

OCEAN COUNTY
SOIL CONSERVATION DISTRICT
FORKED RIVER, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED JUNE 30, 2012

William E. Antonides and Company
Certified Public Accountants

2807 Hurley Pond Road
Wall, NJ 07719

506 Hooper Avenue
Toms River, NJ 08753

OCEAN COUNTY SOIL CONSERVATION DISTRICT

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OCEAN COUNTY SOIL CONSERVATION DISTRICT

PART I

AUDITOR'S REPORT OF THE DISTRICT'S FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

William E. Antonides and Company
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM E. ANTONIDES, C.P.A., R.M.A., P.S.A.
WILLIAM E. ANTONIDES, JR., C.P.A., R.M.A., P.S.A.

EDWARD J. SIMONE, C.P.A., R.M.A., P.S.A.

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DONALD F. HILL, C.P.A., P.S.A.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Ocean County Soil Conservation District
714 Lacey Road
Forked River, NJ 08731

We have audited the accompanying statement of financial position - regulatory basis of the Ocean County Soil Conservation District (the "District"), in the County of Ocean, State of New Jersey, as of June 30, 2012 and the related statements of activities and changes in net assets - regulatory basis and the statement of cash flows - regulatory basis for the year then ended. These financial statements are the responsibility of the District's management. 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 in accordance with audit requirements prescribed by the State Soil Conservation Committee (the "Committee"), New Jersey Department of Agriculture's Financial Accounting Manual revised September 13, 2007. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the District prepares its financial statements on a regulatory basis of accounting prescribed by the Committee, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable are presumed to be material.

Further, in our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2012, and the changes in financial position or its cash flows for the year then ended. Further, the District has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

However, in our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2012, and the results of its operations for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2012 on our consideration of the 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* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the District taken as a whole. The accompanying supplementary schedules of budget versus actual expenditures and federal and state grant activity are presented for purposes of additional analysis as required by the Committee. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the regulatory basis financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Supervisors, management of the District and the Committee and is not intended to be and should not be used by anyone other than these specified parties.

William E. Antonides and Company
Independent Auditors

A handwritten signature in black ink, appearing to read "William E. Antonides, Jr.", with a stylized flourish at the end.

William E. Antonides, Jr
Certified Public Accountant

November 21, 2012

OCEAN COUNTY SOIL CONSERVATION DISTRICT

STATEMENT OF FINANCIAL POSITION

Exhibit A

FOR THE YEAR ENDED JUNE 30, 2012

Assets	Unrestricted	Temporarily Restricted			Total
		Chapter 251 Reserves	Grant Fund	Equipment Fund	
Current Assets:					
Cash, Savings and Temporary Investments:					
Operating Funds					
Accounts Receivable:					
New Jersey Stormwater Aid					
Grants		7,950.00	41,167.48		7,950.00
Interfunds		112,883.97			41,167.48
Total Current Assets	207,445.07	2,109,735.71	41,167.48		112,883.97
Property, Plant and Equipment:					2,479,182.23
Land and Buildings				422,523.45	422,523.45
Vehicles, Furniture and Equipment				185,344.79	185,344.79
Less: Accumulated Depreciation				(307,573.73)	(307,573.73)
Total Property, Plant and Equipment				300,294.51	300,294.51
Total Assets	207,445.07	2,230,569.68	41,167.48	300,294.51	2,779,476.74
Liabilities, Net Assets and Reserves					
Current Liabilities:					
Compensated Absence Liability		169,799.23			169,799.23
Due State of New Jersey		5,635.00	7,809.07		13,444.07
Interfunds	79,525.56		33,358.41		112,883.97
Total Liabilities	79,525.56	175,434.23	41,167.48		296,127.27
Reserves:					
Reserve for Future Soil Erosion and Sediment Control Act Expenditures		679,455.74			679,455.74
Reserve for Future Legal Costs		40,000.00			40,000.00
Total Reserves		719,455.74			719,455.74
Net Assets:					
Unrestricted Net Assets	127,919.51				127,919.51
Temporarily Restricted Net Assets		1,335,679.71		300,294.51	1,635,974.22
Total Net Assets	127,919.51	1,335,679.71		300,294.51	1,763,893.73
Total Liabilities, Net Assets and Reserves	207,445.07	2,230,569.68	41,167.48	300,294.51	2,779,476.74

