

**RIVERSIDE SEWERAGE AUTHORITY
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

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RIVERSIDE WATER RECLAMATION AUTHORITY

CONTENTS

Roster of Officials		PAGE
Independent Auditor's Report		1
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>Governmental Auditing Standards</i>		5
Required Supplementary Information – Part I		
Management's Discussion and Analysis		7
Basic Financial Statements	Exhibit	
Comparative Statement of Net Position	A	11
Comparative Statement of Revenues, Expenses & Changes In Net Position	B	13
Comparative Statement of Cash Flows	C	14
Notes to Financial Statements		15
Required Supplementary Information – Part II		
	Schedule	
Schedule of Revenues & Expenses – Budget & Actual		
Non-GAAP Budgetary Basis	1	35
Analysis of Service Fees Receivable	2	37
Analysis of Penalties on Delinquent Accounts Receivable	3	37
Analysis of Liens Receivable	4	38
Analysis of Accrued Interest Receivable	5	38
Analysis of Property, Plant & Equipment – Completed	6	39
Analysis of Accrued Interest Payable	7	39
Analysis of Loans Payable	8	40
Analysis of Bond Anticipation Notes	9	41
Required Supplementary Information – Part III		
Schedule of the Proportionate Share of Net Pension		
Liability – PERS	10	43
Schedule of Contributions - PERS	11	43
Notes to the Required Supplementary Information		45
General Comments and Recommendation		
General Comments:		
Contracts and Agreements Required to be Advertised		47
Contracts and Agreements Requiring Solicitation of Quotations		47
Collection of Service Revenue		48

RIVERSIDE WATER RECLAMATION AUTHORITY

CONTENTS

General Comments (continued):

Collection of Interest on Delinquent Service Fees	48
Examination of Bills	48
Payroll Fund	48
Property, Plant & Equipment	48
Follow-Up of Prior Year Findings	48
Acknowledgement	48

RIVERSIDE SEWERAGE AUTHORITY

ROSTER OF OFFICIALS

AT DECEMBER 31, 2020

MEMBERS

POSITION

Richard Horton

Chairman

Gary Haman (Resigned 09/15/20)

Vice Chairman

Robert Van Meter

Member

George Conard

Member

Ronald Mingin

Member

Robert Giovanetti (Effective 09/21/20)

Member

OFFICERS

Susan Dydek

Secretary

Meghan Jack

Treasurer

CONSULTANTS

Pennoni Associates

Engineer

Richard Wells, Esq.

Solicitor

Brent W. Lee & Co., LLC

Auditor

**RIVERSIDE SEWERAGE AUTHORITY
(A Component Unit of the Township of Riverside)**

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2020



BRENT W. LEE & CO., LLC
Certified Public Accounting Firm

INDEPENDENT AUDITOR'S REPORT

To the Chairman and Members of the
Riverside Sewerage Authority
County of Burlington
Riverside, New Jersey 08075

I have audited the accompanying financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of the Riverside sewerage Authority, a component unit of Riverside Township, in the County of Burlington, State of New Jersey, as of and for the fiscal years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority'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 accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and 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 standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

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3008 New Albany Rd., Cinnaminson, NJ 08077

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated July 20, 2021 on my consideration of the Riverside Sewerage Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 Authority's internal control over financial reporting and compliance.

Respectfully submitted,



Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
July 20, 2021



BRENT W. LEE & CO., LLC
Certified Public Accounting Firm

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLAINE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Chairman and Members of the
Riverside Sewerage Authority
County of Burlington
Riverside, New Jersey 08075

I have audited, 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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Riverside Sewerage Authority, County of Burlington, State of New Jersey, as of and for the year ended December 31, 2020, and related notes to the financial statements, which collectively comprise the Riverside Sewerage Authority's basic financial statements and have issued my report thereon dated July 20, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Riverside Sewerage Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Riverside Sewerage Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Riverside Sewerage Authority'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 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.

My 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 my audit I did not identify

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

**RIVERSIDE SEWERAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ending December 31, 2020**

The Riverside Sewerage Authority (the Authority) was established by the Township of Riverside for the collection and disposal of Township sewage. The Authority's service area includes the Township and an estimated 500 residences/commercial in Delran Township. This section of the Authority's annual financial report provides a discussion and analysis of the financial performance for fiscal year ending December 31, 2020. The entire annual financial report consists of four parts; Independent Auditor's Reports, the management's discussion and analysis, the basic financial statements and supplemental schedules.

