

**BURLINGTON COUNTY SOIL
CONSERVATION DISTRICT**

Columbus, New Jersey

REPORT OF AUDIT

FOR THE TWELVE MONTHS ENDED JUNE 30, 2016

CONTENTS

	<u>Page</u>
Roster of Officials	1
Independent Auditor's Report	2 - 4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	5 - 6
Exhibits	
A Combined Balance Sheets	7 - 8
B Comparative Statements of Support, Revenue and Expenditures and Changes in Net Position	9 - 10
C Comparative Statement of Cash Flows	11 - 12
Notes to Financial Statements	13 - 26
D Statement of Budget Versus Actual Expenditures	27
Schedules	
1 Schedule of Expenditures of Federal Awards	28
2 Schedule of Expenditures of State Awards	29
3 Schedule of Findings and Noncompliance	30
4 Schedule of Prior Year Findings and Noncompliance	31
Comments and Recommendations	32 - 33

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2016

DISTRICT GOVERNING BODY

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gina Berg	Chairman	June 2019
Donald R. Knezick	Vice-Chairman	June 2019
Thomas E. Budd	Treasurer	June 2018
Catherine A. Costa	Supervisor	June 2017
Daniel Caldwell	Supervisor	June 2018

Administrative Officials

Robert Reitmeyer	District Manager
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NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association
Certified Public Accountants*

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August 19, 2016

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Burlington County Soil Conservation District
1971 Jacksonville – Jobstown Rd.
Columbus, New Jersey 08022

Ladies and Gentlemen:

Report on Financial Statements

We have audited the accompanying financial statements of the Burlington County Soil Conservation District as of June 30, 2016 and the related statements of activities and changes in net position and of cash flows for the year then ended, which collectively comprise the Burlington County Soil Conservation District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial provisions of the New Jersey Department of Agriculture's Financial Accounting Manual. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in **Government Auditing Standards** issued by the Comptroller General of the United States; and the audit requirements prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual, as required by the New Jersey State Soil Conservation Committee. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Burlington County Soil Conservation District, as of June 30, 2016 and 2015, or the results of its operations and changes in net position for the years then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Burlington County Soil Conservation District, as of June 30, 2016, and the changes in net position and its cash flows for the year then ended in accordance with the financial provisions of the New Jersey Department of Agriculture's Financial Accounting Manual.

Report on Summarized Comparative Information

We have previously audited Burlington County Soil Conservation District's 2015 financial statements, and our report dated August 21, 2015, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Burlington County Soil Conservation District's financial statements as a whole.

The accompanying introductory section, and other supplementary information such as the schedule of budget versus actual expenditures, schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements.

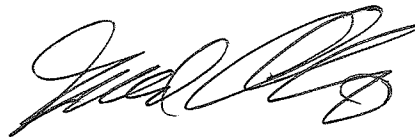
The accompanying supplementary schedules of expenditures of budget versus actual expenditures and schedule of expenditures of federal awards and state assistance are presented for purposes of additional analysis as required by the New Jersey Department of Agriculture's Financial Accounting Manual. These schedules were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subject 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 financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America and the audit requirements as prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual. In our opinion, the information 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 a report dated August 19, 2016 on our consideration of the Burlington County Soil Conservation District's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

A handwritten signature in black ink, appearing to read 'Raymond Colavita', with a stylized flourish at the end.

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

NIGHTLINGER, COLAVITA & VOLPA

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August 19, 2016

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
Burlington County Soil Conservation District
1971 Jacksonville – Jobstown Rd.
Columbus, New Jersey 08022

Ladies and Gentlemen:

We have audited the financial statements of the Burlington County Soil Conservation District as of and for the year ended June 30, 2016, and have issued our report thereon dated August 19, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards** issued by the Comptroller General of the United States; audit requirements as prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

Compliance and Other Matters

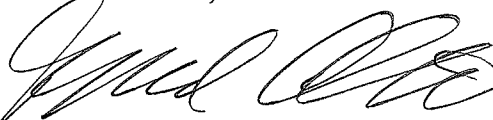
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
COMBINED BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2016 AND 2015

