

Report of Audit

on the

*Financial Statements
and Supplementary Schedules*

of the

***Ocean County
Soil Conservation
District***

in

*Forked River
New Jersey*

for the

*Year Ended
June 30, 2024*

OCEAN COUNTY SOIL CONSERVATION DISTRICT

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OCEAN COUNTY SOIL CONSERVATION DISTRICT

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PART I

INDEPENDENT AUDITORS REPORT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
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FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

ROSTER OF OFFICIALS



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the various individual funds and account groups of the Ocean County Soil Conservation District (the "District"), which consist of the statement of net position as of June 30, 2024, the related statement of activities and changes in net position of the various individual funds for the year then ended and the statement of cash flows - all funds combined for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the various individual funds and account groups as of June 30, 2024, the results of activities and changes in net position for the year then ended and the cash flows - all funds combined for the year ended June 30, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the audit requirements prescribed by the State Soil Conservation Committee of the New Jersey Department of Agriculture (the "Committee"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 GAAS, *Government Auditing Standards* and the audit requirements prescribed by the State Soil Conservation Committee of the New Jersey Department of Agriculture (the "Committee"), 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 GAAS, *Government Auditing Standards* and the audit requirements prescribed by the State Soil Conservation Committee of the New Jersey Department of Agriculture (the "Committee"), 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The supplementary information and data listed in the table of contents as required by the Committee are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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Such information is the responsibility of management and was derived from and relate 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 supplemental information and data listed in the table of contents as required by the Committee is fairly stated in all material respects, in relation to the 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 December 6, 2024 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 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 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 the Ocean County Soil Conservation District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

December 6, 2024



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**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**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the State Soil Conservation Committee of the New Jersey Department of Agriculture 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 various individual funds and account groups of the Ocean County Soil Conservation District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 6, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 Ocean County Soil Conservation District'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.

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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 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 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 determination of financial statement amounts. 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 Ocean County Soil Conservation District'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 Ocean County Soil Conservation District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

December 6, 2024

OCEAN COUNTY SOIL CONSERVATION DISTRICT

STATEMENT OF NET POSITION

FOR THE YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Unrestricted	Chapter 251 Reserves	Restricted		Totals	
			Equipment Fund	Grant Fund	June 30, 2024	June 30, 2023
Assets						
Current Assets:						
Cash and Cash Equivalents	\$ 194,606.27	\$ 3,397,453.76	\$	\$ 12,437.35	\$ 3,604,497.38	\$ 3,841,743.90
Investments						149,732.25
Accounts Receivable:						
New Jersey Stormwater Aid		11,350.00			11,350.00	11,350.00
Grants Receivable	65,668.25	410,311.95		53,230.90	53,230.90	110.94
Interfunds	260,274.52	3,819,115.71		65,668.25	475,980.20	410,311.95
Total Current Assets					4,145,058.48	4,413,249.04
Property, Plant and Equipment:						
Land, Building, Vehicles and Equipment			707,235.99		707,235.99	665,775.99
Less: Accumulated Depreciation			(474,310.07)		(474,310.07)	(437,339.58)
Total Property, Plant and Equipment			232,925.92		232,925.92	228,436.41
Total Assets	260,274.52	3,819,115.71	232,925.92	65,668.25	4,377,984.40	4,641,685.45
Deferred Outflows of Resources:						
Deferred Pension Outflows		552,387.00			552,387.00	424,105.00
Deferred OPEB Outflows		2,052,083.00			2,052,083.00	1,295,251.00
Total Deferred Outflows of Resources		2,604,470.00			2,604,470.00	1,719,356.00
Total Assets and Deferred Outflows of Resources	\$ 260,274.52	\$ 6,423,585.71	\$ 232,925.92	\$ 65,668.25	\$ 6,982,454.40	\$ 6,361,041.45