FINANCIAL HIGHLIGHTS

Sewer Rates – Sewer rates remained stable for 2020.

Total Assets - Total assets and deferred outflow of resources at the end of FY 2020 were \$6,025,514.01 after deducting liabilities and deferred inflows of resources net position equals \$4,168,409.37.

Total Operating Revenue- FY 2020 operating revenues totaling \$ 1,955,652.12 were down from last year's amount of \$1,987,613.44, which was mainly due to Connection Fee Revenue higher in 2019.

Total Operating Expenses – FY 2020 operating expenses of \$1,846,21.93 were decreased from last year's amount of \$1,848,978.07, which is due to a slight decrease in the cost of providing service expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The comparative statement of net position includes all of the Authority's assets, liabilities and deferred inflows and outflows. As the Authority follows the accrual method of accounting, the current year's revenues and expenses are accounted for in the statement of changes in net position regardless of when cash is received or paid. Net Position – the residual of all other elements presented in a statement of financial position.

The comparative statement of revenues, expenses and changes in net position provides a breakdown of the various areas of revenues and expenses encountered during the current year.

The comparative statement of cash flows provides a breakdown of the sources of cash flow, categorized into four areas: Cash flows from operating activities, capital and related financing activities and investing activities.

FINANCIAL ANALYSIS OF THE AUTHORITY

The Authority's total assets and deferred outflows of resources were \$6,025,514.01 on December 31, 2020. Total assets, deferred outflows of resources, total liabilities, deferred inflows of resources and total net position are detailed below.

Comparative Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenues:		
Service Fees	\$ 1,899,748.53	\$ 1,887,549.31
Connection Fee Revenues	375.00	28,325.00
Penalties on Delinquent Accounts	46,524.35	49,083.18
Other Operating Revenues	9,004.24	22,655.95
	1,955,652.12	1,987,613.44
 Operating Expenses:		
Administration	471,903.50	423,345.20
Cost of Providing Service:	1,051,711.82	1,073,909.60
Depreciation	322,604.61	351,723.27
	1,846,219.93	1,848,978.07
 Total Operating Expenses	1,846,219.93	1,848,978.07
 Total Nonoperating Revenue/(Expenses)	(3,634.87)	(5,463.49)
 Change in Net Position	105,797.32	133,171.88
 Net Position January 1	4,062,612.05	3,929,440.17
 Net Position December 31,	\$ 4,168,409.37	\$ 4,062,612.05

OVERALL ANALYSIS

Overall the Authority is in a sound financial position. Long-term Liabilities decreased \$82,031.21 mainly due to a decrease in debt service liability. Unrestricted Net Position increased \$363,869.23 due to the Authority making a profit.

Riverside has not had any major construction of housing units in the past ten years, but has an average of 3 new connections over the past four years; however it is in the process of redevelopment of certain areas within the Township.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

RIVERSIDE SEWERAGE AUTHORITY
(A Component Unit of the Township of Riverside)
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2020 AND 2019

ASSETS	2020	2019
Current Assets:		
Unrestricted Assets:		
Cash & Cash Equivalents	\$2,158,853.49	1,900,968.73
Accounts Receivable	154,407.96	177,285.18
Lien Accounts Receivable	142,290.17	134,305.41
Penalties on Delinquent Accounts Receivable	9,621.57	11,119.54
Other Accounts Receivable	9,221.38	
	<hr/>	<hr/>
Total Unrestricted Current Assets	2,474,394.57	2,223,678.86
Restricted Assets:		
Cash & Cash Equivalents	11,333.20	6,407.98
Due From Riverside Township	18,226.79	
Accrued Investment Income Receivable	1,441.34	2,240.26
Due from Developer	2,838.99	2,838.99
	<hr/>	<hr/>
Total Restricted Assets	33,840.32	11,487.23
Property, Plant & Equipment (Note 6):		
Completed	16,351,939.70	16,349,743.59
Accumulated Depreciation	(13,119,801.58)	(12,797,196.97)
	<hr/>	<hr/>
Net Property, Plant & Equipment	3,232,138.12	3,552,546.62
	<hr/>	<hr/>
Total Assets	5,740,373.01	5,787,712.71
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Deferred Outflows	285,141.00	267,950.00
	<hr/>	<hr/>
Total Deferred Outflows of Resources	285,141.00	267,950.00
	<hr/>	<hr/>
Total Assets and Deferred Outflows of Resources	\$6,025,514.01	6,055,662.71
	<hr/>	<hr/>

