

**BURLINGTON COUNTY SOIL
CONSERVATION DISTRICT
Columbus, New Jersey**

**REPORT OF AUDIT
FOR THE TWELVE MONTHS ENDED JUNE 30, 2020**

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BURLINGTON COUNTY SOIL CONSERVATION DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2020

DISTRICT GOVERNING BODY

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gina Berg	Chairman	June 2022
Daniel J. Caldwell	Vice-Chairman	June 2021
Thomas E. Budd	Treasurer	June 2021
Audrey Winzinger	Supervisor	June 2022
Rosemarie Robson	Supervisor	June 2020

Administrative Officials

Robert Reitmeyer	District Manager
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NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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Williamstown, NJ 08094

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Supervisors:

Report on Financial Statements

We have audited the accompanying financial statements of the Burlington County Soil Conservation District as of June 30, 2020, which comprise the statement of financial position and the related statements of activities and changes in net assets and of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Burlington County Soil Conservation District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Burlington County Soil Conservation District, as of June 30, 2020, or the results of its operations and changes in net assets for the year then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Burlington County Soil Conservation District, as of June 30, 2020, and the changes in net assets 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

The financial statements of the Burlington County Soil Conservation District, as of June 30, 2019, were audited by other auditors whose report, dated October 24, 2019, expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Burlington County Soil Conservation District's financial statements as a whole. The accompanying supplementary information listed in the foregoing table of contents, is presented for the are presented for the purposes of additional analysis as required by the New Jersey Department of Agriculture's Financial Accounting Manual in accordance with those standards regarding the statement of budget versus actual revenue and expenditures - all funds combined and is not a required part of the financial statements. The information has been subjected 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 basic financial statements or to the basic 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 statement of budget versus actual revenue and expenditures is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole that collectively comprise the Burlington County Soil Conservation District's basic financial statements. The schedules of expenditures of federal awards and state assistance and the comments and recommendations section are presented for purposes of additional analysis and are not required as part of the basic financial statements prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected 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 schedules of expenditures of federal awards and state assistance and comments and recommendations section are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued a report dated August 19, 2020 on our consideration of the Burlington County Soil Conservation District's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A.
Registered Municipal Accountant
August 19, 2020

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

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

To the Board of Supervisors:

We have audited the financial statements of the Burlington County Soil Conservation District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Burlington County Soil Conservation District's basic financial statements and have issued our report thereon dated August 19, 2020. 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 of the financial statements, we considered the District's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the 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, significant deficiencies or 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 financial statements. 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

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

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A.
Registered Municipal Accountant
August 19, 2020

