

**BURLINGTON COUNTY SOIL
CONSERVATION DISTRICT**

Columbus, New Jersey
County of Burlington

**AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**
(With Comparative Totals for June 30, 2017)

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BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
TABLE OF CONTENTS
JUNE 30, 2018

	Page
Roster of Officials	1
Independent Auditor's Report	3
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	7
 <u>Exhibits</u>	
A Statement of Financial Position	9
B Statement of Activities and Changes in Net Position	10
C Statement of Cash Flows	11
 Notes to Financial Statements	 15
 <u>Supplementary Information</u>	
Schedule of Budget Versus Actual Expenditures	29
Comments and Recommendations	33

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BURLINGTON COUNTY SOIL CONSERVATION DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2018

BOARD OF SUPERVISORS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gina A. Berg	Chair	June 2019
Daniel J. Caldwell	Vice- Chairman	June 2018
Thomas E. Budd	Treasurer	June 2021
Donald R. Knezick	Supervisor	June 2018
Ryan Rebozo, Ph.D.	Supervisor	June 2020

ADMINISTRATIVE OFFICIALS

Robert Reitmeyer	District Manager
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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Burlington County Soil Conservation District
Columbus, New Jersey

Report on the Financial Statements

We have audited the accompanying statement of financial position of the Burlington County Soil Conservation District, County of Burlington, State of New Jersey, as of June 30, 2018, and the related statement of activities and changes in net position and statement of cash flows for the year then ended, and the related notes to the financial statements.

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 reporting provisions of the New Jersey Department of Agriculture's Financial Accounting Manual; this includes 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.

Auditors' 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 and 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 the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 presentation of the financial statements.

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

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 regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2018, or the results of its operations and changes in net position and its cash flows for the year then ended.

Opinion on Regulatory 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, 2018, 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.

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 basic financial statements. The supplemental schedules such as the schedule of budget versus actual expenditures and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedule of expenditures of budget versus actual expenditures is 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 relate 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 our report dated August 23, 2018, on our consideration of the Burlington County Soil Conservation District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Burlington County Soil Conservation District's internal control over financial reporting and compliance.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

August 23, 2018
Medford, New Jersey

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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
Burlington County Soil Conservation District
Columbus, New Jersey

We have audited, in accordance with the 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 audit requirements as prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual, the financial statements-regulatory basis of the Burlington County Soil Conservation District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Burlington County Soil Conservation District's basic financial statements, and have issued our report thereon dated August 23, 2018. Our report indicated that the District's financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Burlington County Soil Conservation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 and audit requirements as prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

