

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

**REPORT OF AUDIT
FOR THE TWELVE MONTHS ENDED JUNE 30, 2016**

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OCEAN COUNTY SOIL CONSERVATION DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2016

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, 2019
Michael Gross	Secretary	June 30, 2017
Martha Maxwell-Doyle	Supervisor	June 30, 2019

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 16, 2016

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, 2016 and the related statements of activities and changes in net position and of cash flows for the year then ended, which collectively comprise the 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 the financial provisions of the New Jersey Department of Agriculture's Financial Accounting Manual. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Statutory Basis of Accounting

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

Report on Summarized Comparative Information

We have previously audited Ocean County Soil Conservation District's 2015 financial statements, and our report dated August 27, 2015, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 New Jersey Department of Agriculture's Financial Accounting Manual. These schedules were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subject to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America and the audit requirements as prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued a report dated August 16, 2016 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.



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

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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August 16, 2016

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

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

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, 2016, and have issued our report thereon dated August 16, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; audit requirements as prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

This report is intended for the information of the 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, 2016 and 2015

	Temporarily Restricted				Totals	
	Unrestricted	Chapter 251 Reserves	Equipment Fund	Grant Fund	June 30, 2016	June 30, 2015
<u>ASSETS</u>						
Current Assets						
Cash Savings and Temporary Investments						
Operating Funds	\$ 306,831	\$ 3,382,055	\$	\$	\$ 3,688,886	\$ 3,266,119
Accounts Receivable:						
New Jersey Stormwater Aid		14,900			14,900	10,450
Federal Grants				1,671	1,671	4,225
Prepaid Expense (Note 15)		20,480			20,480	19,240
Interfund Receivable	1,671	232,028			233,699	220,739
Total Current Assets	308,502	3,649,463		1,671	3,959,636	3,520,773
Property, Plant and Equipment (Note 1E)						
Land and Buildings			422,524		422,524	422,524
Vehicles and Equipment			171,610		171,610	156,956
Less: Accumulated Depreciation			(325,772)		(325,772)	(315,223)
Total Property, Plant and Equipment			268,362		268,362	264,257
Total Assets	\$ 308,502	\$ 3,649,463	\$ 268,362	\$ 1,671	\$ 4,227,998	\$ 3,785,030

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

OCEAN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016 and 2015

	Temporarily Restricted				Totals	
	Unrestricted	Chapter 251 Reserves	Equipment Fund	Grant Fund	June 30, 2016	June 30, 2015
<u>LIABILITIES, NET POSITION AND RESERVES</u>						
Current Liabilities						
Accounts Payable	\$	\$ 11,223	\$	\$	\$ 11,223	\$ 6,739
Due to the State of New Jersey		10,545			10,545	8,760
Accrued Payroll Liabilities		19,445			19,445	19,976
Unearned Revenue (Note 13)						3,250
Interfund Payable	232,028			1,671	233,699	220,739
Total Current Liabilities	232,028	41,213		1,671	274,912	259,464
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)		3,296,994			3,296,994	942,714
Reserve for Compensated Absences (Note 12)		176,256			176,256	157,994
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		3,608,250			3,608,250	1,235,708
Net Position						
Unrestricted Net Position	76,474		268,362		76,474	79,919
Temporarily Restricted Net Position					268,362	2,209,939
Total Net Position	76,474		268,362		344,836	2,289,858
Total Liabilities, Net Position and Reserves	\$ 308,502	\$ 3,649,463	\$ 268,362	\$ 1,671	\$ 4,227,998	\$ 3,785,030

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, 2016 AND 2015

	Temporarily Restricted				Totals	
	Unrestricted	Chapter 251	Equipment Fund	Grant Fund	June 30, 2016	June 30, 2015
Support and Revenue:						
Soil Erosion and Sediment Control Act Fees	\$	\$ 1,666,359	\$	\$	\$ 1,666,359	\$ 1,440,032
Interest on Deposits	1,049	23,673			24,722	24,129
RFA Fees (New Jersey Stormwater Aid)		40,450			40,450	23,440
SHIP Projects						21,760
319 - OCPD						12,515
NJ Yards				2,395	2,395	
Lawn to Garden				15,968	15,968	
Hydraulic & Hydrologic Database				3,574	3,574	
Miscellaneous		4,319			4,319	27,834
Roundtable		1,400.00			1,400	3
Non-Cash In-Kind; Included as						1,450
Expenditures Below (Note 2)		110,979			110,979	69,405
Total Support and Revenue	\$ 1,049	\$ 1,847,180	\$	\$ 21,937	\$ 1,870,166	\$ 1,620,568
Expenditures and Net Assets Released from Restrictions:						
Professional Fees	\$	\$ 14,245	\$	\$	\$ 14,245	\$ 17,228
Building Expense:						
Maintenance						
Utilities		14,670			14,670	12,851
Office Equipment		8,098			8,098	11,559
SHIP Projects		2,303			2,303	4,785
319 - OCPD						21,760
NJ Yards				2,395	2,395	12,515
Lawn to Garden				15,968	15,968	
Hydraulic & Hydrologic Database				3,574	3,574	
Depreciation			10,549		10,549	27,899
Dues and Donations		4,515			4,515	8,840
Insurance		38,331			38,331	5,130
Miscellaneous	1,483				1,483	32,394
Office Expense		51,966			51,966	1,304
Website Expenses		1,650			1,650	67,641
						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, 2016 AND 2015

