# Synopsis of Audit Report of the Two Rivers Water Reclamation Authority Monmouth County, New Jersey

October 31, 2015

## SUMMARY OF SYNOPSIS OF 2015 AUDIT REPORT TWO RIVERS WATER RECLAMATION AUTHORITY AS REQUIRED BY N.J.S. 40A:5A-16 COMPARATIVE STATEMENTS OF NET POSITION

Case			As of October 31,		
Assets and Deferred Outflows of Resources   \$ 10,655,471   \$ 8,443,570   \$ 230,378   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 22,199   \$ 26,276   \$ 24,132,230   \$ 22,199   \$ 26,276   \$ 24,132,230   \$ 24,132,230   \$ 24,132,230   \$ 24,136,389   \$ 24,136,389   \$ 24,136			<u>2015</u>		2014 (As restated)
Customer Charges and Sewer Billings Receivable Other Assets         3,516,306 22,20,379 26,276         2,230,379 26,276           Total Current Assets         14,193,976         10,700,225           Restricted Assets:         23,512,375         14,132,230           Accrued Interest and Other Assets         88,014         346,389           Total Restricted Assets         10,418,271         14,478,619           Capital Assets, Net of Depreciation         71,708,918         72,869,810           Deferred Outflows of Resources         1,371,250         314,602           Total Assets and Deferred Inflows of Resources         \$97,692,415         \$98,363,256           Liabilities Payable from Unrestricted Assets         \$1,548,950         \$1,986,011           Current Liabilities Payable from Restricted Assets         \$5,548,950         \$1,986,011           Current Liabilities Payable from Restricted Assets         \$3,158,943         3,146,914           Long-Term Revenue Bonds Payable (Net)         12,593,328         15,525,927           Other Long-Term Liabilities         438,790         421,754           Net Position         8,243,126         6,658,156           Deferred Inflows of Resources         56,190,025         54,505,315           Restricted         1,690,000         2,909,280           Unrestrict					( ,
Other Assets         22,199         26,276           Total Current Assets         14,193,976         10,700,225           Restricted Assets:         Cash and Investments         10,330,257         14,132,230           Accrued Interest and Other Assets         88,014         346,389           Total Restricted Assets         10,418,271         14,478,619           Capital Assets, Net of Depreciation         71,708,918         72,869,810           Deferred Outflows of Resources         1,371,250         314,602           Total Assets and Deferred Outflows of Resources         97,692,415         98,363,256           Liabilities and Deferred Inflows of Resources         5,548,950         1,986,011           Current Liabilities Payable from Unrestricted Assets         3,158,943         3,146,914           Long-Term Revenue Bonds Payable (Net)         12,593,328         15,525,927           Other Long-Term Liabilities         438,790         421,754           Net Ponsion Liability         8,243,126         6,658,156           Deferred Inflows of Resources         609,972         981,761           Net Position         Net Position         1,690,000         2,909,280           Unrestricted:         1,690,000         2,909,280           Unrestricted:         5,819,281		\$		\$	•
Restricted Assets:           Cash and Investments         10,330,257         14,132,230           Accrued Interest and Other Assets         88,014         346,389           Total Restricted Assets         10,418,271         14,478,619           Capital Assets, Net of Depreciation         71,708,918         72,869,810           Deferred Outflows of Resources         1,371,250         314,602           Total Assets and Deferred Outflows of Resources         \$97,692,415         \$98,363,256           Liabilities and Deferred Inflows of Resources         \$97,692,415         \$98,363,256           Current Liabilities Payable from Unrestricted Assets         \$1,58,943         3,146,914           Current Liabilities Payable from Restricted Assets         3,158,943         3,146,914           Long-Term Revenue Bonds Payable (Net)         12,593,328         15,525,927           Other Long-Term Liabilities         438,790         421,754           Net Pension Liability         8,243,126         6,658,156           Deferred Inflows of Resources         609,972         981,761           Net Position           Net Investment in Capital Assets         56,190,025         54,505,315           Restricted         1,690,000         2,909,280           Unrestricted:         1,690	<del>_</del>		• •		
Cash and Investments         10,330,257         14,132,230           Accrued Interest and Other Assets         88,014         346,389           Total Restricted Assets         10,418,271         14,478,619           Capital Assets, Net of Depreciation         71,708,918         72,869,810           Deferred Outflows of Resources         1,371,250         314,602           Total Assets and Deferred Outflows of Resources         \$97,692,415         \$98,363,256           Liabilities and Deferred Inflows of Resources         \$97,692,415         \$98,363,256           Current Liabilities Payable from Unrestricted Assets         \$5,548,950         \$1,986,011           Current Liabilities Payable from Restricted Assets         3,158,943         3,146,914           Long-Term Revenue Bonds Payable (Net)         12,593,328         15,525,927           Other Long-Term Liabilities         438,790         421,754           Net Pension Liability         8,243,126         6,658,156           Deferred Inflows of Resources         609,972         981,761           Net Position           Net Investment in Capital Assets         56,190,025         54,505,315           Restricted         1,690,000         2,909,280           Unrestricted:         25,819,281         7,202,556	Total Current Assets		14,193,976		10,700,225