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

RIVERSIDE SEWERAGE AUTHORITY
(A Component Unit of the Township of Riverside)
COMPARATIVE STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Operating Revenues:		
Service Fees	\$1,899,748.53	1,887,549.31
Connection Fee Revenues	375.00	28,325.00
Penalties on Delinquent Accounts	46,524.35	49,083.18
Other Operating Revenues	9,004.24	22,655.95
	<u>1,955,652.12</u>	<u>1,987,613.44</u>
Total Operating Revenues		
Operating Expenses:		
Administrative Expenses:		
Salaries and Wages	177,883.05	168,305.06
Employee Benefits	79,841.93	80,744.49
Other Expenses	214,178.52	174,295.65
Cost of Providing Service:		
Salaries and Wages	398,653.75	386,043.64
Employee Benefits	218,807.65	219,950.55
Other Expenses	434,250.42	467,915.41
Depreciation	322,604.61	351,723.27
	<u>1,846,219.93</u>	<u>1,848,978.07</u>
Total Operating Expenses		
Operating Income Before Non-Operating Income/(Expenses)	<u>109,432.19</u>	<u>138,635.37</u>
Non-Operating Income/(Expenses):		
Interest on Investments	8,888.27	11,093.34
Interest Expense	(13,644.46)	(17,718.61)
Net Change in Unemployment Compensation Reserve	1,121.32	1,161.78
	<u>(3,634.87)</u>	<u>(5,463.49)</u>
Total Nonoperating Revenue/(Expenses)		
Change in Net Position	105,797.32	133,171.88
Net Position - Beginning of Year	<u>4,062,612.05</u>	<u>3,929,440.17</u>
Net Position December 31,	<u>\$4,168,409.37</u>	<u>4,062,612.05</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

RIVERSIDE SEWERAGE AUTHORITY
(A Component Unit of the Township of Riverside)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 1. Summary of Significant Accounting Policies

The financial statements of the Authority have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles ("GAAP") applicable to enterprise funds of state and local governments.

A. Reporting Entity:

The Riverside Sewerage Authority was established by the Township of Riverside for the collection and disposal of Township sewerage. The Authority's service area includes the Township and an estimated 450 residences in Delran Township. The Authority and the Township have a service agreement that requires the Authority to set its service rates to support its daily operations and make debt service payments to the Township. The Authority Board consists of five members, who are appointed by Township resolution for five-year staggered terms.

Component Unit

The Riverside Sewerage Authority is a component unit of the Township of Riverside as described in Government Accounting Standards Board Statement No. 14. These financial statements would either be blended or discreetly presented as part of the Township's financial statements if the Township reported using generally accepted accounting principles applicable to governmental entities.

B. Basis of Presentation - Fund Accounting:

The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. The financial statements of the Authority are maintained in accordance with the principles of fund accounting applicable to Proprietary Funds. A proprietary fund is used to account for governmental activities that are similar to activities that may be performed by a commercial enterprise. There are two types of proprietary funds: an Internal Service Fund and an Enterprise Fund. The Authority accounts for its operations in an Enterprise Fund.

Enterprise Funds – are used to account for operations, the measurement of which is a determination of net profit from operations, which includes an accounting for all cost allocations, including depreciation, associated with the fund. The costs of services rendered by the fund are financed primarily through user charges. The accrual method as used by business enterprises is the basis of accounting for proprietary funds.

Proprietary Funds - are reported in accordance with Governmental Accounting Standards Board (GASB) Statement No. 20. "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting". This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB's) issued on or before November 30, 1989, be applied to proprietary activities unless they (FASB Statements and Interpretations, APB Opinions, and ARB's) conflict with or contradict GASB pronouncements.

RIVERSIDE SEWERAGE AUTHORITY
(A Component Unit of the Township of Riverside)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 1. Summary of Significant Accounting Policies (continued):

B. Basis of Presentation - Fund Accounting: (continued):

statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Management does not expect this statement to have a material impact on the Authority's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following statements which will become effective in future fiscal years:

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the Authority's financial statements.

Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.

The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Management has not yet determined the potential impact on the Authority's financial statements.

Statement 91, *Conduit Debt Obligations*. This statement will provide financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. Management does not expect this statement to have a material impact on the Authority's financial statements.

Statement 92, *Omnibus 2020*. The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Management does not expect this statement to have a material impact on the Authority's financial statements.

Statement 93, *Replacement of Interbank Offered Rates*. This Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Management does not expect this statement to have a material impact on the Authority's financial statements.

RIVERSIDE SEWERAGE AUTHORITY
(A Component Unit of the Township of Riverside)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 1. Summary of Significant Accounting Policies (continued):

E. Cash, Cash Equivalents and Investments: (continued):

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 full amount to their deposits to the governmental units. The cash management plan adopted by the Riverside Sewerage Authority requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

F. Income Taxes:

The Authority operates as defined by Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

G. Inventory of Supplies:

The costs of inventories of supplies are recorded as expenditures at the time the individual items are purchased. The Authority has determined that inventories were immaterial as of year-end, and consequently, are not reflected on the statement of net position.

H. Property, Plant and Equipment:

Property, Plant and equipment owned by the Authority are recorded at cost or, if contributed property, at their fair market value at the time of contribution and includes certain infrastructure assets such as the sanitary sewerage lines. Repairs and maintenance are recorded as expenses. The Authority capitalized interest on significant capital projects that are expected to be under construction for more than one year.

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$5,000 or more
- 2) Useful life of more than one-year
- 3) Asset is not affected by consumption

Interest costs incurred during construction are not capitalized into the cost of the asset.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Sewer Plant & Collection System	50-60 years
Major Equipment	5-10 years
Vehicles	5-10 years

I. Premium on Loans:

The Authority's share of the debt premium related to the 2002 Environmental Infrastructure Loan is being amortized over the life of the loans using the straight-line method.

RIVERSIDE SEWERAGE AUTHORITY
(A Component Unit of the Township of Riverside)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 3. Cash and Cash Equivalents and Investments (continued):

Reconciliation of Statement of Comparative Statement of Net Position:

	2020 Carrying Value	2019 Carrying Value
Current:		
Unrestricted Assets – Cash & Cash Equivalents	\$ 2,158,853.49	\$1,900,968.73
Restricted Assets – Cash & Cash Equivalents	<u>11,333.20</u>	<u>6,407.98</u>
Total Reconciliation of Comparative Statement of Net Position	<u>\$ 2,170,186.69</u>	<u>\$ 1,907,367.71</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$2,174,535.43 and \$1,905,828.82 at December 31, 2020 and 2019 respectively.

As of December 31, 2020 and 2019, the Authority’s bank balances were exposed to custodial credit risk as follows:

	<u>2020</u>	<u>2019</u>
Insured by FDIC	\$ 255,170.93	\$ 255,165.71
Insured by GUDPA	<u>1,919,364.50</u>	<u>1,650,663.11</u>
Total	<u>\$2,174,535.43</u>	<u>\$1,905,828.82</u>

Investment Interest Rate Risk – The Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investment held at December 31, 2020, are provided in the above schedule.

Investment Credit Risk – The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;

RIVERSIDE SEWERAGE AUTHORITY
(A Component Unit of the Township of Riverside)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 4. Governmental Unit Deposit Protection Act (GUDPA) (continued):

after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The Authority should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

Note 5. Sewer Utility Service Charges

The following is a three-year comparison of sewer utility service charges/rents for the current and previous two years:

Fiscal Year	Beginning Balance	Billings	Total Collections	Percentage of Collections
2020	\$177,285.18	\$1,899,748.53	\$1,899,581.34	91.46%
2019	213,343.30	1,887,549.31	1,902,034.43	90.53%
2018	182,028.10	1,900,154.56	1,846,990.36	88.70%

Note 6. Property, Plant and Equipment

The following is a summary of changes in the Authority's property, plant and equipment for the years ended December 31, 2020 and 2019:

RIVERSIDE SEWERAGE AUTHORITY
(A Component Unit of the Township of Riverside)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 6. Property, Plant and Equipment (continued):