August 23, 2018
Medford, New Jersey

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

ASSETS	Unrestricted	Chapter 251	NFWF Grant	NRCS Program Assistance	Temporarily Restricted			Reserve for Future Legal Cost	Employee Benefit Fund	Totals	
					Fixed Assets Fund	Renewal and Replacement Fund				2018	2017
Current Assets											
Cash	\$ 305,072.37	\$ 1,294,387.57	\$ 7,391.86	\$ -	\$ -	\$ 400,000.00	\$ 150,000.00	\$ 120,000.00	\$ 2,272,901.80	\$ 2,392,019.26	
Operating Funds	100.00	-	-	-	-	-	-	-	100.00	100.00	
Change Fund	-	-	-	-	-	-	-	-	-	-	
Accounts Receivable:											
N.J. State Stormwater (RFA)	-	3,950.00	-	-	-	-	-	-	3,950.00	4,450.00	
Interfund Receivable	-	-	-	-	-	-	-	-	-	1,093.22	
NFWF Grant (Note 17)	-	-	-	-	-	-	-	-	-	460.22	
Prepaid Expenses	-	-	-	-	-	-	-	-	-	2,816.00	
Total Current Assets	305,172.37	1,294,387.57	7,391.86	-	-	400,000.00	150,000.00	120,000.00	2,276,951.80	2,400,938.70	
Property, Plant and Equipment (Note 1)											
Equipment	-	-	-	-	101,326.48	-	-	-	-	101,326.48	101,326.48
Well	-	-	-	-	30,867.00	-	-	-	-	30,867.00	30,867.00
Land Improvements	-	-	-	-	98,162.70	-	-	-	-	98,162.70	98,162.70
Building	-	-	-	-	1,881,185.89	-	-	-	-	1,881,185.89	1,881,185.89
Less: Accumulated Depreciation	-	-	-	-	2,111,542.07	-	-	-	-	2,111,542.07	2,111,542.07
Total Fixed Assets - Net of Depreciation	-	-	-	-	746,470.68	-	-	-	-	681,366.97	
	-	-	-	-	1,365,071.39	-	-	-	-	1,365,071.39	1,430,175.10
Total Assets	\$ 305,172.37	\$ 1,294,387.57	\$ 7,391.86	\$ -	\$ 1,365,071.39	\$ 400,000.00	\$ 150,000.00	\$ 120,000.00	\$ 3,642,023.19	\$ 3,831,113.80	
LIABILITIES											
Current Liabilities											
Accounts Payable	\$ -	\$ 1,650.45	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,650.45	\$ 2,891.69	
Due State of New Jersey	2,765.00	3,105.00	-	-	-	-	-	-	-	5,870.00	2,360.00
Unearned Revenue	-	-	7,391.86	-	-	-	-	-	-	7,391.86	-
Interfund Payable	-	-	-	-	-	-	-	-	-	-	1,093.22
Accrued Payroll and Payroll Taxes, Including Withheld Portions	4,165.15	-	-	-	-	-	-	-	-	4,165.15	3,548.76
Total Current Liabilities	6,930.15	4,755.45	7,391.86	-	-	-	-	-	-	19,077.46	9,893.67
NET POSITION AND RESERVES											
Unrestricted Net Position	298,242.22	-	-	-	-	-	-	-	-	298,242.22	323,254.01
Temporarily Restricted Net Position and Reserves:											
Reserve for Future Soil Erosion and Sediment Control Act Expenditures (Note 2)	-	1,289,632.12	-	-	-	-	-	-	-	1,289,632.12	1,397,791.02
Reserve for Post Retirement Benefit Fund (Note 15)	-	-	-	-	-	-	-	60,000.00	-	60,000.00	60,000.00
Reserve for Future Legal Costs (Note 3)	-	-	-	-	-	-	150,000.00	-	-	150,000.00	150,000.00
Reserve for Capital Improvements (Note 4)	-	-	-	-	-	250,000.00	-	-	-	250,000.00	250,000.00
Reserve for Office Property and Building Maintenance (Note 4)	-	-	-	-	-	150,000.00	-	-	-	150,000.00	150,000.00
Investment in Property, Plant, and Equipment	-	-	-	-	-	-	-	-	-	1,365,071.39	1,430,175.10
Reserve for Compensated Absences (Note 16)	-	-	-	-	-	-	-	60,000.00	-	60,000.00	60,000.00
Total Net Position and Reserves	298,242.22	1,289,632.12	-	-	1,365,071.39	400,000.00	150,000.00	120,000.00	3,622,945.73	3,821,220.13	
Total Current Liabilities, Net Position and Reserves	\$ 305,172.37	\$ 1,294,387.57	\$ 7,391.86	\$ -	\$ 1,365,071.39	\$ 400,000.00	\$ 150,000.00	\$ 120,000.00	\$ 3,642,023.19	\$ 3,831,113.80	

