

**OCEAN COUNTY SOIL  
CONSERVATION DISTRICT  
Forked River, New Jersey**

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**REPORT OF AUDIT  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2017**

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**OCEAN COUNTY SOIL CONSERVATION DISTRICT**

**ROSTER OF OFFICIALS**

**JUNE 30, 2017**

**CONSERVATION DISTRICT BOARD OF SUPERVISORS**

**THE DISTRICT GOVERNING BODY**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dr. William J. Pollock	Chairman	June 30, 2018
Anthony DiLodovico	Vice-Chairman	June 30, 2018
Charlene H. Costaris	Treasurer	June 30, 2019
Dr. Michael Gross	Secretary	June 30, 2020
Martha Maxwell-Doyle	Supervisor	June 30, 2019

**MANAGEMENT AND ADMINISTRATIVE STAFF**

Christine R. Raabe	District Director
Kerry Jennings	Assistant District Director
Jean Baluski	Office Manager

Note – The District maintains an Employee Theft-Blanket, Forgery or Alteration Insurance Policy in the amount of \$200,000.

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

(856) 629-3111  
Fax (856) 728-2245  
[www.coalvita.net](http://www.coalvita.net)

August 16, 2017

## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Ocean County Soil Conservation District  
714 Lacey Road  
Forked River, New Jersey 08731

To the Board of Supervisors:

### **Report on Financial Statements**

We have audited the accompanying financial statements of the Ocean County Soil Conservation District as of June 30, 2017 and the related statements of activities and changes in net position and of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Ocean County Soil Conservation District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial provisions of the New Jersey Department of Agriculture's Financial Accounting Manual. Management is also responsible 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 the audit requirements prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual, as required by the New Jersey State Soil Conservation Committee. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of the New Jersey Department of Agriculture's Financial Accounting Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America, as required by the New Jersey State Soil Conservation Committee.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Ocean County Soil Conservation District, as of June 30, 2017 and 2016, or the results of its operations and changes in net position for the years then ended.

### **Opinion on Statutory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ocean County Soil Conservation District, as of June 30, 2017, and the changes in net position and its cash flows for the year then ended in accordance with the financial provisions of the New Jersey Department of Agriculture's Financial Accounting Manual.

### **Report on Summarized Comparative Information**

We have previously audited Ocean County Soil Conservation District's 2016 financial statements, and our report dated August 27, 2016, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Required Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ocean County Soil Conservation District's financial statements as a whole. The accompanying supplementary information listed in the foregoing table of contents, is presented for the purposes of additional analysis as required by the New Jersey Department of Agriculture's Financial Accounting Manual in accordance with those standards regarding the statement of budget versus actual revenue and expenditures - all funds combined and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 and the audit requirements as prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual. In our opinion, the statement of budget versus actual revenue and expenditures is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

### *Other Information*

The schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis and are not required by the New Jersey Department of Agriculture's Financial Accounting Manual 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 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 and the audit requirements as prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual. In our opinion, the schedule of expenditures of federal awards and state financial assistance is 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 a report dated August 16, 2017 on our consideration of the Ocean County Soil Conservation District's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Ocean County Soil Conservation District's internal control over financial reporting and compliance.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A.  
Registered Municipal Accountant

# NIGHTLINGER, COLAVITA & VOLPA

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August 16, 2017

## 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

Board of Supervisors  
Ocean County Soil Conservation District  
714 Lacey Rd  
Forked River, New Jersey 08731

To the Board of Supervisors:

We have audited the financial statements of the Ocean County Soil Conservation District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Ocean County Soil Conservation District's basic financial statements and have issued our report thereon dated August 16, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; audit requirements as prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. 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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with such 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**.

### **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** in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the Ocean County Soil Conservation District, the funding sources of the Ocean County Soil Conservation District, the New Jersey Department of Agriculture, and Federal and State audit agencies and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**

A handwritten signature in black ink, appearing to read 'Raymond Colavita', written in a cursive style.

