

BELLMAWR REDEVELOPMENT AGENCY

A COMPONENT UNIT OF THE BOROUGH OF BELLMAWR



**CAMDEN COUNTY,
NEW JERSEY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**



BELLMAWR REDEVELOPMENT AGENCY
 Report of Audit
 For the Years Ended December 31, 2023 and 2022

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BELLMAWR REDEVELOPMENT AGENCY
Roster of Officials

Members

Frank R. Filipek
Ray Bider
James D'Angelo
Nick Kappatos
Jeff Simpson
Anil Patel
Tom Whitman

Position

Chairman
Vice-Chairman
Commissioner
Commissioner
Commissioner
Commissioner
Commissioner

Other Officials

Joshua T. Tregear

Executive Director /
Agency Secretary

Michael J. McKenna

Agency Solicitor

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Chairman and Commissioners of the
Bellmawr Redevelopment Agency
Bellmawr, New Jersey 08031

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Bellmawr Redevelopment Agency (the "Agency"), a component unit of the Borough of Bellmawr, in the County of Camden, State of New Jersey, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Bellmawr Redevelopment Agency, a component unit of the Borough of Bellmawr, in the County of Camden, State of New Jersey, as of December 31, 2023 and 2022, and the respective changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying supplemental schedules, as listed in the table of contents, are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplemental schedules, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2025 on our consideration of the Bellmawr Redevelopment Agency's 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 Bellmawr Redevelopment Agency'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 Bellmawr Redevelopment Agency's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
February 12, 2025

**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

Chairman and Commissioners of the
Bellmawr Redevelopment Agency
Bellmawr, New Jersey 08031

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Bellmawr Redevelopment Agency (the "Agency"), a component unit of the Borough of Bellmawr, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated February 12, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bellmawr Redevelopment Agency's internal control over financial reporting (internal control) as a basis for designing 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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.

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

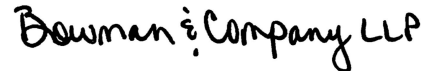
As part of obtaining reasonable assurance about whether the Bellmawr Redevelopment Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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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 Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Handwritten signature of Bowman & Company LLP in black ink.

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
February 12, 2025

REQUIRED SUPPLEMENTARY INFORMATION
PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS

BELLMAWR REDEVELOPMENT AGENCY
Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
(Unaudited)

As management of the Bellmawr Redevelopment Agency, a component unit of the Borough of Bellmawr (hereafter referred to as the "Agency"), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities as of and for the years ended December 31, 2023, 2022, and 2021. The intent of this discussion and analysis is to look at the Agency's financial performance as a whole; readers should also review the information furnished in the notes to the financial statements and financial statements to enhance their understanding of the Agency's financial performance.

FINANCIAL HIGHLIGHTS

- The Agency ended 2023 with unrestricted net position of \$33,334.40, an increase of \$8,347.68 when compared to 2022. Net position represents the difference between the Agency's assets and liabilities at December 31, 2023.
- During 2023, the Agency's operations were funded by redeveloper fees of \$150,000.00. These fees were to provide funds to continue to cover the Agency's initial startup costs and provide management with some financial flexibility while getting the operations of the Agency established. Once the Agency is able to start generating its own revenues, which will come as land is developed, the redeveloper escrow fees will not be the single reliant revenue source.

FINANCIAL POSITION SUMMARY

The Agency's financial operations during 2023 were primarily focused on continuing to get the administration of the Agency up and running so that it could move forward in future years to execute its purpose of creation. The analyses that follow focus on the net position (Table 1) and changes in net position (Table 2) of the Agency as of and for the years ended December 31, 2023, 2022, and 2021.