<u>Description</u>	<u>Balance December 31, 2018</u>	<u>Additions</u>	<u>Adjust/ Deletions</u>	<u>Balance December 31, 2019</u>
<u>Less: Accumulated Depreciation:</u>				
Plant:				
Treatment Plant	\$ (9,660,525.37)	(233,441.74)		\$ (9,893,967.11)
Collection System	(2,573,277.18)	(67,545.38)		(2,640,822.56)
Major Moveable Equipment	(48,976.00)	(1,352.00)		(50,328.00)
Vehicles	(184,695.15)	(49,384.15)	22,000.00	(212,079.30)
Total Accumulated Depreciation	<u>(12,467,473.70)</u>	<u>(351,723.27)</u>	<u>22,000.00</u>	<u>(12,797,196.97)</u>
Net Capital Assets Being Depreciated	<u>3,669,302.85</u>	<u>(151,756.23)</u>	<u>-</u>	<u>3,517,546.62</u>
Total Capital Assets	<u>\$ 3,704,302.85</u>	<u>(151,756.23)</u>	<u>-</u>	<u>\$ 3,552,546.62</u>

Note 7. Compensated Absences

Authority employees are entitled to fifteen paid sick leave days each year and unused sick leave earned during a calendar year may be accumulated and carried forward to subsequent years with no restrictions. Upon retirement or resignation, the employee will receive up to 50% of their remaining sick time times their current rate, up to a maximum of \$7,500.00. Vacation days not used during the year may be carried forward for one year after which any unused days will be lost. Upon retirement or resignation, the employee will be paid for all accrued vacation time at their current hourly rate. The liability for accumulated sick leave and vacation time at December 31, 2020 and 2019 is \$24,398.56 and \$25,476.62 respectively.

Note 8. Pension Plan

All eligible authority employees participate in the contributory defined benefit public employee retirement system established by state statute. The Public Employees Retirement System (PERS) is sponsored and administered by the State of New Jersey and considered a cost-sharing multiple employer plan.

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.

At December 31, 2020 the Authority reported a liability of \$931,576 for its proportionate share of the net pension liability as measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The authority's proportion of the net pension liability was based on a projection of the authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating authorities, actuarially determined. At June 30, 2020, the authority's proportion was .0057126% which increase slightly by .00047% from its proportion measured as of June 30, 2019.

RIVERSIDE SEWERAGE AUTHORITY
(A Component Unit of the Township of Riverside)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 8. Pension Plan (continued):

\$185,141 and \$267,950 will be reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended December 31, 2020 and 2019 respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown below. The amounts represent the Authority's proportionate share of deferred outflows of resources and deferred inflows of resources.

Year Ended December 31,		Year Ended December 31,	
2021	\$ (40,174)	2020	\$ (47,183)
2022	(40,174)	2021	(47,183)
2023	(40,174)	2022	(47,183)
2024	(40,174)	2023	(47,183)
2025	(40,173)	2024	(47,183)
Thereafter	<u>(15,552)</u>	Thereafter	<u>(21,160)</u>
Total	<u>\$ (216,421)</u>	Total	<u>\$ (257,075)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2019 and 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

	<u>2020</u>		<u>2019</u>
Inflation Rate		Inflation Rate	
Price	2.75%	Price	2.75%
Wage	3.25%	Wage	3.25%
Salary Increases:	2.00 – 6.00%	Salary Increases:	2.00 – 6.00%
Through 2026	Based on Years of Service	Through 2026	Based on Years of Service
Thereafter	3.00 – 7.00%	Thereafter	3.00 – 7.00%
	Based on Years of Service		Based on Years of Service

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate

RIVERSIDE SEWERAGE AUTHORITY
(A Component Unit of the Township of Riverside)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 8. Pension Plan (continued):

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 6.28% as of June 30, 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2019 and 2018 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

2020			
	<u>At 1% Decrease (5.28%)</u>	<u>At Current Discount Rate (6.28%)</u>	<u>At 1% Increase (7.28%)</u>
Authority's Proportionate Share of Net Pension Liability	\$ 1,172,699	\$ 931,576	\$ 726,977
2019			
	<u>At 1% Decrease (5.28%)</u>	<u>At Current Discount Rate (6.28%)</u>	<u>At 1% Increase (7.28%)</u>
Authority's Proportionate Share of Net Pension Liability	\$ 1,192,620	\$ 944,154	\$ 734,786

Description of System and Vesting

Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th 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).