Raymond Colavita, C.P.A.  
Registered Municipal Accountant



**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017 and 2016**

	Temporarily Restricted				Totals	
	Unrestricted	Chapter 251 Reserves	Equipment Fund	Grant Fund	June 30, 2017	June 30, 2016
<b><u>ASSETS</u></b>						
Current Assets						
Cash Savings and Temporary Investments						
Operating Funds	\$ 329,717	\$ 3,395,069	\$	\$	\$ 3,724,786	\$ 3,688,886
Accounts Receivable:						
New Jersey Stormwater Aid		9,400			9,400	14,900
Federal Grants				10	10	1,671
Prepaid Expense (Note 15)		19,382			19,382	20,480
Interfund Receivable		326,488		3,229	329,717	233,699
Total Current Assets	329,717	3,750,339		3,239	4,083,295	3,959,636
Property, Plant and Equipment (Note 1E)						
Land and Buildings			422,524		422,524	422,524
Vehicles and Equipment			222,596		222,596	171,610
Less: Accumulated Depreciation			(331,605)		(331,605)	(325,772)
Total Property, Plant and Equipment			313,515		313,515	268,362
Total Assets	\$ 329,717	\$ 3,750,339	\$ 313,515	\$ 3,239	\$ 4,396,810	\$ 4,227,998

The accompanying Notes to Financial Statements are an integral part of this statement.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017 and 2016**

	Temporarily Restricted				Totals	
	Unrestricted	Chapter 251 Reserves	Equipment Fund	Grant Fund	June 30, 2017	June 30, 2016
<b><u>LIABILITIES, NET POSITION AND RESERVES</u></b>						
<b>Current Liabilities</b>						
Accounts Payable	\$	\$ 5,031	\$	\$	\$ 5,031	\$ 11,223
Due to the State of New Jersey		8,970			8,970	10,545
Accrued Payroll Liabilities		16,038			16,038	19,445
Unearned Revenue (Note 13)				3,239	3,239	
Interfund Payable	329,717				329,717	233,699
Total Current Liabilities	329,717	30,039		3,239	362,995	274,912
<b>Reserves</b>						
Reserve for Future Legal Fees (Note 3)		40,000			40,000	40,000
Reserve for Future Soil Erosion and Sediment Control Act Expenditures (Note 4)		3,430,266			3,430,266	3,296,994
Reserve for Compensated Absences (Note 12)		155,034			155,034	176,256
Reserve for Retirement Health Benefits (Note 16)		75,000			75,000	75,000
Reserve for Vehicle Acquisitions (Note 17)		20,000			20,000	20,000
Total Reserves		3,720,300			3,720,300	3,608,250
<b>Net Position</b>						
Unrestricted Net Position						76,474
Temporarily Restricted Net Position			313,515		313,515	268,362
Total Net Position			313,515		313,515	344,836
Total Liabilities, Net Position and Reserves	\$ 329,717	\$ 3,750,339	\$ 313,515	\$ 3,239	\$ 4,396,810	\$ 4,227,998

The accompanying Notes to Financial Statements are an integral part of this statement.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**STATEMENT OF ACITIVITIES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2017 AND 2016**

	Unrestricted	Temporarily Restricted			Totals	
		Chapter 251	Equipment Fund	Grant Fund	June 30, 2017	June 30, 2016
Support and Revenue:						
Soil Erosion and Sediment Control Act Fees	\$	\$ 1,481,034	\$	\$	\$ 1,481,034	\$ 1,666,359
Interest on Deposits	1,093	16,346			17,439	24,722
RFA Fees (New Jersey Stormwater Aid)		41,800			41,800	40,450
319 - OCPD				1,950	1,950	2,395
NJ Yards						15,968
Lawn to Garden				5,923	5,923	3,574
American Littoral Society				4,240	4,240	
Miscellaneous		2,911			2,911	4,319
Roundtable	900				900	1,400
Non-Cash In-Kind; Included as Expenditures Below (Note 2)		100,943			100,943	110,979
Total Support and Revenue	\$ 1,993	\$ 1,643,034	\$	\$ 12,113	\$ 1,657,140	\$ 1,870,166
Expenditures and Net Assets Released from Restrictions:						
Professional Fees	\$	\$ 16,010	\$	\$	\$ 16,010	\$ 14,245
Building Expense:						
Maintenance		24,011			24,011	14,670
Utilities		8,619			8,619	8,098
Office Equipment		2,728			2,728	2,303
319 - OCPD				1,950	1,950	2,395
NJ Yards						15,968
Lawn to Garden				5,923	5,923	3,574
American Littoral Society				4,240	4,240	
Depreciation			16,933		16,933	10,549
Dues and Donations		10,050			10,050	4,515
Insurance		46,920			46,920	38,331
Miscellaneous	4,646				4,646	1,483
Office Expense		95,528			95,528	51,966
Website Expenses		1,500			1,500	1,650

