

**OCEAN COUNTY SOIL
CONSERVATION DISTRICT
Forked River, New Jersey**

**REPORT OF AUDIT
FOR THE TWELVE MONTHS ENDED JUNE 30, 2015**

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OCEAN COUNTY SOIL CONSERVATION DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2015

CONSERVATION DISTRICT BOARD OF SUPERVISORS

THE DISTRICT GOVERNING BODY

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dr. William J. Pollock	Chairman	June 30, 2018
Anthony DiLodovico	Vice-Chairman	June 30, 2018
Charlene H. Costaris	Treasurer	June 30, 2016
Michael Gross	Secretary	June 30, 2017
Martha Maxwell-Doyle	Supervisor	June 30, 2017

MANAGEMENT AND ADMINISTRATIVE STAFF

Christine R. Raabe	District Director
Kerry Jennings	Assistant District Director
Jean Baluski	Office Manager

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

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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Williamstown, NJ 08094

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August 27, 2015

INDEPENDENT AUDITOR'S REPORT

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

Ladies and Gentlemen:

Report on Financial Statements

We have audited the accompanying financial statements of the Ocean County Soil Conservation District as of June 30, 2015 and the related statements of activities and changes in net position and of cash flows for the year then ended, which collectively comprise the Ocean County Soil Conservation District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Ocean County Soil Conservation District's 2014 financial statements and in our report dated August 27, 2014, we expressed unmodified opinions on the respective financial statements of financial position, activities and changes in net position and cash flows. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in **Government Auditing Standards** issued by the Comptroller General of the United States; and the audit requirements prescribed by the Department of Agriculture's Manual, as required by the New Jersey State Soil Conservation Committee. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ocean County Soil Conservation District as of June 30, 2015, and the changes in net position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America and requirements prescribed by the State Soil Conservation Committee, Department of Agriculture, State of New Jersey.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ocean County Soil Conservation District's financial statements as a whole. The accompanying introductory section, and other supplementary information such as the schedule of budget versus actual expenditures, schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements.

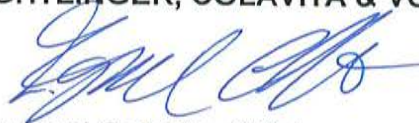
The accompanying supplementary schedules of expenditures of budget versus actual expenditures and schedule of expenditures of federal awards and state assistance are presented for purposes of additional analysis as required by the State of New Jersey, Department of Agriculture, and State Soil Conservation Committee. These schedules were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subject to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued a report dated August 27, 2015 on our consideration of the Ocean County Soil Conservation District's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

A handwritten signature in blue ink, appearing to read 'Raymond Colavita', is written over the printed name.

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

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August 27, 2015

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

Board of Supervisors
Ocean County Soil Conservation District
508 Hughes Drive
Hamilton Square, New Jersey 08690

Ladies and Gentlemen:

We have audited the financial statements of the Ocean County Soil Conservation District as of and for the year ended June 30, 2015, and have issued our report thereon dated August 27, 2015. 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 audit requirements prescribed by the State Soil Conservation Committee, Department of Agriculture, State of New Jersey.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be 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, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with such provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards**.

Purpose of this Report

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

SCHEDULES

OCEAN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015 and 2014

	Temporarily Restricted				Totals	
	Unrestricted	Chapter 251 Reserves	Equipment Fund	Grant Fund	June 30, 2015	June 30, 2014
ASSETS						
Current Assets						
Cash Savings and Temporary Investments						
Operating Funds	\$ 299,683	\$ 2,966,436	\$		\$ 3,266,119	\$ 2,949,980
Accounts Receivable:						
New Jersey Stormwater Aid		10,450			10,450	6,050
Federal Grants				4,225	4,225	28,775
Prepaid Expense (Note 15)		19,240			19,240	12,500
Interfund Receivable		220,739			220,739	207,901
Total Current Assets	299,683	3,216,865		4,225	3,520,773	3,205,206
Property, Plant and Equipment (Note 1E)						
Land and Buildings			422,524		422,524	422,524
Vehicles and Equipment			156,956		156,956	156,956
Less: Accumulated Depreciation			(315,223)		(315,223)	(306,383)
Total Property, Plant and Equipment			264,257		264,257	273,097
Total Assets	\$ 299,683	\$ 3,216,865	\$ 264,257	\$ 4,225	\$ 3,785,030	\$ 3,478,303