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

OCEAN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	<u>Unrestricted</u>	<u>Chapter 251 Reserves</u>	<u>Restricted Equipment Fund</u>	<u>Grant Fund</u>	<u>Totals</u>
	<u>June 30, 2024</u>	<u>June 30, 2024</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2023</u>
<u>Liabilities and Net Position:</u>					
Current Liabilities:					
Accounts Payable	\$	\$	\$	\$	\$
Due State of New Jersey		12,675.00			38,598.90
Accrued Expenses					14,860.00
Net Pension Liability		1,589,553.00			31,793.94
Net OPEB Liability		3,619,127.00			1,407,837.00
Interfunds	410,311.95				3,191,806.00
Total Liabilities	<u>410,311.95</u>	<u>5,221,355.00</u>			<u>410,311.95</u>
Deferred Inflows of Resources:					
Deferred Pension Inflows		126,450.00			126,450.00
Deferred OPEB Inflows		2,081,540.00			2,081,540.00
Total Deferred Inflows of Resources		<u>2,207,990.00</u>			<u>2,207,990.00</u>
Net Position:					
Unrestricted Net Position	(150,037.43)	(4,812,200.00)			(4,962,237.43)
Temporarily Restricted Net Position		3,806,440.71	232,925.92		4,039,366.63
Total Net Position	<u>(150,037.43)</u>	<u>(1,005,759.29)</u>	<u>232,925.92</u>		<u>(922,870.80)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 260,274.52</u>	<u>\$ 6,423,585.71</u>	<u>\$ 232,925.92</u>	<u>\$ 65,668.25</u>	<u>\$ 6,982,454.40</u>

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

OCEAN COUNTY SOIL CONSERVATION DISTRICT

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Unrestricted	Chapter 251 Reserves	Restricted Equipment Fund	Grant Fund	June 30, 2024	June 30, 2023
Support and Revenues:						
Soil Erosion and Sediment Control Act Fees						
Interest on Investments and Deposits						
RFA Funds:						
New Jersey Stormwater Aid						
SPARC Grant		34,090.00			34,090.00	28,475.00
SJRC&D Lakewood Grant				37,279.97	37,279.97	52,250.00
NACD Tag				5,333.08	5,333.08	1,239.34
RCPP Coastal				45,232.27	45,232.27	
BBP Grants				20,449.95	20,449.95	
Roundtable				24,742.73	24,742.73	12,377.89
Miscellaneous	1,260.00			1,260.00	1,260.00	1,260.00
Chapter 251 Interest Transfer	42,765.20			42,765.20	42,765.20	37,845.19
Non-Cash/In-Kind from State		1,140.00		1,140.00	1,140.00	50,169.67
GASB 68 Pension Adjustment		19,450.00		19,450.00	19,450.00	22,250.00
GASB 75 OPEB Adjustment		177,577.00		177,577.00	177,577.00	
Total Support and Revenues	\$ 50,176.82	\$ 1,605,488.33	\$	\$ 133,038.00	\$ 1,788,703.15	\$ 1,757,758.04

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

OCEAN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	<u>Unrestricted</u>	<u>Chapter 251 Reserves</u>	<u>Restricted Equipment Fund</u>	<u>Grant Fund</u>	<u>Totals</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Expenditures and Net Position Released from Restrictions:					
Salaries and Wages	42,765.20	873,127.62	-	75,638.72	991,531.54
Payroll Taxes		81,165.96			81,165.96
Employee Benefits		479,830.68			479,830.68
Annual Employer Pension Contribution		146,674.00			146,674.00
Professional Fees		33,052.20			33,052.20
Building Expense:					
Maintenance		12,693.93			12,693.93
Utilities		18,801.84			18,801.84
Office Equipment		7,760.07			7,760.07
Dues and Donations		3,511.33			3,511.33
Insurance		55,332.77			55,332.77
Office Expense		24,264.99			24,264.99
Website Expenses		946.23			946.23
Poster Contest	50.00				50.00
Roundtable	1,659.78				1,659.78
Equipment Rental/Service Contracts					
Telephone					
Vehicle Expense		4,967.88			4,967.88
Workshops, Meetings, and Training		3,466.44			3,466.44
Miscellaneous	2,126.25	16,548.62			16,548.62
Depreciation		5,026.84			5,026.84
State Level Administrative and Technical Support		19,450.00	36,970.49	20,119.31	76,549.80
GASB 68 Pension Adjustment					
GASB 75 OPEB Adjustment					
Total Expenditures and Net Position Released from Restrictions	<u>46,601.23</u>	<u>1,786,621.40</u>	<u>36,970.49</u>	<u>95,758.03</u>	<u>1,965,951.15</u>
Excess (Deficiency) of Support and Revenue Over Expenditures	3,575.59	(181,133.07)	(36,970.49)	37,279.97	(177,248.00)
Adjustments:					
Purchase of Property and Equipment			41,460.00		41,460.00
Accounts Receivable Canceled					1,423.00
Prepaid Expenses Canceled					(3,325.35)
Accrued Expenses Canceled		31,793.94			31,793.94
Accounts Payable Canceled		38,598.90			38,598.90
Prior Period Adjustment		20,462.70			20,462.70
Transfers of Net Position	(129,099.81)	166,379.78		(37,279.97)	(37,279.97)
Adjusted Total - Increase (Decrease)	<u>(125,524.22)</u>	<u>76,102.25</u>	<u>4,489.51</u>		<u>(44,932.46)</u>
Net Position June 30, 2023	<u>(24,513.21)</u>	<u>(1,081,861.54)</u>	<u>228,436.41</u>		<u>(4,983,311.35)</u>
Net Position June 30, 2024	<u>\$ (150,037.43)</u>	<u>\$ (1,005,759.29)</u>	<u>\$ 232,925.92</u>	<u>\$</u>	<u>\$ (877,938.34)</u>