The accompanying Notes to Financial Statements are an integral part of this statement.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**STATEMENT OF ACITIVITIES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2017 AND 2016**

	Unrestricted	Temporarily Restricted			Totals	
		Chapter 251 Reserves	Equipment Fund	Grant Fund	June 30, 2017	June 30, 2016
Expenditures (Continued)						
Payroll	\$ 52,181	\$ 509,045	\$	\$	\$ 561,226	\$ 538,445
Payroll Tax	18,203	189,851			208,054	185,703
Employee Benefits		309,815			309,815	303,607
Annual Employer Pension Contribution		121,961			121,961	99,364
Poster Contest	250				250	56
Roundtable	2,492				2,492	1,698
Service Contracts		7,970			7,970	8,281
Telephone		3,784			3,784	4,825
Vehicle Expense		14,787			14,787	13,683
Workshops, Meetings and Training	448	5,623			6,071	6,258
In-Kind Support		100,943			100,943	110,979
Expenditures and Net Assets Released from Restrictions:	78,220	1,469,145	16,933	12,113	1,576,411	1,442,646
Excess (Deficiency) of Support and Revenue Over Expenditures	(76,227)	173,889	(16,933)		80,729	427,520
Non-Operating Sources and Uses:						
Reserve for Soil Erosion and Sediment Control Act Expenditures		(90,828)			(90,828)	(2,354,280)
Compensated Absences		(21,222)			(21,222)	(18,262)
Transfers	(247)	(61,839)	62,086			
Prior Year Accounts Receivable Adjustment						
Net Position beginning of year	76,474		268,362		344,836	2,289,858
Net Position, end of year	\$	\$	\$ 313,515	\$	\$ 313,515	\$ 344,836

The accompanying Notes to Financial Statements are an integral part of this statement.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**COMPARATIVE STATEMENT OF CASH FLOWS - ALL FUNDS COMBINED**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>Totals for the Period ended</u>	
	<u>June</u> <u>30, 2017</u>	<u>June</u> <u>30, 2016</u>
Cash Flows provided (used) by Operating Activities		
Excess (Deficiency) of Support and Revenue over Expenditures	\$ 80,729	\$ 427,520
Adjustments to Reconcile Excess (Deficiency) of Support and Revenue over Expenditures to Net Cash provided by Operating Activities:		
Depreciation	16,933	10,549
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	7,161	(1,896)
(Increase) Prepaid Expense	1,098	(1,240)
(Decrease) Increase in Accounts Payable	(6,192)	4,484
(Decrease) Increase in Unearned Revenue	3,239	(3,250)
(Decrease) Accrued Payroll Liabilities	(3,407)	(531)
(Decrease) Increase in Due to State of New Jersey	(1,575)	1,785
Net Cash Provided (Used) by Operating Activities	<u>17,257</u>	<u>9,901</u>
Cash Flows Used by Investing Activities		
Purchase of Fixed Assets	<u>(62,086)</u>	
Net Cash Provided (Used) by Investing Activities	<u>(62,086)</u>	
Net Increase (Decrease) in Cash	35,900	422,767
Cash and Cash Equivalents -		
July 1, 2016 - Beginning of Year	<u>3,688,886</u>	<u>3,266,119</u>
Cash and Cash Equivalents -		
June 30, 2017 - End of Year	<u>\$ 3,724,786</u>	<u>\$ 3,688,886</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A Description of Financial Reporting Entity**

The Ocean County Soil Conservation District is one of fifteen Districts in the State of New Jersey under the auspices of the New Jersey Department of Agriculture. Each District is governed by a Board of Supervisors, which sets policies and performance guidelines. The Districts work closely with the U.S. Department of Agriculture /Natural Resources Conservation Service to promote the wise use of soil and water resources. In 1976, the Districts in New Jersey were mandated to administer Chapter 251, The Soil Erosion and Sediment Control Act of 1976, the objective of which was to prevent erosion and sedimentation from development sites, mitigate impacts to soil resources and enhance soil quality.

