

PASSAIC COUNTY UTILITIES AUTHORITY

SUMMARY OF SYNOPSIS OF AUDIT REPORT FOR PUBLICATION

Summary of synopsis of audit report of the Passaic County Utilities Authority for the fiscal years ended December 31, 2014 and 2013 as required by N.J.S. 40A:5A-16.

	<u>Fiscal Years Ended</u>	
	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
<u>ASSETS</u>		
Current Assets:		
Cash, Cash Equivalents and Investments	316,942	93,258
Accounts and Accrued Items Receivable	<u>16,001</u>	<u>16,001</u>
	<u>332,943</u>	<u>109,259</u>
Capital Assets:		
Property, Plant and Equipment - Net	<u> </u>	<u> </u>
Total Assets	<u>332,943</u>	<u>109,259</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Debits	<u>2,877,130</u>	<u>2,926,006</u>
Total Deferred Outflows of Resources	<u>2,877,130</u>	<u>2,926,006</u>
<u>LIABILITIES</u>		
Current Liabilities		
Current Liabilities Payable from Unrestricted Assets	2,013,363	2,020,395
Current Liabilities Payable from Restricted Assets	2,703,308	2,661,446
Long Term Debt, Net of Current Portion	<u>55,210,000</u>	<u>56,790,000</u>
Total Liabilities	<u>59,926,671</u>	<u>61,471,841</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unamortized Gain on Refunding	<u>257,414</u>	<u>269,980</u>
Total Deferred Inflows of Resources	<u>257,414</u>	<u>269,980</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	(54,590,284)	(56,028,974)
Unrestricted	<u>(2,383,728)</u>	<u>(2,677,582)</u>
Total Net Position	<u><u>(56,974,012)</u></u>	<u><u>(58,706,556)</u></u>

PASSAIC COUNTY UTILITIES AUTHORITY

COMPARATIVE STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION

*Summary of synopsis of audit report of the Passaic County Utilities Authority for the
fiscal years ended December 31, 2014 and 2013 as required by N.J.S. 40A:5A-16.*

	<u>Fiscal Years Ended</u>	
	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Operating Revenues (Expenses):		
Other Expenses	<u>(36,412)</u>	<u>(33,632)</u>
Total Operating Income (Loss)	<u>(36,412)</u>	<u>(33,632)</u>
Nonoperating Revenue (Expenses):		
County of Passaic Agreement	4,349,448	4,230,531
Other Nonoperating Revenues	12,567	12,565
Interest Expense	(2,265,017)	(2,252,777)
Bond Issuance Costs	(188,466)	
Other Nonoperating Expenses	<u>(139,576)</u>	<u>(138,066)</u>
Total Operating Expenses	<u>1,768,956</u>	<u>1,852,253</u>
Change in Net Position	1,732,544	1,818,621
Net Position, January 1	<u>(58,706,556)</u>	<u>(60,525,177)</u>
Net Position, December 31	<u><u>(56,974,012)</u></u>	<u><u>(58,706,556)</u></u>

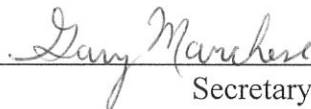
RECOMMENDATIONS

1. That transactions of the Authority bank accounts be properly recorded on a timely basis.
2. The Authority should review all old accounts receivable and account payable balances.

* * * * *

The above summary or synopsis was prepared from the report of audit of the Passaic County Utilities Authority, County of Passaic, for the calendar year 2014. This report of audit, submitted by Steven D. Wielkotz, Registered Municipal Accountant of the firm of Ferraioli, Wielkotz, Cerullo & Cuva P.A., is on file at the Authority's office and may be inspected by any interested person.

A corrective action plan, which outlines actions the Passaic County Utilities Authority will take to correct the findings listed above, will be prepared in accordance with federal and state requirements. A copy of it will be placed on file with Passaic County Utilities Authority, Secretary at the Passaic County Utilities Authority, Paterson, New Jersey 07505 within 60 days from the date of receipt of the audit report by the Authority.


