropriations (Brought Forward)	\$ 4,280,000.00	\$ 4,390,199.49	\$ 3,875,900.60	\$ 500,702.72	\$ -	\$ 13,596.17
Appropriated by 40A:4-87 Budget		\$ 110,199.49 4,280,000.00				
		<u>\$ 4,390,199.49</u>				
Disbursements			\$ 2,776,484.83			
Due Township of Pennsauken - Current Fund			989,216.28			
Reserve for Federal and State Grants -- Appropriated			<u>110,199.49</u>			
			<u>\$ 3,875,900.60</u>			

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
Notes to Financial Statements
For the Year Ended December 31, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Pennsauken Garbage District was established on March 1, 1979 for the purpose of providing funding of costs associated with the collection and disposal of garbage and trash within the Township of Pennsauken. The Township, located in Camden County, New Jersey, has a total area of approximately twelve square miles with approximately two miles of frontage along the Delaware River directly across from the City of Philadelphia, Pennsylvania. In New Jersey, the Township borders Camden, Cherry Hill, Collingswood and Merchantville in Camden County and Cinnaminson Township, Maple Shade Township and Palmyra Borough in Burlington County. According to the 2010 census, the population is 35,885.

Property owners who receive garbage and trash collection services are taxed for this service by the establishment of a Garbage District tax rate which is a special district tax included as part of the total real property tax rate.

The Township is governed under the Township Committee form of government, with a five-member Committee. The Committee is elected directly by the voters in partisan elections to serve three-year terms of office on a staggered basis, with one or two seats coming up for election each year. At an annual reorganization meeting, the Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Legislative and executive power is vested in the Committee. The Township Committee governs the Garbage District.

Component Units - The financial statements of the component units of the Township are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the Township of Pennsauken Garbage District would have been either blended or discretely presented with the financial statements of the Township of Pennsauken, the primary government. In addition, the Township of Pennsauken Garbage District had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39, No. 61 and No. 80.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Garbage District contain all funds and account groups in accordance with the *Requirements of Audit* (the "Requirements") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd) - In accordance with the *Requirements*, the Garbage District accounts for its financial transactions through the use of a fund which is described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Budgets and Budgetary Accounting - The Garbage District must adopt an annual budget for its current fund in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Garbage District's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The Township of Pennsauken Garbage District complies with the cash management plan adopted by the Township which requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - The Township of Pennsauken holds title to all assets utilized in the operations of the Garbage District. Accordingly, the Township maintains the accounting of the governmental fixed assets, as required by N.J.A.C. 5:30-5.6, and accounts for these assets in its financial statements.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Fund Balance - The fund balance included in the current fund represents an amount available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Garbage District's budget. Other amounts that are due to the Garbage District which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Garbage District Taxes - Upon the proper certification to the assessor of the municipality in which the Garbage District is located, the assessor shall assess the amount of taxes to be raised in support of the Garbage District's budget in the same manner as all other municipal taxes. The Collector or Treasurer of the municipality shall then pay over to the Treasurer or custodian of funds of the Garbage District the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Garbage District's deposits might not be recovered. Although the Garbage District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Garbage District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2019, all of the Garbage District's bank balances of \$552,371.38 were insured.

Note 3: PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes for the current and previous four calendar years:

Comparison of Assessed Valuation and Tax Rates

<u>Year</u>	<u>Assessed Valuation</u>	<u>Garbage District Tax Levy</u>	<u>Tax Rate</u>
2019	\$ 2,350,993,529.00	\$ 4,280,000.00	\$.182
2018	2,345,603,985.00	4,200,000.00	.179
2017	2,350,051,566.00	4,130,000.00	.176
2016	2,346,443,560.00	4,060,000.00	.173
2015	2,345,766,571.00	3,995,000.00	.170

Note 4: FUND BALANCES APPROPRIATED

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2019	\$ 38,717.82	\$ 21,737.58	56.1%
2018	28,500.93	None	
2017	64,648.85	40,000.00	61.9%
2016	63,052.92	50,000.00	79.3%
2015	123,620.26	65,000.00	52.6%

Note 5: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2019:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current		\$ 131,021.10
Federal and State Grant	\$ 131,021.10	
	<u>\$ 131,021.10</u>	<u>\$ 131,021.10</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2020, the Garbage District expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 6: ON-BEHALF PAYMENTS FOR PENSION COSTS

Certain Garbage District employees are members of the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. The Garbage District participates in PERS as part of the Township of Pennsauken. The Township does not require the Garbage District to pay any portion of required employer contributions and does not calculate an amount reportable for the Garbage District that it pays on-behalf of the Garbage District.