**B Organization**

The District is a governmental subdivision of the State of New Jersey, and a public body corporate and politic, located in Forked River, Township of Lacey, County of Ocean. It was organized in accordance with the provisions of the Soil Conservation Act, N.J.S.A. 4:24 et seq. with a five member Board of Supervisors appointed by the State Committee as the governing body.

The supervisors serve staggered three-year terms with the nominations made by an open public forum. Districts and their partners conduct and implement conservation programs. Districts may receive funding from a variety of public and private sources and employ staff to carry out programs as directed by the Board. All funds, regardless of the source are public funds and are subject to the State Committee's fiscal management standards, rules and statutes.

**C Financial Statement Presentation**

The District is required to report information regarding its financial position and activities according to three classes of assets, which are Unrestricted Net Position, Temporarily Restricted Net Position and Permanently Restricted Net Position. Unrestricted Net Position can be expended by the District for any aspect of its operations and at any time, as determined by management. Temporarily Restricted Net Position are either restricted as to a specific program, a specific time period or both, but will eventually be expended by the District. Permanently Restricted Net Position can never be expended, but benefit the District through investment earnings on such assets. As of June 30, 2017, the District had only Unrestricted and Temporarily Restricted Net Position.

**D Basis of Accounting**

The accounting policies of the District conform to practices prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 and 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D Basis of Accounting - Continued**

All of the District's funds are accounted for using the modified accrual basis of accounting. Support and revenues are recognized when they become both measurable and available as net current assets. Expenditures are recognized when the related fund liability is incurred. Chapter 251 revenue is recognized when received and Chapter 251 expenses are recognized when incurred.

The accounts of the District shall be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, Net Position, support, revenues and expenditures. Fixed asset purchases are to be recorded in the fund of acquisition, with an appropriate transfer to the equipment fund. Accumulated depreciation is reported on the statement of financial position.

**E Property, Plant and Equipment Fund**

Capital Assets acquired or constructed during the year are recorded at cost and reflected as expenditures in the applicable governmental fund. Donated assets are valued at their estimated fair market value on the date received. Capital Assets acquired are transferred into the Property, Plant and Equipment fund. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets as listed below:

Equipment	5 Years
Vehicles	5 Years
Furniture	7 Years
Land Improvements	15 Years
Building and Improvements	40 Years

**F Amortization of Financing Costs**

Financing costs, if any, are amortized over the term of the loan using the straight-line method.

**G Use of Estimates**

The preparation of financial statements in conformity with the New Jersey Department of Agriculture's Financial Accounting Manual requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and disclosures at the date of the financial statements, as well as the reported amounts of revenue and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 and 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H Reclassifications**

Certain amounts previously reported in the prior year financial statements may be reclassified to conform to current year classifications. These reclassifications have no effect on the total Net Position of the District.

**I Comparative Data**

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statement in order to provide an understanding of the changes in the district's financial position and operations.

**J Support and Expenses**

Contributions and restricted grant revenues are measured at their fair market values and are reported as an increase in net position. The District reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor or grantor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is satisfied, temporarily restricted net position are reclassified to unrestricted net position and reported in the statement of activities as net position released from restrictions.

**2. NON-CASH SUPPORT**

Non-cash support consisting of payroll, fringe benefits, travel and per diem expenses, postage, printing, supplies and indirect support, provided by the federal and state governments to assist in the operations of the District, is as follows:

		<u>Federal</u>	<u>State</u>	<u>Total June 30, 2017</u>
Indirect Support			\$ 35,000	\$ 35,000
Salaries	\$	37,315		37,315
Fringe Benefits		13,492		13,492
Rent, Telephone and Other		15,136		15,136
Totals	\$	<u>65,943</u>	<u>\$ 35,000</u>	<u>\$ 100,943</u>



**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 and 2016**

**3. RESERVE FOR FUTURE LEGAL COSTS**

The Reserve for Future Legal Costs provides the District with funds necessary to pay for estimated future legal costs incurred as a result of current Chapter 251 operations. The District has set this Reserve at \$40,000, as of June, 30 2017.