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

OCEAN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS - ALL FUNDS COMBINED

FOR THE YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Excess of Support and Revenue over Expenditures	\$ (177,248.00)	\$ (4,966,450.16)
Adjustments to Reconcile Excess of Support and Revenue Over Expenditures to Net Cash Provided by Operating Activities:		
GASB 68 Pension Adjustment	(177,577.00)	1,341,193.00
GASB 75 OPEB Adjustment	(34,262.00)	3,682,846.00
Other Adjustments	132,315.54	(16,861.19)
Depreciation	36,970.49	30,946.60
Unrealized (gain)/loss on investments		
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable	(53,119.96)	33,155.06
(Increase)/Decrease in Prepaid Expenses		15,819.00
Increase/(Decrease) in Accounts Payable	(38,598.80)	(860.10)
Increase/(Decrease) in Accrued Expenses	(31,793.94)	(0.06)
Increase/(Decrease) in Due State of New Jersey	(2,205.00)	(150.00)
Net Cash Provided/(Used) by Operating Activities	<u>(345,518.67)</u>	<u>119,638.15</u>
Cash Flows from Financing/Investing Activities:		
Purchases/Redemptions of Investments	149,732.25	291,385.75
Purchase of Property and Equipment	<u>(41,460.00)</u>	<u>(1,423.00)</u>
Net Cash Provided/(Used) by Financing/Investing Activities	<u>108,272.25</u>	<u>289,962.75</u>
Net Increase/(Decrease) in Cash, Savings and Temporary Investments	(237,246.42)	409,600.90
Cash and Cash Equivalents June 30, 2023	<u>3,841,743.90</u>	<u>3,432,143.00</u>
Cash and Cash Equivalents June 30, 2024	<u>\$ 3,604,497.48</u>	<u>\$ 3,841,743.90</u>

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

OCEAN COUNTY SOIL CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Ocean County Soil Conservation District (“the District”) is one of fourteen 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 1975, 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 net position and activities according to three classes of net position: unrestricted net position, temporarily restricted net position and permanently restricted net position. An unrestricted net position can be expended by the District for any aspect of its operations, at any time, as determined by management. Temporarily restricted net position is either restricted as to a specific program, a specific time period or both, but eventually, will be expended by the District. Permanently restricted net position can never be expended but benefit the District through investment earnings on such positions. At June 30, 2024, the District had only unrestricted and temporarily restricted net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

The accounting policies of the Ocean County Soil Conservation District (the "District") conform to generally accepted accounting principles and practices prescribed by the State of New Jersey, Department of Agriculture, State Soil Conservation Committee.

All of the District's funds are accounted for using the accrual basis of accounting. Support and revenue are recognized when they become both measurable and available as net current position. 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 are 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 positions, support, revenues and expenditures. Fixed asset purchases are recorded in the fund of acquisition with an appropriate transfer to the equipment fund. Accumulated depreciation is reported in the statement of net position.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

F. Cash and Cash Equivalents and Investments

Cash and cash equivalents consist of demand deposits, certificates of deposit held at various financial institutions as well as amounts on deposit with the Ocean First Bank cash management account. State statutes authorize governmental units to invest in obligations as described in Note 2.

G. Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets. The principal estimated useful lives used in computing the depreciation provisions are as follows:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Support and Expenses

Contributions and restricted grant revenues are measured at their fair 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 donor or grantor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net position is reclassified to unrestricted net position and reported in the statement of activities as net position released from restrictions.

