

Ocean County Soil Conservation District

Financial Statements

For the Year Ended June 30, 2022

Ocean County Soil Conservation District

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For the Year Ended June 30, 2022

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Ocean County Soil Conservation District

Roster of Officials

June 30, 2022

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, 2024
Charlene H. Costaris	Treasurer	June 30, 2022
Dr. Michael Gross	Secretary	June 30, 2023
Martha Maxwell-Doyle	Board member	June 30, 2022

MANAGEMENT AND ADMINISTRATIVE STAFF

Christine R. Raabe	District Director
Jean Baluski	Assistant District Director
Christina Mooney	Office Manager

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Ocean County Soil Conservation District:

Opinions

We have audited the accompanying financial statements of the Ocean County Soil Conservation District, which comprise the statement of position as of June 30, 2022 and the related statements of activities and changes in net assets 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 financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ocean County Soil Conservation District, as of June 30, 2022, and the respective changes in net assets, and its cash flows thereof for the year then ended in accordance with the financial provisions of the New Jersey Department of Agriculture's Financial Accounting Manual as described in Note 1.

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 section of our report, 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, 2022, or changes in net position, or cash flows thereof for the year then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Ocean County Soil Conservation District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

As described in Note 1, the financial statements are prepared by the Ocean County Soil Conservation District, on the basis of the financial reporting provisions of 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, to meet the requirements of New Jersey Department of Agriculture. The effects on the financial statements of the variances between the regulatory 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 and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting 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 Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ocean County Soil Conservation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ocean County Soil Conservation District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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 requires 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 - all funds combined is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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 basic financial statements. The accompanying schedules of expenditures of federal awards and the comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements by the New Jersey Department of Agriculture's Financial Accounting Manual. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and comments and recommendations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

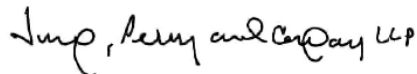
In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022, on our consideration of the Ocean County Soil Conservation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ocean County Soil Conservation District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ocean County Soil Conservation District's internal control over financial reporting and compliance.

Prior Period Financial Statements

The financial statements of the Ocean County Soil Conservation District as of June 30, 2021, were audited by other auditors whose report dated December 22, 2021, expressed an adverse opinion on those statements.

Report on Summarized Comparative Information

The previously audited Ocean County Soil Conservation District 2021 financial statements, which were audited by other auditors, expressed an adverse audit opinion on those audited financial statements in the report dated December 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "Joseph, Berry and Company LLP".

Toms River, New Jersey
November 14, 2022

Ocean County Soil Conservation District
Statement of Financial Position
June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

ASSETS

	<u>Unrestricted</u>	<u>Chapter 251</u>	<u>Restricted Equipment Fund</u>	<u>Grant Fund</u>	<u>Totals June 30, 2022</u>	<u>June 30, 2021</u>
Current assets:						
Cash and cash equivalents	\$ 261,977	\$ 3,170,166	\$ -	\$ -	\$ 3,432,143	\$ 3,874,501
Investments	-	441,118	-	-	441,118	-
Accounts receivable:	-	-	-	-	-	-
New Jersey Stormwater Aid	-	34,100	-	-	34,100	13,200
Federal grants	-	-	-	7,191	7,191	8,264
Other	-	3,325	-	-	3,325	-
Prepaid expenses	-	15,819	-	-	15,819	16,644
Interfund receivable	-	271,657	-	-	271,657	247,220
	<u>261,977</u>	<u>3,936,185</u>	<u>-</u>	<u>7,191</u>	<u>4,205,353</u>	<u>4,159,829</u>
Total current assets						
Property and equipment:						
Land and buildings	-	-	424,674	-	424,674	424,674
Vehicles and equipment	-	-	239,678	-	239,678	239,678
	<u>-</u>	<u>-</u>	<u>664,352</u>	<u>-</u>	<u>664,352</u>	<u>664,352</u>
Total property and equipment						
Less: Accumulated depreciation	-	-	406,393	-	406,393	375,731
	<u>-</u>	<u>-</u>	<u>257,959</u>	<u>-</u>	<u>257,959</u>	<u>288,621</u>
Net property and equipment						
Total assets	\$ <u>261,977</u>	\$ <u>3,936,185</u>	\$ <u>257,959</u>	\$ <u>7,191</u>	\$ <u>4,463,312</u>	\$ <u>4,448,450</u>

See independent auditor's report and accompanying notes to the financial statements.