**4. RESERVE FOR FUTURE SOIL EROSION AND SEDIMENT CONTROL EXPENDITURES**

The Reserve for Future Soil Erosion and Sediment Control Act Expenditures is established to identify the funds available for the costs of future expenditures on projects currently received and in progress, for which fees under the act have been previously collected.

All fees collected from applicants are restricted to the Chapter 251 program and used only for implementing that program. The reserve balance includes the unexpended initial review/certification/inspection fees and supplemental fees received. At the option of the District Board and pursuant to formal action by the District Board, interest income from reserve balances may be utilized for the Chapter 251 program or for the District education program. Use of interest income is authorized by N.J.A.C. 2:90-1.12 and pursuant to policy approval by the State Soil Conservation Committee on September 13, 2007. The certification fees collected by the District are derived from an adopted fee schedule that was effective starting August 1, 2010. On April 15, 2010, a \$25 increase was approved for State Administration fees.

The Reserve for Future Soil Erosion and Sediment Control Act Expenditures at June 30, 2017 was \$3,430,266, as compared with \$3,296,994 in the prior year.

**5. CASH AND TEMPORARY INVESTMENTS**

The District is responsible to designate and approve a list of authorized depository institutions based on their evaluation of each financial institution.

Cash may consist of demand deposits and temporary investments in the form of certificates of deposit held at financial institutions. For purposes of the statement of cash flows, the Ocean County Soil Conservation District considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 and 2016**

**5. CASH AND TEMPORARY INVESTMENTS (CONTINUED)**

**New Jersey Cash Management Fund**

All Fund investments are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and minimize the related risks. The Division has never suffered a default of principal or interest on any security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as protection for "Other-than-State" participants. As of June 30, 2017, the District had \$-0- on deposit with the New Jersey Cash Management Fund.

**6. CONCENTRATION OF CUSTODIAL CREDIT RISK**

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2017, the District's bank balance of \$3,730,878 was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 500,000
Collateralized by securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name	<u>3,230,878</u>
	<u><u>\$ 3,730,878</u></u>

**7. RISK MANAGEMENT**

The Soil Conservation District 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.

**8. DEFERRED COMPENSATION SALARY ACCOUNT**

The District offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 and 2016**

**9. CONTINGENT LIABILITIES**

Per confirmation by the Ocean County Soil Conservation District's legal counsel, there are no pending litigations, claims, assessments, unasserted claims, or contingent liabilities against the District, which are considered material.

**10. PENSION**

**Description of Plans-** All required employees of the District are covered by the Public Employees' Retirement System (PERS) which has been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the system will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who are enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

**Public Employees' Retirement System**

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 and 2016**

**10. PENSION (CONTINUED)**

**Public Employees' Retirement System (Continued)**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS who retired from a municipality with 25 years of service.

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

**Contributions** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.06% through June 30, 2016 and 7.20% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 12.46% of covered payroll. The District's contributions to PERS for the years ended June 30, 2017, and 2016, were \$121,961 and \$99,364 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The total payroll for the year ended June 30, 2017 was \$745,206. Payroll covered by PERS was \$676,070 for fiscal year 2017.

Information regarding contributions made by the State of New Jersey on behalf of the District is not available. Contributions to the system for the year ended June 30, 2017 is as follows:

	<u>PERS</u>
Employees	\$ 48,677
District	<u>121,961</u>
Total	\$ <u>170,638</u>

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 and 2016**

**10. PENSION (CONTINUED)**

**Public Employees' Retirement System (Continued)**

The District is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2017, as follows:

<b>Public Employees Retirement System</b>					
<b>Fiscal Year</b>	<b>Normal Contribution</b>	<b>Accrued Liability</b>	<b>Total Liability</b>	<b>Funded by State</b>	<b>Paid by District</b>
2017	\$ 13,275	\$ 67,558	\$ 121,961	\$ N/A	\$ 121,961

**Components of Net Pension Liability** - At June 30, 2017, the District's proportionate share of the PERS net pension liability was \$2,829,308. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2016. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The District's proportion measured as of June 30, 2016, was 0.00955% which was an increase of 0.00227% from its proportion measured as of June 30, 2015.