	Temporarily Restricted								Totals	
	Unrestricted	Chapter 251	NFWF Grant	NJ Hydrologic Database	Fixed Assets Fund	Renewal and Replacement Fund	Reserve for Future Legal Cost	Employee Benefit Fund	June 30, 2016	June 30, 2015
ASSETS										
Current Assets										
Cash										
Operating Funds	\$ 316,420	\$ 1,333,399	\$	\$ 633	\$	\$ 400,000	\$ 150,000	\$ 120,000	\$ 2,320,452	\$ 2,233,616
Change Fund	100								100	100
Accounts Receivable:										
N.J. State Stormwater (RFA)		8,150							8,150	4,650
Due from State										7,002
Interfund Receivable	791								791	
NFWF Grant (Note 21)			158						158	
Prepaid Expenses		1,727							1,727	1,731
Total Current Assets	317,311	1,343,276	158	633		400,000	150,000	120,000	2,331,378	2,247,099
Property, Plant and Equipment (Note 1)										
Equipment					101,325				101,325	81,232
Well					30,867				30,867	30,867
Land Improvements					98,163				98,163	98,163
Building					1,881,186				1,881,186	1,864,421
					2,111,541				2,111,541	2,074,683
Less: Accumulated Depreciation					614,172				614,172	547,511
Total Fixed Assets - Net of Depreciation					1,497,369				1,497,369	1,527,172
Total Assets	\$ 317,311	\$ 1,343,276	\$ 158	\$ 633	\$ 1,497,369	\$ 400,000	\$ 150,000	\$ 120,000	\$ 3,828,747	\$ 3,774,271

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
COMBINED BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2016 AND 2015

		Temporarily Restricted							Totals	
	Unrestricted	Chapter 251	NFWF Grant	NJ Hydrologic Database	Fixed Assets Fund	Renewal and Replacement Fund	Reserve for Future Legal Cost	Employee Benefit Fund	June 30, 2016	June 30, 2015
<u>LIABILITIES, NET POSITION AND RESERVES</u>										
Current Liabilities										
Accounts Payable	\$	\$ 2,049	\$	\$	\$	\$	\$	\$	\$ 2,049	\$ 2,968
Due State of New Jersey Intergovernmental Payable		3,445							3,445	2,620
Interfund Payable			158	633					791	7,002
Accrued Payroll and Payroll Taxes, Including Withheld Portions		3,705							3,705	1,784
Total Current Liabilities		9,199	158	633					9,990	14,374
<u>NET POSITION AND RESERVES</u>										
Unrestricted Net Position	317,311								317,311	1,348,326
Temporarily Restricted Net Position and Reserves:										
Reserve for Future Soil Erosion and Sediment Control Act Expenditures (Note 3)		1,334,077							1,334,077	214,399
Reserve for Post Retirement Benefit Fund (Note 16)								60,000	60,000	60,000
Reserve for Future Legal Costs (Note 4)							150,000		150,000	150,000
Reserve for Capital Improvements (Note 5)						250,000			250,000	250,000
Reserve for Office Property and Building Maintenance (Note 5)						150,000			150,000	150,000
Investment in Property, Plant and Equipment					1,497,369				1,497,369	1,527,172
Reserve for Compensated Absences (Note 17)								60,000	60,000	60,000
Total Net Position and Reserves	317,311	1,334,077			1,497,369	400,000	150,000	120,000	3,818,757	3,759,897
Total Current Liabilities, Net Position and Reserves	\$ 317,311	\$ 1,343,276	\$ 158	\$ 633	\$ 1,497,369	\$ 400,000	\$ 150,000	\$ 120,000	\$ 3,828,747	\$ 3,774,271

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
COMPARATIVE STATEMENTS OF SUPPORT, REVENUE AND EXPENDITURES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016 AND 2015