TABLE 1 NET POSITION AS OF DECEMBER 31,			
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 45,806.70	\$ 33,701.22	\$ 49,851.25
Total Assets	<u>45,806.70</u>	<u>33,701.22</u>	<u>49,851.25</u>
Other Liabilities	<u>12,472.30</u>	<u>8,714.50</u>	<u>16,390.37</u>
Total Liabilities	<u>12,472.30</u>	<u>8,714.50</u>	<u>16,390.37</u>
Net Position:			
Unrestricted	<u>33,334.40</u>	<u>24,986.72</u>	<u>33,460.88</u>
Total Net Position	<u>\$ 33,334.40</u>	<u>\$ 24,986.72</u>	<u>\$ 33,460.88</u>

BELLMAWR REDEVELOPMENT AGENCY
Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
(Unaudited)

FINANCIAL POSITION SUMMARY (CONT'D)

As of December 31, 2023, the Agency's only asset consisted of cash on deposit with its designated banking institution. As of December 31, 2022, the Agency's assets consisted of cash on deposit with its designated banking institution and prepaid payroll.

Table 2 that follows illustrates the changes in net position of the Agency.

TABLE 2			
CHANGES IN NET POSITION			
FOR THE YEARS ENDED DECEMBER 31,			
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues:			
Redeveloper Fees	\$ 150,000.00	\$ 90,000.00	\$ 110,042.00
Total Operating Revenues	<u>150,000.00</u>	<u>90,000.00</u>	<u>110,042.00</u>
Operating Expenses:			
Administration	40,872.66	27,535.78	27,635.80
Cost of Providing Services	<u>101,077.11</u>	<u>70,985.82</u>	<u>58,981.66</u>
Total Operating Expenses	<u>141,949.77</u>	<u>98,521.60</u>	<u>86,617.46</u>
Operating Income (Loss)	<u>8,050.23</u>	<u>(8,521.60)</u>	<u>23,424.54</u>
Nonoperating Revenues (Expenses):			
Investment Income	<u>297.45</u>	<u>47.44</u>	<u>31.78</u>
Total Nonoperating Revenues (Expenses)	<u>297.45</u>	<u>47.44</u>	<u>31.78</u>
Change in Net Position	8,347.68	(8,474.16)	23,456.32
Net Position, January 1	<u>24,986.72</u>	<u>33,460.88</u>	<u>10,004.56</u>
Net Position, December 31	<u><u>\$ 33,334.40</u></u>	<u><u>\$ 24,986.72</u></u>	<u><u>\$ 33,460.88</u></u>

During 2023 and 2022, the only two revenue sources that the Agency realized were from redeveloper fees and investment income from interest on cash deposits.

Overall, in 2023, administration expenses constituted 29% (28% in 2022) of the Agency's operating expenses, while cost of providing services constituted the other 71% (72% in 2022). All of the administrative expenses in 2023 represented salaries and related fringe benefits.

BELLMAWR REDEVELOPMENT AGENCY
Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of and for the years ended December 31, 2023 and 2022, the Agency did not have any activity related to the acquisition of capital assets, nor did the Agency own any capital assets at either year end.

Debt Administration

As of and for the years ended December 31, 2023 and 2022, the Agency did not have any activity related to debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the 2023 and 2022 years, the Agency was able to sustain its respective budgets through redeveloper fees that were received to provide funding for the Agency's start up. Redeveloper fees represented almost 100% of the revenues realized by the Agency in both years. The 2024 budget was adopted on January 30, 2024 by the Commissioners.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Bellmawr Redevelopment Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Joshua T. Tregear, Executive Director / Agency Secretary at the Bellmawr Redevelopment Agency, PO Box 1770, Bellmawr, New Jersey 08099-1770, or email at jtregear@bellmawrredevagency.org.

BASIC FINANCIAL STATEMENTS

BELLMAWR REDEVELOPMENT AGENCY
 Comparative Statements of Net Position
 December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 45,806.70	\$ 31,001.68
Prepaid Payroll		2,699.54
Total Current Assets	45,806.70	33,701.22
Total Assets	\$ 45,806.70	\$ 33,701.22
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 12,472.30	\$ 8,714.50
Total Current Liabilities	12,472.30	8,714.50
Total Liabilities	12,472.30	8,714.50
NET POSITION		
Unrestricted	33,334.40	24,986.72
Total Net Position	\$ 33,334.40	\$ 24,986.72

The accompanying notes to the financial statements are an integral part of these statements.

