

**LEBANON BOROUGH SEWERAGE AUTHORITY**  
**(A COMPONENT UNIT OF THE BOROUGH OF LEBANON)**

**SYNOPSIS OF AUDIT**

**Years Ended December 31, 2016 and December 31, 2015**

## **SUMMARY OF SYNOPSIS OF AUDIT REPORT FOR PUBLICATION**

Attention is directed to the fact that a summary or Synopsis of the audit report, together with the recommendations, is the minimum required to be published.

Synopsis of the 2016 Audit Report of the Lebanon Borough Sewerage Authority, County of Hunterdon.

**LEBANON BOROUGH SEWERAGE AUTHORITY**  
**Comparative Statement of Net Position**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 18,673	\$ 20,662
Accounts receivable	92,181	63,301
Interest receivable on certificates of deposit	2,929	2,823
Total current assets	<u>113,783</u>	<u>86,786</u>
Restricted assets		
Cash and cash equivalents	116,003	103,359
Certificates of deposit	617,462	752,562
Total restricted assets	<u>733,465</u>	<u>855,921</u>
Capital assets		
Capital assets	1,353,944	1,353,944
Less: accumulated depreciation	<u>(986,516)</u>	<u>(952,778)</u>
Net capital assets	<u>367,428</u>	<u>401,166</u>
Total assets	<u>\$ 1,214,676</u>	<u>\$ 1,343,873</u>

**LEBANON BOROUGH SEWERAGE AUTHORITY**  
**Comparative Statement of Net Position (continued)**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 38,833	\$ 23,835
Customer overpayments	1,646	1,077
Prepaid sewer rents	213	-
Total current liabilities	<u>40,692</u>	<u>24,912</u>
Current liabilities (payable from restricted assets)		
Trust funds		
Reserve for developers deposits	4,865	5,712
Other current liabilities	401	-
Total current liabilities (payable from restricted assets)	<u>5,266</u>	<u>5,712</u>
Total liabilities	<u>45,958</u>	<u>30,624</u>
Net position		
Net investment in capital assets	367,428	401,166
Restricted	728,199	850,209
Unrestricted	73,091	61,874
Total net position	<u>1,168,718</u>	<u>1,313,249</u>
Total liabilities and net position	<u>\$ 1,214,676</u>	<u>\$ 1,343,873</u>

**LEBANON BOROUGH SEWERAGE AUTHORITY**  
**Comparative Statement of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Operating revenues		
Sewer charges	\$ 570,634	\$ 517,803
Interest income on delinquent accounts	7,968	4,938
Reserve capacity charges	43,665	39,668
Miscellaneous	690	1,335
Total operating revenues	<u>622,957</u>	<u>563,744</u>
Operating expenses		
Cost of providing services	350,187	348,179
Administrative and general	266,489	233,507
Depreciation	33,738	33,737
Total operating expenses	<u>650,414</u>	<u>615,423</u>
Operating income	<u>(27,457)</u>	<u>(51,679)</u>
Non-operating revenues (expenses)		
Interest income	5,016	4,825
Contribution to Lebanon Borough Debt Service		
Principal	(113,677)	(110,010)
Interest	(8,413)	(13,726)
Total non-operating revenues (expenses)	<u>(117,074)</u>	<u>(118,911)</u>
Other financing sources		
Intergovernmental loan payable balance canceled	<u>-</u>	<u>221,929</u>
Change in net position	(144,531)	51,339
Net position, beginning	<u>1,313,249</u>	<u>1,261,910</u>
Net position, ending	<u>\$ 1,168,718</u>	<u>\$ 1,313,249</u>

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**Recommendations**

- 2016-01 Procedures should be implemented by the Authority to reduce the risk of errors in connection with a lack of segregation of duties.
- 2016-02 A bookkeeping system should be implemented to give the ability to maintain accurate bank reconciliations and supporting registers.

**Status of Prior Year's Audit Findings/Recommendations**

A review was performed on prior year recommendations and corrective action was taken on all with exception of the following which is included in this year's recommendations:

- 2015-01 Procedures should be implemented by the Authority to reduce the risk of errors in connection with a lack of segregation of duties.

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The above summary or synopsis was prepared from the report of audit of the Lebanon Borough Sewerage Authority, County of Hunterdon for the calendar year 2016. This report is on file at the Secretary/Treasurer's office and may be inspected by any interested person.

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Secretary/Treasurer