

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
FINANCIAL STATEMENTS  
WITH  
SUPPLEMENTARY INFORMATION  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014  
AND  
REPORT OF INDEPENDENT AUDITORS**

# BERGEN COUNTY SOIL CONSERVATION DISTRICT

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**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2015**

Board of Supervisors

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Carl Mecky	District Chairman	June 30, 2016
Ronald E. Binaghi, Jr.	District Vice Chairman	June 30, 2017
Geraldine Byrne	District Secretary/Treasurer	June 30, 2016
Herman Rohsler	Supervisor	June 30, 2018
Raymond J. Cywinski	Supervisor	June 30, 2018

Administrative Officials

Angelo Caruso	District Manager
Robyn Roberts	Administrative Secretary

# DONOHUE, GIRONDA, DORIA & TOMKINS LLC

*Certified Public Accountants*

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Matthew A. Donohue, CPA  
Robert A. Gironda, CPA  
Robert G. Doria, CPA (N.J. & N.Y.)  
Frederick J. Tomkins, CPA, RMA

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Mark W. Bednarz, CPA, RMA  
Jason R. Gironda, CPA

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Board of Supervisors of the  
Bergen County Soil Conservation District  
Oradell, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Bergen County Soil Conservation District (the "District"), which comprise the statement of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the New Jersey Department of Agriculture's Financial Accounting Manual. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 audits. We conducted our audits 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 as prescribed by the Department of Agriculture's manual, as prescribed by the New Jersey State Soil Conservation Committee. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 purposes of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bergen County Soil Conservation District as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

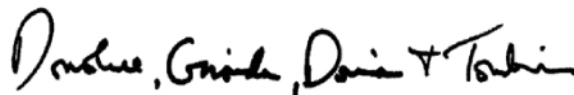
## **Other Matters**

### **Other Information**

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the District taken as a whole. The accompanying schedules of budget versus actual expenditures and budgeted revenues and expenditures are presented for purposes of additional analysis as required by the Department of Agriculture, State Soil Conservation Committee, State of New Jersey, and are not a required part of the basic financial statements. The schedule of budget versus actual expenditures has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedule of budgeted revenues and expenditures has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



DONOHUE, GIRONDA,  
DORIA & TOMKINS, LLC  
*Certified Public Accountants*

Bayonne, New Jersey  
May 5, 2016

# DONOHUE, GIRONDA, DORIA & TOMKINS LLC

*Certified Public Accountants*

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Supervisors of the  
Bergen County Soil Conservation District  
Oradell, New Jersey

We have audited, 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 as prescribed by the Department of Agriculture's manual, as prescribed by the New Jersey State Soil Conservation Committee, the financial statements of the Bergen County Soil Conservation District, (the "District"), which comprise the statements of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 5, 2016.

### **Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 that might be material weaknesses or significant deficiencies.

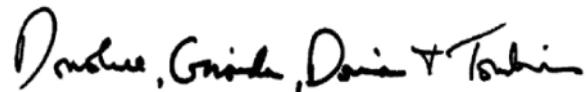
Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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 those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 organizations internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DONOHUE, GIRONDA,  
DORIA & TOMKINS, LLC  
*Certified Public Accountants*

Bayonne, New Jersey  
May 5, 2016

**BERGEN COUNTY SOIL CONSERVATION DISTRICT**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2015 AND 2014**

	2015			2014		
	Unrestricted Funds	Temporarily Restricted Funds	Total	Unrestricted Funds	Temporarily Restricted Funds	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 152,562	\$ 268,729	\$ 421,291	\$ 144,742	\$ 138,824	\$ 283,566
Investments	-	807,507	807,507	-	801,296	801,296
Grants receivable	-	6,350	6,350	-	9,800	9,800
Accrued interest receivable	-	9,130	9,130	-	8,055	8,055
Prepaid insurance	-	5,299	5,299	-	5,146	5,146
Equipment, net of accumulated depreciation	-	27,150	27,150	-	18,981	18,981
Security deposit	-	2,503	2,503	-	2,503	2,503
<b>TOTAL ASSETS</b>	<b>\$ 152,562</b>	<b>\$ 1,126,668</b>	<b>\$ 1,279,230</b>	<b>\$ 144,742</b>	<b>\$ 984,605</b>	<b>\$ 1,129,347</b>
<b>Liabilities</b>						
Payroll taxes and fringes payable	\$ -	\$ 1,007	\$ 1,007	\$ -	\$ 5,266	\$ 5,266
Grants payable	-	5,171	5,171	-	10,648	10,648
Other Accounts Payable	-	1,905	1,905	-	2,940	2,940
Accrued expenses	-	127	127	-	270	270
Accrued professional fees	-	5,000	5,000	-	5,000	5,000
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>13,210</b>	<b>13,210</b>	<b>-</b>	<b>24,124</b>	<b>24,124</b>
<b>Net Assets</b>						
Unrestricted - general operating	152,562	-	152,562	144,742	-	144,742
Temporarily restricted:						
General operating	-	593,002	593,002	-	473,002	473,002
Reserve for future soil erosion and sediment control act expenditures	-	480,456	480,456	-	447,479	447,479
Reserve for future legal costs	-	40,000	40,000	-	40,000	40,000
<b>TOTAL NET ASSETS</b>	<b>152,562</b>	<b>1,113,458</b>	<b>1,266,020</b>	<b>144,742</b>	<b>960,481</b>	<b>1,105,223</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 152,562</b>	<b>\$ 1,126,668</b>	<b>\$ 1,279,230</b>	<b>\$ 144,742</b>	<b>\$ 984,605</b>	<b>\$ 1,129,347</b>