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

OCEAN COUNTY SOIL CONSERVATION DISTRICT

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

Exhibit B

Sheet 2 of 2

	Unrestricted	Chapter 251 Reserves	Temporarily Restricted Grant Fund	Temporarily Restricted Equipment Fund	Subtotal	Total
	\$	\$	\$	\$	\$	\$
Payroll		753,376.11			753,376.11	753,376.11
Payroll Tax		33,640.81			33,640.81	33,640.81
Poster Contest	680.10					680.10
Annual Employer Pension Contribution		88,641.00			88,641.00	88,641.00
Early Retirement Incentive Accrued Liability		37,225.00			37,225.00	37,225.00
Postage and Delivery	5.30					5.30
Reference Material and Publications	65.00					65.00
Round Table	1,523.19					1,523.19
Service Contracts		4,163.90			4,163.90	4,163.90
Telephone		5,763.32			5,763.32	5,763.32
Vehicle Expense		16,901.93			16,901.93	16,901.93
Workshops, Meetings and Training		3,412.24			3,412.24	3,412.24
State Level Administrative Support	249.99	42,000.00			42,000.00	42,000.00
Total Expenditures and Net Assets Released from Restrictions	3,040.05	1,264,502.85	35,371.18	25,746.21	1,325,620.24	1,328,660.29
Excess (Deficiency) of Support and Revenue Over Expenditures	(719.53)	(159,207.32)	35,614.46	(25,746.21)	(149,339.07)	(150,058.60)
Adjustments:						
Reserve Adjustment for Soil Erosion and Sediment						
Control Act Expenditures		(26,147.06)			(26,147.06)	(26,147.06)
Accrued Sick Leave		(21,171.10)			(21,171.10)	(21,171.10)
Transfers of Net Assets	31,938.28	3,676.18	(35,614.46)		(31,938.28)	(31,938.28)
Adjusted Total - Increase (Decrease)	31,218.75	(202,849.30)			(228,595.51)	(197,376.76)
Net Assets July 1, 2011	96,700.76	1,538,529.01			1,864,569.73	1,961,270.49
Net Assets June 30, 2012	\$ 127,919.51	\$ 1,335,679.71	\$	\$ 300,294.51	\$ 1,635,974.22	\$ 1,763,893.73

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

OCEAN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS - ALL FUNDS COMBINED
FOR THE YEAR ENDED JUNE 30, 2012

Schedule C

Cash Flows from Operating Activities:	
Excess of Support and Revenue over Expenditures	\$ (150,058.60)
Adjustments to Reconcile Excess of Support and Revenue Over	
Expenditures to Net Cash Provided by Operating Activities:	
Depreciation	25,746.21
Change in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(27,804.41)
Increase/(Decrease) in Due State of New Jersey	<u>7,794.07</u>
Net Cash Provided/(Used) by Operating Activities	<u>5,735.87</u>
Net Increase/(Decrease) in Cash	(144,322.73)
Cash, Savings and Temporary Investments July 1	<u>2,461,503.51</u>
Cash, Savings and Temporary Investments June 30	\$ <u><u>2,317,180.78</u></u>

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

OCEAN COUNTY SOIL CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Ocean County Soil Conservation District is one of fifteen Districts in the State of New Jersey under the auspices of the New Jersey Department of Agriculture. Each District is governed by a Board of Supervisors, which sets policies and performance guidelines. The Districts work closely with the U.S. 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 1975, the objective of which was to prevent erosion and sedimentation from development sites, mitigate impacts to soil resources, and enhance soil quality.