I. Accounting and Financial Reporting for Pensions

The Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and Financial Reporting for Pensions Administered by State and Local Government Employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding the application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Accounting and Financial Reporting for Pensions (Continued)

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

At transition to Statement 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or non-employer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, entities are required to recognize the pension liability in the Statement of Net Position (balance Sheets), the Statement of Activities and Changes in Net Position and the Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Position area of the statement of net position.

J. Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "*Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for post-employment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, Districts are required to recognize the OPEB liability in the Statements of Net Position (balance sheets), the Statements of Revenues,

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions (OPEB) (Continued)

Expenses, Changes in Net Position and in the Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Non-Current Liabilities area of the Statements of Net Position.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The District considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey, and which meet the requirements for the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund (NJ CMF). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Ocean County Soil Conservation District had the following cash and cash equivalents at June 30, 2024:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Outstanding Checks</u>	<u>Deposit in Transit</u>	<u>Total</u>
Checking	\$ 647,631.56	\$ 32,778.13	\$ 7,815.00	\$ 622,668.43
Cert.'s of Deposit	<u>2,981,828.95</u>	_____	_____	<u>2,981,828.95</u>
	<u>\$ 3,629,460.51</u>	<u>\$ 32,778.13</u>	<u>\$ 7,815.00</u>	<u>\$ 3,604,497.38</u>

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2024, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk nor is it exposed to foreign currency risk for its deposits and investments. Of the cash on deposit in the bank of \$3,629,460.51, \$250,000.00 was covered by Federal Depository Insurance and the remaining \$3,379,460.51 was covered under the provisions of NJGUDPA.

B. Investments

The purchase of investments by the District is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following types of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units.
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection.
 - b. the custody of collateral is transferred to a third party.
 - c. the maturity of the agreement is not more than 30 days.
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The District did not have any investments as of June 30, 2024.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

<u>Fund</u>	Chapter 251 <u>Reserves</u>	<u>Grants</u>
NJ Stormwater Aid	\$ 11,350.00	\$
Grants		53,230.90
	\$ <u>11,350.00</u>	\$ <u>53,230.90</u>

NOTE 4: ACCOUNTS PAYABLE

Accounts payable consist of the following:

<u>Fund</u>	Chapter 251 <u>Reserves</u>
SSCC RFAA	\$ 7,800.00
SSCC Applications	<u>4,875.00</u>
	\$ <u><u>12,675.00</u></u>

NOTE 5: TEMPORARILY RESTRICTED NET POSITION

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 received shall remain with the reserve balance total. 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 Ch. 251 program or for the District education program. Use of interest income is authorized at N.J.A.C. 2:90-1.12 and pursuant to policy approval by the State Soil Conservation Committee on September 13, 2007.

Temporarily restricted net positions include the following:

<u>Fund</u>	Chapter 251 <u>Reserves</u>	Equipment <u>Fund</u>
Reserve for Future Soil Erosion and Sediment Control Act Expenditures	\$ 3,291,357.60	\$
Reserve for Future Legal Costs	40,000.00	
Reserve for Compensated Absences	200,083.11	
Reserve for Retiree Health Benefits	195,000.00	
Reserve for Vehicle Acquisitions	80,000.00	
Equipment Fund	<u> </u>	<u>232,925.92</u>
	\$ <u><u>3,806,440.71</u></u>	\$ <u><u>232,925.92</u></u>

NOTE 5: TEMPORARILY RESTRICTED NET POSITION (CONTINUED)

Chapter 251 funds shall be segregated from other fund positions for expenditure in accordance with the purpose that they were received, i.e., the administration of the Soil Erosion and Sediment Control Act program, until the completion of the project(s). After a project is completed, any remaining funds for such completed project(s) that are not refunded shall be retained in the reserve fund position, as part of temporarily restricted net position.

The Reserve Fund Net Position shall be evaluated annually by the District Board to determine its adequacy based on the Chapter 251 workload obligations remaining to be completed.

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. 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, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

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, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions (Continued)

Newly elected or appointed officials that have an existing DCRP account or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the members are fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

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 life insurance benefits is based on actual claims paid. For fiscal year 2023, 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. During 2023, PERS provides for employee contributions of 7.50% of employees' base salary.