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

EXHIBIT A
(2)

OCEAN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015 and 2014

	Unrestricted	Temporarily Restricted			Totals	
		Chapter 251 Reserves	Equipment Fund	Grant Fund	June 30, 2015	June 30, 2014
LIABILITIES, NET POSITION AND RESERVES						
Current Liabilities						
Accounts Payable		\$ 6,739	\$	\$	6,739	\$ 11,605
Due to the State of New Jersey		8,760			8,760	7,690
Accrued Payroll Liabilities		19,976			19,976	18,143
Unearned Revenue (Note 13)				3,250	3,250	13,889
Interfund Payable	219,764			975	220,739	207,901
Total Current Liabilities	219,764	35,475		4,225	259,464	259,228
Reserves						
Reserve for Future Legal Fees (Note 3)		40,000			40,000	40,000
Reserve for Future Soil Erosion and Sediment Control Act Expenditures (Note 4)		942,714			942,714	832,566
Reserve for Compensated Absences (Note 12)		157,994			157,994	170,771
Reserve for Retirement Health Benefits (Note 16)		75,000			75,000	75,000
Reserve for Vehicle Acquisitions (Note 17)		20,000			20,000	20,000
Total Reserves		1,235,708			1,235,708	1,138,337
Net Position						
Unrestricted Net Position	79,919				79,919	111,657
Temporarily Restricted Net Position		1,945,682	264,257		2,209,939	1,969,081
Total Net Position	79,919	1,945,682	264,257		2,289,858	2,080,738
Total Liabilities, Net Position and Reserves	\$ 299,683	\$ 3,216,865	\$ 264,257	\$ 4,225	\$ 3,785,030	\$ 3,478,303

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

EXHIBIT B
(1)

OCEAN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015 AND 2014

	Temporarily Restricted				Totals	
	Unrestricted	Chapter 251	Equipment Fund	Grant Fund	June 30, 2015	June 30, 2014
Support and Revenue:						
Soil Erosion and Sediment Control Act Fees	\$	\$ 1,440,032	\$	\$	\$ 1,440,032	\$ 1,317,319
Interest on Deposits	1,062	23,067			24,129	21,210
RFA Fees (New Jersey Stormwater Aid)		23,440			23,440	17,430
SHIP Projects				21,760	21,760	50,855
319 - OCPD				12,515	12,515	28,363
NJ Yards						4,910
Hydraulic & Hydrologic Database				27,834	27,834	56
Miscellaneous		3			3	1,569
Roundtable	1,450				1,450	1,165
Non-Cash In-Kind; Included as Expenditures Below (Note 2)		69,405			69,405	86,287
Total Support and Revenue	\$ 2,512	\$ 1,555,947	\$	\$ 62,109	\$ 1,620,568	\$ 1,529,164
Expenditures and Net Assets Released from Restrictions:						
Professional Fees	\$	\$ 17,228	\$	\$	\$ 17,228	\$ 12,753
Building Expense:						
Maintenance		12,851			12,851	5,662
Utilities		11,559			11,559	11,313
Office Equipment		4,785			4,785	1,192
SHIP Projects				21,760	21,760	50,855
319 - OCPD				12,515	12,515	28,363
NJ Yards						4,910
Hydraulic & Hydrologic Database		65		27,834	27,899	1,500
Depreciation			8,840		8,840	10,262
Dues and Donations		5,130			5,130	4,525
Insurance		32,394			32,394	33,504
Miscellaneous	1,304				1,304	586
Office Expense		67,641			67,641	17,716
Website Expenses		1,500			1,500	

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

EXHIBIT B
(2)