Ocean County Soil Conservation District
Statement of Financial Position
June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

LIABILITIES AND NET POSITION

		Restricted			Totals	
	Unrestricted	Chapter 251	Equipment Fund	Grant Fund	June 30, 2022	June 30, 2021
Current liabilities:						
Accounts payable	\$ -	\$ 39,459	\$ -	\$ -	\$ 39,459	\$ 31,885
Due to the state of NJ	-	15,030	-	-	15,030	10,085
Accrued payroll	-	31,794	-	-	31,794	16,996
Interfund payable	<u>264,466</u>	<u>-</u>	<u>-</u>	<u>7,191</u>	<u>271,657</u>	<u>247,220</u>
Total current liabilities	<u>264,466</u>	<u>86,283</u>	<u>-</u>	<u>7,191</u>	<u>357,940</u>	<u>306,186</u>
Reserves:						
Reserve for future legal fees	-	40,000	-	-	40,000	40,000
Reserve for future soil erosion and sediment control act expenditures	-	3,432,510	-	-	3,432,510	3,424,323
Reserve for compensated absences	-	142,392	-	-	142,392	152,528
Reserve for retirement health benefits	-	195,000	-	-	195,000	195,000
Reserve for vehicle acquisitions	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>
Total reserves	<u>-</u>	<u>3,849,902</u>	<u>-</u>	<u>-</u>	<u>3,849,902</u>	<u>3,851,851</u>
Net position:						
Unrestricted	(2,489)	-	-	-	(2,489)	1,792
Restricted for:						
Equipment fund	-	-	257,959	-	257,959	288,621
Grant fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net position	<u>(2,489)</u>	<u>-</u>	<u>257,959</u>	<u>-</u>	<u>255,470</u>	<u>290,413</u>
Total liabilities and net position	<u>\$ 261,977</u>	<u>\$ 3,936,185</u>	<u>\$ 257,959</u>	<u>\$ 7,191</u>	<u>\$ 4,463,312</u>	<u>\$ 4,448,450</u>

See independent auditor's report and accompanying notes to the financial statements.

Ocean County Soil Conservation District
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	<u>Unrestricted</u>	<u>Chapter 251</u>	<u>Restricted</u> <u>Equipment Fund</u>	<u>Grant Fund</u>	<u>Totals</u> <u>June 30, 2022</u>	<u>June 30, 2021</u>
Support and revenue:						
Soil Erosion and Sediment						
Control Act fees	\$ -	\$ 1,403,217	\$ -	\$ -	\$ 1,403,217	\$ 1,562,475
Interest on deposits	716	12,117	-	-	12,833	26,887
RFS fees						
(New Jersey Stormwater Aid)		38,080	-	-	38,080	32,095
BBP-320 Grant						
(Jersey Friendly Yards)	-	-	-	26,742	26,742	18,338
NACD tech assistant	-	-	-	35,000	35,000	48,475
SJRCDC Lakewood Retrofit Project	-	-	-	4,485	4,485	1,824
Roundtable	950	-	-	-	950	-
Miscellaneous	-	5,863	-	-	5,863	7,694
Unrealized gain (loss)	-	538	-	-	538	-
Total support and revenue	\$ 1,666	\$ 1,459,815	\$ -	\$ 66,227	\$ 1,527,708	\$ 1,697,788

See independent auditor's report and accompanying notes to the financial statements.

Ocean County Soil Conservation District
Statement of Activities and Changes in Net Assets (Continued)
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