	Temporarily Restricted								Totals	
	Unrestricted	Chapter 251	NFWF Grant	NJ Hydrologic Database	Fixed Assets Fund	Renewal and Replacement Fund	Reserve for Future Legal Cost	Employee Benefit Fund	June 30, 2016	June 30, 2015
Support and Revenue										
General Purpose Appropriation - Burlington County	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Soil Erosion and Sediment Control Act Fees		479,769							479,769	309,866
Chapter 251 - Non-Compliance Fees		4,600							4,600	4,500
Hydrologic Database (Note 18)				633					633	7,670
NFWF Grant (Note 21)			158						158	
Interest		14,440							14,440	10,960
Open Space Admin fee	900								900	500
N.J. Stormwater Funds (RFA)	18,760								18,760	17,395
Non-Cash In-Kind; Included as Expenditures Below (Note 2)		318,535							318,535	252,267
Rental Income (Note 13)	116,725								116,725	113,825
Federal Facility Fees		15,725							15,725	18,632
Other Income		1,664							1,664	25,868
Total Support and Revenue	\$ 136,385	\$ 834,733	\$ 158	\$ 633	\$	\$	\$	\$	\$ 971,909	\$ 761,483
Expenditures										
Advertising	\$	106	\$	\$	\$	\$	\$	\$	106	75
Dues and Subscriptions		1,759							1,759	1,759
Donations and Contributions		3,375							3,375	450
Envirothon		500							500	500
Equipment and Maintenance		5,137							5,137	7,067
Expense Reimbursement		2,707	10						2,717	495
Facility Maintenance		24,609	148						24,757	22,084
Fringe Benefits		20,214							20,214	47,708
Non-Cash In-Kind (Note 2)		318,535							318,535	31,000
Insurance - Car and Liability		5,640							5,640	4,880
Insurance - Employer		21,700							21,700	22,836
Insurance - Health		115,868							115,868	112,355
Vehicle Expense		402							402	

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
COMPARATIVE STATEMENTS OF SUPPORT, REVENUE AND EXPENDITURES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016 AND 2015

	Unrestricted	Chapter 251	Temporarily Restricted					Employee Benefit Fund	Totals	
			NFWF Grant	NJ Hydrologic Database	Fixed Assets Fund	Renewal and Replacement Fund	Reserve for Future Legal Cost		June 30, 2016	June 30, 2015
Expenditures (Continued)										
Meetings, Seminars and Conferences	\$	\$ 1,164	\$	\$	\$	\$	\$	\$	\$ 1,164	\$ 867
Watershed (New Orleans)		19,159							19,159	
Miscellaneous		235		633					868	8,692
Office Supplies		4,482							4,482	3,719
Other Expense		2,463							2,463	2,651
Pension (Note 9)		27,309							27,309	25,157
Postage		2,400							2,400	1,800
Printing		450							450	222
Professional Fees		6,877							6,877	6,791
Rent and Other Office Expenses										58,212
Salaries and Wages		236,392							236,392	346,531
Supervisor/Staff Apparel		384							384	298
Depreciation					66,661				66,661	64,363
Travel and Related Expenses		3,285							3,285	5,019
Utilities		20,445							20,445	25,657
Total Expenditures		845,597	158	633	66,661				913,049	801,188
Excess (Deficiency) of Support and Revenue Over Expenditures	136,385	(10,864)			(66,661)				58,860	(39,705)
Net Position, Beginning of Year	1,348,326	214,399			1,527,172	400,000	150,000	120,000	3,759,897	3,799,602
Non-Operating Sources and Uses:										
Purchase of Fixed Assets		(36,858)			36,858					
Transfer to Various Reserves	(36,858)	36,858								
Transfer to Chapter 251 Reserve	(1,130,542)	1,130,542								
Net Position, End of Year to Exhibit A	\$ 317,311	\$ 1,334,077	\$	\$	\$ 1,497,369	\$ 400,000	150,000	\$ 120,000	\$ 3,818,757	\$ 3,759,897

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016 AND 2015

	<u>Totals for the Period Ended</u>	
	<u>June</u>	<u>June</u>
	<u>30, 2016</u>	<u>30, 2015</u>
<u>Cash Flows Provided (Used) by Operating Activities</u>		
Excess (Deficiency) of Support and Revenue over Expenditures	\$ 58,860	\$ (39,705)
Adjustments to Reconcile Excess (Deficiency) of Support and Revenue over Expenditures to Net Cash Provided by Operating Activities:		
Non-Cash Items Included in Income:		
Depreciation	66,661	64,363
Changes in Assets and Liabilities:		
(Increase) Decrease in Petty Cash		
(Increase) Decrease in Accounts Receivable	2,553	2,850
(Increase) Decrease in Prepaid Expenses	4	(949)
(Decrease) Increase in Accounts Payable	(6,305)	(161)
(Decrease) Increase in Unearned Revenue		(7,670)
(Decrease) Increase in Payroll Deductions Payable	1,921	
Cash (Used) by Operations	\$ 123,694	\$ 18,728