SCHEDULES

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2020 AND 2019

	Unrestricted	Chapter 251	NFWF Grant	NRCS Prog Assistance	Temporarily Restricted				Totals		
					Fixed Assets Fund	Renewal and Replacement Fund	Reserve for Future Legal Cost	Employee Benefit Fund	June 30, 2020	June 30, 2019	
ASSETS											
Current Assets											
Cash	\$ 349,706	\$ 1,385,625	\$	\$	\$ 400,000	\$ 150,000	\$ 120,000	\$ 2,405,331	\$ 2,250,689	100	100
Operating Funds											
Change Fund	5,200			5,149					8,698		
Accounts Receivable:	8,698		3,549						5,200		5,200
Federal									8,698		
N.J. State Stormwater (RFA)											
Interfund Accounts Receivable											
Total Current Assets	363,704	1,385,625	3,549	5,149	400,000	150,000	120,000	2,428,027	2,255,989		
Net Property and Equipment (Note 1)					1,241,350			1,241,350	1,302,563		
Total Assets	\$ 363,704	\$ 1,385,625	\$ 3,549	\$ 5,149	\$ 1,241,350	\$ 150,000	\$ 120,000	\$ 3,669,377	\$ 3,558,552		
LIABILITIES											
Current Liabilities											
Accounts Payable	\$	\$ 3,090	\$	\$	\$	\$	\$	\$ 3,090	\$ 2,774		
Interfund Accounts Payable			3,549	5,149				8,698	8,698		
Due State of New Jersey		5,665						5,665	2,710		
Unearned Revenue									21,892		
Accrued Payroll, Taxes and Withholdings		3,601						3,601	3,949		
Total Current Liabilities		12,356	3,549	5,149				21,054	31,325		
NET ASSETS AND RESERVES											
Unrestricted Net Assets	363,704							363,704	444,256		
Temporarily Restricted Net Assets and Reserves:											
Reserve for Future Soil Erosion and Sediment Control Act Expenditures (Note 2)		1,373,269						1,373,269	1,110,408		
Reserve for Post Retirement Benefit Fund (Note 16)							60,000	60,000	60,000		
Reserve for Future Legal Costs (Note 3)						150,000		150,000	150,000		
Reserve for Capital Improvements (Note 4)					250,000			250,000	250,000		
Reserve for Office Property and Building Maintenance (Note 4)							150,000	150,000	150,000		
Investment in Property and Equipment								1,241,350	1,302,563		
Reserve for Compensated Absences (Note 17)							60,000	60,000	60,000		
Total Net Assets and Reserves	363,704	1,373,269			1,241,350	150,000	120,000	3,648,323	3,527,227		
Total Current Liabilities and Net Assets and Reserves	\$ 363,704	\$ 1,385,625	\$ 3,549	\$ 5,149	\$ 1,241,350	\$ 150,000	\$ 120,000	\$ 3,669,377	\$ 3,558,552		

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

**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020 AND 2019**

	Unrestricted	Chapter 251	Temporarily Restricted				Totals			
			NFWF Grant	NRCS Prog Assistance	Fixed Assets Fund	Renewal and Replacement Fund	Reserve for Future Legal Cost	Employee Benefit Fund	June 30, 2020	June 30, 2019
Support and Revenue										
Soil Erosion and Sediment Control Act Fees	\$	489,921	\$	\$	\$	\$	\$	\$	489,921	\$ 388,640
Chapter 251 - Non-Compliance Fees		3,700							3,700	4,700
Municipal Agreements		36,700							36,700	3,500
NFWF Grant (Note 18)			3,549						3,549	40,766
Interest		49,040							49,040	
Open Space Admin fee		200							200	
N.J. Stormwater Funds (RFA)	25,200								25,200	35,445
Open Space Grants (Net)		400							400	900
Rental Income (Note 12)	128,325								128,325	125,425
Federal Facility Fees		3,940							3,940	16,428
Training Seminars		1,450							1,450	450
NRCS Program Assistance			51,816						51,816	31,487
Other Income		1,937							1,937	440
Total Support and Revenue	\$	153,525	\$	587,288	\$	51,816	\$	\$	796,178	\$ 658,181
Expenditures										
Advertising	\$	1,194	\$	\$	\$	\$	\$	\$	1,194	\$ 1,024
Depreciation		7,231			61,213				61,213	62,509
District Technology		1,715							7,231	6,267
Dues and Subscriptions		1,450							1,715	2,856
Donations and Contributions		257							1,450	489
Equipment and Maintenance		6,116							257	512
Expense Reimbursement		21,080							6,116	2,236
Facility Maintenance		69,407							21,080	26,534
Fringe Benefits		144,022							69,407	64,006
Insurance		1,343							144,022	187,044
Meetings, Seminars and Conferences		5,149							1,343	2,007
Miscellaneous		3,479							5,149	3,618
Office Supplies		1,600							3,479	5,292
Postage		8,997							1,600	2,338
Printing		267,975							8,997	390
Professional Fees		4,686							267,975	9,577
Salaries and Wages		22,585							323,340	336,839
Travel and Related Expenses		7,560							4,686	5,050
Utilities		4,550							22,585	25,232
RFA Reimbursement to State		580,396							7,560	5,555
CHP 251 Administrative Fees			3,549	51,816					4,550	4,525
Total Expenditures		580,396	3,549	51,816	61,213				696,974	753,900
Excess (Deficiency) of Support and Revenue Over Expenditures	153,525	6,892			(61,213)				99,204	(95,719)
Net Assets, Beginning of Year	444,256	1,110,408			1,302,563	400,000	150,000	120,000	3,527,227	3,622,946
Prior Year Unearned Revenue Adjustment	21,892								21,892	
Non-Operating Sources and Uses:										
Transfer to Chapter 251 Reserve	(255,969)	255,969								
Net Assets, End of Year	\$ 363,704	\$ 1,373,269	\$	\$	\$ 1,241,350	\$ 400,000	\$ 150,000	\$ 120,000	\$ 3,648,323	\$ 3,527,227