			Restricted		Totals	
	Unrestricted	Chapter 251	Equipment Fund	Grant Fund	June 30, 2022	June 30, 2021
Expenses:						
Salaries and wages	\$ -	\$ 733,838	\$ -	\$ 41,023	\$ 774,861	\$ 533,880
Payroll taxes	-	62,837	-	-	62,837	200,109
Employee benefits	-	343,543	-	22,199	365,742	349,096
Annual employer pension contribution	-	144,781	-	-	144,781	119,943
Professional fees	-	21,595	-	-	21,595	22,244
Building expense:						
Maintenance	-	14,711	-	-	14,711	12,221
Utilities	-	13,935	-	-	13,935	11,258
Office equipment	-	9,017	-	59	9,076	7,177
Dues and donations	-	3,201	-	-	3,201	6,448
Insurance	-	40,433	-	-	40,433	35,707
Office expense	-	14,618	-	-	14,618	17,308
Website expenses	-	4,919	-	-	4,919	500
Poster contest	50	-	-	-	50	50
Roundtable	4,600	-	-	-	4,600	-
Equipment rental/service contracts	-	8,684	-	-	8,684	7,987
Telephone	-	11,253	-	-	11,253	10,172
Vehicle expense	-	13,599	-	1,081	14,680	11,532
Workshops, meetings and training	50	2,483	-	1,865	4,398	4,971
Contracted services with CASCD	-	15,960	-	-	15,960	14,040
BBP-320 Grant						
(Jersey Friendly Yards)	-	-	-	-	-	18,338
Miscellaneous	1,247	2,357	-	-	3,604	910
Depreciation	-	-	30,662	-	30,662	33,057
Total expenses	5,947	1,461,764	30,662	66,227	1,564,600	1,416,948
Excess (deficiency) of support and revenue over expenditures	\$ (4,281)	\$ (1,949)	\$ (30,662)	\$ -	\$ (36,892)	\$ 280,840

See independent auditor's report and accompanying notes to the financial statements.

Ocean County Soil Conservation District
Statement of Activities and Changes in Net Assets (Continued)
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	<u>Unrestricted</u>	<u>Restricted</u>			<u>Totals</u>	
		<u>Chapter 251</u>	<u>Equipment Fund</u>	<u>Grant Fund</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Non-operating sources and uses:						
Reserve for soil erosion and sediment control act expenditures	\$ -	\$ (8,187)	\$ -	\$ -	\$ (8,187)	\$ (346,400)
Compensated absences	-	10,136	-	-	10,136	22,513
Retirement health benefits		-	-	-	-	40,000
Net assets, beginning of year	<u>1,792</u>	<u>-</u>	<u>288,621</u>	<u>-</u>	<u>290,413</u>	<u>293,460</u>
Net assets, end of year	<u>\$ (2,489)</u>	<u>\$ -</u>	<u>\$ 257,959</u>	<u>\$ -</u>	<u>\$ 255,470</u>	<u>\$ 290,413</u>

See independent auditor's report and accompanying notes to the financial statements.

Ocean County Soil Conservation District
Statement of Cash Flows - All Funds Combined
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows provided (used) by operating activities:		
Excess (deficiency) of support and revenue over expenditures	\$ (36,892)	\$ 280,840
Adjustments to reconcile excess (deficiency) of support and revenue over expenses to net cash used in operating activities:		
Depreciation	30,662	33,057
Unrealized (gain)/loss on investments	(538)	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable - other	(24,225)	(7,179)
(Increase) decrease in accounts receivable - grants	1,073	-
(Increase) decrease in prepaid expenses	825	972
(Decrease) increase in accounts payable	7,574	(2,786)
(Decrease) Increase in accrued payroll liabilities	14,798	4,611
(Decrease) Increase in due to State of New Jersey	<u>4,945</u>	<u>(1,750)</u>
Net cash provided (used) by operating activities	<u>(1,778)</u>	<u>307,765</u>
Cash Flows provided (used) by investing activities:		
Purchases of investments	(440,580)	-
Purchase of property and equipment	<u>-</u>	<u>(29,555)</u>
Net cash provided (used) by investing activities	<u>(440,580)</u>	<u>(29,555)</u>
Net increase (decrease) in cash and temporary investments	(442,358)	278,210
Cash and temporary investments, beginning of year	<u>3,874,501</u>	<u>3,596,291</u>
Cash and temporary investments, end of year	<u>\$ 3,432,143</u>	<u>\$ 3,874,501</u>
Supplemental disclosure of non-cash activities:		
Increase (decrease) in Reserve for Soil Erosion and Sediment Control Act Expenditures	\$ 8,187	\$ 346,400

See independent auditor's report and accompanying notes to the financial statements.

Ocean County Soil Conservation District
Notes to Financial Statements
June 30, 2022 and 2021

1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Ocean County Soil Conservation District ("the 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.

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.