See Accompanying Notes to Financial Statements.



**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2015 AND 2014**

	2015			2014		
	Unrestricted Funds	Temporarily Restricted Funds	Total	Unrestricted Funds	Temporarily Restricted Funds	Total
<b>Support and Revenue</b>						
Soil Erosion and Sediment Control Act fees, (Chapter 251) net of refunds	\$ -	\$ 689,655	\$ 689,655	\$ -	\$ 622,545	\$ 622,545
Stormwater Discharge Permit program	-	23,555	23,555	-	21,105	21,105
Exemption fees	7,800	-	7,800	9,800	-	9,800
Interest on investments	20	7,287	7,307	193	10,313	10,506
Miscellaneous	-	317	317	-	-	-
Sundry	-	141	141	-	141	141
<b>TOTAL SUPPORT AND REVENUE</b>	<b>7,820</b>	<b>720,955</b>	<b>728,775</b>	<b>9,993</b>	<b>654,104</b>	<b>664,097</b>
<b>Expenditures</b>						
Program services:						
Chapter 251:						
Salaries and wages	-	317,694	317,694	-	311,821	311,821
Fringe benefits	-	98,163	98,163	-	94,189	94,189
Rent	-	36,927	36,927	-	36,261	36,261
Payroll taxes	-	25,931	25,931	-	25,677	25,677
Surcharges	-	13,375	13,375	-	16,860	16,860
Office supplies and expenses	-	10,059	10,059	-	11,620	11,620
Insurance	-	8,371	8,371	-	8,199	8,199
Travel and related expenses	-	8,146	8,146	-	9,917	9,917
Consultant and contract services	-	6,500	6,500	-	6,500	6,500
Telephone/Internet	-	5,424	5,424	-	4,928	4,928
Miscellaneous	-	3,534	3,534	-	3,415	3,415
Depreciation	-	3,407	3,407	-	2,249	2,249
Utilities	-	2,259	2,259	-	3,639	3,639
Dues	-	1,790	1,790	-	1,741	1,741
Training and seminars	-	1,462	1,462	-	655	655
Bank Charges	-	1,381	1,381	-	1,109	1,109
Stormwater Discharge Permit program:						
Salaries and wages	-	23,555	23,555	-	21,105	21,105
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>567,978</b>	<b>567,978</b>	<b>-</b>	<b>559,885</b>	<b>559,885</b>
Change in Net Assets	7,820	152,977	160,797	9,993	94,219	104,212
Net Assets, July 1	144,742	960,481	1,105,223	134,749	866,262	1,001,011
Net Assets, June 30	\$ 152,562	\$ 1,113,458	\$ 1,266,020	\$ 144,742	\$ 960,481	\$ 1,105,223

See Accompanying Notes to Financial Statements.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2015 AND 2014**