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

RIVERSIDE SEWERAGE AUTHORITY
(A Component Unit of the Township of Riverside)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 9. Obligations Under Debt Service Agreements (continued):

B. Debt Service – New Jersey Wastewater Treatment Trust

In addition, the Authority has obligations outstanding for four previous loans from the New Jersey Wastewater Treatment Trust (NJWTT). The total of all loans at inception was \$8,281,783.00.

The following schedule reflects annual payments for principal and interest for the NJWTT and the New Jersey Environmental Infrastructure Trust loans:

Year	Principal	Interest	Total
2021	\$ 10,249.76	\$ 2,599.67	\$ 12,849.43
2022	<u>13,203.75</u>	<u>1,617.30</u>	<u>14,821.05</u>
Subtotal	<u>\$ 23,453.51</u>	<u>\$ 4,216.97</u>	<u>\$ 27,670.48</u>

The following is a summary of all long-term debt of the Authority as of December 31, 2020 and 2019:

	Balance December 31, 2019	Issued	Retired	Balance December 31, 2020	Due Within One Year
Loans Payable	\$30,761.72		7,308.21	23,453.51	10,249.76
Bond Anticipation Notes Payable	<u>238,326.86</u>		<u>51,500.00</u>	<u>186,826.86</u>	<u>51,500.00</u>
Total	<u>\$269,088.58</u>		<u>58,808.21</u>	<u>\$210,280.37</u>	<u>61,749.76</u>
	Add:				
				3,803.09	
	Less:				
					<u>61,749.76</u>
					<u>\$153,333.70</u>

	Balance December 31, 2018	Issued	Retired	Balance December 31, 2019	Due Within One Year
Loans Payable	\$39,732.07		8,970.35	30,761.72	7,308.21
Bond Anticipation Notes Payable	<u>289,826.86</u>		<u>51,500.00</u>	<u>238,326.86</u>	<u>51,500.00</u>
Total	<u>\$329,558.93</u>		<u>59,378.69</u>	<u>\$269,088.58</u>	<u>58,808.21</u>
	Add:				
				6,210.15	
	Less:				
					<u>58,808.21</u>
					<u>\$216,490.52</u>

RIVERSIDE SEWERAGE AUTHORITY
(A Component Unit of the Township of Riverside)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 12. Risk Management (continued):

The Authority is a member of the New Jersey Utilities Authorities Joint Insurance Funds. The fund provides its members with the following coverage:

Workers' Compensation & Employer's Liability
Liability Other Than Motor Vehicles
Property Damage Other Than Motor Vehicles
Motor Vehicles

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts, to assure the payment of the Fund's obligations.

The Fund publishes its own financial report for the year ended December 31, 2020, which can be obtained from:

New Jersey Utilities Authorities Joint Insurance Fund
Park 80 West, Plaza 1
Saddlebrook, New Jersey 08663

Note 13. Service Organization's SAS 70 and SSAE 16 Requirement

The Authority utilizes NJ American Water Company, Inc. to provide consumption data of the Authority's customers' water usage. This data is used to bill the customers of the Authority, as sewer charges are based on the amount of water consumed. Statement of Auditing Standards (SAS) 70 and Statement on Standards for Attestation Engagements (SSAE) 16 requires the Authority to receive an internal control report from service organizations providing such services mentioned above. The Authority has requested an internal control report from NJ American Water Company, Inc. and they have refused to accommodate the Authority's request.

Note 14. Subsequent Events

Sewerage Authority management has evaluated subsequent events occurring after December 31, 2020 through July 20, 2021, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