	Unrestricted	Temporarily Restricted			Totals	
		Chapter 251 Reserves	Equipment Fund	Grant Fund	June 30, 2016	June 30, 2015
Expenditures (Continued)						
Payroll	\$	\$	\$	\$	\$	\$
Payroll Tax		538,445			538,445	451,434
Employee Benefits		185,703			185,703	159,960
Annual Employer Pension Contribution		303,607			303,607	261,976
Poster Contest		99,364			99,364	93,531
Roundtable	56				56	250
Service Contracts	1,698				1,698	1,656
Telephone		8,281			8,281	4,565
Vehicle Expense		4,825			4,825	3,932
Workshops, Meetings and Training		13,683			13,683	8,406
In-Kind Support	2,928	3,330			6,258	2,985
		110,979			110,979	69,405
Expenditures and Net Assets Released from Restrictions:	6,165	1,403,995	10,549	21,937	1,442,646	1,283,506
Excess (Deficiency) of Support and Revenue Over Expenditures	(5,116)	443,185	(10,549)		427,520	337,062
Non-Operating Sources and Uses:						
Reserve for Soil Erosion and Sediment Control Act Expenditures		(2,354,280)			(2,354,280)	(110,148)
Compensated Absences Transfers	1,671	(18,262)	14,654		(18,262)	12,777
Prior Year Accounts Receivable Adjustment		(16,325)				(30,571)
Net Position beginning of year	79,919	1,945,682	264,257		2,289,858	2,080,738
Net Position, end of year	\$ 76,474	\$	\$ 268,362	\$	\$ 344,836	\$ 2,289,858

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, 2016 AND 2015

	<u>Totals for the Period ended</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Cash Flows provided (used) by Operating Activities		
Excess (Deficiency) of Support and Revenue over Expenditures	\$ 427,520	\$ 337,062
Adjustments to Reconcile Excess (Deficiency) of Support and Revenue over Expenditures to Net Cash provided by Operating Activities:		
Depreciation	10,549	8,840
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(1,896)	(10,421)
(Increase) Prepaid Expense	(1,240)	(6,740)
(Decrease) Increase in Accounts Payable	4,484	(4,866)
(Decrease) Increase in Unearned Revenue	(3,250)	(10,639)
(Decrease) Accrued Payroll Liabilities	(531)	1,833
(Decrease) Increase in Due to State of New Jersey	1,785	1,070
Net Cash Provided (Used) by Operating Activities	<u>9,901</u>	<u>(20,923)</u>
Cash Flows Used by Investing Activities		
Purchase of Fixed Assets	<u>(14,654)</u>	
Net Cash Provided (Used) by Investing Activities	<u>(14,654)</u>	
Net Increase (Decrease) in Cash	422,767	316,139
Cash and Cash Equivalents - July 1, 2015 - Beginning of Year	<u>3,266,119</u>	<u>2,949,980</u>
Cash and Cash Equivalents - June 30, 2016 - End of Year	<u>\$ 3,688,886</u>	<u>\$ 3,266,119</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, 2016 AND 2015

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, 2016, the District had only Unrestricted and Temporarily Restricted Net Position.

D Basis of Accounting

The accounting policies of the District conform to practices prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D Basis of Accounting - Continued

All of the District's funds are accounted for using the modified 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 the New Jersey Department of Agriculture's Financial Accounting Manual 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, 2016 AND 2015 (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:

				Total June 30, 2016
		Federal	State	
Indirect Support			\$ 39,000	\$ 39,000
Salaries	\$	43,193		43,193
Fringe Benefits		15,204		15,204
Rent, Telephone and Other		13,582		13,582
Totals	\$	71,979	\$ 39,000	\$ 110,979

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

4. 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, 2016 Reserve for Future Soil Erosion and Sediment Control Act Expenditures was \$3,296,994, as compared to \$942,714 in the prior year.