Financial Statement Presentation

The District is required to report information regarding its financial position and activities according to two classes of assets, which are Unrestricted Net Position and 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. Restricted Net Position is either restricted as to a specific program, a specific time period or both, but will eventually be expended by the District. As of June 30, 2022, the District had Unrestricted and Restricted Net Position.

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 (continued)
June 30, 2022 and 2021

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities.

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.

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

During 2021-22, the District did not have any fixed assets additions or deletions.

Amortization of Financing Costs

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

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 (continued)
June 30, 2022 and 2021

1. Summary of Significant Accounting Policies (continued)

Comparative Data

The financial statements include certain prior-year summarized comparative information in total, but not by net position class. Such information does not include sufficient detail to constitute a presentation in conformity with the New Jersey Department of Agriculture's Financial Accounting Manual. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2021, from which the summarized information was derived.

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, Restricted Net Position are reclassified to Unrestricted Net Position and reported in the statement of activities as Net Position released from restrictions.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 3,432,143
Investments	441,118
Accounts receivable	44,616
	<u>\$ 3,917,877</u>

The District's financial assets are distributed between six accounts at two financial institution.

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, 2022.

4. Reserve for Retirement Health Benefits

The board has designated a portion of Net Position, in the amount of \$195,000, for future health care cost of retired district personnel.

5. Reserve for Vehicle Acquisitions

The board has designated a portion of Net Position, in the amount of \$40,000, for future vehicle acquisitions.

Ocean County Soil Conservation District
Notes to Financial Statements (continued)
June 30, 2022 and 2021

6. 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, 2022 was \$3,432,510, as compared with \$3,424,323 in the prior year.

7. 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.

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, 2022, the District did not have any funds on deposit with the New Jersey Cash Management Fund.

8. Investments

At June 30, 2022, investments consisted of the following:

	<u>Cost</u>	<u>Market</u>
U.S. Treasury Bonds	\$ 440,580	441,118
	<u>\$ 440,580</u>	<u>441,118</u>

Ocean County Soil Conservation District
Notes to Financial Statements (continued)
June 30, 2022 and 2021

9. Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

Fair Value Measurements at Reporting Date Using

		Quoted Prices In Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Fair Value</u>			
U.S. Treasury Bonds	\$ 441,118	441,118	-	-
Total Assets	<u>\$ 441,118</u>	<u>441,118</u>	<u>-</u>	<u>-</u>

All assets have been valued using a market approach.

10. 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 et 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, 2022, the District's bank balance of \$3,202,824 was insured or collateralized as follows:

Insured by FDIC	\$ 250,000
Uninsured and collateralized by GUDPA by pledging financial institutions	<u>2,952,824</u>
	<u>\$ 3,202,824</u>

11. 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.

Ocean County Soil Conservation District
Notes to Financial Statements (continued)
June 30, 2022 and 2021

12. 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.

13. Prepaid Expense

Prepaid expenses represent expenses paid in advance, which creates a benefit beyond the current period. As of June 30, 2022, the District had \$15,819 in prepaid expenses.

14. Accounts Receivable - New Jersey Stormwater Aid

Accounts receivable-New Jersey Stormwater Aid consists of \$37,425 as of June 30, 2022. Management estimates that all receivables are collectible and that no allowance for uncollectible accounts is required.

15. Accounts Receivable - Grants

Accounts receivable consists of \$7,191 as of June 30, 2022. Management estimates that all receivables are collectible and that no allowance for uncollectible accounts is required.

16. 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.

Ocean County Soil Conservation District
Notes to Financial Statements (continued)
June 30, 2022 and 2021

17. Pension Plans

Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's annual financial statements, which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

The District does not and is not required to follow generally accepted accounting principles (GAAP) and, as such, does not follow GASB requirements with respect to the recording of pension liabilities and deferred outflows/inflows of resources on its balance sheets. Therefore, the following information is provided for disclosure purposes only and is not reflected in the financial statements of the District.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were 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

Ocean County Soil Conservation District
Notes to Financial Statements (continued)
June 30, 2022 and 2021

17. Pension Plans (continued)

Public Employees' Retirement System (continued)

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. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2022, the District reported a liability of \$1,094,180 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedure to roll forward the total pension liability from an actuarial valuation as of July 1, 2020, to the measurement date of June 30, 2021. 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, 2020. The District's proportion measured as of June 30, 2021, was .0092363164%, which was a increase of 0.0016% from its proportion measured as of June 30, 2020.