Cash and Investments         10,330,257         14,132,230           Accrued Interest and Other Assets         88,014         346,389           Total Restricted Assets         10,418,271         14,478,619           Capital Assets, Net of Depreciation         71,708,918         72,869,810           Deferred Outflows of Resources         1,371,250         314,602           Total Assets and Deferred Outflows of Resources         \$97,692,415         \$98,363,256           Liabilities and Deferred Inflows of Resources         \$97,692,415         \$98,363,256           Current Liabilities Payable from Unrestricted Assets         \$5,548,950         \$1,986,011           Current Liabilities Payable from Restricted Assets         3,158,943         3,146,914           Long-Term Revenue Bonds Payable (Net)         12,593,328         15,525,927           Other Long-Term Liabilities         438,790         421,754           Net Pension Liability         8,243,126         6,658,156           Deferred Inflows of Resources         609,972         981,761           Net Position           Net Investment in Capital Assets         56,190,025         54,505,315           Restricted         1,690,000         2,909,280           Unrestricted:         25,819,281         7,202,556	Restricted Assets:				
Accrued Interest and Other Assets         88,014         346,389           Total Restricted Assets         10,418,271         14,478,619           Capital Assets, Net of Depreciation         71,708,918         72,869,810           Deferred Outflows of Resources         1,371,250         314,602           Total Assets and Deferred Outflows of Resources         \$97,692,415         \$98,363,256           Liabilities and Deferred Inflows of Resources         \$97,692,415         \$98,363,256           Current Liabilities Payable from Unrestricted Assets         \$5,548,950         \$1,986,011           Current Liabilities Payable from Restricted Assets         \$3,158,943         3,146,914           Long-Term Revenue Bonds Payable (Net)         12,593,328         15,525,927           Other Long-Term Liabilities         438,790         421,754           Net Pension Liability         8,243,126         6,658,156           Deferred Inflows of Resources         609,972         981,761           Net Position         8         56,190,025         54,505,315           Restricted         1,690,000         2,909,280           Unrestricted:         2         2,909,280           Unrestricted:         3,400,000         5,025,582           Undesignated         3,800,000         5,025,582			10.330.257		14.132.230
Capital Assets, Net of Depreciation         71,708,918         72,869,810           Deferred Outflows of Resources         1,371,250         314,602           Total Assets and Deferred Outflows of Resources         \$ 97,692,415         \$ 98,363,256           Liabilities and Deferred Inflows of Resources         \$ 97,692,415         \$ 98,363,256           Current Liabilities Payable from Unrestricted Assets         \$ 5,548,950         \$ 1,986,011           Current Liabilities Payable from Restricted Assets         \$ 3,158,943         3,146,914           Long-Term Revenue Bonds Payable (Net)         12,593,328         15,525,927           Other Long-Term Liabilities         438,790         421,754           Net Position         8,243,126         6,658,156           Deferred Inflows of Resources         609,972         981,761           Net Position         Net Investment in Capital Assets         56,190,025         54,505,315           Restricted         1,690,000         2,909,280           Unrestricted:         1,690,000         5,025,582           Undesignated         3,400,000         5,025,582           Undesignated         5,819,281         7,202,556	Accrued Interest and Other Assets	-			
Deferred Outflows of Resources         1,371,250         314,602           Total Assets and Deferred Outflows of Resources         \$ 97,692,415         \$ 98,363,256           Liabilities and Deferred Inflows of Resources         \$ 5,548,950         \$ 1,986,011           Current Liabilities Payable from Unrestricted Assets         \$ 3,158,943         3,146,914           Long-Term Revenue Bonds Payable (Net)         12,593,328         15,525,927           Other Long-Term Liabilities         438,790         421,754           Net Pension Liability         8,243,126         6,658,156           Deferred Inflows of Resources         609,972         981,761           Net Position         Net Investment in Capital Assets         56,190,025         54,505,315           Restricted         1,690,000         2,909,280           Unrestricted:         1,690,000         5,025,582           Undesignated         3,400,000         5,025,582           Undesignated         5,819,281         7,202,556	Total Restricted Assets		10,418,271		14,478,619
Total Assets and Deferred Outflows of Resources   \$97,692,415   \$98,363,256	Capital Assets, Net of Depreciation		71,708,918		72,869,810
Liabilities and Deferred Inflows of Resources         Current Liabilities Payable from Unrestricted Assets       \$ 5,548,950       \$ 1,986,011         Current Liabilities Payable from Restricted Assets       3,158,943       3,146,914         Long-Term Revenue Bonds Payable (Net)       12,593,328       15,525,927         Other Long-Term Liabilities       438,790       421,754         Net Pension Liability       8,243,126       6,658,156         Deferred Inflows of Resources       609,972       981,761         Net Investment in Capital Assets       56,190,025       54,505,315         Restricted       1,690,000       2,909,280         Unrestricted:       Designated       3,400,000       5,025,582         Undesignated       3,819,281       7,202,556         Total Liabilities, Deferred Inflows of Resources and Net	Deferred Outflows of Resources	-	1,371,250		314,602