B. Financial Statement Presentation

The District is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets can be expended by the District for any aspect of its operations, at any time, as determined by management. Temporarily restricted net assets are either restricted as to specific program, a specific time period or both, but eventually, will be expended by the District. Permanently restricted net assets can never be expended, but benefit the District through investment earnings on such assets. At June 30, 2012, the District had only unrestricted and temporarily restricted net assets.

C. Basis of Accounting

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

All of the District funds are accounted for using the accrual basis of accounting. Support and revenue are recognized when they become both measurable and available as net current 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 are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, support and revenues and expenditures. Fixed asset purchases are recorded in the fund of acquisition with an appropriate transfer to the equipment fund. Accumulated depreciation is reported on the statement of financial position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Use of Estimates

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

E. Cash and Cash Equivalents

Operating funds and temporary investments include amounts in demand deposits as well as the New Jersey Cash Management Fund. State statutes authorize governmental units to invest in obligations as described in Note 2.

F. Support and Expenses

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

G. Non-cash Support

State non-cash support consists of:

Direct Support - District supervisor's travel expenses, per diem, postage and miscellaneous expenses.

Indirect Support - Estimated proportional allocation of State level administrative and technical services.

The amount provided by outside governmental sources to assist in the operation of the District is as follows:

Direct Support	\$ -0-
Indirect Support	<u>42,000</u>
	\$ <u>42,000</u>

NOTE 1.**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****H. Property, Plant and Equipment**

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

Equipment	5 years
Vehicles	5 years
Furniture	5 years
Building and Improvements	40 years

I. Compensated Absences

The District permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost of unpaid sick leave at June 30, 2012 was \$169,799, and this amount is accounted for as an expense and liability in the financial statements.

NOTE 2.**CASH AND CASH EQUIVALENTS****A. Deposits**

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

At year-end the carrying amount of the District's deposits was \$2,317,181 and the bank balance amount was \$2,317,799. Of this amount \$500,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered the remaining \$1,817,799.

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the District may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the District:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the County and municipalities in which the District is located, or bonds or other obligations of school districts of which the District is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Local government investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the District shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the District and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the District had no investments in qualified securities at June 30, 2012.

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every district shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2012</u>	<u>2011</u>
Insured:		
FDIC	\$ 500,000	\$ 500,000
GUDPA	<u>1,817,799</u>	<u>1,964,146</u>
	\$ <u>2,317,799</u>	\$ <u>2,464,146</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

NOTE 3. PENSION PLANS

The District contributes to a cost sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System, which is administered by the New Jersey Division of Pensions and Benefits. This plan provides retirement, disability, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. The plan has a Board of Trustees that implement benefit provisions, which are established and amended by State statute. The Division issues a publicly available financial report that includes financial statements and requirement supplementary information. That report may be obtained by writing to:

NOTE 3. PENSION PLANS (CONTINUED)

State of New Jersey
Division of Pension and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

The contribution requirements of plan members are determined by State statute. Plan members enrolled in the PERS are required to contribute 5.5% of their annual covered salary. Pursuant to Ch. 78, P.L. 2011 and effective October 1, 2011, the employee pension contribution rates were adjusted as follows:

- PERS members from 5.5% to 6.5% of their annual covered salary, with an additional increase to be phased in over the next 7 years bringing the total pension contribution rate to 7.5% of annual covered salary.

In addition, Cost of Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. The District's contributions to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>
2012	\$ 125,866
2011	125,173
2010	108,044

NOTE 4. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 3, the District provides health care benefits in accordance with the personnel manual revised by the Board of Supervisors in July of 1993 to employees with 25 years of service to the District. Currently, four (4) individuals are receiving these benefits. During the year, expenditures of \$33,867 were recognized for post retirement health care.