Ocean County Soil Conservation District
Notes to Financial Statements (continued)
June 30, 2022 and 2021

17. Pension Plans (continued)

Public Employees' Retirement System (continued)

For the year ended June 30, 2022, the District recognized full accrual pension expense of \$(12,674) in the financial statements consisting of employer contributions of \$108,168 and non-employer contributions of \$(120,842). This pension expense was based on the pension plans June 30, 2021 measurement date. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,257	\$ 7,833
Changes of assumptions	5,698	389,535
Net difference between projected and actual earnings on pension plan investments	-	288,236
Changes in proportion and differences between District contributions and proportionate share of contributions	303,135	252,698
District contributions subsequent to the measurement date	144,781	-
Total	<u>\$ 470,871</u>	<u>\$ 938,302</u>

\$144,781 reported as deferred outflows of resources resulting from district contributions subsequent to the measurement date is estimated based on unadjusted 2021-2022 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2023 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (238,528)
2023	(170,308)
2024	(116,121)
2025	(87,289)
2026	32
Thereafter	-
Total	<u>\$ (612,214)</u>

Ocean County Soil Conservation District
Notes to Financial Statements (continued)
June 30, 2022 and 2021

17. Pension Plans (continued)

Public Employees' Retirement System (continued)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	5.16	-
June 30, 2021	5.13	
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
Net Difference between projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2016	5.00	5.00
June 30, 2017	5.00	5.00
June 30, 2018	5.00	5.00
June 30, 2019	5.00	5.00
June 30, 2020	5.00	5.00
June 30, 2021	5.00	5.00

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.13, 5.16, 5.21, 5.63, 5.48, and 5.57 years for the 2021, 2020, 2019, 2018, 2017, and 2016 amounts, respectively.

Ocean County Soil Conservation District
Notes to Financial Statements (continued)
June 30, 2022 and 2021

17. Pension Plans (continued)

Public Employees' Retirement System (continued)

Actuarial Assumptions - The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% - 6.00% based on years of service
Thereafter	3.00% - 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below- Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

Ocean County Soil Conservation District
Notes to Financial Statements (continued)
June 30, 2022 and 2021

17. Pension Plans (continued)

Public Employees' Retirement System (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00 %	8.09 %
Non-U.S. Developed Markets Equity	13.50 %	8.71 %
Emerging Markets Equity	5.50 %	10.96 %
Private Equity	13.00 %	11.30 %
Real Assets	3.00 %	7.40 %
Real Estate	8.00 %	9.15 %
High Yield	2.00 %	3.75 %
Private Credit	8.00 %	7.60 %
Investment Grade Credit	8.00 %	1.68 %
Cash Equivalents	4.00 %	0.50 %
U.S. Treasuries	5.00 %	0.95 %
Risk Mitigation Strategies	3.00 %	3.35 %

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2021, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	1,505,935	1,094,180	766,310

Ocean County Soil Conservation District
Notes to Financial Statements (continued)
June 30, 2022 and 2021

17. Pension Plans (continued)

Public Employees' Retirement System (continued)

Additional Information - The following is a summary of the collective balances of the local group:

	<u>6/30/22</u>	<u>6/30/21</u>
Collective Deferred Outflows of Resources	1,164,738,169	2,347,583,337
Collective Deferred Inflows of Resources	8,339,123,762	7,849,949,467
Collective Net Pension Liability	11,972,782,878	16,435,616,426
District's Portion	.0092363164%	.0076174444%

18. Postemployment Benefits other than Pensions (OPEB)

General Information about the OPEB Plan - The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Ocean County Soil Conservation District
Notes to Financial Statements (continued)
June 30, 2022 and 2021

18. Postemployment Benefits other than Pensions (OPEB) (continued)

General Information about the OPEB Plan (continued) - Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Special Funding Situation - The District is considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the District does not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the District related to this legislation. However, the notes to the financial statements of the District must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the District.

Basis of Presentation - The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The following disclosures were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology - GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2021 were \$5,512,481,278 and \$12,598,993,950, respectively.