The District's share of pension, which is based upon the annual billings received from the state, amounted to \$146,674.00 for 2024, \$117,640.00 for 2023 and \$108,168.00 for 2022.

Certain District employees are also covered by the Federal Insurance Contribution Act.

Accounting and Financial Reporting for Pensions – GASB 68

The Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" requires the State of New Jersey to calculate and allocate, for note disclosure purposes, the unfunded net pension liability of Public Employees Retirement System (PERS) of the participating governmental entity as of June 30, 2024. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Public Employees Retirement System (PERS)

At June 30, 2023, the State reported a net pension liability of \$1,589,553.00 for the District's proportionate share of the total net pension liability. The total pension liability for the June 30, 2023 measurement date was determined by an

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was 0.0109742618 percent, which was an increase of 0.0016455132 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the State recognized an actuarially determined pension benefit of \$1,868.00 for the District's proportionate share of the total pension expense. The pension expense recognized in the District's financial statements based on the April 1, 2023 billing was \$117,640.00.

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 15,198.00	\$ 6,498.00
Changes of assumptions	3,492.00	96,334.00
Net difference between projected and actual earnings on pension plan investments	7,320.00	
Changes in proportion and differences between District contributions and proportionate share of contributions	379,703.00	23,618.00
District contributions subsequent to the measurement date	<u>146,674.00</u>	<u> </u>
	<u>\$ 552,387.00</u>	<u>\$ 126,450.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Other local amounts reported by the State as the District's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2024	(\$12,705.00)
2025	24,375.00
2026	136,676.00
2027	59,502.00
2028	71,415.00
	<u>\$279,263.00</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which rolled forward to June 30, 2023. These actuarial valuations used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	2.75-6.55%
	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 improvement is based

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 rates of return for each major assets class included in PERS's target assets allocation as of June 30, 2023 asset are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasury's	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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 non-employer 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 all 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 in determining the total pension liability.

Sensitivity of the District's proportionate share of net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability of the participating employers as of June 30, 2023 respectively, calculated using the discount rate as disclosed above as well as what the District's proportionate share of 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:

	June 30, 2023		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's proportionate share of the pension liability	\$2,069,260.00	\$1,589,553.00	\$1,181,259.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the entity has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the entity is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan. 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*; therefore, assets are accumulated to pay associated benefits.

The Plan provides medical and prescription drug coverage 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.

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (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.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52: 14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Contributions

The District's contributions to SHBP for the years ended June 30, 2024, 2023 and 2022 were \$166,142.48, \$159,557.25 and \$141,719.84 respectively, which equaled the required contributions for each year.

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Total Net OPEB Liability

At June 30, 2023, the Plan reported a Liability of \$3,619,127.00 for the District's proportionate share of the collective Net OPEB liability. The total Net OPEB Liability measured as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023.

The District's proportion of the Net OPEB Liability was 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, 2022, through June 30, 2023.

At June 30, 2023, the District's proportion was 0.024117 percent, which was an increase of 0.004353 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the State reported OPEB expense of \$1140,610.00. This OPEB expense was based on the OPEB plans June 30, 2023 measurement date.

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$166,895.00	\$982,837.00
Changes of assumptions	468,813.00	1,023,011.00
Net difference between projected and actual earnings on OPEB plan investments		597.00
Changes in proportion	1,298,925.00	75,095.00
District contributions subsequent to the measurement date	<u>117,450.00</u>	
	<u>\$2,052,083.00</u>	<u>\$2,081,540.00</u>

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Other local amounts reported by the State as the District's proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the State's actuarially calculated OPEB (benefit)/expense as follows:

Year Ended	Amount
<u>June 30,</u>	
2024	(\$165,822.00)
2025	(91,531.00)
2026	62,835.00
2027	159,483.00
2028	72,619.00
Thereafter	<u>(184,491.00)</u>
	<u>(\$146,907.00)</u>

Actuarial Assumptions and Other Inputs

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:

Salary Increases:

Public Employees Retirement System (PERS):

Initial fiscal year applied
 Rate for all future years 2.75% to 6.55%

Police and Firemen's Retirement System (PFRS):

Rate for all future years 3.25% to 16.25%

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Mortality

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021

* Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

Discount Rate

The discount rate for June 30, 2023 was 3.65%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumption

For Pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend rate is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend rate is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability associated with the District as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the Net 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:

	June 30, 2023		
	1.00% <u>Decrease (2.65%)</u>	At Discount <u>Rate (3.65%)</u>	1.00% <u>Increase (4.65%)</u>
District's proportionate share of the Net OPEB Liability	\$4,192,100.00	\$3,619,127.00	\$3,158,260.00

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in Healthcare Trends

The following presents the total Net OPEB Liability associated with the District as of June 30, 2023, 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, 2023		
	1.00% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1.00% <u>Increase</u>
District's proportionate share of the Net OPEB Liability	\$3,075,830.00	\$3,619,127.00	\$4,314,710.00

PEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

NOTE 8: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2024:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Unrestricted	\$ 65,668.25	\$ 410,311.95
Chapter 251 Reserves	410,311.95	
Grant Fund	<u> </u>	<u>65,668.25</u>
	<u>\$ 475,980.20</u>	<u>\$ 475,980.20</u>

NOTE 9: LITIGATION

The Attorney's letter to the District did not indicate any litigation, claims or contingent liabilities that are either not covered by the District's insurance carrier or would have a material financial impact on the District.

NOTE 10: SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the financial statement date through December 6, 2024 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that there are no subsequent events that need be disclosed.

OCEAN COUNTY SOIL CONSERVATION DISTRICT

ROSTER OF OFFICIALS

YEAR ENDED JUNE 30, 2024

Governing Body:

<u>Name</u>	<u>Title</u>	<u>Term</u>
Dr. William J. Pollock	Chairman	June 30, 2024
John Tiedemann	Vice-Chairman	June 30, 2025
Dr. Michael Gross	Secretary	June 30, 2026
Gary Paxton	Treasurer	June 30, 2025
Ray Bukowski	Member	June 30, 2024
Anthony DiLodovico	Member Emeritus	Through August 11, 2023
Martha Maxwell-Doyle	Member Emeritus	

Management and Administrative Staff:

<u>Name</u>	<u>Title</u>
Christine Raabe, CPM	District Director
Jean Baluski, CPESC	Assistant District Director
Mary Ellen Banfield, MA	Office Manager

The District maintains an Employee Theft-Blanket, Forgery or Alteration Insurance Policy in the amount of \$25,000 provided by Selective Insurance Company. Public Officials Liability Coverage for Directors and Officers in the amount of \$2,000,000 is provided by AXA XL Greenwich Insurance Company.

PART II

SUPPLEMENTARY DATA

OCEAN COUNTY SOIL CONSERVATION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2023	0.0109742618%	\$ 1,589,553	\$ 825,448	192.57%	65.23%
2022	0.0093287486%	1,407,837	751,984	187.22%	62.91%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SCHEDULE "R-2"

OCEAN COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST TEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2023	\$ 117,640	\$ 117,640	\$ -0-	\$ 825,448	14.25%
2022	108,168	108,168	-0-	751,984	14.38%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

OCEAN COUNTY SOIL CONSERVATION DISTRICT

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

NOTE TO RSI III

FOR THE YEAR ENDED JUNE 30, 2024

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms:

None

Change in assumptions:

<u>Measurement Date Ending June 30,</u>	<u>Discount Rate</u>	<u>Long-Term Expected Rate of Return</u>	<u>Actuarial Experience Study Period</u>
2023	7.00%	7.00%	07/01/18-06/30/21
2022	7.00%	7.00%	07/01/18-06/30/21

OCEAN COUNTY SOIL CONSERVATION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY

STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

LAST TEN YEARS

	Fiscal Year Ended June 30, <u>2023</u>	Fiscal Year Ended June 30, <u>2022</u>
District's Proportion of the Net OPEB Liability (Asset)	0.024117%	0.019764%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 3,619,127	\$ 3,191,806
District's Covered-Employee Payroll	\$ 825,448	\$ 751,984
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of it's Covered-Employee Payroll	438.44%	424.45%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	-0.79%	-0.36%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

OCEAN COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN
LAST TEN YEARS

	Fiscal Year Ended June 30, <u>2023</u>	Fiscal Year Ended June 30, <u>2022</u>
Contractually Required Contribution	\$ 166,142	\$ 159,557
Contributions in Relation to the Contractually Required Contribution	<u>166,142</u>	<u>159,557</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>
District's Covered-Employee Payroll	825,448	751,984
Contributions as a Percentage of the District's Covered-Employee Payroll	20.13%	21.22%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