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS - ALL FUNDS COMBINED
FOR THE YEAR ENDED JUNE 30, 2020 AND 2019

	<u>Totals for the Period Ended</u>	
	<u>June</u> <u>30, 2020</u>	<u>June</u> <u>30, 2019</u>
<u>Cash Flows Provided (Used) by Operating Activities</u>		
Excess (Deficiency) of Support and Revenue over Expenditures	\$ 99,204	\$ (95,719)
Adjustments to Reconcile Excess (Deficiency) of Support and Revenue over Expenditures to Net Cash Provided by Operating Activities:		
Non-Cash Items Included in Income:		
Depreciation	61,213	62,509
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(8,698)	(1,250)
(Decrease) Increase in Accounts Payable	3,271	(2,037)
(Decrease) Increase in Unearned Revenue		14,500
(Decrease) Increase in Payroll Deductions Payable	(348)	(216)
Net Cash (Used) by Operating Activities	\$ 154,642	\$ (22,213)
<u>Cash Flows (Used) by Investing Activities</u>		
Acquisition of Fixed Assets		
Net Cash Provided by Investing Activities		
Net (Decrease) in Cash	154,642	(22,213)
Cash and Cash Equivalents - June 30, 2019	2,250,789	2,273,002
Cash and Cash Equivalents - June 30, 2020	\$ 2,405,431	\$ 2,250,789

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity

The Burlington County Soil Conservation District is one of fifteen Districts in the state of New Jersey under the auspices of the New Jersey Department of Agriculture. Each District is governed by a Board of Supervisors, which sets policies and performance guidelines. The Districts work closely with the U.S.D.A 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.

Organization

The District is a governmental subdivision of the State of New Jersey, and a public body corporate and politic, located in the Township of Springfield, County of Burlington. It was organized in 1959 in accordance with the provisions of the Soil Conservation Act, N.J.S.A. 4:24 et seq.

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

Financial Statement Presentation

The District is required to report information regarding its financial position and activities according to three classes of assets, which are Unrestricted Net Assets, Temporarily Restricted Net Assets and Permanently Restricted Net Assets. Unrestricted Net Assets can be expended by the District for any aspect of its operations and at any time, as determined by management. Temporarily Restricted Net Assets 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 Assets can never be expended, but benefit the District through investment earnings on such assets. As of June 30, 2020, the District had only Unrestricted and Temporarily Restricted Net Assets.

Basis of Accounting

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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

Basis of Accounting (Continued)

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

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

Property, Plant and Equipment Fund

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

Equipment	5 Years
Furniture	10 Years
Land Improvements	15 Years
Building and Improvements	40 Years

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

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

Reclassifications

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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

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

Support and Expenses

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

2. **RESERVE FOR FUTURE SOIL EROSION AND SEDIMENT CONTROL EXPENDITURES**

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

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

The Reserve for Future Soil Erosion and Sediment Control Act Expenditures at June 30, 2020 was \$1,373,269, as compared with \$1,110,408 in the prior year. In addition, a transfer of \$255,969 was needed from unrestricted net assets to the temporarily restricted Chapter 251 reserve, in order to reflect the reserve at 110% of active projects on June 30, 2020.