**Pension Expense and Deferred Outflows/Inflows of Resources** - The District's 2017 PERS pension expense, with respect to GASB 68, was 372,288. The District's 2017 deferred outflows of resources and deferred inflows of resources were from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 52,617	\$
Changes of assumptions	586,082	
Net difference between projected and actual earnings		
on pension plan investments	107,884	
Changes in proportion	446,682	-
Contributions subsequent to the measurement date	121,961	
Total	\$ 1,315,226	\$ 0

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 and 2016**

**10. PENSION (CONTINUED)**

**Public Employees' Retirement System (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year		PERS
2018	\$	266,882
2019		266,882
2020		286,092
2021		255,172
2022		118,237
Thereafter		
Total	\$	1,193,265

**Additional Information-Collective Balances at June 30, 2017 and 2016 are as follows:**

Year		6/30/2017		6/30/2016
Collective deferred outflows of resources	\$	1,315,226	\$	312,389
Collective deferred inflows of resources		-		26,283
Collective Net Pension Liability		2,829,308		1,634,724
District's Proportion		0.00955%		0.00728%

**Actuarial Assumptions** - The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<b><u>PERS</u></b>
Measurement Date	June 30, 2016
Actuarial Valuation Date	July 1, 2015
Investment Rate of Return	7.65%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	3.08%

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 and 2016**

**10. PENSION (CONTINUED)**

**Public Employees' Retirement System (Continued)**

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 and 2016**

**10. PENSION (CONTINUED)**

**Public Employees' Retirement System (Continued)**

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

PERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
US Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100.00%	



**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 and 2016**

**10. PENSION (CONTINUED)**

**Public Employees' Retirement System (Continued)**

**Discount Rate** - The discount rate as of June 30, 2016 used to measure the total pension liability was 3.98% for PERS. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate** - The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount (3.98%)	1% Increase (4.98%)
District's proportionate share of			
the net pension liability	\$ 3,466,987	\$ 2,829,308	\$ 2,302,849

**Pension Plan Fiduciary Net Position** - Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

**11. PROPERTY AND LIABILITY INSURANCE**

The District maintains commercial insurance coverage for property, liability, and employee dishonesty. Adequacy of insurance coverage is the responsibility of the District.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 and 2016**

**12. RESERVE FOR COMPENSATED ABSENCES**

Compensated absences are those absences for which employees will be paid, such as vacation or sick leave. While the benefit has already been earned, payment is conditioned upon use of the time earned or payment upon retirement, based on the policy in affect at the time of separation. Therefore, a liability has not been set up on the balance sheet but net position have instead been reserved. The balance in the reserve, as of June 30, 2017, is \$155,034.

**13. UNEARNED REVENUE**

Unearned revenue represents restricted revenue that has been received but not yet earned. District Management reviews the status of unearned revenue on an ongoing basis.

The District had no unearned revenue, as of June 30, 2017.

**14. REQUEST FOR AUTHORIZATION**

All storm water discharge associated with construction activity within the State of New Jersey incurs a fee payable to "Treasurer – State of New Jersey". A portion of the fee is due to the New Jersey Department of Environmental Protection, the remaining is split 70% and 30% to the district and State Soil Conservation Committee, respectively.

**15. PREPAID EXPENSE**

Prepaid expenses represent expenses paid in advance, which creates a benefit beyond the current period. As of June 30, 2017, the District had \$19,382 in prepaid expenses.

**16. RESERVE FOR RETIREMENT HEALTH BENEFITS**

The board has designated a portion of Net Position, in the amount of \$75,000, for future health care cost of retired district personnel.

**17. RESERVE FOR VEHICLE ACQUISITIONS**

The board has designated a portion of Net Position, in the amount of \$20,000, for future vehicle acquisitions.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 and 2016**

**18. NJ BAY FRIENDLY YARDS AND STORMWATER PRACTICES**

On October 1, 2013, the Ocean County Soil Conservation District entered into an agreement with Ocean County College, whereby, the District shall provide services in support of the development of a comprehensive integrated web-based application for NJ property owners. The District shall be reimbursed for all allowable costs associated with this project, in an amount not to exceed \$16,000.