BELLMAWR REDEVELOPMENT AGENCY
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Redeveloper Fees	\$ 150,000.00	\$ 90,000.00
Total Operating Revenues	<u>150,000.00</u>	<u>90,000.00</u>
OPERATING EXPENSES		
Administration:		
Salaries and Wages	35,000.00	24,999.96
Fringe Benefits	5,872.66	2,535.82
Cost of Providing Services:		
Legal and Financial	78,181.14	53,050.73
Engineering and Planning	14,045.07	6,537.50
Miscellaneous	8,850.90	11,397.59
Total Operating Expenses	<u>141,949.77</u>	<u>98,521.60</u>
Operating Income (Loss)	<u>8,050.23</u>	<u>(8,521.60)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment Income	<u>297.45</u>	<u>47.44</u>
Total Nonoperating Revenues (Expenses)	<u>297.45</u>	<u>47.44</u>
Change in Net Position	8,347.68	(8,474.16)
Net Position, January 1	<u>24,986.72</u>	<u>33,460.88</u>
Net Position, December 31	<u><u>\$ 33,334.40</u></u>	<u><u>\$ 24,986.72</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

BELLMAWR REDEVELOPMENT AGENCY
Comparative Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Other Operating Activities	\$ 150,000.00	\$ 90,000.00
Payments for Other Goods or Services	(101,077.11)	(70,985.82)
Payments for Employees Services	<u>(34,415.32)</u>	<u>(37,911.19)</u>
Net Cash Provided by (Used by) Operating Activities	<u>14,507.57</u>	<u>(18,897.01)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>297.45</u>	<u>47.44</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,805.02	(18,849.57)
Cash and Cash Equivalents, January 1	<u>31,001.68</u>	<u>49,851.25</u>
Cash and Cash Equivalents, December 31	<u>\$ 45,806.70</u>	<u>\$ 31,001.68</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 8,050.23	\$ (8,521.60)
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Provided by (Used by) Operating Activities:		
(Increase) Decrease in Prepaid Expenses	2,699.54	(2,699.54)
Increase (Decrease) in Accounts Payable	<u>3,757.80</u>	<u>(7,675.87)</u>
Net Cash Provided by (Used by) Operating Activities	<u>\$ 14,507.57</u>	<u>\$ (18,897.01)</u>

The accompanying notes to the financial statements are an integral part of these statements.

BELLMAWR REDEVELOPMENT AGENCY
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Bellmawr Redevelopment Agency, a component unit of the Borough of Bellmawr, in the County of Camden, State of New Jersey, (hereafter referred to as the "Agency") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The Agency was created by an ordinance adopted by the Borough of Bellmawr (hereafter referred to as the "Borough") on October 26, 2017 pursuant to the Local Redevelopment and Housing Law (N.J.S.A. 40A:12A-1, et seq.), and subsequently authorized by the Local Finance Board of the Department of Community Affairs, State of New Jersey on November 9, 2017.

As the Borough of Bellmawr's lead agency for redevelopment and brownfield environmental management, the Agency works closely with the Borough's Mayor and members of Borough Council, state agencies, private and non-profit developers, and members of Bellmawr's residential and business communities to help the Borough of Bellmawr achieve its development goals.

Pursuant to the aforementioned New Jersey Local Redevelopment and Housing Law, the work of the Agency seeks to encourage the development and growth of a varied mixture of appropriate economic activities within its borders so as to increase available services; create additional employment; expand the municipal tax base; remediate contaminated properties; improve and upgrade unused or inappropriately used properties and to provide for greater financial and economic stability in the future for the Borough of Bellmawr and its citizens.

The Agency consists of seven Commissioners, appointed by the Borough of Bellmawr. The seven Commissioners serve terms of different lengths, ranging from one year to five years.

Basis of Presentation

The financial statements of the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of state and local governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows.

The Agency is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The transactions of the Agency are divided into two separate activities (landfill post-closure and redevelopment program) within the enterprise fund type. Each activity is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenue - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions are transactions in which the Agency receives value without directly giving equal value in return.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and Budgetary Accounting

The Agency must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Agency budget at least 60 days prior to the end of the current year and to adopt not later than the beginning of the Agency's year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense for capital assets is not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the statements of revenues, expenses and changes in net position. All budget transfers and amendments to those accounts must be approved by resolution of the Agency as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Agency did not adopt amending budget resolutions during the year.