Ocean County Soil Conservation District
Notes to Financial Statements (continued)
June 30, 2022 and 2021

18. Postemployment Benefits other than Pensions (OPEB) (continued)

Allocation Methodology (continued) - The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2020 through June 30, 2021. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability - The State of New Jersey's net OPEB liability, as of June 30, 2020 was \$17,946,612,946. Of this amount, the net OPEB liability attributable to the District was \$3,272,385. The State of New Jersey's proportionate share of the net OPEB liability is 100%, including the proportion attributable to the District of 0.018234%. The total OPEB liability for the District measured as of June 30, 2021 is \$- as a result of the Special Funding Situation with the State of New Jersey.

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	Plan
Inflation Rate	2.50%
Salary Increases:	Based on Age
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate -

The following presents the collective net OPEB liability of the participating employers as of June 30, 2020, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At Decrease	June 30, 2020 At Discount Rate	At Increase
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
\$	21,216,688,254	17,946,612,946	15,358,051,000

Ocean County Soil Conservation District
Notes to Financial Statements (continued)
June 30, 2022 and 2021

18. Postemployment Benefits other than Pensions (OPEB) (continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate - The following presents the collective net OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2020 Healthcare Cost	
	<u>Trend Rate</u>	
1.00% Decrease		1.00% Increase
\$ 14,850,840,718	17,946,612,946	22,000,569,109

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - The District's proportionate OPEB expense, as of June 30, 2020 was \$94,582. The District had proportionate deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	86,192	\$ 609,379
Changes of assumptions	489,446	727,728
Net difference between projected and actual earnings on OPEB plan investments	2,078	-
Changes in proportion	544,685	165,902
Total	\$ <u>1,122,401</u>	\$ <u>1,503,009</u>

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2020:

	<u>6/30/2021</u>	<u>6/30/2020</u>
Collective Deferred Outflows of Resources	\$ 7,524,438,130	\$ 2,780,762,969
Collective Deferred Inflows of Resources	11,689,136,161	11,531,430,224
Collective Net OPEB Liability	17,946,612,946	13,546,071,100
District's Portion	01823400 %	01877800 %

The collective amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year</u>	<u>OPEB</u>
2021	\$ (964,720,007)
2022	(965,594,678)
2023	(967,008,484)
2024	(968,300,349)
2025	(660,258,014)
Thereafter	361,183,501
Total	\$ <u>(4,164,698,031)</u>

Ocean County Soil Conservation District
Notes to Financial Statements (continued)
June 30, 2022 and 2021

19. 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.

20. 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 has instead been reserved. The balance in the reserve, as of June 30, 2022, is \$142,392.

21. 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.

22. Ocean County College Barnegat Bay Partnership Grant

During the 2020-21 year, the Ocean County Soil Conservation District entered into an agreement with Ocean County College, whereby, the District is sub-contracted to develop and coordinate programs and workshops to educate property owners and develop a community focused suite of Bay-Friendly stewardship certification programs for residents, municipalities, and schools. The District shall be reimbursed for all allowable costs associated with this project, in an amount not to exceed \$67,000. As of June 30, 2022, the District had a balance of \$5,535 due from the Ocean County College BBP grant.

23. NACD-Technical Assistance

On July 27, 2020, the District entered into an agreement with the National Association of Conservation Districts (NACD) increasing the technical assistance to the community for improving the conditions of natural resources. In addition on May 9, 2021, the District entered into a second agreement with NACD to continue the above services. During the 2020-2021 fiscal year, the District received \$- to fund the expenses incurred by the District. The District shall be reimbursed for allowable costs incurred, as a result of the services provided for an amount not to exceed \$49,750. As of June 30, 2022, the District had no balance due from the NACD.

Ocean County Soil Conservation District
Notes to Financial Statements (continued)
June 30, 2022 and 2021

24. JSRCD - Lakewood Township Stormwater Basin Retrofit Grant

In the 2020-2021 year, the District entered into an agreement with SJRCD to administer a grant from the New Jersey Department of Environmental Protection to implement up to 12 stormwater basin retrofits within the Metedeconk River watershed within the municipal boundaries of Lakewood Township. The District shall be reimbursed for allowable costs incurred, as a result of the services provided for an amount not to exceed a total budget of \$325,000. As of June 30, 2022, the District had a balance of \$1,656 due from the SJRCD.