Liabilities and Deferred Inflows of Resources         Current Liabilities Payable from Unrestricted Assets       \$ 5,548,950       \$ 1,986,011         Current Liabilities Payable from Restricted Assets       3,158,943       3,146,914         Long-Term Revenue Bonds Payable (Net)       12,593,328       15,525,927         Other Long-Term Liabilities       438,790       421,754         Net Pension Liability       8,243,126       6,658,156         Deferred Inflows of Resources       609,972       981,761         Net Investment in Capital Assets       56,190,025       54,505,315         Restricted       1,690,000       2,909,280         Unrestricted:       Designated       3,400,000       5,025,582         Undesignated       3,819,281       7,202,556         Total Liabilities, Deferred Inflows of Resources and Net	Total Assets and Deferred Outflows of Resources	\$	97 692 415	\$	08 363 256
Current Liabilities Payable from Unrestricted Assets       \$ 5,548,950       \$ 1,986,011         Current Liabilities Payable from Restricted Assets       3,158,943       3,146,914         Long-Term Revenue Bonds Payable (Net)       12,593,328       15,525,927         Other Long-Term Liabilities       438,790       421,754         Net Pension Liability       8,243,126       6,658,156         Deferred Inflows of Resources       609,972       981,761         Net Position         Net Investment in Capital Assets       56,190,025       54,505,315         Restricted       1,690,000       2,909,280         Unrestricted:       3,400,000       5,025,582         Undesignated       3,400,000       5,025,582         Total Liabilities, Deferred Inflows of Resources and Net	Total / 1000to and Boloffed Gathows of Mesources	Ψ.	37,032,410	Ψ.	90,303,230
Current Liabilities Payable from Unrestricted Assets       \$ 5,548,950       \$ 1,986,011         Current Liabilities Payable from Restricted Assets       3,158,943       3,146,914         Long-Term Revenue Bonds Payable (Net)       12,593,328       15,525,927         Other Long-Term Liabilities       438,790       421,754         Net Pension Liability       8,243,126       6,658,156         Deferred Inflows of Resources       609,972       981,761         Net Position         Net Investment in Capital Assets       56,190,025       54,505,315         Restricted       1,690,000       2,909,280         Unrestricted:       3,400,000       5,025,582         Undesignated       3,400,000       5,025,582         Total Liabilities, Deferred Inflows of Resources and Net					
Current Liabilities Payable from Restricted Assets       3,158,943       3,146,914         Long-Term Revenue Bonds Payable (Net)       12,593,328       15,525,927         Other Long-Term Liabilities       438,790       421,754         Net Pension Liability       8,243,126       6,658,156         Deferred Inflows of Resources       609,972       981,761         Net Position         Net Investment in Capital Assets       56,190,025       54,505,315         Restricted       1,690,000       2,909,280         Unrestricted:       3,400,000       5,025,582         Undesignated       3,400,000       5,025,582         Undesignated       5,819,281       7,202,556		•	F F 40 0 0 0	•	4 000 044
Long-Term Revenue Bonds Payable (Net)       12,593,328       15,525,927         Other Long-Term Liabilities       438,790       421,754         Net Pension Liability       8,243,126       6,658,156         Deferred Inflows of Resources       609,972       981,761         Net Position         Net Investment in Capital Assets       56,190,025       54,505,315         Restricted       1,690,000       2,909,280         Unrestricted:       3,400,000       5,025,582         Undesignated       3,400,000       5,025,582         Undesignated       5,819,281       7,202,556	•	Þ		Ф	
Other Long-Term Liabilities       438,790       421,754         Net Pension Liability       8,243,126       6,658,156         Deferred Inflows of Resources       609,972       981,761         Net Position         Net Investment in Capital Assets       56,190,025       54,505,315         Restricted       1,690,000       2,909,280         Unrestricted:       0       3,400,000       5,025,582         Undesignated       3,819,281       7,202,556     Total Liabilities, Deferred Inflows of Resources and Net	· · · · · · · · · · · · · · · · · · ·				
Net Pension Liability       8,243,126       6,658,156         Deferred Inflows of Resources       609,972       981,761         Net Position         Net Investment in Capital Assets       56,190,025       54,505,315         Restricted       1,690,000       2,909,280         Unrestricted:       3,400,000       5,025,582         Undesignated       3,400,000       5,819,281       7,202,556     Total Liabilities, Deferred Inflows of Resources and Net	- · · · · · · · · · · · · · · · · · · ·				
Net Position           Net Investment in Capital Assets         56,190,025         54,505,315           Restricted         1,690,000         2,909,280           Unrestricted:         3,400,000         5,025,582           Undesignated         5,819,281         7,202,556    Total Liabilities, Deferred Inflows of Resources and Net	Net Pension Liability		·		•
Net Investment in Capital Assets       56,190,025       54,505,315         Restricted       1,690,000       2,909,280         Unrestricted:       Designated       3,400,000       5,025,582         Undesignated       5,819,281       7,202,556    Total Liabilities, Deferred Inflows of Resources and Net	Deferred Inflows of Resources		609,972		981,761
Restricted       1,690,000       2,909,280         Unrestricted:       3,400,000       5,025,582         Undesignated       5,819,281       7,202,556    Total Liabilities, Deferred Inflows of Resources and Net	Net Position				
Unrestricted:         3,400,000         5,025,582           Undesignated         5,819,281         7,202,556    Total Liabilities, Deferred Inflows of Resources and Net	Net Investment in Capital Assets		56,190,025		54,505,315
Designated         3,400,000         5,025,582           Undesignated         5,819,281         7,202,556    Total Liabilities, Deferred Inflows of Resources and Net			1,690,000		2,909,280
Undesignated 5,819,281 7,202,556  Total Liabilities, Deferred Inflows of Resources and Net			3,400,000		5.025.582
	<b>-</b>	-			
	Total Liabilities Deferred Inflows of Resources and Not				
	•	\$ _	97,692,415	\$	98,363,256