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016 AND 2015

	<u>Totals for the Period ended</u>	
	<u>June</u> <u>30, 2016</u>	<u>June</u> <u>30, 2015</u>
Cash (Used) by Operations	\$ 123,694	\$ 18,728
<u>Cash Flows (Used) by Investing Activities</u>		
Acquisition of Fixed Assets	<u>(36,858)</u>	<u>(2,876)</u>
Net Increase in Cash for the Year	86,836	15,852
Cash and Cash Equivalents - Beginning of Year	<u>2,233,716</u>	<u>2,217,864</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,320,552</u>	<u>\$ 2,233,716</u>

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity

The Burlington County Soil Conservation District is one of fifteen Districts in the state of New Jersey under the auspices of the New Jersey Department of Agriculture. Each District is governed by a Board of Supervisors, which sets policies and performance guidelines. The Districts work closely with the U.S. Soil 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 the Township of Springfield, County of Burlington. It was organized in 1959 in accordance with the provisions of the Soil Conservation Act, N.J.S.A. 4:24 et seq.

The supervisors serve staggered three-year terms with the nominations made by an open public forum and the appointments of the nominees are made by the State Soil Conservation Committee each June on a rotating basis.

Financial Statement Presentation

The District is required to report information regarding its financial position and activities according to three classes of assets, which are Unrestricted Net Position, Temporarily Restricted Net Position and Permanently Restricted Net Position. Unrestricted Net Position can be expended by the District for any aspect of its operations and at any time, as determined by management. Temporarily Restricted Net Position are either restricted as to a specific program, a specific time period or both, but will eventually be expended by the District. Permanently Restricted Net Position can never be expended, but benefit the District through investment earnings on such assets. As of June 30, 2016, the District had only Unrestricted and Temporarily 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.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All of the District's funds are accounted for using the accrual basis of accounting. Support and revenue are recognized when they become 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 the assets, liabilities, Net Position, support, revenue 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 Asset acquired is 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
Furniture	10 Years
Land Improvements	15 Years
Building and Improvements	40 Years

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 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. Accordingly, actual results may differ from those estimates.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (CONTINUED)

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

Reclassifications

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

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

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 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 is satisfied, temporarily restricted Net Position are reclassified to unrestricted Net Position and reported in the statement of activities as Net Position released from restrictions.

2. **NON-CASH SUPPORT**

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

	<u>Federal</u>	<u>State</u>	<u>Total June 30, 2016</u>
Indirect Support		\$ 39,000	\$ 39,000
Salaries	\$ 162,453		162,453
Fringe Benefits	51,270		51,270
Rent, Telephone and Other	65,812		65,812
Totals	<u>\$ 279,535</u>	<u>\$ 39,000</u>	<u>\$ 318,535</u>

3. **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.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (CONTINUED)

3. RESERVE FOR FUTURE SOIL EROSION AND SEDIMENT CONTROL EXPENDITURES (CONTINUED)

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.

Prior to the 2015-16 year, this reserve was limited to a calculation involving certification fees collected during the current and two preceding years, multiplied by certain percentages per year. However, in August 2015, the District adopted a revised Financial Accounting Manual, which no longer utilizes this calculation. As such, the June 30, 2016 Reserve for Future Soil Erosion and Sediment Control Act Expenditures was \$1,334,077, as compared to \$214,399 in the prior year. A transfer from Unrestricted to Temporarily Restricted Chapter 251 Reserve in the amount of \$1,130,542 was needed in order to satisfy the reserve for active projects.

4. 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 balance in the reserve as of June 30, 2016 is \$150,000.

5. RENEWAL AND REPLACEMENT FUND

The District has established a Renewal and Replacement Fund to provide a Reserve for Capital Improvements in the amount of \$250,000 and a Reserve for Maintenance Costs in the amount of \$150,000. The purpose of these reserves is to meet the future repair costs of the existing facility, as well as, fund the desired addition to the building.

6. CASH AND CASH EQUIVALENTS

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 Burlington County Soil Conservation District considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (CONTINUED)

7. CONCENTRATION OF CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2016, the District's bank balance of \$2,324,311 was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 2,267,557
Collateralized by securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name	56,754
	<u>\$ 2,324,311</u>

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term 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 additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2016, the District had \$70,861 on deposit with the New Jersey Cash Management Fund.