RIVERSIDE SEWERAGE AUTHORITY
SCHEDULE OF REVENUES & EXPENSES - BUDGET & ACTUAL
NON-GAAP BUDGETARY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020				2019				VARIANCE FAVORABLE/ (UNFAVORABLE)	
	ORIGINAL BUDGET	MODIFICATIONS TRANSFERS	BUDGET AFTER MODIFICATION	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)	ORIGINAL BUDGET	MODIFICATIONS TRANSFERS	BUDGET AFTER MODIFICATION		ACTUAL
Operating Revenues:										
Service Charges	\$1,836,193.00		1,836,193.00	1,899,748.53	\$1,836,193.00		1,836,193.00	1,887,549.31	51,356.31	
Connection Fees	14,000.00		14,000.00	375.00	(13,625.00)		14,000.00	28,325.00	14,325.00	
Other Operating Revenues:										
Penalties on Delinquent Accounts				46,524.35				49,083.18	49,083.18	
Other Miscellaneous Income				9,004.24	9,004.24			22,655.95	22,655.95	
Total Operating Revenues	1,850,193.00		1,850,193.00	1,955,652.12	1,850,193.00		1,850,193.00	1,987,613.44	137,420.44	
Non-Operating Revenues:										
Interest on Investments	34,200.00		34,200.00	8,888.27	34,200.00		34,200.00	11,093.34	(23,106.66)	
Total Revenues	1,884,393.00		1,884,393.00	1,964,540.39	1,884,393.00		1,884,393.00	1,998,706.78	114,313.78	
Operating Expenses:										
Administrative:										
Salaries & Wages	165,401.00		165,401.00	177,883.05	(12,482.05)		160,102.00	168,305.06	(8,203.06)	
Employees Benefits:										
Health Insurance	56,000.00		56,000.00	54,310.10	1,689.90		60,000.00	58,273.24	1,726.76	
Social Security	12,500.00		12,500.00	13,509.13	(1,009.13)		12,500.00	12,367.15	132.85	
Pension	15,000.00		15,000.00	3,841.00	11,159.00		15,000.00	1,844.50	13,155.50	
Workers Compensation	8,000.00		8,000.00	7,826.26	173.74		8,000.00	8,000.00		
Unemployment	1,000.00		1,000.00	355.44	644.56		1,000.00	259.60	740.40	
Other Expenses:										
Office Rent	55,000.00		55,000.00	55,000.00			55,000.00	55,000.00		
Office Supplies	15,000.00		15,000.00	21,013.23	(6,013.23)		20,000.00	7,640.48	12,359.52	
Conferences & Seminars	12,000.00		12,000.00	2,846.18	9,153.82		12,000.00	9,118.39	2,881.61	
Telephone & Alarms	15,000.00		15,000.00	7,460.37	7,539.63		15,000.00	7,233.60	7,766.40	
Legal Advertising	3,000.00		3,000.00	402.50	2,597.50		3,000.00	67.16	2,932.84	
Miscellaneous Supplies & Expenses	12,000.00		12,000.00	13,473.56	(1,473.56)		11,500.00	15,544.13	(4,044.13)	
Licenses & Permits	32,000.00		32,000.00	19,457.43	12,542.57		30,000.00	17,730.43	12,269.57	
Engineer Fees	50,000.00		50,000.00	44,150.75	5,849.25		75,000.00	19,696.41	55,303.59	
Legal Fees	15,000.00		15,000.00	9,267.50	5,732.50		21,000.00	3,385.05	17,614.95	
Auditing/Consulting Fees	38,000.00		38,000.00	41,107.00	(3,107.00)		37,500.00	38,880.00	(1,380.00)	
Total Administrative Expense	504,901.00		504,901.00	471,903.50	32,997.50		536,602.00	423,345.20	113,256.80	

SCHEDULE 2

**RIVERSIDE SEWERAGE AUTHORITY
ANALYSIS OF SERVICE FEES RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019		\$177,285.18
Increased by:		
Service Charges		<u>1,899,748.53</u>
Subtotal		2,077,033.71
Decreased by:		
Collections	1,899,581.34	
Transfer to Liens Receivable	<u>23,044.41</u>	<u>1,922,625.75</u>
Balance December 31, 2020		<u><u>\$154,407.96</u></u>

SCHEDULE 3

**ANALYSIS OF PENALTIES ON DELINQUENT ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance December 31, 2019		\$11,119.54
Increased by:		
Penalties on Delinquent Accounts		<u>46,524.35</u>
Subtotal		57,643.89
Decreased by:		
Collections		<u>47,255.33</u>
Balance December 31, 2020		<u><u>\$10,388.56</u></u>

SCHEDULE 6

**RIVERSIDE SEWERAGE AUTHORITY
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT - COMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2020**