3. **RESERVE FOR FUTURE LEGAL COSTS**

The Reserve for Future Legal Costs provides the District with funds necessary to pay for estimated future legal costs incurred as a result of current Chapter 251 operations. The balance in the reserve as of June 30, 2020 is \$150,000.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

4. **RENEWAL AND REPLACEMENT FUND**

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

5. **CASH AND CASH EQUIVALENTS**

The District is responsible to designate and approve a list of authorized depository institutions based on their evaluation of each financial institution. Cash may consist of demand deposits and temporary investments in the form of certificates of deposit held at financial institutions. For purposes of the statement of cash flows, the Burlington County Soil Conservation District considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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, 2020, the District's bank balance of \$2,420,675 was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 2,247,186
Insured by GUDPA	173,489
	<hr/>
	\$ 2,420,675
	<hr/> <hr/>

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2020, the District had \$22,811 on deposit with the New Jersey Cash Management Fund.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

7. **DEFERRED COMPENSATION SALARY ACCOUNT**

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

8. **CONTINGENT LIABILITIES**

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

9. **OPERATING LEASES**

At June 30, 2020, the District had an operating lease agreement for one copy machine. Future minimum lease payments are as follows:

Year Ending June 30:	Amount
2021	\$ 993
2022	993
2023	993
2024	579
Total	<u>\$ 3,558</u>

10. **PENSION PLANS**

Public Employees' Retirement System

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

10. PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

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. Therefore, the following information is provided for disclosure purposes only and is not reflected in the financial statements of the District.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for 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.

Basis of Presentation - The employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The following disclosures were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

10. PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

Contributions - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS member total contribution rate as of July 1, 2019 was 7.5% of base salary. The District employee's contributions for the year ended June 30, 2019 were \$22,221. Employers in PERS are required to contribute at an actuarially determined rate which includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The PERS employer rate due in 2019 is 12.27% of covered payroll. The District is billed annually for its normal contribution plus any accrued liability. These contributions were paid by the District and equal to the required contributions for 2019. The District's contributions to PERS for the years ended June 30, 2020, and 2019 were \$39,661 and \$33,488 respectively.

Components of Net Pension Liability - At June 30, 2020, the District's proportionate share of the PERS net pension liability was \$700,896. The net pension liability was measured as of June 30, 2019. 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, 2019. The District's proportion measured as of June 30, 2019 was 0.003890% which was an increase of 0.000523% from its proportion measured as of June 30, 2018.

Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2020, the District's proportionate share of PERS pension expense, calculated by the plan as of the June 30, 2019 measurement date was \$78,060. The District's 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	\$ 12,580	\$ 3,096
Changes of assumptions	69,987	243,279
Net difference between projected and actual earnings on pension plan investments		11,064
Changes in proportion	137,763	
Contributions subsequent to the measurement date	39,661	
Total	\$ 259,991	\$ 257,439

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

10. PENSION PLANS (Continued)

Public Employees' Retirement System (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
2020	\$ 6,242
2021	(31,937)
2022	(18,971)
2023	(6,794)
2024	763
Thereafter	-
Total	\$ (37,109)

Actuarial Assumptions - The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	PERS
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Scale (based on years of service):	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

10. PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

Actuarial Assumptions (Continued) - The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

	PERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Asset	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
Total	100.00%	

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

10. PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2019, 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 or 1-percentage-point higher than the current rate:

	1% Decrease (5.28%)	Current Discount (6.28%)	1% Increase (7.28%)
District's Proportionate Share of the Net Pension Liability	\$ <u>891,505</u>	\$ <u>705,772</u>	\$ <u>549,266</u>

Pension Plan Fiduciary Net Assets - Detailed information about each pension plan's fiduciary net Assets is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan - The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Special Funding Situation - The District is considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the District does not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the District related to this legislation. However, the notes to the financial statements of the District must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the District.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Basis of Presentation - The employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The following disclosures were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology - GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2019 were \$5,637,151,775 and \$8,182,092,807, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability - The State of New Jersey's net OPEB liability, as of June 30, 2019 was \$13,546,071,100. Of this amount, the net OPEB liability attributable to the District was \$969,086. The State of New Jersey's proportionate share of the net OPEB liability is 100%, including the proportion attributable to the District of 0.007154%. The total OPEB liability for the District measured as of June 30, 2019 is \$0 as a result of the Special Funding Situation with the State of New Jersey.