#### SUMMARY OF SYNOPSIS OF 2015 AUDIT REPORT TWO RIVERS WATER RECLAMATION AUTHORITY COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

		For the Fiscal Years Ended October 31,			
		<u>2015</u>		<u>2014</u>	
Operating Developer					
Operating Revenues: Customer Municipalities	\$	7 440 220	\$	7 6 4 4 0 4 6	
Participating Municipalities	Ф	7,148,320	Þ	7,644,016	
Farticipating Municipalities		5,823,915		5,773,366	
Total Operating Revenues	****	12,972,235		13,417,382	
Operating Expenses:					
Administration and General		2,032,794		1,910,963	
Treatment Plant and Main Pumping Station		5,834,126		5,647,841	
Lines and System Pumping Stations		1,146,308		1,124,790	
Depreciation		2,856,044		3,200,457	
Renewal and Replacement		225,958		122,257	
Nonewar and Neplacement	-	223,930	•	122,231	
Total Operating Expenses	*****	12,095,230		12,006,308	
Operating Income		877,005	-	1,411,074	
Nonoperating Revenues (Expenses) - Net		231,307		548,575	
Change in Net Position		1,108,312		1,959,649	
On a sight Harry					
Special Item:		(0.054.7700)			
Settlements of litigation		(3,651,739)	-		
Change in Net Position after Special Item		(2,543,427)		1,959,649	
Total Net Position, Beginning		69,642,733		75,467,431	
Restatement for pension liability and related expense				(7,784,347)	
Total Net Position, Beginning, as restated	-	69,642,733	•	67,683,084	
- <del>-</del>			-		
Total Net Position, Ending	\$_	67,099,306	\$	69,642,733	