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	Temporarily Restricted								Totals	
	Unrestricted	Chapter 251	NFWF Grant	NRCS Program Assistance	Fixed Assets Fund	Renewal and Replacement Fund	Reserve for Future Legal Cost	Employee Benefit Fund	2018	2017
Support and Revenue										
Soil Erosion and Sediment Control Act Fees	\$ -	\$ 334,825.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 334,825.00	\$ 464,766.40
Chapter 251- Non-Compliance Fees	-	4,350.00	-	-	-	-	-	-	4,350.00	3,500.00
NFWF Grant (Note 17)	-	-	31,199.64	-	-	-	-	-	31,199.64	6,710.72
Interest	-	21,062.19	-	-	-	-	-	-	21,062.19	18,166.13
Open Space Admin Fee	-	-	-	-	-	-	-	-	-	1,500.00
N.J. Stormwater Funds (RFA)	22,850.00	-	-	-	-	-	-	-	22,850.00	16,900.00
Non-Cash In-Kind; Included as Expenditures Below	-	-	-	-	-	-	-	-	-	415,160.00
Open Space Grant	-	112,007.54	-	-	-	-	-	-	112,007.54	138,414.44
Rental Income (Note 12)	122,524.98	-	-	-	-	-	-	-	122,524.98	119,625.03
Federal Facility Fees	-	5,612.50	-	-	-	-	-	-	5,612.50	10,888.75
Training Seminars	-	1,100.00	-	-	-	-	-	-	1,100.00	2,325.00
Other Income	-	552.84	-	8,245.77	-	-	-	-	8,798.61	165.31
Total Support and Revenue	145,374.98	479,510.07	31,199.64	8,245.77	-	-	-	-	664,330.46	1,198,121.78
Expenditures										
Advertising	-	663.92	-	-	-	-	-	-	663.92	1,393.24
District Technology	-	15,269.38	-	-	-	-	-	-	15,269.38	10,560.33
Dues and Subscriptions	-	1,561.98	-	-	-	-	-	-	1,561.98	1,826.78
Donations and Contributions	-	7,380.00	-	-	-	-	-	-	7,380.00	5,070.00
Envirothon	-	500.00	-	-	-	-	-	-	500.00	500.00
Equipment and Maintenance	-	1,467.42	-	-	-	-	-	-	1,467.42	875.34
Expense Reimbursement	-	4,951.94	-	-	-	-	-	-	4,951.94	5,294.10
Facility Maintenance	-	26,679.20	-	-	-	-	-	-	26,679.20	34,559.27
Fringe Benefits	-	59,340.99	-	-	-	-	-	-	59,340.99	54,695.14
Non-Cash In-Kind	-	-	-	-	-	-	-	-	-	415,160.00
Insurance - Car and Liability	-	26,465.00	-	-	-	-	-	-	26,465.00	20,180.57
Insurance - Employer	-	6,232.50	-	-	-	-	-	-	6,232.50	7,077.95
Insurance - Health	-	136,958.34	-	-	-	-	-	-	136,958.34	123,581.09
Meetings, Seminars and Conferences	-	7,537.91	-	-	-	-	-	-	7,537.91	7,749.21
Watershed (Orleans)	-	-	-	-	-	-	-	-	-	73.47
Miscellaneous	-	7,366.27	-	-	-	-	-	-	7,366.27	920.07
Office Supplies	-	3,701.60	-	-	-	-	-	-	3,701.60	4,725.66
Open Space Expenses	-	111,292.54	31,199.64	-	-	-	-	-	142,492.18	138,414.44
Other Expense	-	4,086.81	-	-	-	-	-	-	4,086.81	830.20
Postage	-	1,800.00	-	-	-	-	-	-	1,800.00	2,400.00
Printing	-	420.70	-	-	-	-	-	-	420.70	40.50
Professional Fees	-	11,020.35	-	-	-	-	-	-	11,020.35	8,008.69
Salaries and Wages	-	290,762.42	-	8,245.77	-	-	-	-	299,008.19	253,582.00
Supervisor/Staff Apparel	-	268.76	-	-	-	-	-	-	268.76	387.72
Depreciation	-	-	-	-	65,103.71	-	-	-	65,103.71	67,194.88
Travel and Related Expenses	-	6,879.88	-	-	-	-	-	-	6,879.88	5,226.78
Utilities	-	25,447.83	-	-	-	-	-	-	25,447.83	25,331.22
Total Expenditures	-	758,055.74	31,199.64	8,245.77	65,103.71	-	-	-	862,604.86	1,195,658.65
Excess(Deficiency) of Support and Revenue Over Expenditures	145,374.98	(278,545.67)	-	-	(65,103.71)	-	-	-	(198,274.40)	2,463.13
Net Position, Beginning of Year	323,254.01	1,397,791.02	-	-	1,430,175.10	400,000.00	150,000.00	120,000.00	3,821,220.13	3,818,757.00
Non-Operating Sources and Uses: Transfer to Chapter 251 Reserve	(170,386.77)	170,386.77	-	-	-	-	-	-	-	-
Net Position, End of Year	\$ 298,242.22	\$ 1,289,632.12	\$ -	\$ -	\$ 1,365,071.39	\$ 400,000.00	\$ 150,000.00	\$ 120,000.00	\$ 3,622,945.73	\$ 3,821,220.13