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>Plan</u>
Inflation Rate	2.50%
Salary Increases:	Based on Age
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)) (Continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate -

The following presents the collective net OPEB liability of the participating employers as of June 30, 2019, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2019		
At 1.00% Decrease 2.50%	At Discount Rate 3.50%	At 1.00% Increase 4.50%
\$ 15,662,704,137	13,546,071,100	11,826,026,995

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate - The following presents the collective net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

June 30, 2019		
<u>1.00% Decrease</u>	Healthcare Cost <u>Trend Rate</u>	<u>1.00% Increase</u>
\$ 11,431,214,644	13,546,071,100	16,243,926,531

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - The District's proportionate OPEB expense, as of June 30, 2019 was \$14,903. The District had proportionate deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 283,398
Changes of assumptions		343,422
Net difference between projected and actual earnings on OPEB plan investments	798	
Changes in proportion	256,822	81,820
Total	\$ 257,620	\$ 708,640

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)) (Continued)

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2019:

	<u>6/30/2020</u>	<u>6/30/2019</u>
Collective Deferred Outflows of Resources	\$ 2,780,762,969	\$ 2,115,007,508
Collective Deferred Inflows of Resources	11,531,430,224	9,261,653,464
Collective Net OPEB Liability	13,546,071,100	15,666,618,141
 District's Portion	 0.007154%	 0.006759%

The collective amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year</u>	<u>OPEB</u>
2020	\$ (1,425,201,517)
2021	(1,425,201,517)
2022	(1,426,076,187)
2023	(1,427,489,995)
2024	(1,428,781,861)
Thereafter	<u>(1,617,916,178)</u>
Total	<u>\$ (8,750,667,255)</u>

12. RISK MANAGEMENT

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

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, and employee dishonesty. Adequacy of insurance coverage is the responsibility of the District.

New Jersey Unemployment Compensation Insurance

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

13. **RENTAL INCOME**

During fiscal year 2006-07, the District began renting office space to three Federal Agencies at \$9,304 per month. Rental space decreased from 6,047 square feet to 5,800 during the 2009-2010 year and the rental charge per square foot was \$21.75 over the past year. Total rental income was \$128,325 for fiscal year end June 30, 2020.

14. **SURETY BONDS**

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

15. **REQUEST FOR AUTHORIZATION – (RFA)**

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

16. **RESERVE FOR POST RETIREMENT BENEFITS**

The District Maintains a Post Retirement Benefit Reserve account, which covers its employees on a pay-as-you-go basis. Under this method, an annual provision is made and charged against the operating budget of the District. The balance as of June 30, 2020 is \$60,000.

17. **RESERVE FOR COMPENSATED ABSENCES**

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

All full-time employees are entitled to annual vacation leave with pay. Vacation leave with pay is earned at the rate of one vacation day per month during the first calendar year of employment after initial appointment, twelve vacation days thereafter for every year and up to five years of service, fifteen vacation days after the completion of five years and up to twelve years of service, twenty vacation days after the completion of twelve years and up to twenty years of service, and twenty-five vacation days after the twentieth year of service. Unused vacation leave may be carried forward into the succeeding year only when approved by the District Supervisor, but not to exceed one year’s allowance. Permanent part-time employees are entitled to receive paid vacation leave on a proportionate basis. The District does not record accrued expenses related to compensated absences, but have instead been reserved. The balance in the reserve as of June 30, 2020 is \$60,000.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

18. **NATIONAL FISH AND WILDLIFE FOUNDATION (NFWF)**

On February 15, 2018, the District entered into an agreement with the National Fish and Wildlife Foundation (NFWF) to increase local knowledge and participation in federal Farm Bill programs by partnering with conservation agencies and operators in the Kirkwood-Cohansey sub-watershed, employing education programs and demonstration projects to improve the number of working farms applying soil and water conservation practices to agricultural land in order to improve farm practice efficiency. The District shall be reimbursed for allowable costs incurred as a result of this project for an amount not to exceed \$50,200.