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.

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

5. CASH AND TEMPORARY INVESTMENTS (CONTINUED)

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, 2016, the District had \$-0- on deposit with the New Jersey Cash Management Fund.

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 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2016, the District's bank balance of \$3,692,444 was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 500,000
Collateralized by securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name	3,192,444
	<u>\$ 3,692,444</u>

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 it 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, 2016 AND 2015 (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

Public Employees' Retirement System

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

GASB 68 - Accounting and Financial Reporting for Pensions

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

The District does not and is not required to follow generally accepted accounting principles (GAAP) and, as such, does not follow GASB requirements with respect to the recording of pension liabilities and deferred outflows/inflows of resources on its balance sheets. However, the District is required to disclose GASB 68 information in the Notes to the Financial Statements.

A. Funding Policy

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

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

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

10. **PENSION (CONTINUED)**

Public Employees' Retirement System – Continued

A. Funding Policy – Continued

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service.

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

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

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.06% through June 30, 2016 and 7.20% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 12.46% of covered payroll. The District's contributions to PERS for the years ended June 30, 2016, and 2015, were \$99,364 and \$93,531 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums.

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

10. PENSION (CONTINUED)

Public Employees' Retirement System – Continued

A. Funding Policy – Continued

The total payroll for the years ended June 30, 2016 and 2015 was \$724,148 and \$611,394. Payroll covered by PERS was \$686,206 for 2015-16.

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

	<u>PERS</u>
Employees	\$ 48,446
District	99,364
Total	<u>\$ 147,810</u>

B. Significant Legislation

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

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

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years.
- It increased the PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

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

10. PENSION (CONTINUED)

Public Employees' Retirement System – Continued

B. Significant Legislation – Continued

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

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

C. Components of Net Pension Liability

At June 30, 2016, the District's proportionate share of the PERS net pension liability was \$1,634,724. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was .007%, which was an increase of .001% from its proportion measured as of June 30, 2014.

D. Pension Expense and Deferred Outflows/Inflows of Resources

The District's 2015-16 PERS pension expense, with respect to GASB 68, was \$62,608. The District's 2015-16 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,999	\$
Changes of assumptions	175,556	
Net difference between projected and actual earnings on pension plan investments		26,283
Changes in proportion and differences between District contributions and proportionate share of contributions	97,834	
District contributions subsequent to the measurement date	99,364	
Total	<u>\$ 411,753</u>	<u>\$ 26,283</u>

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

10. PENSION (CONTINUED)

Public Employees' Retirement System – Continued

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

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

Year	PERS
2016-17	\$ 49,909
2017-18	49,909
2018-19	49,909
2019-20	49,909
2020-21	49,909
Thereafter	36,561
	\$ 286,106

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

	Actuarial Valuation Date	
	6/30/2014	6/30/2015
Collective deferred outflows of resources	\$ 83,479	\$ 312,389
Collective deferred inflows of resources	\$ 76,843	\$ 26,283
Collective net pension liability	\$ 1,289,425	\$ 1,634,724
District's Proportion	0.00689%	0.00728%

F. Actuarial Assumptions

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

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

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

10. PENSION (CONTINUED)

Public Employees' Retirement System – Continued

F. Actuarial Assumptions – Continued

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

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

G. Long-Term Expected Rate of Return

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

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

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

10. PENSION (CONTINUED)

Public Employees' Retirement System – Continued

H. Discount Rate

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

I. Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	1% Decrease (3.90%)	Current Discount (4.90%)	1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 2,031,762	\$ 1,634,724	\$ 1,301,850

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, 2016 AND 2015 (CONTINUED)

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, 2016, is \$176,256.

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 District had no unearned revenue, as of June 30, 2016.

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, 2016, the District had \$20,480 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 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, 2016 AND 2015 (CONTINUED)

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, 2016, there was no 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 2015-16 year, the District submitted and received its final reimbursement for the Yards Project. As such, the project was considered closed, as of June 30, 2016.

20. LAWN TO GARDEN - GOING GREEN, SAVING GREEN

On October 1, 2015, the Ocean County Soil Conservation District entered into an agreement with Ocean County College, whereby, the District shall coordinate directly with Ocean First Bank to implement "extreme lawn makeovers" on three pre-selected Bank properties located in the areas of Toms River, Brick, and Jackson. The District shall be reimbursed for allowable costs associated with this project, in an amount not to exceed \$9,800. As of June 30, 2016, the project had a balance of \$1,671 reflected as Accounts Receivable in the Statement of Financial Position.