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
<u>Cash Flows Provided (Used) by Operating Activities</u>		
Excess (Deficiency) of Support and Revenue over Expenditures	\$ (198,274.40)	\$ 2,463.13
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	65,103.71	67,194.88
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	2,053.44	3,095.56
(Increase) Decrease in Prepaid Expenses	2,816.00	(1,089.00)
(Decrease) Increase in Unearned Revenue	7,391.86	-
(Decrease) Increase in Accounts Payable	1,175.54	59.91
(Decrease) Increase in Payroll Deductions Payable	616.39	(156.24)
Cash (Used) by Operations	<u>(119,117.46)</u>	<u>71,568.24</u>
<u>Cash Flows (Used) by Investing Activities</u>		
Transfer to Fixed Assets Fund	<u>-</u>	<u>(0.98)</u>
Net Increase in Cash for the Year	(119,117.46)	71,567.26
Cash and Cash Equivalents - Beginning of Year	<u>2,392,119.26</u>	<u>2,320,552.00</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 2,273,001.80</u></u>	<u><u>\$ 2,392,119.26</u></u>

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

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**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
COUNTY OF BURLINGTON**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity

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 District 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, 2018, 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.

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.

**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 2: RESERVE FOR FUTURE SOIL EROSION AND
SEDIMENT CONTROL EXPENDITURES**

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

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

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, 2018 Reserve for Future Soil Erosion and Sediment Control Act Expenditures was \$1,289,632, as compared to \$1,397,791 in the prior year. A transfer from Unrestricted to Temporarily Restricted Chapter 251 Reserve in the amount of \$170,386.77 was needed in order to satisfy the reserve for active projects.

Note 3: RESERVE FOR FUTURE LEGAL COSTS

The Reserve for Future Legal Costs provides the District with funds necessary to pay for estimated future legal costs incurred as a result of current Chapter 251 operations. The balance in the reserve as of June 30, 2018 is \$150,000.

Note 4: 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.

Note 5: 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 YEAR ENDED JUNE 30, 2018**

Note 6: CONCENTRATION OF CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy regarding custodial credit risk, NJSA 17:9-411 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, 2018, the District's bank balance of \$2,261,973.24 was exposed to custodial credit risk as follows:

Insured by FDIC	<u>\$2,261,973.24</u>
	<u>\$2,261,973.24</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, 2017, the District had \$21,976.20 on deposit with the New Jersey Cash Management Fund.

Note 7: 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.

Note 8: 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.

**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 9: OPERATING LEASES

At June 30, 2017, 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,	
2019	1,133.00
Total future minimum lease payments	<u>\$ 1,133.00</u>

Note 10: PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted

**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 10: PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS) (Continued):

accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2017, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2017, the District's contractually required contribution to PERS plan was \$29,957.

Components of Net Pension Liability - At December 31, 2017, the District's proportionate share of the PERS net pension liability was \$752,759. The net pension liability was measured as of June 30, 2017. 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 July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017. The District's proportion measured as of June 30, 2017, was .003233% which was an increase of .00008% from its proportion measured as of June 30, 2016.

Collective Balances at December 31, 2017 and December 31, 2016

	<u>12/31/2017</u>	<u>12/30/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 232,156	\$ 301,996
Deferred Inflows of Resources	151,099	-
Net Pension Liability	752,759	931,868
District's portion of the Plan's total net pension Liability	0.00323%	0.00315%

**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 10: PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS) (Continued):

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2017, the District's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2017 measurement date is \$54,295. This expense is not recognized by the District because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the District contributed \$29,957 to the plan in 2017.

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 17,725	\$ -
Changes of Assumptions	151,655	151,099
Net Difference between Projected and Actual Earnings on Pension Plan Investments	5,126	-
Changes in Proportion and Differences between Burlington Contributions and Proportionate Share of Contributions	<u>57,650</u>	<u>-</u>
	<u>\$ 232,156</u>	<u>\$ 151,099</u>

The District will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 10: PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS) (Continued):

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 10: PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS) (Continued):

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending <u>Dec 31,</u>	<u>Amount</u>
2018	\$ 33,224
2019	41,176
2020	28,222
2021	(8,389)
2022	<u>(13,176)</u>
	<u><u>\$ 81,057</u></u>

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

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

**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 10: PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS) (Continued):

static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 10: PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS) (Continued):

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's Proportionate Share of the Net Pension Liability	\$ 933,849	\$ 752,759	\$ 601,889

Note 11: RISK MANAGEMENT

The Soil Conservation District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

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.