OCEAN COUNTY SOIL CONSERVATION DISTRICT
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OPEB (GASB 75)

NOTE TO RSI III

FOR THE YEAR ENDED JUNE 30, 2024

STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net OPEB liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>
2023	3.65%
2022	3.54%

OCEAN COUNTY SOIL CONSERVATION DISTRICT

SCHEDULE OF BUDGET VERSUS ACTUAL REVENUES AND EXPENDITURES - OPERATING FUNDS

FOR THE YEAR ENDED JUNE 30, 2024

	UNRESTRICTED		TEMPORARILY RESTRICTED	
	MODIFIED BUDGET	ACTUAL	MODIFIED BUDGET	ACTUAL
Support and Revenues:				
Grants:				
SPARC Grant	\$ 13,062.50	\$ 37,279.97	\$ 24,217.47	\$
SJRC&D Lakewood Grant	16,000.00	5,333.08	(10,666.92)	
NACD Tag		45,232.27	45,232.27	
RCPP Coastal	961,227.00	20,449.95	(940,777.05)	
BBP Grants		24,742.73	24,742.73	
Total Grants	990,289.50	133,038.00	(857,251.50)	
Interest on Investments and Deposits	1,350.00	6,151.62	4,801.62	
Round Table	2,625.00	1,260.00	(1,365.00)	
Chapter 251 Interest Transfer		42,765.20	42,765.20	
Restricted:				
Capital Expense Fund Balance			70,000.00	(70,000.00)
Interest on Investments and Deposits			10,000.00	45,346.65
Soil Erosion and Sediment Control Act Fees			1,678,700.67	1,283,622.68
RFA Funds - New Jersey Stormwater Aid			30,500.00	34,090.00
Miscellaneous				1,140.00
Total Support and Revenues	\$ 994,264.50	\$ 183,214.82	\$ 1,789,200.67	\$ 1,374,199.33
				\$ (415,001.34)

OCEAN COUNTY SOIL CONSERVATION DISTRICT

SCHEDULE OF BUDGET VERSUS ACTUAL REVENUES AND EXPENDITURES - OPERATING FUNDS

FOR THE YEAR ENDED JUNE 30, 2024

	UNRESTRICTED		TEMPORARILY RESTRICTED	
	MODIFIED BUDGET	ACTUAL	MODIFIED BUDGET	ACTUAL
Expenditures:				
Unrestricted:				
Grants:				
SPARC Grant	\$ 13,062.50	\$	\$ 13,062.50	\$
SJRC&D Lakewood Grant	16,000.00	5,333.08	10,666.92	
NACD Tag		45,232.27	(45,232.27)	
RCPP Coastal	961,227.00	20,449.95	940,777.05	
BBP Grants		24,742.73	(24,742.73)	
Total Grants	990,289.50	95,758.03	894,531.47	
Poster Contest	350.00	50.00	300.00	
Round Table	2,625.00	1,659.78	965.22	
General Expenses	1,000.00	2,126.25	(1,126.25)	
Restricted:				
Capital Expense	70,000.00		70,000.00	70,000.00
Professional Fees	45,375.00		45,375.00	12,322.80
Donations	1,100.00		1,100.00	825.00
Dues & Memberships	3,935.00		3,935.00	2,686.33
Building Expenses:				
Maintenance	15,000.00		15,000.00	12,693.93
Utilities	19,100.00		19,100.00	18,801.84
Office Equipment	17,500.00		17,500.00	7,760.07
Equipment Rentals/Service Contracts	8,650.00		8,650.00	8,434.32
Employee Benefits	505,200.00		505,200.00	479,830.68
Insurance	44,500.00		44,500.00	55,332.77
Office Expenses	31,150.00		31,150.00	25,211.22
Payroll Expenses	1,001,990.67	118,403.92	(118,403.92)	1,100,967.58
Vehicle Expenses	13,700.00		13,700.00	16,548.62
Workshops, Meetings, and Training	12,000.00		12,000.00	5,026.84
Total Expenditures	994,264.50	217,997.98	776,266.52	1,767,171.40
Excess (Deficiency) of Support and Revenues Over Expenditures	\$	\$ (34,783.16)	\$ (1,587,316.20)	\$ (392,972.07)
			\$ 0.00	\$ (437,030.61)