8. DEFERRED COMPENSATION SALARY ACCOUNT

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (CONTINUED)

9. CONTINGENT LIABILITIES

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

10. OPERATING LEASES

At June 30, 2016, the District had an operating lease agreement for one copy machine. Future minimum lease payments are as follows:

	<u>Amount</u>
Year ending June 30,	
2017	2,105
2018	1,133
2019	<u>1,133</u>
Total future minimum lease payments	\$ <u><u>4,371</u></u>

11. PENSION

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 Public Employees' Retirement System 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.

GASB 68 - Accounting and Financial Reporting for Pensions

State and local governments participating in government pension plans are required to reflect liabilities, deferred outflows/inflows of resources and expenditures related to pension activity. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions and improve information provided by state and local governmental employers about financial support for pensions that are provided by other state entities.

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. However, the District is required to disclose GASB 68 information in the Notes to the Financial Statements.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (CONTINUED)

11. PENSION (CONTINUED)

A. Funding Policy

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

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

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.

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

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS who retired from a municipality with 25 years of service.

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.06% through June 30, 2016 and 7.20% thereafter of employees' annual compensation, as defined.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (CONTINUED)

11. PENSION (CONTINUED)

A. Funding Policy – Continued

Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 12.46% of covered payroll. The District's contributions to PERS for the years ended June 30, 2016, and 2015, were \$27,309 and \$25,157 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The total payroll for the years ended June 30, 2016 and 2015 was \$236,392 and \$346,531. Payroll covered by PERS was \$224,032 for 2015-16.

Information regarding contributions made by the State of New Jersey on behalf of the District is not available. Contributions to the system for the year ended June 30, 2016 is as follows:

	<u>PERS</u>
Employees	\$ 15,817
District	27,309
Total	<u>\$ 43,126</u>

B. Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years.
- It increased the PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for PERS members takes place in July of each subsequent fiscal year.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (CONTINUED)

11. PENSION (CONTINUED)

Public Employees' Retirement System – Continued

B. Significant Legislation – Continued

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the States Defined Contribution Retirement Program.

Information regarding contributions made by the State of New Jersey on behalf of the Board is not available.

C. Components of Net Pension Liability

At June 30, 2016, the District's proportionate share of the PERS net pension liability was \$669,316. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. 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, 2015. The District's proportion measured as of June 30, 2015, was .00298%, which was an increase of .00013% from its proportion measured as of June 30, 2014.

D. Pension Expense and Deferred Outflows/Inflows of Resources

The District's 2015-16 PERS pension expense, with respect to GASB 68, was \$25,634. The District's 2015-16 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,968	\$
Changes of assumptions	71,879	
Net difference between projected and actual earnings on pension plan investments		10,761
Changes in proportion and differences between District contributions and proportionate share of contributions	37,392	
District contributions subsequent to the measurement date	27,309	
Total	\$ 152,548	\$ 10,761

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (CONTINUED)

11. PENSION (CONTINUED)

Public Employees' Retirement System – Continued

D. Pension Expense and Deferred Outflows/Inflows of Resources - Continued

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

<u>Year</u>	<u>PERS</u>
2016-17	\$ 23,692
2017-18	23,692
2018-19	23,692
2019-20	23,692
2020-21	23,692
Thereafter	17,540
	\$ 136,000

Collective Balances at June 30, 2014 and 2015 are as follows:

	<u>Actuarial Valuation Date</u>	
	<u>6/30/2014</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$ 36,926	\$ 125,239
Collective deferred inflows of resources	\$ 31,797	\$ 10,761
Collective net pension liability	\$ 533,553	\$ 669,316
District's Proportion	0.00285%	0.00298%

E. Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Interest Rate	7.90%
Salary Scale (Based on Age):	
2012-2021	2.15% - 4.40%
Thereafter	3.15% - 5.40%
Inflation	3.04%

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (CONTINUED)

11. PENSION (CONTINUED)

Public Employees' Retirement System – Continued

E. Actuarial Assumptions - Continued

Mortality rates were based on the RP-2000 Combined Healthy Male or Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

F. Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
US Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100%	

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (CONTINUED)

11. PENSION (CONTINUED)

Public Employees' Retirement System – Continued

G. Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

H. 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, 2015, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	1% Decrease (3.90%)	Current Discount (4.90%)	1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 831,877	\$ 669,316	\$ 533,025

12. 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.