OCEAN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015 AND 2014

	Temporarily Restricted				Totals	
	Unrestricted	Chapter 251 Reserves	Equipment Fund	Grant Fund	June 30, 2015	June 30, 2014
Expenditures (Continued)						
Payroll	\$	\$	\$	\$	\$	\$
Payroll Tax		451,434			451,434	321,164
Employee Benefits		159,960			159,960	140,781
Annual Employer Pension Contribution		261,976			261,976	275,159
Poster Contest		93,531			93,531	92,307
Roundtable	250				250	100
Service Contracts	1,656				1,656	1,614
Telephone		4,565			4,565	2,310
Vehicle Expense		3,932			3,932	3,109
Workshops, Meetings and Training	469	8,406			8,406	12,524
In-Kind Support		2,516			2,985	1,623
		69,405			69,405	86,287
Expenditures and Net Assets Released from Restrictions:	3,679	1,208,878	8,840	62,109	1,283,506	1,120,119
Excess (Deficiency) of Support and Revenue Over Expenditures	(1,167)	347,069	(8,840)		337,062	409,045
Non-Operating Sources and Uses:						
Gain on Sale of Vehicle						8,150
Reserve for Soil Erosion and Sediment Control Act Expenditures		(110,148)			(110,148)	(130,276)
Compensated Absences		12,777			12,777	11,062
Retirement Health Benefits Transfers	(30,571)			30,571		
Prior Year Accounts Receivable Adjustment				(30,571)		(18,743)
Net Position beginning of year	111,657	1,695,984	273,097		2,080,738	1,801,500
Net Position, end of year	\$ 79,919	\$ 1,945,682	\$ 264,257	\$	\$ 2,289,858	\$ 2,080,738

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

OCEAN COUNTY SOIL CONSERVATION DISTRICT
COMPARATIVE STATEMENT OF CASH FLOWS - ALL FUNDS COMBINED
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>Totals for the Period ended</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Cash Flows provided (used) by Operating Activities		
Excess (Deficiency) of Support and Revenue over Expenditures	\$ 337,062	\$ 409,045
Adjustments to Reconcile Excess (Deficiency) of Support and Revenue over Expenditures to Net Cash provided by Operating Activities:		
Depreciation	8,840	10,262
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(10,421)	62,391
(Increase) Prepaid Expense	(6,740)	795
(Decrease) Increase in Accounts Payable	(4,866)	6,860
(Decrease) Increase in Unearned Revenue	(10,639)	(56)
(Decrease) Accrued Payroll Liabilities	1,833	18,143
(Decrease) Increase in Due to State of New Jersey	1,070	(730)
Net Cash Provided (Used) by Operating Activities	<u>(20,923)</u>	<u>97,665</u>
Cash Flows Used by Investing Activities		
Purchase of Fixed Assets		(1,255)
Gain on Sale of Vehicle		8,150
Net Cash Provided (Used) by Investing Activities		<u>6,895</u>
Net Increase (Decrease) in Cash	316,139	513,605
Cash and Cash Equivalents - July 1, 2014 - Beginning of Year	<u>2,949,980</u>	<u>2,436,375</u>
Cash and Cash Equivalents - June 30, 2015 - End of Year	<u>\$ 3,266,119</u>	<u>\$ 2,949,980</u>

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

OCEAN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Description of Financial 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. Department of Agriculture /Natural Resources Conservation Service to promote the wise use of soil and water resources. In 1976, the Districts in New Jersey were mandated to administer Chapter 251, The Soil Erosion and Sediment Control Act of 1976, the objective of which was to prevent erosion and sedimentation from development sites, mitigate impacts to soil resources and enhance soil quality.

B Organization

The District is a governmental subdivision of the State of New Jersey, and a public body corporate and politic, located in Forked River, Township of Lacey, County of Ocean. It was organized in accordance with the provisions of the Soil Conservation Act, N.J.S.A. 4:24 et seq. with a five member Board of Supervisors appointed by the State Committee as the governing body.

The supervisors serve staggered three-year terms with the nominations made by an open public forum. Districts and their partners conduct and implement conservation programs. Districts may receive funding from a variety of public and private sources and employ staff to carry out programs as directed by the Board. All funds, regardless of the source are public funds and are subject to the State Committee's fiscal management standards, rules and statutes.