During the 2016-17 year, the District submitted and received its final reimbursement for the Yards Project. As such, the project was considered closed, as of June 30, 2017.

**19. LAWN TO GARDEN - GOING GREEN, SAVING GREEN**

On October 1, 2016, the Ocean County Soil Conservation District entered into an agreement with Ocean County College, whereby, the District shall coordinate directly with Ocean First Bank to implement "extreme lawn makeovers" on three pre-selected Bank properties located in the areas of Toms River, Brick, and Jackson. The District shall be reimbursed for allowable costs associated with this project, in an amount not to exceed \$9,800. As of June 30, 2017, the project had a balance of \$303 reflected as Unearned Revenue in the Statement of Financial Position.

**20. OPERATING LEASES**

As of the audit date of August 16, 2017, the District has three outstanding operating lease agreements. Future minimum payments associated with each lease are as follows:

Year	Phone System	Postage Machine	Copy Machine
2017-18	\$ 1,935	\$ 1,728	\$ 1,308
2018-19	1,935	1,728	1,308
2019-20	1,935	1,728	1,308
2020-21	161	1,728	109
2021-22		1,296	
Total	<u>\$ 5,966</u>	<u>\$ 8,208</u>	<u>\$ 4,033</u>

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2017 and 2016**

**21. SUBSEQUENT EVENTS**

There were no material events between June 30, 2017 and August 16, 2017 affecting the financial status of the Ocean County Soil Conservation District.

End of Notes to Financial Statements

## **SCHEDULES**

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**SCHEDULE OF BUDGET VERSUS ACTUAL REVENUE**  
**AND EXPENDITURES - ALL FUNDS COMBINED**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Budget After Transfers	Actual	Under/(Over) Budget
<b><u>Support &amp; Revenue</u></b>			
Chapter 251			
Capital Expense Fund Balance	\$ 92,602	\$	\$ 92,602
Interest on Investments	21,605	16,346	5,259
SESC Fees	1,381,702	1,481,034	(99,332)
RFA Funds	23,300	41,800	(18,500)
Employee Share of Health Insurance	57,700		57,700
General Income			
319H NJ Yards	1,753	5,923	(4,170)
319H Ocean County Basin Grant	20,000	1,950	18,050
319H American Littoral Society	5,000	4,240	760
Ocean First Grant	9,800		9,800
Roundtable	1,500	900	600
Interest on Investments	1,000	1,093	(93)
Miscellaneous		2,911	(2,911)
Total Per Exhibit B(1)	\$ 1,615,962	1,556,197	\$ 59,765
Adjustment			
In-Kind Support (Federal/State)		100,943	
Total Support and Revenue - to Exhibit B		\$ 1,657,140	
<b><u>Expenditures</u></b>			
Chapter 251			
Capital Expense Account	\$ 92,602	\$ 62,086	\$ 30,516
Professional Fees	29,500	16,010	13,490
Building Expense:			
Maintenance	25,000	24,011	989
Utilities	12,900	8,619	4,281
Dues	3,880	9,100	(5,220)
Donations	5,900	950	4,950
Office Equipment	9,000	2,728	6,272
Equipment Rental/Service Contracts	8,135	7,970	165
Employee Benefits	335,600	309,815	25,785
Payroll Expenses	891,213	891,241	(28)
Insurance	47,344	46,920	424
Office Expenses	68,735	95,528	(26,793)
Website Expenses	5,000	1,500	3,500
Telephone	4,000	3,784	216
Vehicle Expenses	17,500	14,787	2,713
Workshop, Meetings & Training	20,600	5,623	14,977
General			
Roundtable	1,500	2,492	(992)
Poster Contest	350	250	100
Workshop, Meetings & Training	600	448	152
Trout in the Classroom	50		50
Miscellaneous		4,646	(4,646)
Grant Project Expenses	36,553	12,113	24,440
Total Expenditures	\$ 1,615,962	1,520,621	\$ 95,341
Adjustment			
In-Kind Support (Federal/State)		100,943	
Depreciation		16,933	
Fixed Assets Additions		(62,086)	
Total Expenditures - to Exhibit B		\$ 1,576,411	

The accompanying Notes to Financial Statements are an integral part of this statement.