OCEAN COUNTY SOIL CONSERVATION DISTRICT

SCHEDULE OF EXPENDITURES OF GRANT AWARDS FOR THE YEAR ENDED JUNE 30, 2024

GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT AWARD AMOUNT	GRANT PERIOD FROM TO	RECEIVED FISCAL YEAR 2024	EXPENDITURES FISCAL YEAR 2024	ACCOUNTS RECEIVABLE JUNE 30, 2023	ACCOUNTS RECEIVABLE JUNE 30, 2024
<u>United States Environmental Protection Agency:</u>							
<u>Indirect Program:</u>							
Passed Through Ocean County College Outreach Support for Jersey-Friendly Yards and Bay-Friendly Stewardship Certification Program	66.456	\$ 67,000.00	6/9/2020 Till Finished Till Finished	\$ 7,587.55 15,559.24	\$ 7,476.61 15,559.24 1,706.88	110.94	1,706.88
<u>Indirect Program:</u>							
Passed Through Ocean County College RCPPO/Coastal	66.456	961,227.00		15,514.05	20,449.95		4,935.90
<u>Indirect Program:</u>							
Passed Through South Jersey Resource Conservation & Development Council Lakewood Township Stormwater Basin Retrofit Project	66.605	16,000.00	3/2/2024 Till Finished	3,977.23	5,333.08		1,355.85
<u>National Resource Conservation Services:</u>							
<u>Indirect Program:</u>							
Passed Through National Association of Conservation Districts NACD Technical Assist. - Grant II (TA2020)	N/A	\$ 58,294.77	6/8/2023 Till Finished	42,638.07	45,232.27	110.94	45,232.27
Total Grant Assistance				\$ 42,638.07	\$ 95,756.03	\$ 110.94	\$ 53,230.90

Basis of Presentation:
The Schedule of Grant Awards includes the grant activity of the Ocean County Soil Conservation District on the accrual basis of accounting. The information presented in this schedule may differ from the information contained in the basic financial statements.

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

PART III

GENERAL COMMENTS AND FINDINGS/RECOMMENDATIONS

An audit of the financial accounts and transactions of the Ocean County Soil Conservation District (the "District") for the year ended June 30, 2024, has recently been completed. The results of the audit are herewith set forth.

SCOPE OF AUDIT

The audit covered all financial transactions of the District.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the District Supervisors.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

The support, revenues and expenditures for the District as shown on the Statement of Activities and Changes in Net Position are presented as recorded in the District's records.

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-4

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.198 (C.40A:11-3), except by contract or agreement.

Effective January 1, 2011, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00.

The governing body of the District has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the District's Attorney's opinion should be sought before a commitment is made.

The minutes indicate that no bids were requested by public advertising during the period under audit. However, under State Contract, an order was placed for the purchase of the following:

2023 Jeep Grand Cherokee (Awarded in FY 23, Received in FY 24)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

GENERAL COMMENTS (CONTINUED)

CONTRACTS AND AGREEMENTS REQUIRED TO BE
ADVERTISED PER N.J.S.A. 40A:11-4 (CONTINUED)

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" as required by N.J.S.A. 40:11-5:

Auditor
Attorneys
Computer Consultant
Insurance Agent

CONTRACTS OR AGREEMENTS NOT REQUIRED
TO BE ADVERTISED PER (N.J.S.A. 40A:11-6.1)

N.J.S.A. 40A:11-6.1 states "For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount... .. the contracting unit shall award the contract after soliciting at least two competitive quotations, if practicable."

We conducted a compliance review of the procedures and policies for securing quotations for purchases referred to above which indicated that the procedures were implemented to ensure statutory compliance and that quotes had been solicited as required by the statute.

OTHER COMMENTS

Interfund Balances

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the statement of financial position shows the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year. It is the District's policy to review and liquidate all interfund balances on a periodic basis.

FOLLOW-UP OF PRIOR YEAR FINDINGS

Finding 23-01 was not addressed.

CURRENT YEAR FINDINGS

24-01 **Finding** - Interfunds exist between the District (Unrestricted), Ch. 251 and Grant (Temporarily Restricted) Funds.

CURRENT YEAR FINDINGS (CONTINUED)

Criteria - Over time, these interfunds have become an amount that we consider to be material. At June 30, 2024, the District owes Ch. 251 \$410,311.95. In addition, Grant owes the District \$65,668.25.

RECOMMENDATIONS

1. That interfunds be liquidated where practicable.