25. Operating Leases

As of June 30, 2022 the District has two outstanding operating lease agreements. The future minimum payments associated with each lease are as follows:

<u>Year</u>	<u>Postage Machine</u>	<u>Copy Machine</u>	<u>Total</u>
2022-23	\$ 1,944	\$ 1,308	\$ 3,252
2023-24	1,944	1,308	3,252
2024-25	1,944	1,308	3,252
2025-26	1,944	-	1,944
2026-27	<u>648</u>	<u>-</u>	<u>648</u>
Total	\$ <u>8,424</u>	\$ <u>3,924</u>	\$ <u>12,348</u>

26. Related Party Transactions

On occasion, certain activities related to the land development industry may be provided by Board Supervisors as a professional service to a developer. In such cases and in accordance with N.J.S.A. section 52:13D, the applicable Board Supervisor recuses him, or herself, from any decisions concerning these applications. The New Jersey State Soil Conservation Committee approves the appointments of all Board Supervisors.

27. Subsequent Events

There were no material events between June 30, 2022 and November 14, 2022 affecting the financial status of the Ocean County Soil Conservation District.

28. Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation. These reclassifications have no effect on net position.

Ocean County Soil Conservation District
Statement of Budget Versus Actual Revenues and Expenditures - All Funds Combined
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

		Total Funds		June 30, 2021
	Budget (Unaudited)	Actual	Under/(Over) Budget	Actual
Support and revenue:				
Chapter 251:				
Capital expense fund balance	\$ 70,000	\$ -	\$ 70,000	\$ -
Interest on investments	31,102	12,117	18,985	25,113
SESC fees	1,514,880	1,403,217	111,663	1,562,475
RFA funds	30,775	38,080	(7,305)	32,095
Miscellaneous	-	5,863	(5,863)	7,694
Total Chapter 251 income	1,646,757	1,459,277	187,480	1,627,377
General:				
BBP-320 Grant (Jersey Friendly Yards)	52,244	26,742	25,502	18,338
SJRC&D Lakewood Grant	24,600	4,485	20,115	1,824
NACD technical assistance	-	35,000	(35,000)	48,475
Roundtable	-	950	(950)	-
Interest on investments	2,408	716	1,692	1,774
Unrealized gain (loss)	-	538	(538)	-
Total general	79,252	68,431	10,821	70,411
Total support and revenue	\$ 1,726,009	\$ 1,527,708	\$ 198,301	\$ 1,697,788

See independent auditor's report and accompanying notes to the financial statements.

Ocean County Soil Conservation District
Statement of Budget Versus Actual Revenues and Expenditures - All Funds Combined (Continued)
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	Total Funds			June 30, 2021
	Budget (Unaudited)	Actual	Under/(Over) Budget	Actual
Expenditures:				
Chapter 251:				
Capital Expense Account	\$ 70,000	\$ -	\$ 70,000	\$ -
Professional Fees	42,500	21,595	20,905	22,244
Building Expense:				
Maintenance	12,000	14,711	(2,711)	12,221
Utilities	14,800	13,935	865	11,258
Dues	3,570	2,376	1,194	3,232
Donations	1,100	825	275	3,216
Office Equipment	12,500	9,017	3,483	7,177
Equipment Rentals/Service Contracts	8,650	8,684	(34)	7,987
Employee Benefits	371,300	343,543	27,757	349,096
Payroll Expenses	1,007,887	941,456	66,431	864,147
Insurance	43,500	40,433	3,067	35,707
Office Expenses	36,400	14,618	21,782	17,308
Website Expenses	5,000	4,919	81	500
Telephone	5,000	11,253	(6,253)	10,172
Vehicle Expenses	21,700	13,599	8,101	11,532
Workshop, Meetings, and Training	12,000	2,483	9,517	4,612
Contracted Services with CASCD	-	15,960	(15,960)	14,040
Miscellaneous	-	2,357	(2,357)	-
Total Chapter 251 expenses	<u>1,667,907</u>	<u>1,461,764</u>	<u>206,143</u>	<u>1,374,449</u>
General:				
Roundtable	-	4,600	(4,600)	-
Poster Contest	350	50	300	50
Workshop, Meetings, and Training	-	50	(50)	359
Miscellaneous	<u>2,058</u>	<u>1,247</u>	<u>811</u>	<u>910</u>
Total general expenses	<u>2,408</u>	<u>5,947</u>	<u>(3,539)</u>	<u>1,319</u>
Grant Project Expenses	76,844	66,227	10,617	8,123
Depreciation	<u>-</u>	<u>30,662</u>	<u>(30,662)</u>	<u>33,057</u>
Total expenditures	<u>1,747,159</u>	<u>1,564,600</u>	<u>182,559</u>	<u>1,416,948</u>
Excess (deficiency) of support and revenue over expenditures	\$ <u>(21,150)</u>	\$ <u>(36,892)</u>	\$ <u>15,742</u>	\$ <u>280,840</u>