SCHEDULE 2

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor Pass-Through Program Title	Federal CFDA Number	Grant Award Amount	Grant Period		Balance June 30, 2016	Cash/Revenue Received	Expenditures	Balance June 30, 2017	
			From	To				(Accounts Receivable)	Unearned Revenue
US Dept. of Agriculture: In-Kind Contribution	N/A	\$ 65,943	7/1/15	6/30/16	\$	\$ 65,943	\$ (65,943)	\$	
US Environmental Protection Agency Ocean County College From Lawn to Garden - Going Green, Saving Green	66.456	9,800	8/1/15	2/1/17	(1,671)	7,897	(5,923)		303
NJ Department of Environmental Protection 319h - Ocean County Planning Board	RP09-076	16,000	7/1/16	6/30/17		1,940	(1,950)	(10)	
American Littoral Society	RP11-036	7,176	3/1/16	10/18/16		7,176	(4,240)		2,936
					<u>\$ (1,671)</u>	<u>\$ 82,956</u>	<u>\$ (78,056)</u>	<u>\$ (10)</u>	<u>\$ 3,239</u>

The Ocean County Soil Conservation District is not subject to federal or state single audit requirements.

The accompanying Notes to the Financial Statements are an integral part of this schedule

SCHEDULE 3

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

State Grantor Program Title	GMIS Number	Grant Award Amount	Grant Period		Balance July 1, 2016	Cash Revenue Received	Expenditures	Balance June 30, 2017	
			From	To				(Accounts Receivable)	Unearned Revenue
State of New Jersey Dept. of Agriculture:									
In-Kind Contribution	N/A	\$ 35,000	7/1/16	6/30/17	\$	\$ 35,000	\$ (35,000)	\$	\$
					\$	\$ 35,000	\$ (35,000)	\$	\$

The Ocean County Soil Conservation District is not subject to federal or state single audit requirements.

The accompanying Notes to the Financial Statements are an integral part of this schedule



**OCEAN COUNTY SOIL CONSERVATION DISTRICT**

**COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED JUNE 30, 2017**

**COMMENTS**

**Administrative Practices and Procedures**

Purchases shall be in conformance with the State Public Contracts Law for securing formal bids in excess of \$17,500 and on quotations for purchases over \$2,625, where it is possible to solicit more than one quotation. If there is a reason why quotations are not solicited, a brief explanation regarding this should be documented and included in the District minutes. For purchases, which are unusual or not routine in nature, a policy should be adopted addressing such purchases. Any suggested policy should be reviewed with the solicitor. In addition, when making purchases utilizing the state contract system, the award of such a contract shall be authorized by a resolution of the Board of Supervisors as required by N.J.A.C. 5:34-1.2. No exceptions were noted.

Chapter 251 fees collected appear to be in accordance with the adopted fee schedule.

According to the revised **Financial Accounting Manual for New Jersey Soil Conservation Districts**, various internal controls must be in place and followed, in order to demonstrate that an appropriate control environment exists over disbursements by check. For example, checks issued in excess of \$1,000 must have two signatures. No exceptions were noted.

**Financial Planning, Accounting and Reporting**

In August 2016, a revised **Financial Accounting Manual for New Jersey Soil Conservation Districts** was adopted by the NJ State Soil Committee, which contained a new uniform budget format. The 2016-17 District budget was presented in the format prescribed by the revised financial accounting manual.

The **Financial Accounting Manual for New Jersey Soil Conservation Districts** indicates that, as of June 30, 1992, the accounting period to be used by all soil conservation districts was to be the same as that of the State of New Jersey.

**Computerized Accounting System**

The District implemented a computerized accounting system on the accrual basis. It is suggested that the District continue to monitor and make adjustments for non-cash activity, in order for the accrual system of accounting to be fully utilized.

**OCEAN COUNTY SOIL CONSERVATION DISTRICT**

**COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR JUNE 30, 2017**

**FINDINGS:**

None

**Status of Prior Year Recommendations**

None

**APPRECIATION**

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

Should any questions arise as to our comments, please do not hesitate to call us.