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.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (CONTINUED)

12. RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance

The District covers its employees on a cost experience basis under the New Jersey Unemployment Trust Fund by the "contributions" method. Under this method, a contribution rate is established annually for the District share of unemployment tax.

13. RENTAL INCOME

During fiscal year 2006-07, the District began renting office space to three Federal Agencies at \$9,304 per month. Rental space decreased from 6,047 square feet to 5,800 during the 2009-2010 year and the rental charge per square foot was \$19.75 over the past year. Total rental income was \$116,725 for fiscal year end June 30, 2016.

14. SURETY BONDS

An honesty blanket bond in the amount of \$750,000 was maintained covering all district personnel handling cash with a \$2,000 deductible.

15. REQUEST FOR AUTHORIZATION – (RFA)

All stormwater 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.

16. RESERVE FOR POST RETIREMENT BENEFITS

The District Maintains a Post Retirement Benefit Reserve account, which covers its employees on a pay-as-you-go basis. Under this method, an annual provision is made and charged against the operating budget of the District. The balance as of June 30, 2016 is \$60,000.

17. RESERVE FOR COMPENSATED ABSENCES

All permanent, full-time temporary and full-time hourly employees are entitled to paid sick leave days. Sick leave days with pay are accumulated on the basis of fifteen paid sick leave days in every calendar year. Unused sick leave may be accumulated and carried forward for an unlimited period of time. Upon leaving employment, unused earned sick leave may be cashed in at one-half their value up to a maximum of \$15,000.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015 (CONTINUED)

17. RESERVE FOR COMPENSATED ABSENCES (CONTINUED)

All full-time employees are entitled to annual vacation leave with pay. Vacation leave with pay is earned at the rate of one vacation day per month during the first calendar year of employment after initial appointment, twelve vacation days thereafter for every year and up to five years of service, fifteen vacation days after the completion of five years and up to twelve years of service, twenty vacation days after the completion of twelve years and up to twenty years of service, and twenty-five vacation days after the twentieth year of service. Unused vacation leave may be carried forward into the succeeding year only when approved by the District Supervisor, but not to exceed one year's allowance. Permanent part-time employees are entitled to receive paid vacation leave on a proportionate basis. The District does not record accrued expenses related to compensated absences, but have instead been reserved. The balance in the reserve as of June 30, 2016 is \$60,000.

18. HYDRAULIC AND HYDROLOGIC DATABASE

During 2012, the District entered into an agreement with the New Jersey Department of Agriculture, whereby the District shall provide data entry services of storm water basin design information, which has been collected on detention basin summary sheets since 1986. The NJDA has allocated \$15,340 to fund the District's participation in this project, of which \$7,670 was received in the 2012-13 fiscal year. During the 2014-15 fiscal year, the District completed this project and has reflected an accounts receivable for the remaining balance due from NJDA, in the amount of \$7,002. Based upon a contracted service agreement with Warren County Soil Conservation District, the District remitted the remaining balance of \$633 that they received from the NJDA in the 2015-16 fiscal year.

19. SUBSEQUENT EVENTS

There were no material events between June 30, 2016 and August 19, 2016 affecting the financial status of the Burlington County Soil Conservation District.

20. UNEARNED REVENUE

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

21. NATIONAL FISH AND WILDLIFE FOUNDATION (NFWF)

On February 10, 2016, the District entered into an agreement with the National Fish and Wildlife Foundation (NFWF) to provide assistance with the installing multi-species crop mix and other practices included in the Natural Resources Conservation Service New Jersey Soil Health Initiative which will serve as demonstration farms to use as examples in a series of outreach and educational events. The District shall be reimbursed for allowable costs incurred as a result of this project for an amount not to exceed \$50,000. As of June 30, 2016, the District had a balance of \$158 due from the NFWF.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF BUDGET VERSUS ACTUAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016