19. **RELATED PARTY TRANSACTIONS**

On occasion, certain activities related to the land development industry may be provided by Board Supervisors as a professional service to a developer. In such cases, the applicable Board Supervisor recuses him, or herself, from any decisions concerning these applications. The New Jersey State Soil Conservation Committee approves the appointments of all Board Supervisors.

20. **UNEARNED REVENUE**

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

21. **SUBSEQUENT EVENTS**

There were no material events between June 30, 2020 and August 19, 2020 affecting the financial status of the Burlington County Soil Conservation District.

End of Notes to Financial Statements

**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF BUDGET VERSUS ACTUAL REVENUE & EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget	Modified Budget	Actual	Variance
<u>Support and Revenue</u>				
SE & SC Act Fees	\$ 310,000	\$ 310,000	\$ 489,921	\$ 179,921
Burlington Co. Open Space	76,000	76,000	59,022	(16,978)
Miscellaneous Income	500	500	1,937	1,437
Interest on Investments	25,000	25,000	49,040	24,040
NC Fees	4,000	4,000	3,700	(300)
RFA Reimbursement	22,000	22,000	25,200	3,200
Federal Rent	126,875	126,875	128,325	1,450
Federal Facility	5,000	5,000	3,940	(1,060)
Training Seminars	1,500	1,500	1,450	(50)
NRCS Cooperative Agreement	55,000	55,000	51,816	(3,184)
Municipal Agreements	15,000	15,000	36,700	21,700
Grants	50,000	50,000	3,549	(46,451)
Total Support and Revenue	\$ 690,875	\$ 690,875	\$ 854,600	\$ 163,725

Expenditures

Salaries and Wages	\$ 355,000	\$ 355,000	\$ 323,340	\$ 31,660
Fringe Benefits	70,000	70,000	69,407	593
Reserve for SE&SC Expenditures	65,000	65,000		65,000
Reserve for Retirement Costs	10,000	10,000		10,000
Reserve for legal costs	10,000	10,000		10,000
Travel & Related Exp.-District	6,000	6,000	3,948	2,052
Office Supplies	5,500	5,500	3,479	2,021
Utilities	27,000	27,000	22,585	4,415
SHB Health	195,000	195,000	113,317	81,683
Dues and Subscriptions	3,000	3,000	1,715	1,285
Postage	3,000	3,000	1,600	1,400
Professional Fees	9,000	9,000	8,997	3
Advertising	300	300	1,194	(894)
Meetings, Conferences, Seminars	2,500	2,500	900	1,600
Printing	500	500		500
Miscellaneous Expenses			245	(245)
Donations and Contributions	5,000	5,000	1,450	3,550
District Technology	12,000	12,000	7,231	4,769
Equipment and Maintenance	1,000	1,000	257	743
Employer Liability	23,000	23,000	23,941	(941)
Insurance - Auto and Liability	8,000	8,000	6,764	1,236
Contingency	15,000	15,000		15,000
New Vehicle	20,000	20,000		20,000
Envirothon	500	500		500
Travel Non - District	3,500	3,500	738	2,762
Training/Professional Certifications	5,000	5,000	292	4,708
Supervisor/Staff Apparel	800	800	469	331
Misc. Expense Reimbursement	4,500	4,500	6,116	(1,616)
Petty Cash	500	500	305	195
Meeting Meals	800	800	443	357
Facility Maintenance Expense	30,000	30,000	21,080	8,920
Furniture	1,000	1,000		1,000
Open Space Expenses	75,000	75,000	58,422	16,578
RFA Reimbursement to State	8,000	8,000	7,560	440
Credit Card	50	50	3,838	(3,788)
CHP 251 Administrative Fees	4,000	4,000	4,550	(550)
Grant Expenses	42,000	42,000		42,000
Total Expenditures	\$ 1,021,450	\$ 1,021,450	694,183	\$ 327,267

