

Lebanon County Stormwater Consortium

Financial Statement

Year Ended June 30, 2018
with Independent Auditor's Report

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LEBANON COUNTY STORMWATER CONSORTIUM

YEAR ENDED JUNE 30, 2018

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Independent Auditor's Report

Members of the Consortium Lebanon County Stormwater Consortium

We have audited the accompanying cash basis financial statement (financial statement) of the Lebanon County Stormwater Consortium (Consortium) as of and for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprise the Consortium's basic financial statement, as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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, we 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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances of the Consortium as of June 30, 2018, and the cash receipts and cash disbursements for the year then ended, in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 to the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Maher Duessel

Harrisburg, Pennsylvania
January 25, 2019

LEBANON COUNTY STORMWATER CONSORTIUM

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES

AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Cash Receipts:

Participant contributions	\$ 354,882
Interest income	1,780
Total cash receipts	<u>356,662</u>

Cash Disbursements:

Administrative	18,053
Engineering	73,315
Legal	1,830
Total cash disbursements	<u>93,198</u>

Excess of Cash Receipts over Cash Disbursements 263,464

Cash:

Beginning of year	-
End of year	<u>\$ 263,464</u>

Cash:

Checking account - held by the Redevelopment Authority of the County of Lebanon	<u>\$ 263,464</u>
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The accompanying notes are an integral part of this financial statement.

LEBANON COUNTY STORMWATER CONSORTIUM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

1. Summary of Significant Accounting Policies

As a result of the Federal Clean Water mandates, in August 2017, the Redevelopment Authority of the County of Lebanon (Authority), along with participating municipalities (Participants), entered into an Intergovernmental Cooperation Agreement (Agreement) for the implementation of the Lebanon County Regional Chesapeake Bay Pollutant Reduction Plan (CBPRP). The Participants are collectively known as the Lebanon County Stormwater Consortium (Consortium). The participants of the Consortium have a mutual interest in restoring the impaired waters of Lebanon County, Pennsylvania (County), and have committed to working together to implement a Regional Plan that identifies and funds cost effective Best Management Practices (BMPs) to reduce the annual amount of nitrogen, phosphorous, and sediment entering impaired surface waters in the County. The term of the Agreement is five years.

The Consortium was formed in August 2017; however, there was no formal activity until January 2018.

Reporting Entity

The Governmental Accounting Standards Board (GASB) requires that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in the governmental accounting standards have been considered.

The Consortium's governing body is comprised of six voting members which are elected by the participant municipalities, one non-voting designated representative from the Lebanon County Planning Department, and one non-voting designated representative of the Authority. The Authority also serves as administrator for the Consortium.

There are no agencies or entities that should be presented with the Consortium.

Basis of Accounting

The Consortium has adopted the cash basis of accounting, which is a special purpose framework other than accounting principles generally accepted in the United States of America. This basis recognizes receipts and disbursements when they result from cash transactions.

LEBANON COUNTY STORMWATER CONSORTIUM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

Participant Contributions

The annual financial contribution from each Participant is calculated based upon an agreed-upon formula that includes miles of impaired streams, the 2010 population per the United States Census, and acres of impervious coverage, each as it relates to the Participant's jurisdiction.

2. Cash – Held by the Redevelopment Authority of the County of Lebanon

Custodial credit risk is the risk that in the event of a bank failure, the Consortium's deposits may not be returned to it. The Consortium does not have a formal deposit policy for custodial credit risk. At June 30, 2018, the Consortium's deposit balances, held by the Authority as administrator for the Consortium, were \$263,464.

The entire deposit balance at June 30, 2018 was collateralized under Act No. 72 (Act) of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits.

3. Related Party Transactions

The Authority serves as the administrator for the Consortium. The Consortium pays the Authority an administrative fee based on hourly rates set forth in the Intergovernmental Cooperative Agreement. The Consortium also reimburses the Authority for any costs paid on behalf of the Consortium. During the year ended June 30, 2018, the Consortium paid the Authority administrative fees and reimbursements of \$17,444.

4. Commitments

During the year ended June 30, 2018, the Consortium approved a contract for engineering costs not to exceed \$97,000. At June 30, 2018, approved costs of \$23,685 remain unpaid.