	Budget After Transfers	Actual	Under (Over) Budget
<u>Expenditures</u>			
Advertising	\$ 300	\$ 106	\$ 194
Contingency	15,000		15,000
Consultant and Contract Services	3,240		3,240
Credit Card	50	410	(360)
Donations and Contributions	5,000	3,375	1,625
Dues and Subscriptions	2,500	1,759	741
Equipment and Maintenance	3,000	5,137	(2,137)
Envirothon	500	500	-
Expense Reimbursement	4,500	2,717	1,783
Facility Maintenance Expense	50,000	41,522	8,478
Fringe Benefits	50,000	47,523	2,477
Furniture Acquisitions	500		500
Insurance - Auto and Liability	8,000	5,640	2,360
Insurance - Employer	23,000	21,700	1,300
Insurance - Health	125,000	115,868	9,132
Meeting Meals	800	519	281
Meetings and Seminars	2,500	645	1,855
Miscellaneous	7,500	868	6,632
New Vehicle	25,000	20,495	4,505
Office Supplies	5,500	4,482	1,018
Petty Cash	1,000	392	608
Postage	2,000	2,400	(400)
Printing	500	450	50
Professional Fees	8,500	6,877	1,623
Salaries and Wages	285,000	236,392	48,608
Training	1,000	1,200	(200)
Travel Expenses	6,000	2,561	3,439
Travel Non - District	3,500	724	2,776
Utilities	27,000	20,445	6,555
Watershed Fund	22,000	19,159	2,841
Supervisor/Staff Apparel	800	384	416
Misc Exp. Reimb		461	(461)
	<u>\$ 689,190</u>	<u>564,711</u>	<u>\$ 124,479</u>
Adjustments:			
In-Kind Support		318,535	
Fixed Assets Purchased		(36,858)	
Depreciation		66,661	
Total Expenditures - to Exhibit B		<u>\$ 913,049</u>	

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

SCHEDULES

SCHEDULE 1

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor Pass-Through Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period		Grant Award Amount	Balance June 30, 2015	Receipts or Revenue Realized	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Expenditures	Balance June 30, 2016		
			From	To							(Accounts Receivable)	Unearned Revenue	Due Grantor
Department of Agriculture: Natural Resources Conservation Service In-Kind Contribution			7/1/15	6/30/16	\$ 279,535	\$	\$ 279,535	\$ (279,535)	\$	\$ (279,535)	\$	\$	
Department of Agriculture: National Fish and Wildlife Foundation National Resources Conservation Service New Jersey Soil Health Initiative	10.902	68-3A75-15-116	9/15/15	9/15/17	50,000			(158)		(158)	(158)		
						\$	\$ 279,535	\$ (279,693)	\$	\$ (279,693)	\$ (158)	\$	\$

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

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

SCHEDULE 2

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

State Grantor Program Title	GMIS Number	Grant Award Amount	Grant Period		Balance July 1, 2015	Receipts or Revenue Realized	Expenditures	Adjustment	Balance June 30, 2016		
			From	To					(Accounts Receivable)	Unearned Revenue	Due Grantor
Department of Agriculture: In-Kind Contribution	N/A	\$ 39,000	7/1/15	6/30/16	\$	\$ 39,000	\$ (39,000)	\$	\$	\$	\$
Hydraulic and Hydrologic Database for Stormwater Management Basins	SSCC-251-HDF1	15,340	7/24/12	Completion	(7,002)	7,635	(633)				
					<u>\$ (7,002)</u>	<u>\$ 46,635</u>	<u>\$ (39,633)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND NONCOMPLIANCE

FOR THE YEAR ENDED JUNE 30, 2016

None

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND NONCOMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2016

Status of Prior Year Recommendations

In accordance with governmental auditing standards, our procedures include a review of the prior year's recommendations and resulted in this conclusion:

There were no prior year comments and recommendations.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT

COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED JUNE 30, 2016

COMMENTS

Administrative Practices and Procedures

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

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

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

The Internal Revenue Service regulations require that Form 1099-M 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 2015-16 District budget was presented in the format prescribed by the revised financial accounting manual.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT

COMMENTS AND RECOMMENDATIONS

FOR THE YEAR JUNE 30, 2016

Financial Planning, Accounting and Reporting (Continued)

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

Computerized Accounting System

The District maintains a computerized accounting system on a cash basis. It is suggested that adjustments for other non-cash activity be periodically recorded.

RECOMMENDATIONS

None.

Status of Prior Year Recommendations

There were no prior year recommendations.

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.