Secretary

PASSAIC COUNTY UTILITIES AUTHORITY

RESOLUTION

WHEREAS, N.J.S.A. 40A:5A-15 requires the governing body of each local Authority to cause an annual audit of its accounts to be made, and

WHEREAS, the annual audit report for the fiscal year ended December 31, 2014 has been completed and filed with the Governing Body and the Director of the Division of Local Government Services pursuant to N.J.S.A. 40A:5A-15, and


WHEREAS, N.J.S.A. 40A:5A-17 requires the governing body of each Authority to, within 45 days of receipt of the annual audit, certify by resolution to the Local Finance Board that each member thereof has personally reviewed the annual audit report, and specifically the sections of the audit report entitled "General Comments" and "Recommendations", and has evidenced same by group affidavit in the form prescribed by the Local Finance Board, and

WHEREAS, the members of the governing body have received the annual audit and have personally reviewed the annual audit, and have specifically reviewed the sections of the annual audit report entitled "General Comments" and "Recommendations" in accordance with N.J.S.A. 40A:5A-17,

NOW, THEREFORE BE IT RESOLVED, that the governing body of the Passaic County Utilities Authority hereby certifies to the Local Finance Board of the State of New Jersey that each governing body member has personally reviewed the annual audit report for the fiscal year ended December 31, 2014, and specifically has reviewed the sections of the audit report entitled "General Comments" and "Recommendations", and has evidenced same by group affidavit in the form prescribed by the Local Finance Board.

BE IT FURTHER RESOLVED that the Secretary of the Authority is hereby directed to promptly submit to the Local Finance Board the aforesaid group affidavit, accompanied by a certified true copy of this resolution.

IT IS HEREBY CERTIFIED THAT THIS IS A TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING HELD ON April 21, 2015.


Secretary

4/21/2015
Date

LOCAL AUTHORITIES
GROUP AFFIDAVIT FORM

PRESCRIBED BY
THE NEW JERSEY LOCAL FINANCE BOARD

AUDIT REVIEW CERTIFICATE

We, the members of the governing body of the Passaic County Utilities Authority, being of full age and being duly sworn according to law, upon our oath depose and say:

1. We are duly appointed members of the Passaic County Utilities Authority.
2. We certify, pursuant to N.J.S.A. 40A:5A-17, that we have each reviewed the annual audit report for the fiscal year ended December 31, 2014 and specifically the sections of the audit report entitled "General Comments" and "Recommendations"

(Print)

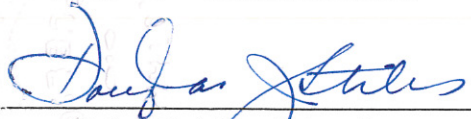
(Signature)

Nada Basmouk
Teofilo Javier
Gary Marchese
Clark Okun
Haresh Shah
Mohammad Qudah
Michael Hanrahan

Nada Basmouk
Teofilo Javier
Gary Marchese
Clark Okun
Haresh Shah
Absent
Absent

Sworn to and subscribed before me

this 21 day of April, 2015



Notary Public of New Jersey
DOUGLAS J. STILES
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES JUNE 19, 2018

PASSAIC COUNTY UTILITIES AUTHORITY

STATE OF NEW JERSEY

**RESOLUTION OF THE PASSAIC COUNTY UTILITIES
AUTHORITY CANCELLING BALANCE SHEETS ACCOUNTS**

WHEREAS an old accounts receivable balance remains on the PCUA Balance Sheet in the amount of \$16,001.00 and has been deemed to be uncollectable, and

WHEREAS an old accounts payable balance in the amount of \$176,418.00 and a deposits payable account in the amount of \$60,840.00 remains on the PCUA Balance Sheet as well and are no longer needed for original purpose, and

WHEREAS it is beneficial to the PCUA to cancel these Balances in order to clean up the records, and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Passaic County Utilities Authority, that the Board hereby approves the cancellation of accounts receivable balance in the amount of \$16,001.00, accounts payable balance in the amount of \$176,418.00 and a deposits payable account in the amount of \$60,840.00.

Moved by: Mrs. Basmouk

Seconded by: Mr. Javier

RECORDED VOTE

<u>COMM'R.</u>	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Basmouk	X			
Hanrahan				X
Javier	X			
Kazan				X
Marchese	X			
Okun	X			
Shah	X			
Qudah				X

Tuesday, April 21, 2015

**RESOLUTION OF THE PASSAIC COUNTY UTILITIES
AUTHORITY APPROVING THE REQUIRED CORRECTIVE
ACTION PLAN PURSUANT TO THE DIRECTIVE OF THE
DIVISION OF LOCAL GOVERNMENT SERVICES, FOR THE
FISCAL YEAR 2014 AUDIT REPORT**