21. OPERATING LEASES

As of the audit date of August 5, 2016, the District has three outstanding operating lease agreements. Future minimum payments associated with each lease are as follows:

Year	Phone System	Postage Machine	Copy Machine
2016-17	\$ 1,935	\$ 864	\$ 1,308
2017-18	1,935	1,728	1,308
2018-19	1,935	1,728	1,308
2019-20	1,935	1,728	1,308
2020-21	161	1,728	109
2021-22		1,296	
Total	\$ 7,901	\$ 9,072	\$ 5,341

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

22. SUBSEQUENT EVENTS

There were no material events between June 30, 2016 and August 16, 2016 affecting the financial status of the Ocean County Soil Conservation District.

End of Notes to Financial Statements

OCEAN COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF BUDGET VERSUS ACTUAL EXPENDITURES - OPERATING FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

<u>Expenditures</u>	<u>Budget</u>	<u>Actual</u>	<u>Under/(Over) Budget</u>
Chapter 251			
Capital Expense Account	\$ 51,561	\$ 14,654	\$ 36,907
Professional Fees	23,435	14,245	9,190
Building Expense:			
Maintenance	7,500	14,670	(7,170)
Utilities	12,900	8,098	4,802
Dues	4,280	3,590	690
Donations	800	925	(125)
Office Equipment	5,000	2,303	2,697
Equipment Rental/Service Contracts	4,917	8,281	(3,364)
Employee Benefits	348,117	303,607	44,510
Payroll Expenses	873,112	823,512	49,600
Insurance	40,088	38,331	1,757
Office Expenses	63,625	51,966	11,659
Website Expenses	2,500	1,650	850
Telephone	3,923	4,825	(902)
Vehicle Expenses	17,420	13,683	3,737
Workshop, Meetings & Training	5,000	3,330	1,670
General			
Roundtable	1,500	1,698	(198)
Poster Contest	350	56	294
Workshop, Meetings & Training	500	2,928	(2,428)
Trout in the Classroom	50		50
Miscellaneous		1,483	(1,483)
Grant Project Expenses	31,050	21,937	9,113
Total Expenditures	<u>\$ 1,497,628</u>	<u>1,335,772</u>	<u>\$ 161,856</u>
Adjustment			
In-Kind Support		110,979	
Depreciation		10,549	
Fixed Assets Additions		(14,654)	
Total Expenditures - to Exhibit B		<u>\$ 1,442,646</u>	

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, 2016

Federal Grantor Pass-Through Program Title	Federal CFDA Number	Grant Award Amount	Grant Period		Balance June 30, 2015	Cash/Revenue Received	Expenditures	Balance June 30, 2016	
			From	To				(Accounts Receivable)	Deferred Revenue
US Dept. of Agriculture: In-Kind Contribution	N/A	\$ 71,979	7/1/15	6/30/16	\$	71,979 \$	(71,979) \$	\$	
US Environmental Protection Agency Ocean County College									
NJ Bay Friendly Yards and Stormwater Practices	66.456	16,000	10/1/13	1/5/16	3,250	12,718	(15,968)		
From Lawn to Garden - Going Green, Saving Green	66.456	9,800	8/1/15	2/1/17		1,903	(3,574)	(1,671)	
NJ Department of Environmental Protection 319h - Ocean County Planning Board	RP09-076	12,515 2,395	7/1/14 7/1/15	6/30/15 6/30/16	(4,225)	4,225 2,395	(2,395)		
					\$ (975) \$	93,220 \$	(93,916) \$	(1,671) \$	

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, 2016

State Grantor Program Title	GMIS Number	Grant Award Amount	Grant Period From To	Balance July 1, 2015	Cash Revenue Received	Expenditures	Balance June 30, 2016 (Accounts Receivable) Deferred Revenue
State of New Jersey Dept. of Agriculture:							
In-Kind Contribution	N/A	\$ 39,000	7/1/15 6/30/16	\$	\$ 39,000	\$ (39,000)	\$
				\$	\$ 39,000	\$ (39,000)	\$

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, 2016

COMMENTS

Administrative Practices and Procedures

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

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

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

Financial Planning, Accounting and Reporting

In August 2015, a revised Financial Accounting Manual for New Jersey Soil Conservation Districts was adopted by the NJ State Soil Committee, which contained a new uniform budget format. The 2015-16 District budget was presented in the format prescribed by the revised financial accounting manual.

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, 2016

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.