The Agency records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental 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 governmental units. These permissible investments generally include 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 a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of a school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Cash, Cash Equivalents and Investments (Cont'd)**

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.

Additionally, the Agency has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

Lease Receivable

Lease receivables recorded on the financial statements represents a contract that conveys control of the right to use the Agency's (lessor) nonfinancial asset. At the commencement of the lease term, the lessor recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The Agency was not a lessor during the years ended December 31, 2023 and 2022.

Prepaid Expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for goods and services or payments made to employees for services that will benefit periods beyond the applicable year end. As of December 31, 2023, the Agency had no prepaid expenses. As of December 31, 2022, the Agency had prepaid payroll.

Capital Assets

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Agency and are stated at actual cost. Intangible right to use assets (lease and subscription assets) are measured at the amount of the initial measurement of the related lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subscription assets are measured at the amount of the initial measurement of the related subscription liability, plus any payments associated with the arrangement made to the vendor at the commencement of the subscription term and capitalizable initial implementation costs. Donated capital assets are recorded at acquisition value at the time received. The Agency has no infrastructure capital assets.

Expenditures which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Costs incurred during construction of a capital asset are recorded as construction in progress. In the year that the project is completed, these costs are then subject to depreciation. Interest costs incurred during construction are not capitalized.

It is the Agency's policy to capitalize expenditures when they meet the following requirements: (1) cost of \$5,000.00 or more; and (2) have a useful life of five (5) years or more.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Capital Assets (Cont'd)**

All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the useful life of the assets. Lease and subscription assets are amortized in a systematic and rational manner over the shorter of the lease and subscription term or the useful life of the underlying assets. As of December 31, 2023 and 2022, the Agency has no capital assets.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Agency and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Agency and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The Agency uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the financial statements. The current portion is the amount estimated to be used in the following year. As of December 31, 2023 and 2022, no liability exists for compensated absences.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Agency is eligible to realize the revenue.

Net Position

Net position represents the difference between assets and liabilities. Net position is classified into the following three components:

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation or amortization of intangible capital assets, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The Agency applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Income Taxes

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Operating and Non-Operating Revenues and Expenses**

Operating revenues include all revenues derived from the landfill cap maintenance and park management-redevelopment programs. Non-operating revenues principally consist of interest income earned on interest-bearing accounts.

Operating expenses include expenses associated with the administration and operation of the Agency.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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 Agency's deposits might not be recovered. Although the Agency 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 Agency in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings or funds that may pass to the Agency relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2023 and 2022, all of the Agency's bank balance of \$54,806.70 and \$39,925.76, respectively, were fully insured by FDIC.

Note 3: RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a result, the Agency maintains insurance coverage, through the Borough, for property, liability, vehicle, surety bonds, etc.

Joint Insurance Fund - The Borough is a member of the Camden County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation and 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 provides the Borough with the following coverage:

Property - Blanket Building and Grounds
Boiler and Machinery
General and Automobile Liability
Public Official Liability
Employment Practices Liability

Note 3: RISK MANAGEMENT (CONT'D)

Joint Insurance Fund (Cont'd) - Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Borough's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$200,000.00 based on the line of coverage for each insured event.

The Fund publishes its own financial report which can be obtained from:

Camden County Municipal Joint Insurance Fund
9 Campus Drive, Suite 16
Parsippany, NJ 07054-4412

Note 4: CONCENTRATIONS

For the years ended December 31, 2023 and 2022, the Agency's operating revenue, which totaled \$150,000.00 and \$90,000.00, respectively, came from a single redeveloper.