WHEREAS the Division of Local Government Services within the Department of Community Affairs, requires the Authority to file a "Corrective Action Plan", in substantially the form attached to this Resolution, outlining the actions to be taken by the Passaic County Utilities Authority relative to the findings and recommendations in the Authority's annual audit report: and

WHEREAS the "Corrective Action Plan" shall be prepared by the Authority, with assistance from other officials of the Authority and/or the County affected by the audit findings and recommendations; and

WHEREAS the Board of Commissioners of the Authority is required, by resolution, to approve the said "Corrective Action Plan"; and

WHEREAS the "Corrective Action Plan", as prepared by the Authority and approved by its governing body pursuant hereto, shall be placed on file and shall also be made available for public inspection on the Passaic County Website, listed under "The Department of Utility Authority".

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Passaic County Utilities Authority, that the Board hereby approves of the "Corrective Action Plan" for the Fiscal Year 2014

Audit Report submitted by the Authority to the State of New Jersey, in substantially the form appended to this Resolution.

BE IT FURTHER RESOLVED, that all necessary Authority officers, personnel and professionals, be and hereby are directed and authorized to execute any and all documents as may be reasonably necessary to effectuate implementation and presentation of the said “Corrective Action Plan”, and to otherwise cooperate with all State, County and other entities to effectuate implementation thereof.

BE IT FURTHER RESOLVED, that this Resolution shall become effective immediately.

Moved by: Mr. Shah

Seconded by: Mr. Javier

RECORDED VOTE

<u>COMM'R.</u>	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Basmouk	X			
Hanrahan				X
Javier	X			
Kazan				X
Marchese	X			
Okun	X			
Shah	X			
Qudah				X

Tuesday, April 21, 2015

PASSAIC COUNTY UTILITY AUTHORITY

PCUA

2014 ANNUAL AUDIT – CORRECTIVE ACTION PLAN

Finding: 2014-1 Transactions in the Authority's bank accounts are not being properly recorded and reconciled on a regular and timely basis.

Recommendation – Transactions should be properly recorded and reconciled on a timely basis.

Corrective Action – Management recognizes the importance of properly recording transactions on a timely basis and is working to resolve this finding in the 2015 fiscal year.

Implementation Date –05/01/2015

Finding: 2014-2 – The Authority has old accounts receivable and account payable balances on their system that have not been reviewed for accuracy by management.

Recommendation – The Authority should review all old accounts receivable and account payable balances.

Corrective Action –Management will adopt a Resolution to cancel the old account receivables and account payable balances.

Implementation Date - Tuesday, April 21, 2015

**PASSAIC COUNTY UTILITIES AUTHORITY
RESOLUTION**

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WHEREAS, the annual audit report for the fiscal year ended December 31,2014 has been completed and filed with the Governing Body and the Director of the Division of Local Government Services pursuant to N.J.S.A. 40A:5A-15, and
WHEREAS, N.J.S.A. 40A:5A-17 requires the governing body of each Authority to, within 45 days of receipt of the annual audit, certify by resolution to the Local Finance Board that each member thereof has personally reviewed the annual audit report, and specifically the sections of the audit report entitled "General Comments" and "Recommendations", and has evidenced same by group affidavit in the form prescribed by the Local Finance Board, and
WHEREAS, the members of the governing body have received the annual audit and have personally reviewed the annual audit, and have specifically reviewed the sections of the annual audit report entitled "General Comments" and "Recommendations" in accordance with N.J.S.A. 40A:5A-17.

NOW, THEREFORE BE IT RESOLVED, that the governing body of the Passaic County Utilities Authority hereby certifies to the Local Finance Board of the State of New Jersey that each governing body member has personally reviewed the annual audit report for the fiscal year ended December 31,2014, and specifically has reviewed the sections of the audit report entitled "General Comments" and "Recommendations", and has evidenced same by group affidavit in the form prescribed by the Local Finance Board.

BE IT FURTHER RESOLVED that the Secretary of the Authority is hereby directed to promptly submit to the Local Finance Board the aforesaid group affidavit, accompanied by a certified true copy of this resolution.

IT IS HEREBY CERTIFIED THAT THIS IS A TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING HELD ON TUESDAY, APRIL 21, 2015.

Catherine Kazan
Secretary

RECOMMENDATIONS

1. That transactions of the Authority bank accounts be properly recorded on a timely basis.
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Catherine Kazan
Secretary