Due to the basis of accounting described in note 1, had an amount been calculated for the Garbage District's share of the Township's pension contributions, the revenues and expenses for this on-behalf payment would not have been recorded in the financial statements of the Garbage District.

Note 7: COMPENSATED ABSENCES

Garbage District employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward. Upon termination, employees with more than thirty-five years of service are compensated for one half of their unused sick days and employees with less than thirty-five years are not compensated. Vacation days not used during the year may be accumulated and carried forward; however, only a maximum of one year's unused vacation days may be carried forward. The Garbage District does not record accrued expenses related to compensated absences; however it is estimated that at December 31, 2019, accrued benefits compensated absences are valued at \$13,622.81.

Note 8: DEFERRED COMPENSATION SALARY ACCOUNT

The Garbage District offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Garbage District or its creditors. Since the Garbage District does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Garbage District's financial statements.

Note 9: RISK MANAGEMENT

The Garbage District's exposure to risk is covered by the insurance policies of the Township of Pennsauken.

Note 10: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Garbage District expects such amount, if any, to be immaterial.

Note 11: CONCENTRATIONS

The Garbage District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Garbage District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 12: SUBSEQUENT EVENTS

In response to the COVID-19 pandemic in the United States, the Township of Pennsauken Municipal Building was closed to the public effective close of business March 13, 2020. A small crew of managerial employees continued to work in the building to maintain a presence while remaining non-essential staff worked remotely. All public safety functions were maintained uninterrupted while public works employees worked on a reduced-hours rotating schedule. Many events previously planned had to be canceled or rescheduled. In addition, the Mayor and Township Committee began to conduct the regular business and public meetings of the Township remotely via the ZOOM platform. On June 15, 2020, the municipal building was reopened to the public on a limited basis with COVID-19 safety protocols in effect. The Township operation will proceed in this manner until such a time where a resolution to the COVID-19 is in place.

At the regular business meeting of the Township Committee held on May 7, 2020, the Township adopted Resolution 2020:147, authoring extension of grace period for payment of second quarter property taxes to June 1, 2020, pursuant to Executive Order No. 130 signed by the Governor of the State of New Jersey on April 27, 2020. Furthermore, at the regular business meeting of the Township Committee held on May 21, 2020, the Township, adopted Resolution 2020:151, authoring the Tax Collector to prepare and mail estimated property tax bills for the third installment of 2020 taxes, as permitted by statutes.

After careful consideration, and based upon information on the COVID-19 pandemic available at that time, the Township Committee adopted the 2020 municipal and garbage district budgets at the regular business meeting held on July 9, 2020. The adopted budgets were reflective of a recalibration of the revenues and expenses likely to be impacted by the COVID-19 pandemic. The Township expects the COVID-19 matter to impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
CURRENT FUND
Statement of Current Cash
Per N.J.S. 40A:5-5 -- Treasurer
For the Year Ended December 31, 2019

	<u>Regular</u>	<u>Federal and State Grant</u>
Balance December 31, 2018	\$ 608,731.37	
Increased by Receipts:		
Amount to be Raised by Taxation	\$ 4,280,000.00	
Miscellaneous Revenue not Anticipated	2,399.25	
Due Township of Pennsauken Current Fund		\$ 111,885.89
Due Federal and State Grant Fund	<u>20,521.47</u>	
	<u>4,302,920.72</u>	<u>\$ 111,885.89</u>
	4,911,652.09	111,885.89
Decreased by Disbursements:		
Payment of Prior Year Expenditures	6,302.53	
2019 Appropriations	2,776,484.83	
2018 Appropriation Reserves	476,553.41	
Due Township of Pennsauken Current Fund	1,086,885.89	
Due Current Fund		20,521.47
Due Borough of Merchantville	5,052.54	
Due Pennsauken Sewer Authority	3,795.13	
Due Merchantville-Pennsauken Water Commission	4,206.38	
Reserve for Federal and State Grants Appropriated	<u> </u>	<u>91,364.42</u>
	<u>4,359,280.71</u>	<u>111,885.89</u>
Balance December 31, 2019	<u><u>\$ 552,371.38</u></u>	<u><u>\$ -</u></u>