NOTE 5. RESERVE FOR FUTURE SOIL EROSION AND SEDIMENT CONTROL ACT EXPENDITURES

The Reserve for Future Soil Erosion and Sediment Control Act Expenditures is established to account for all related costs of future site inspections for projects currently in progress, for which fees under the act have previously been collected. The current balance of the reserve is calculated by multiplying the certification fees collected during the current and two preceding years by the following percentages:

<u>Certification Fees</u> <u>Collected to June 30,</u>			<u>Reserve Balance</u> <u>June 30, 2012</u>
2010	\$ 1,007,731	x 10% =	\$ 100,773
2011	910,128	x 20% =	182,026
2012	991,642	x 40% =	<u>396,657</u>
Reserve Balance June 30, 2012			\$ <u>679,456</u>

NOTE 6. RESERVE FOR FUTURE LEGAL COSTS

The Reserve for Future Legal Costs provides the District with funds necessary to pay for future legal costs incurred as a result of current Chapter 251 operations. The balance in this reserve account has been estimated to be \$40,000.

NOTE 7. CONTINGENT LIABILITIES

Pending Litigation

It is the opinion of the District officials that there is no litigation threatened or pending that would materially affect the financial position of the District and they believe that negligence and other types of liability suits, of which the District is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

William E. Antonides and Company
CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Supervisors
Ocean County Soil Conservation District
714 Lacey Road
Forked River, NJ 08731

We have audited the financial statements of the Ocean Soil Conservation District (the "District"), as of and for the year ended June 30, 2012, and have issued our report thereon dated November 21, 2012. Our report disclosed that, as described in Note 1 to the regulatory basis financial statements, the District prepares its financial statements on a basis of accounting prescribed by the State Soil Conservation Committee, New Jersey Department of Agriculture, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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.

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.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purposes 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 and contracts, 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*.

This report is intended solely for the information and use of management, the Board of Supervisors, and federal and state awarding agencies and pass through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

This report is intended solely for the information and use of the Board of Supervisors, the District's management and the Committee and is not intended to be and should not be used by anyone other than these specified parties.

William E. Antonides and Company
Independent Auditors

November 21, 2012

OCEAN COUNTY SOIL CONSERVATION DISTRICT

ROSTER OF OFFICIALS

FOR THE YEAR ENDED JUNE 30, 2012

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
William J. Pollock	Chairman	6/30/15
Anthony DiLodovico	Vice Chairman	6/30/15
Charlene H. Costaris	Treasurer	6/30/13
Michael Gross	Secretary	6/30/14
Martha Maxwell-Doyle	Supervisor	6/30/13
Christine Raabe	District Director	
Jean Baluski	Office Manager	

There was a Public Officials' Liability Policy in the amount of \$2,000,000 (deductible \$5,000) for Directors and Officers. The policy was issued by Darwin National Assurance Company. In addition, there was an Employee Theft-Blanket, Forgery or Alteration Policy in the amount of \$200,000 (deductible \$500) for employees. The policy was issued by Selective Insurance Company of America.