C Financial Statement Presentation

The District is required to report information regarding its 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, 2015, the District had only Unrestricted and Temporarily Restricted Net Position.

D Basis of Accounting

The accounting policies of the District conform to accounting principles generally accepted in the United States of America and practices prescribed by the State of New Jersey, Department of Agriculture, and State Soil Conservation Committee.

OCEAN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014 (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D Basis of Accounting - Continued

All of the District's funds are accounted for using the accrual basis of accounting. Support and revenues are recognized when they become both measurable and available as net current assets. Expenditures are recognized when the related fund liability is incurred. Chapter 251 revenue is recognized when received and Chapter 251 expenses are recognized when incurred.

The accounts of the District shall be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, Net Position, support, revenues and expenditures. Fixed asset purchases are to be recorded in the fund of acquisition, with an appropriate transfer to the equipment fund. Accumulated depreciation is reported on the statement of financial position.

E Property, Plant and Equipment Fund

Capital Assets acquired or constructed during the year are recorded at cost and reflected as expenditures in the applicable governmental fund. Donated assets are valued at their estimated fair market value on the date received. Capital Assets acquired are transferred into the Property, Plant and Equipment fund. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets as listed below:

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

F Amortization of Financing Costs

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

G 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, liabilities and disclosures at the date of the financial statements, as well as the reported amounts of revenue and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

OCEAN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014 (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H Reclassifications

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

I 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.

J Support and Expenses

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

2. NON-CASH SUPPORT

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

	<u>Federal</u>	<u>State</u>	<u>Total June 30, 2015</u>
Indirect Support		\$ 31,000	\$ 31,000
Salaries	\$ 22,792		22,792
Fringe Benefits	6,411		6,411
Rent, Telephone and Other	9,202		9,202
Totals	\$ 38,405	\$ 31,000	\$ 69,405

OCEAN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014 (CONTINUED)

3. RESERVE FOR FUTURE LEGAL COSTS

The Reserve for Future Legal Costs provides the District with funds necessary to pay for estimated future legal costs incurred as a result of current Chapter 251 operations. The District has set this Reserve at \$40,000, as of June, 30 2015.

4. RESERVE FOR FUTURE SOIL EROSION AND SEDIMENT CONTROL EXPENDITURES

The Reserve for Future Soil Erosion and Sediment Control Act Expenditures is established to account for estimated related costs of future expenditures (including 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:

Chapter 251 Fee Reserve Collected to Fiscal Year Ending June 30, 2015			
	Fees	Percentage	Reserve
June 30, 2013	\$ 1,032,372	10%	\$ 103,237
June 30, 2014	1,317,319	20%	263,464
June 30, 2015	1,440,032	40%	576,013
Reserve Balance June 30, 2015			\$ 942,714

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 fee. The fund equity of the Reserve for Future Soil Erosion and Sediment Control Act Expenditures, as of June 30, 2015 and 2014, was \$942,714 and \$832,566, respectively.

OCEAN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014 (CONTINUED)

5. CASH AND TEMPORARY INVESTMENTS

The District is responsible to designate and approve a list of authorized depository institutions based on their evaluation of each financial institution.

Cash may consist of demand deposits and temporary investments in the form of certificates of deposit held at financial institutions. For purposes of the statement of cash flows, the Ocean County Soil Conservation District considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

New Jersey Cash Management Fund

All Fund investments are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and minimize the related risks. The Division has never suffered a default of principal or interest on any security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as protection for "Other-than-State" participants. As of June 30, 2015, the District had \$-0- on deposit with the New Jersey Cash Management Fund.

6. CONCENTRATION OF CUSTODIAL CREDIT RISK

All bank deposits and investments as of the balance sheet date are classified as to credit risk. At times, amounts on deposit may exceed federally insured limits. Management reviews the soundness of its financial institutions and considers its risk negligible. As of June 30, 2015, \$2,771,182 of the districts bank balance of \$3,271,182 was exposed to custodial credit risk.

7. 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.