OTHER SUPPLEMENTARY INFORMATION

BELLMAWR REDEVELOPMENT AGENCY
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023

	Park Management - Redevelopment Program	Landfill Cap Maintenance	Total
OPERATING REVENUES			
Redeveloper Fees	\$ 150,000.00		\$ 150,000.00
Total Operating Revenues	<u>150,000.00</u>	<u>-</u>	<u>150,000.00</u>
OPERATING EXPENSES			
Administration:			
Salaries and Wages	35,000.00		35,000.00
Fringe Benefits	5,872.66		5,872.66
Cost of Providing Services:			
Legal and Financial	78,181.14		78,181.14
Engineering and Planning	14,045.07		14,045.07
Miscellaneous	8,850.90		8,850.90
Total Operating Expenses	<u>141,949.77</u>	<u>-</u>	<u>141,949.77</u>
Operating Income	<u>8,050.23</u>	<u>-</u>	<u>8,050.23</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income	<u>297.45</u>		<u>297.45</u>
Total Nonoperating Revenues (Expenses)	<u>297.45</u>	<u>-</u>	<u>297.45</u>
Change in Net Position	8,347.68	-	8,347.68
Net Position, January 1	<u>24,986.72</u>	<u>-</u>	<u>24,986.72</u>
Net Position, December 31	<u>\$ 33,334.40</u>	<u>-</u>	<u>\$ 33,334.40</u>
NET POSITION			
Unrestricted	<u>\$ 33,334.40</u>	<u>-</u>	<u>\$ 33,334.40</u>

BELLMAWR REDEVELOPMENT AGENCY
 Schedule of Revenues and Expenses - Budget and Actual
 Budgetary Basis (Non-GAAP)
 For the Year Ended December 31, 2023

	<u>Adopted and Final Budget</u>			<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Park Management - Redevelopment Program</u>	<u>Landfill Cap Maintenance</u>	<u>Total</u>		
Operating Revenues:					
Redeveloper Rents & Fees	\$ 145,000.00	\$ 125,000.00	\$ 270,000.00	\$ 150,000.00	\$ (120,000.00)
Billboards	15,000.00		15,000.00		(15,000.00)
Nonoperating Revenues:					
Interest on Investments	725.00	275.00	1,000.00	297.45	(702.55)
Total Revenues	<u>160,725.00</u>	<u>125,275.00</u>	<u>286,000.00</u>	<u>150,297.45</u>	<u>(135,702.55)</u>
Operating Expenses:					
Administration:					
Salaries & Wages	35,000.00		35,000.00	35,000.00	
Fringe Benefits	5,500.00		5,500.00	5,872.66	(372.66)
Total Administration	<u>40,500.00</u>	<u>-</u>	<u>40,500.00</u>	<u>40,872.66</u>	<u>(372.66)</u>
Cost of Providing Services:					
Legal & Financial	65,000.00		65,000.00	78,181.14	(13,181.14)
Engineering & Planning	45,000.00		45,000.00	14,045.07	30,954.93
Insurance	2,500.00		2,500.00		2,500.00
Landfill Cap Maintenance		125,000.00	125,000.00		125,000.00
Miscellaneous	4,750.00		4,750.00	8,850.90	(4,100.90)
Total Cost of Providing Services	<u>117,250.00</u>	<u>125,000.00</u>	<u>242,250.00</u>	<u>101,077.11</u>	<u>141,172.89</u>
Total Operating Expenses	<u>157,750.00</u>	<u>125,000.00</u>	<u>282,750.00</u>	<u>141,949.77</u>	<u>140,800.23</u>
Excess (Deficiency) Revenues over Expenses	<u>\$ 2,975.00</u>	<u>\$ 275.00</u>	<u>\$ 3,250.00</u>	<u>\$ 8,347.68</u>	<u>\$ 5,097.68</u>

Reconciliation to Operating Income (Schedule 1)

Excess Revenues over Expenses	\$ 8,347.68
Deduct:	
Investment Income	<u>(297.45)</u>
Operating Income	<u>\$ 8,050.23</u>

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

BELLMAWR REDEVELOPMENT AGENCY
Schedule of Findings and Recommendations
For the Year Ended December 31, 2023

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

None.

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BELLMAWR REDEVELOPMENT AGENCY
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.

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APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the Agency officials during the course of the audit.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