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
CURRENT FUND
Statement of Due to/ from Township of Pennsauken Current Fund
For the Year Ended December 31, 2019

Balance December 31, 2018 (Due to)		\$ 6,055.55
Increased by:		
Payments made by the Township of Pennsauken Current Fund on behalf of the Garbage District: 2019 Budget Appropriations	\$ 989,216.28	
Payments made by the Township of Pennsauken Current Fund On Behalf of the Garbage District Federal and State Grant Fund	36,576.02	
Receipts:		
Garbage District Federal and State Grant Fund	111,885.89	
		1,137,678.19
		1,143,733.74
Decreased by:		
Collections made by the Township of Pennsauken Current Fund:		
Due from Township of Merchantville	\$ 4,846.42	
Due from Pennsauken Sewer Authority	4,023.70	
Due from Merchantville - Pennsauken Water Commission	4,532.03	
		13,402.15
Collections made by the Township of Pennsauken Current Fund: Collected on behalf of the Garbage District Federal and State Grant Fund: Federal and State Grant Fund Receivable	148,461.91	
Disbursements:		
Garbage District Current Fund	1,086,885.89	
		1,248,749.95
Balance December 31, 2019 (Due from)		\$ 105,016.21

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
CURRENT FUND
 Statement of Due from Township of Merchantville
 For the Year Ended December 31, 2019

Balance December 31, 2018	\$ 4,846.42
Increased by:	
Disbursements Made on Behalf of the Township of Merchantville	5,052.54
	9,898.96
Decreased by:	
Collected by the Township of Pennsauken Current Fund	4,846.42
Balance December 31, 2019	\$ 5,052.54

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
CURRENT FUND
 Statement of Due from Pennsauken Sewer Authority
 For the Year Ended December 31, 2019

Balance December 31, 2018	\$ 4,023.70
Increased by:	
Disbursements Made on Behalf of the Pennsauken Sewer Authority	3,795.13
	7,818.83
Decreased by:	
Collected by the Township of Pennsauken Current Fund	4,023.70
Balance December 31, 2019	\$ 3,795.13

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
CURRENT FUND
Statement of Due from Merchantville - Pennsauken Water Commission
For the Year Ended December 31, 2019

Balance December 31, 2018	\$	4,532.03
Increased by:		
Disbursements Made on Behalf of the Merchantville - Pennsauken Water Commission		<u>4,206.38</u>
		8,738.41
Decreased by:		
Collected by the Township of Pennsauken Current Fund		<u>4,532.03</u>
Balance December 31, 2019	\$	<u><u>4,206.38</u></u>

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
CURRENT FUND
Statement of 2018 Appropriation Reserves
For the Year Ended December 31, 2019

	Balance Dec 31, 2018		Budget After Modification	Paid or Charged	Balance Lapsed
	<u>Encumbered</u>	<u>Reserved</u>			
Operating Appropriations:					
Other Expenses	\$ 2,134.88		\$ 2,134.88	\$ 1,804.08	\$ 330.80
Contractual Services	313,274.02		313,274.02	313,080.82	193.20
Disposal Fees	161,541.59		161,541.59	161,541.59	
Clean-up Spruce-up Program	126.92		126.92	126.92	
	<u>477,077.41</u>		<u>477,077.41</u>	<u>476,553.41</u>	<u>524.00</u>
Total Operating Appropriations	<u>477,077.41</u>		<u>477,077.41</u>	<u>476,553.41</u>	<u>524.00</u>
Total Appropriations	<u>\$ 477,077.41</u>	<u>\$ -</u>	<u>\$ 477,077.41</u>	<u>\$ 476,553.41</u>	<u>\$ 524.00</u>
Disbursements				<u>\$ 476,553.41</u>	

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
FEDERAL AND STATE GRANT FUND
 Statement of Federal and State Grants Receivable
 For the Year Ended December 31, 2019