OCEAN COUNTY SOIL CONSERVATION DISTRICT

PART II

SUPPLEMENTARY DATA

FOR THE YEAR ENDED JUNE 30, 2012

OCEAN COUNTY SOIL CONSERVATION DISTRICT

SCHEDULE OF BUDGET VERSUS ACTUAL EXPENDITURES - OPERATING FUNDS

Schedule 1

FOR THE YEAR ENDED JUNE 30, 2012

	Unrestricted			Temporarily Restricted	
	Modified Budget	Actual	Under/(Over) Budget	Modified Budget	Actual
Expenditures:					
Capital Expense Account	\$	\$	\$	\$	\$
Accounting Expense				20,000.00	
Building Expense:				5,900.00	360.00
Maintenance					
Utilities				5,000.00	2,529.47
Computer Consulting				12,800.00	10,140.67
Computer Equipment				5,000.00	4,225.86
CBT (Corp. Bus. Tax) Grant				3,000.00	2,637.54
Discovering Barnegat Bay	107,000.00		107,000.00		13,442.90
SHIP Projects	2,000.00		2,000.00		
319 - Basin Grant	15,000.00		15,000.00		
Depreciation	10,000.00		10,000.00		
Dues and Donations					8,235.60
Education		30.24	(30.24)		13,692.68
Engineering Consulting					25,746.21
Employee Benefits				3,810.00	2,185.00
General Workshop Expenses/Promotional Items	2,205.00		2,205.00	2,000.00	
Insurance				195,573.00	198,976.77
Legal Expense				33,800.00	31,263.70
Miscellaneous				2,500.00	4,573.00
Office Expense		79.38	(79.38)		285.81
Other		406.85	(406.85)	27,117.00	21,373.57
Payroll				581,600.00	827.15
Payroll Tax				44,250.00	753,376.11
Poster Contest	900.00	680.10	219.90		33,640.81
Annual Employer Pension Contribution				125,173.00	88,641.00
Early Retirement Incentive Accrued Liability				37,225.00	37,225.00
Postage and Delivery		5.30	(5.30)	2,000.00	
Printing and Reproduction		65.00	(65.00)	1,000.00	
Reference Material and Publications		1,523.19	116.81	2,500.00	
Roundtable	1,640.00				
Service Contracts				4,650.00	4,163.90
Soil Display	1,500.00		1,500.00		
Telephone				5,600.00	5,763.32
Trout in the Classroom	2,000.00		2,000.00		
Vehicle Expense		249.99	(249.99)	16,000.00	16,901.93
Workshops, Meetings and Training				4,000.00	3,412.24
State Level Administrative and Technical Support					42,000.00
Total Expenditures	\$ 142,245.00	\$ 3,040.05	\$ 139,204.95	\$ 1,140,698.00	\$ 1,325,620.24
					\$ (184,922.24)

OCEAN COUNTY SOIL CONSERVATION DISTRICT

SCHEDULE OF FEDERAL AND STATE AWARDS

Schedule 2

FOR THE YEAR ENDED JUNE 30, 2012

Federal/State Grantor Program Title	Federal CFDA/ Account Number	Program Award Amount	2012 Disbursements	Total Disbursements
Department of Agriculture: State Level Administrative and Technical Support	*	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00
Department of Environmental Protection: Division of Watershed Management: CBT Grant-In-Aid Program: Sub-Watershed Action Project in the Long Swamp Creek Watershed	RPO7-057	256,150.00	33,835.54	186,240.37
319 - Basin Grant: Retrofit and Restoration of Stormwater Basins and Control Facilities	RP09-076	37,955.10	36,905.10	37,955.10
Total Federal and State Assistance		\$ 336,105.10	\$ 112,740.64	\$ 266,195.47

* - Not Applicable

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

See Independent Auditor's Report.

OCEAN COUNTY SOIL CONSERVATION DISTRICT

PART III

GENERAL COMMENTS AND FINDINGS/RECOMMENDATIONS

YEAR ENDED JUNE 30, 2012

An audit of the financial accounts and transactions of the Ocean County Soil Conservation District (the "District") for the year ended June 30, 2012, has recently been completed. The results of the audit are herewith set forth.

SCOPE OF AUDIT

The audit covered all financial transactions of the District.

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

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

The support revenues and expenditures for the District as shown on the Statement of Support Revenues and Expenditures are presented as recorded in the District's records.

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4a

N.J.S. 40A:11-4a states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." The amount set forth pursuant to the above statute was \$17,500 for municipalities without a qualified purchasing agent (QPA) and \$36,000 with a qualified purchasing agent. In 2011, it was noted that the Division of Local Government Services adopted a temporary rule that permits municipalities to increase their bid threshold to \$26,000 for a person meeting certain eligibility requirements for the future anticipated QPA certification exam. The District's bid threshold was \$17,500 for the year under audit.

The District's supervisors have the responsibility of determining whether the expenditures in any category will exceed the above statutory limitation within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the District Counsel's opinion should be sought before a commitment is made.

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

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

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4.

Contracts or Agreements not Required to be Advertised per N.J.S. 40A:11-6.1

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

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

FOLLOW-UP OF PRIOR YEAR FINDINGS

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. There were no prior year findings that needed to be addressed.

FINDINGS/RECOMMENDATIONS

None

ACKNOWLEDGEMENT

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

The foregoing comments are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments please contact us at your earliest opportunity.

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