Adjustments:

Depreciation		61,213
Open Space Pass-Through		(58,422)
Total Expenditures - to Exhibit B		\$ 696,974

**BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor Pass-Through Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period From	To	Grant Award Amount	Balance June 30, 2019	Receipts or Revenue Realized	Budgetary Expenditures Direct	Adjustment	Balance June 30, 2020 (Accounts Receivable)	Unearned Revenue
Department of Agriculture:											
National Fish and Wildlife Foundation	10.902	68-3A75-15-116	11/15/18	11/15/20	\$ 50,000	\$ 7,777	\$	\$ (3,549)	\$ (7,777)	\$ (3,549)	\$
	10.902										
	10.912										
National Resources Conservation Service	10.931	68-2B29-17-114	8/28/17	12/31/20	140,084	14,115	46,667	(51,816)	(14,115)	(5,149)	
						\$ 21,892	\$ 46,667	\$ (55,365)	\$ (21,892)	\$ (8,698)	

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

State Grantor Program Title	GMIS Number	Grant Award Amount	Grant Period From To	Balance July 1, 2019	Receipts or Revenue Realized	Expenditures	Adjustment	Balance June 30, 2020 (Accounts Receivable)	Unearned Revenue	Due Grantor
				\$	\$	\$	\$	\$	\$	\$
				\$	\$	\$	\$	\$	\$	\$

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

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT

SCHEDULE OF FINDINGS AND NONCOMPLIANCE

FOR THE YEAR ENDED JUNE 30, 2020

None

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND NONCOMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2020

Status of Prior Year Recommendations

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

There were no prior year comments and recommendations.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT

COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED JUNE 30, 2020

COMMENTS

Administrative Practices and Procedures

Purchases shall be in conformance with the State Public Contracts Law for securing formal bids on purchases in excess of \$17,500 and on Quotations are required to be sought 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.

Revenues and receipts were properly recorded within the District's accounting records.

The District made deposits within the required 5 business days.

According to the **Financial Accounting Manual for New Jersey Soil Conservation Districts**, all checks of \$1,000 or more must have two signatures, at least one of which shall be the District chairman. No exceptions were noted with regard to the required signatures.

The Internal Revenue Service regulations require that Form 1099-M be filed for each unincorporated person to whom at least \$600 for services was paid. No exceptions were noted.

Purchases were made with the proper authorizations.

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 2019-20 District budget was presented in an acceptable format, as prescribed by the revised financial accounting manual.

BURLINGTON COUNTY SOIL CONSERVATION DISTRICT

COMMENTS AND RECOMMENDATIONS

FOR THE YEAR JUNE 30, 2020

In accordance with the **Financial Accounting Manual for New Jersey Soil Conservation Districts**, the accounting period used by all Soil Conservation Districts is to be the same as that of the State of New Jersey. Accordingly, the Burlington Soil Conservation District maintains its records on a June 30 fiscal year basis.

The Chapter 251 Reserve Fund Balance shall be evaluated annually by the District Board to determine its adequacy based on the Chapter 251 workload obligations remaining to be completed. Districts have the ability to assess additional fees beyond the initial fees received following the exhaustion of the original fees received. Once the district is able to determine the amount of money on hand for each individual file a total will be calculated at the end of each fiscal year during the audit. This total amount of all funds for each 251 project will determine the reserve needed by each district. The district should have as a target at the end of each fiscal year of having close to 100% of the restricted reserves for 251 projects to complete those projects still active. Anything less than 110% for this purpose serves as a warning that reserves may not be sufficient to complete projects as additional fees for projects may not be collected or additional inspections are needed requiring additional funds. The District has met the 110% reserve requirement.

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.