#### RECOMMENDATIONS OCTOBER 31, 2015

It is recommended that:

2015-1 Payroll deductions for employees' contributions for health insurance be compliant with the requirements of Chapter 78, P.L. 2011.

2015-2 The Authority's financial statement close procedures be strictly adhered to.

The preceding summary of synopsis was prepared from the report of audit of the Two Rivers Water Reclamation Authority, County of Monmouth, New Jersey, for the years ended October 31, 2015 and 2014. The report of audit, submitted by David A. Kaplan, Certified Public Accountant, for the firm of Wiss and Company, LLP, is on file at the Administration Building and may be inspected by any interested person.

A corrective action plan, which outlines actions the Two Rivers Water Reclamation 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 and made available for public inspection in the office of the Executive Director of the Two Rivers Water Reclamation Authority within 45 days of this notice.

Michael A. Gianforte, P.E. Executive Director

#### APPENDIX A

### AUDIT QUESTIONNAIRE FOR AUTHORITY AUDITS

Each question must be answered. Please circle Yes of No. If any are not applicable, insert N/A as your answer.

AUTHORITY	Two Rivers Water Reclamation Authority	
YEAR	October 31, 2015	
AUDITOR SIGNATURE	Quedatal	APPARA STATE OF THE STATE OF TH
AUDITOR FIRM	WISS & COMPANY, LLP	
AUDITOR ADDRESS	485C Route 1 South, Iselin, NJ 08830	
AUDITOR PHONE #	<u>(732) 283-9300</u>	

<sup>&</sup>quot;NO" answers must be explained in detail. Attach additional sheets if more space is required. Answers to questions which indicate corrections or improvements are required and must be covered by comment and recommendation in the audit report. If not covered, explain in detail.