8. DEFERRED COMPENSATION SALARY ACCOUNT

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

OCEAN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014 (CONTINUED)

9. CONTINGENT LIABILITIES

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

10. PENSION

The District contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System, which is administered by the Division of Pensions and Benefits, Treasury Department of the State of New Jersey. This plan provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B for the PERS. The plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L.1994, plan members enrolled in the Public Employees' Retirement System are required to contribute a percentage of their annual covered salary to the system. The District is billed annually for its normal contribution plus any accrued liability.

The District's contributions to the plan are as follows:

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	\$ 93,531
2013-14	92,307
2012-13	102,019
2011-12	125,866
2010-11	125,173

11. 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.

OCEAN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

12. RESERVE FOR COMPENSATED ABSENCES

Compensated absences are those absences for which employees will be paid, such as vacation or sick leave. While the benefit has already been earned, payment is conditioned upon use of the time earned or payment upon retirement, based on the policy in affect at the time of separation. Therefore, a liability has not been set up on the balance sheet but net position have instead been reserved. The balance in the reserve, as of June 30, 2015, is \$157,994.

13. 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. The balance in unearned revenue, as of June 30, 2015, is \$3,250 and relates to the N.J. Bay Friendly Yards and Stormwater Practices Project.

14. REQUEST FOR AUTHORIZATION

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

15. PREPAID EXPENSE

Prepaid expenses represent expenses paid in advance, which creates a benefit beyond the current period. As of June 30, 2015, the District had \$19,240 in prepaid expenses.

16. RESERVE FOR RETIREMENT HEALTH BENEFITS

The board has designated a portion of Net Position, in the amount of \$75,000, for future health care cost of retired district personnel.

17. RESERVE FOR VEHICLE ACQUISITIONS

The board has designated a portion of Net Position, in the amount of \$20,000, for future vehicle acquisitions.

18. HYDRAULIC AND HYDROLOGIC DATABASE

During 2012, the District entered into an agreement with the New Jersey Department of Agriculture, whereby the District shall provide data entry services of stormwater basin design information, which has been collected on detention basin summary sheets since 1986. The NJDA has allocated \$27,890 to fund the District's participation in this project.

OCEAN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

18. HYDRAULIC AND HYDROLOGIC DATABASE (CONTINUED)

During the 2014-15 year, the District fulfilled its data entry services obligation and subsequently received the final payment due from the NJ Department of Agriculture, in the amount \$13,945. As of June 30, 2015, there was no further action required by the District relating to the Hydraulic and Hydrologic database project.

19. NJ BAY FRIENDLY YARDS AND STORMWATER PRACTICES

On October 1, 2013, the Ocean County Soil Conservation District entered into an agreement with Ocean County College, whereby, the District shall provide services in support of the development of a comprehensive integrated web-based application for NJ property owners. The District shall be reimbursed for all allowable costs associated with this project, in an amount not to exceed \$16,000. During the 2014-15 year, the District received \$3,250 relating to this project, which is reflected as unearned revenue in the District's June 30, 2015 Statement of Net Position.

20. OPERATING LEASES

As of the audit date of August 27, 2015, the District has two outstanding operating lease agreements. Future minimum payments associated with each lease are as follows:

Year	Copy Machine	Phone System
2015-16	\$ 1,774	\$ 1,199
2016-17	1,935	1,308
2017-18	1,935	1,308
2018-19	1,935	1,308
2019-20	1,935	1,308
2020-21	161	109
Total	<u>\$ 9,675</u>	<u>\$ 6,540</u>

21. SUBSEQUENT EVENTS

There were no material events between June 30, 2015 and August 27, 2015 affecting the financial status of the Ocean County Soil Conservation District.

In July 2015, the District entered into two operating lease agreements for a copy machine and phone system. Future minimum payments associated with each lease are provided for disclosure purposes only and are not reflected in the financial statements of the District.