ASSETS	BALANCE JANUARY 1, 2020	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2020
Land	\$ 35,000.00			\$ 35,000.00
Construction In Progress		2,196.11		2,196.11
<u>Capital Assets Being Depreciated:</u>				
Plant:				
Treatment Plant	12,424,389.95			12,424,389.95
Collection System	3,194,075.60			3,194,075.60
Major Moveable				
Equipment	57,764.00			57,764.00
Vehicles	638,514.04			638,514.04
Total Assets Being Depreciated	16,314,743.59			16,314,743.59
<u>Less: Accumulated Depreciation:</u>				
Treatment Plant	9,893,967.11	221,591.64		10,115,558.75
Collection System	2,640,822.56	40,278.47		2,681,101.03
Major Moveable				
Equipment	50,328.00	1,352.00		51,680.00
Vehicles	212,079.30	59,382.50		271,461.80
Total Accumulated Depreciation	12,797,196.97	322,604.61		13,119,801.58
Net Capital Assets Being Depreciated	3,517,546.62	(322,604.61)		3,194,942.01
Total Capital Assets	\$ 3,552,546.62	(320,408.50)	-	\$ 3,232,138.12

SCHEDULE 7

**ANALYSIS OF ACCRUED INTEREST PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Balance January 1, 2019	\$4,634.50
Increased by:	
Accrued	16,051.52
Subtotal	20,686.02
Decreased by:	
Cash Disbursed	18,045.67
Balance December 31, 2020	\$2,640.35

ANALYSIS OF INTEREST EXPENSE

Accrued	\$16,051.52
Amortization of Premium on NJEIT Loans	(2,407.06)
Total Analysis of Balance	\$13,644.46

SCHEDULE 9

RIVERSIDE SEWERAGE AUTHORITY
 SCHEDULE OF BOND ANTICIPATION NOTES
 FOR THE YEAR ENDED DECEMBER 31, 2020

PURPOSE	DATE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2019	INCREASE	DECREASE	BALANCE DECEMBER 31, 2020
Various Capital Improvements, Rehabilitation & Acquisition of Equipment	12/27/12	12/10/20	12/10/21	2.00%	\$67,326.86		23,000.00	44,326.86
Acquisition of Jet Vac	12/20/15	12/10/20	12/10/21	2.00%	\$171,000		28,500.00	142,500.00
					<u>\$238,326.86</u>	<u>-</u>	<u>51,500.00</u>	<u>186,826.86</u>
					Less: S/T Bond Anticipation Note Payable			<u>51,500.00</u>
					Total L/T Bond Anticipation Note Payable			<u><u>135,326.86</u></u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

SCHEDULE 10

RIVERSIDE SEWERAGE AUTHORITY
 SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY - PERS *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability (Asset)	0.00567%	0.00520%	0.00592%	0.00529%	0.00490%	0.00555%	0.00549%
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$931,576	\$944,154	\$1,165,859	\$1,232,151	\$1,452,510	\$1,245,861	1,027,225
Authority's covered employee payroll	\$452,790	\$385,142	\$411,328	\$418,900	\$355,460	\$322,251	\$339,756
Plan Fiduciary Net Position as a Percentage of the Total Pension	58.32%	56.27%	53.60%	48.10%	31.20%	52.08%	47.92%

SCHEDULE 11

SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - PERS
 SCHEDULE OF CONTRIBUTIONS *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$62,493	50,969	58,897	44,118	47,715	45,230	51,371
Contributions in relation to the Actuarially Determined Contributions	62,493	50,969	58,897	44,118	47,715	45,230	51,371
	\$ -	-	-	-	-	-	\$ -
Covered-Employee Payroll	\$452,790	\$385,142	\$411,328	\$418,900	\$355,460	\$322,251	\$339,756
Contributions as a Percentage of Covered - Employee Payroll	13.802%	13.234%	14.319%	10.532%	13.423%	14.036%	15.120%

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

RIVERSIDE SEWERAGE AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020 AND 2019

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 6.28% as of June 30, 2019, to 7.00% as of June 30, 2020.

RIVERSIDE SEWERAGE AUTHORITY

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**



BRENT W. LEE & CO., LLC
Certified Public Accounting Firm

To the Chairman and Members
of the Riverside Sewerage Authority
Riverside, New Jersey 08075

I have audited the financial accounts and transactions of the Riverside Sewerage Authority in the County of Burlington for the year ended December 31, 2020. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 except by contract or agreement.

It is pointed out that the Members of the Authority have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The minutes indicate that bids were requested by public advertising for the following:

Plant Roof Replacement and Generator Replacement

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any instances where individual payments, contracts or agreements in excess of \$2,625 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertising or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).