<u>Grant</u>	<u>Balance Dec. 31, 2018</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance Dec. 31, 2019</u>
State Grants:				
Clean Communities Grant Program		\$ 71,318.66	\$ 71,318.66	
Recycling Tonnage Grant		77,143.25	77,143.25	
		<hr/>	<hr/>	
Total State Grants		148,461.91	148,461.91	
		<hr/>	<hr/>	
Total Federal and State Grants	\$ -	\$ 148,461.91	\$ 148,461.91	\$ -
		<hr/> <hr/>	<hr/> <hr/>	
Collected by the Township of Pennsauken Current Fund			<u>\$ 148,461.91</u>	

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
FEDERAL AND STATE GRANT FUND
Statement of Due from Current Fund
For the Year Ended December 31, 2019

Balance December 31, 2018	\$ 110,499.63
Increased by:	
Disbursements	<u>20,521.47</u>
Balance December 31, 2019	<u><u>\$ 131,021.10</u></u>

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants -- Unappropriated
For the Year Ended December 31, 2019

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Federal and</u> <u>State Grants</u> <u>Receivable</u>	<u>Realized as</u> <u>Revenue in</u> <u>2019</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
State Grants:				
Clean Communities Grant Program		\$ 71,318.66	\$ 71,318.66	
Recycling Tonnage Grant		77,143.25	38,880.83	\$ 38,262.42
		<hr/>	<hr/>	
Total State Grants		148,461.91	110,199.49	38,262.42
		<hr/>	<hr/>	
Total Federal and State Grants	\$ -	\$ 148,461.91	\$ 110,199.49	\$ 38,262.42
		<hr/> <hr/>	<hr/> <hr/>	

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
FEDERAL AND STATE GRANT FUND
 Statement of Reserve for Federal and State Grants -- Appropriated
 For the Year Ended December 31, 2019

<u>Grant</u>	Balance <u>Dec 31, 2018</u>		Transferred from Budget <u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbrances</u>	Balance <u>Dec 31, 2019</u>
	<u>Encumbered</u>	<u>Reserved</u>				
State Grants:						
Clean Communities Grant Program			\$ 71,318.66	\$ 55,119.62	\$ 7,445.34	\$ 8,753.70
Recycling Tonnage Grant Program	\$ 15,869.59	\$ 94,630.04	38,880.83	72,820.82	161.27	76,398.37
Total State Grants	15,869.59	94,630.04	110,199.49	127,940.44	7,606.61	85,152.07
Total Federal and State Grants	\$ 15,869.59	\$ 94,630.04	\$ 110,199.49	\$ 127,940.44	\$ 7,606.61	\$ 85,152.07
Disbursements				\$ 91,364.42		
Due Township of Pennsauken - Current Fund				36,576.02		
				\$ 127,940.44		

PART II
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
Schedule of Findings and Recommendations
For the Year Ended December 31, 2019

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

None.

TOWNSHIP OF PENNSAUKEN GARBAGE DISTRICT
 Officials in Office and Surety Bonds

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Jack Killion	Mayor (Through June 30, 2019)	
Rick Taylor	Deputy Mayor	
Betsy McBride	Committeewoman (Mayor from July 1, 2019)	
Jessica Rafah	Committeewoman	
Marco DiBattista	Committeeman	
Tim Killion	Committeeman (From July 1, 2019)	
John Kneib	Administrator	\$ 500,000.00 (A)
Joseph Palumbo	Assistant Administrator (From November 1, 2019)	500,000.00 (A)
Ronald S. Crane	Chief Financial Officer	265,000.00 (B)
Walter Nicgorski	Treasurer	500,000.00 (A)
Daniel O'Brien	Tax Collector, Tax Search Clerk	350,000.00 (C)
John Dymond	Tax Assessor	500,000.00 (A)
Dennis O'Rourke	Township Engineer (Through September 30, 2019)	500,000.00 (A)
Steve Squibb	Township Engineer (From October 1, 2019)	500,000.00 (A)
Hon. Louis R. Meloni	Township Solicitor - Parker McCay	
Linda Galella	Township Solicitor - Parker McCay	

All of the bonds were examined and were properly executed.

(A) All employees handling funds were covered by a Multiple Public Employees' Honesty Blanket Position written by Travelers Casualty and Surety Company of America.

(B) The Fidelity & Deposit Company of Maryland.

(C) The Travelers Casualty and Surety Company of America.

13825

APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Township of Pennsauken Garbage District officials during the course of the audit.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Scott P. Baum

Certified Public Accountant
Registered Municipal Accountant