OCEAN COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF BUDGET VERSUS ACTUAL EXPENDITURES - OPERATING FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Expenditures</u>	<u>Budget</u>	<u>Actual</u>	<u>Under/(Over) Budget</u>
Chapter 251			
Capital Expense Account	\$ 20,000	\$	\$ 20,000
Professional Fees	21,800	17,228	4,572
Building Expense:			
Maintenance	5,000	12,851	(7,851)
Utilities	12,000	11,559	441
Dues	3,455	4,480	(1,025)
Donations	800	650	150
Office Equipment	7,300	4,785	2,515
Equipment Rental/Service Contracts	4,617	4,565	52
Employee Benefits	263,600	261,976	1,624
Payroll Expenses	820,130	704,925	115,205
Insurance	34,753	32,394	2,359
Office Expenses	48,300	67,641	(19,341)
Website Expenses	2,500	1,500	1,000
Telephone	4,000	3,932	68
Vehicle Expenses	17,420	8,406	9,014
Workshop, Meetings & Training	5,000	2,516	2,484
Hydraulic & Hydrologic Database	6,000	27,899	(21,899)
General			
Roundtable	1,500	1,656	(156)
Poster Contest	500	250	250
Workshop, Meetings & Training	2,000	469	1,531
Trout in the Classroom	50		50
Miscellaneous		1,304	(1,304)
Grant Project Expenses	32,300	34,275	(1,975)
Total Expenditures	\$ 1,313,025	1,205,261	\$ 107,764
Adjustment			
In-Kind Support		69,405	
Depreciation		8,840	
Total Expenditures - to Exhibit B		\$ 1,283,506	

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

SCHEDULE 2

OCEAN COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor Pass-Through Program Title	Federal CFDA Number	Grant Award Amount	Grant Period From To	Balance June 30, 2014	Cash/Revenue Received	Expenditures	Adjustment	Balance June 30, 2015 (Accounts Receivable) Deferred Revenue
US Dept. of Agriculture: In-Kind Contribution	N/A	\$ 38,405	7/1/14 6/30/15	\$	38,405	\$ (38,405)	\$	\$
US Environmental Protection Agency Ocean County College Soil Health Improvement Program	66.456	409,045	1/1/11 6/30/15	(16,805)	7,994	(21,760)	30,571	
NJ Bay Friendly Yards and Stormwater Practices	66.456	16,000	10/1/13 1/5/16		3,250			3,250
NJ Department of Environmental Protection 319h - Ocean County Planning Board	RP09-076	12,515 28,363	7/1/14 6/30/15 7/1/13 6/30/14	(11,970)	8,290 11,970	(12,515)	(4,225)	
				\$ (28,775)	31,504	\$ (34,275)	30,571	\$ (4,225)
								3,250

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

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

SCHEDULE 3

OCEAN COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

State Grantor Program Title	GMIS Number	Grant Award Amount	Grant Period From To	Balance July 1, 2014	Cash Revenue Received	Expenditures	Balance June 30, 2015 (Accounts Receivable) Revenue
State of New Jersey Dept. of Agriculture:							
In-Kind Contribution	N/A	\$ 31,000	7/1/14 6/30/15	\$	31,000 \$	(31,000) \$	\$
Hydraulic and Hydrologic Database for Stormwater Management Basins	SSCC-251-HDF1	27,890	7/1/12 Completion	13,889	13,945	(27,834)	
				<u>\$ 13,889</u>	<u>\$ 44,945</u>	<u>(58,834)</u>	<u>\$</u>

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

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

OCEAN COUNTY SOIL CONSERVATION DISTRICT

COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED JUNE 30, 2015

COMMENTS

Administrative Practices and Procedures

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

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

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

Financial Planning, Accounting and Reporting

In August 2015, a revised Financial Accounting Manual for New Jersey Soil Conservation Districts was adopted by the NJ State Soil Committee, which contained a new uniform budget format. The 2015-16 District budget will be presented in the format prescribed in 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 implemented a computerized accounting system on the accrual basis. It is suggested that the District continue to monitor and make adjustments for non-cash activity, in order for the accrual system of accounting to be fully utilized.

OCEAN COUNTY SOIL CONSERVATION DISTRICT

COMMENTS AND RECOMMENDATIONS

FOR THE YEAR JUNE 30, 2015

FINDINGS:

None

Status of Prior Year Recommendations

None

APPRECIATION

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

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