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.

**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 12: 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 square feet during the 2009-2010 year and the rental charge per square foot was \$19.75 over the past year. Total rental income was \$122,525 for fiscal year end June 30, 2018.

Note 13: 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.

Note 14: REQUEST FOR AUTHORIZATION - (RFA)

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

Note 15: 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, 2018 is \$60,000.

Note 16: 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.

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, 2018 is \$60,000.

**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 17: NATIONAL FISH AND WILDLIFE FOUNDATION

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.

Note 18: SUBSEQUENT EVENTS

There were no material events between June 30, 2018 and August 23, 2018 affecting the financial status of the Burlington County Soil Conservation District.

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**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF BUDGET VERSUS ACTUAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget After Transfers	Actual	Under (Over) Budget
<u>Expenditures</u>			
Advertising	\$ 300.00	\$ 663.92	\$ (363.92)
Ch. 251 Administrative Fees	4,000.00	3,950.00	50.00
Contingency	15,000.00	-	15,000.00
Credit Card	50.00	-	50.00
District Technology	15,000.00	15,269.38	(269.38)
Donations and Contributions	5,000.00	7,380.00	(2,380.00)
Dues and Subscriptions	2,500.00	1,561.98	938.02
Equipment and Maintenance	1,000.00	1,467.42	(467.42)
Envirothon	500.00	500.00	-
Expense Reimbursement	4,500.00	4,951.94	(451.94)
Facility Maintenance Expense	34,500.00	26,679.20	7,820.80
Fringe Benefits	71,000.00	59,340.99	11,659.01
Furniture Acquisition	1,000.00	-	1,000.00
Insurance- Auto and Liability	23,000.00	26,465.00	(3,465.00)
Insurance- Employer	8,000.00	6,232.50	1,767.50
Insurance- Health	155,000.00	136,958.34	18,041.66
Meeting Meals	800.00	562.91	237.09
Meetings and Seminars	2,500.00	3,025.00	(525.00)
Miscellaneous Expense	-	76.48	(76.48)
NFWF Grant Expenses	37,000.00	31,199.64	5,800.36
Office Supplies	5,500.00	3,701.60	1,798.40
Open Space Expenses	100,000.00	111,292.54	(11,292.54)
Petty Cash	1,000.00	284.79	715.21
Postage	2,500.00	1,800.00	700.00
Printing	500.00	420.70	79.30
Professional Fees	9,000.00	11,020.35	(2,020.35)
Reserve for SE & SC Expenditures	65,000.00	-	65,000.00
Reserve for Retirement Costs	10,000.00	-	10,000.00
RFA Reimbursement to State	8,000.00	7,005.00	995.00
Salaries and Wages	324,000.00	299,008.19	24,991.81
Training	3,000.00	-	3,000.00
Travel Expenses	6,000.00	6,879.88	(879.88)
Travel Non-District	3,500.00	-	3,500.00
Utilities	27,000.00	25,447.83	1,552.17
Supervisor/Staff Apparel	800.00	268.76	531.24
Misc Expense Reimbursements	-	4,086.81	(4,086.81)
	<u>\$ 946,450.00</u>	<u>797,501.15</u>	<u>\$ 148,948.85</u>
Adjustments:			
Depreciation		<u>65,103.71</u>	
Total Expenditures - to Exhibit B		<u>\$ 862,604.86</u>	

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**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
COUNTY OF BURLINGTON**

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018**

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**Burlington County Soil Conservation District
Comments and Recommendations
For the Year Ended June 30, 2018**

We have audited the basic financial statements of the Burlington County Soil Conservation District, County of Burlington, State of New Jersey for the year ended June 30, 2018. In accordance with requirements prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual, the following are the *General Comments and Recommendations* for the year then ended.

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.G.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 2017-18 district budget was presented in the format prescribed by the revised financial accounting manual.

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

Computerized Accounting System

The District 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 district during the course of the audit.

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

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

August 23, 2018
Medford, New Jersey