See independent auditor's report and accompanying notes to the financial statements.



INDEPENDENT AUDITOR'S 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*

To the Ocean County Soil Conservation District:

We have audited, in accordance with the 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, the financial statements of the governmental activities of the Ocean County Soil Conservation District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Ocean County Soil Conservation District's financial statements, and have issued our report thereon dated November 14, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ocean County Soil Conservation District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ocean County Soil Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Ocean County Soil Conservation District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

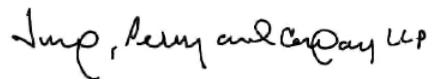
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ocean County Soil Conservation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

A handwritten signature in cursive script that reads "J. Lee and Company, LLP".

Toms River, New Jersey
November 14, 2022

Ocean County Soil Conservation District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor Pass-Through Program Title	Federal CFDA Number	Grant Award Amount	Grant Period		Grant Award Amount		Balance June 30, 2021	Cash Received	Expenditures	Balance June 30, 2022	
			From	To	Local Match	Federal				(Accounts Receivable)	Unearned Revenue
US Environmental Protection Agency Ocean County College Outreach Support for Jersey-Friendly Yards and Bay-Friendly Stewardship Certification Program	66.456	\$ 67,000	6/9/2020	6/8/2023	\$ -	\$ -	\$ (7,571)	\$ 28,778	\$ (26,742)	\$ (5,535)	\$ -
National Resource Conservation Services: Passed-Through the National Association of Conservation Districts NACD Technical Assist. - Grant II (TA2020)	N/A	\$ 49,750	7/27/2020	6/8/2023	8,950	40,800	-	35,000	(35,000)	-	-
US Department of Environmental Protection: New Jersey Department of Environmental Protection Division of Watershed Management Passed Through South Jersey Resource Conservation & Development Council Lakewood Township Stormwater Basin Retrofit Project	66.605	\$ 24,600	3/2/2020	3/2/2024	-	-	(693)	3,522	(4,485)	(1,656)	-
					<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,264)</u>	<u>\$ 67,300</u>	<u>\$ (66,227)</u>	<u>\$ (7,191)</u>	<u>\$ -</u>

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

Ocean County Soil Conservation District
Comments and Recommendations
For the Year Ended June 30, 2022

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 \$3,625, 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 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.

Revenues and receipts were properly recorded within the District's accounting records.

The District made deposits within the required 5 business days.

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.

Purchases were made with the proper authorizations.

The Internal Revenue Service regulations require that Form 1099 be filed for each unincorporated person to whom at least \$600 for services was paid. No exceptions were noted.

Financial Planning, Accounting and Reporting

In August 2015, 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 2021-22 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.

Ocean County Soil Conservation District
Comments and Recommendations
For the Year Ended June 30, 2022

Comments (Continued)

Financial Planning, Accounting and Reporting (Continued)

The Chapter 251 Reserve Fund Balance shall be evaluated annually by the District Board to determine its adequacy based on the Chapter 251 workload obligations remaining to be completed. Districts have the ability to assess additional fees beyond the initial fees received following the exhaustion of the original fees received. Once the district is able to determine the amount of money on hand for each individual file a total will be calculated at the end of each fiscal year during the audit. This total amount of all funds for each 251 project will determine the reserve needed by each district. The district should have as a target at the end of each fiscal year of having close to 100% of the restricted reserves for 251 projects to complete those projects still active. Anything less than 110% for this purpose serves as a warning that reserves may not be sufficient to complete projects as additional fees for projects may not be collected or additional inspections are needed requiring additional funds. The District has met the 110% reserve requirement.

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.