	2015			2014		
	Unrestricted Funds	Temporarily Restricted Funds	Total	Unrestricted Funds	Temporarily Restricted Funds	Total
Cash flows from operating activities:						
Change in Net Assets	\$ 7,820	\$ 152,977	\$ 160,797	\$ 9,993	\$ 94,219	\$ 104,212
Adjustments to reconcile change in net assets to net cash provided by operating activities:						
Depreciation	-	3,407	3,407	-	2,249	2,249
(Increase) in prepaid insurance	-	(153)	(153)	-	(122)	(122)
Decrease (increase) in grants receivable	-	3,450	3,450	-	(350)	(350)
(Increase) decrease in accrued interest receivable	-	(1,075)	(1,075)	-	2,340	2,340
(Decrease) increase in payables	-	(10,914)	(10,914)	-	7,688	7,688
Net cash provided by operating activities	<u>7,820</u>	<u>147,692</u>	<u>155,512</u>	<u>9,993</u>	<u>106,024</u>	<u>116,017</u>
Cash flows from investing activities:						
(Increase) in capital assets	-	(11,576)	(11,576)	-	-	-
(Increase) in investments	-	(6,211)	(6,211)	-	(12,651)	(12,651)
Net cash (used for) investing activities	<u>-</u>	<u>(17,787)</u>	<u>(17,787)</u>	<u>-</u>	<u>(12,651)</u>	<u>(12,651)</u>
Net increase in cash and cash equivalents	7,820	129,905	137,725	9,993	93,373	103,366
Cash and cash equivalents, July 1	<u>144,742</u>	<u>138,824</u>	<u>283,566</u>	<u>134,749</u>	<u>45,451</u>	<u>180,200</u>
Cash and cash equivalents, June 30	<u>\$ 152,562</u>	<u>\$ 268,729</u>	<u>\$ 421,291</u>	<u>\$ 144,742</u>	<u>\$ 138,824</u>	<u>\$ 283,566</u>

See Accompanying Notes to Financial Statements.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

The Bergen County Soil Conservation District, (the “District”), is one of fifteen Soil Conservation 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, that sets policies and performance guidelines. The Districts work closely with the USDA 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 NJ Soil Erosion and Sediment Control Act of 1975, the objective of which was to prevent soil erosion and sedimentation from development sites, mitigate impacts to soil resources, and enhance soil quality.

Financial Statement Presentation

The District is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Unrestricted net assets can be expended by the District for any aspect of its operations, at any time, as determined by management. Temporarily restricted net assets are either restricted to a specific program, a specific time period or both, but eventually, will be expended by the District. Permanently restricted net assets can never be expended, but benefit the District through investment earning on such assets. At June 30, 2014 and 2013, respectively, the District had only unrestricted and temporarily restricted net assets.

Basis of Accounting

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

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

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

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the District considers deposits with New Jersey Cash Management Fund and short-term certificates of deposit, with original maturities of three months or less from the date of acquisition, to be cash equivalents.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

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

Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the District and approved by the Board of Supervisors.

Budgets are adopted on the same basis of accounting utilized for the preparation of the District's financial statements.

For the year ended June 30, 2015, the District under-expended its budget by \$34,446. For the year ended June 30, 2014, the District under-expended its budget by \$22,115.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Support Revenue, and Expenses

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

**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents on deposit, which totaled \$421,291 and \$283,566 at June 30, 2015 and 2014, respectively, are insured by federal deposit insurance up to \$250,000 in the aggregate for each bank. Balances exceeding the federal deposit insurance amount are insured by the New Jersey Governmental Unit Deposit Protection Act, which insures all New Jersey government units' deposits in excess of the federal deposit insurance maximums.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**2. CASH AND CASH EQUIVALENTS (Continued)**

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires that the District disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the District would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to custodial credit risk if they are: uninsured and uncollateralized (securities are not pledged to the depositor), collateralized with the securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the name of the Authority.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA.

*Concentration of Credit Risk*

The District places no limit on the amount the District may invest in any one issuer. At June 30, 2015, all of the District's investments are invested in Certificates of Deposits with original maturities of 24 months.

*Credit Risk*

The District does not have an investment policy regarding the management of credit risk. GASB Statement No. 40 requires that the District disclose the credit ratings of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The District does not hold any investments which are debt security investments. The District does not have a policy to limit interest rate risk; however, its practice is typically to invest in financial instruments with short maturities.

**3. INVESTMENTS**

The District records investments at fair market value, when available. Certificates of deposit that have original maturities of greater than three months are considered investments.

Investments at fair value consisted of:

	<b>2015</b>	<b>2014</b>
Certificate of Deposits	\$ 807,507	\$ 801,296

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**4. OPERATING LEASE**

The District's lease with the same landlord from 2003 through 2008, Kamack Realty Corporation, which took effect on May 1, 2008, expired on April 30, 2013. The District signed a new lease on April 15, 2013 which took effect on May 1, 2013 and expires on April 30, 2018. Total operating lease payments (excluding utilities) made during the years ended June 30, 2015 and 2014 were \$31,695 and \$31,498, respectively. Future minimum lease payments are as follows:

<u>For the Year ending June 30,</u>	<u>Amount</u>
2016	32,230
2017	32,230
2018	26,858
	<u>\$ 91,318</u>

The District also rents storage space on a monthly basis. The total rent paid for storage during the years ended June 30, 2015 and 2014 were \$5,232 and \$4,764, respectively.

**5. PENSION PLAN**

Substantially all full-time District employees participate in the Public Employees Retirement System (PERS). The PERS system is cost-sharing multiple-employer contributory defined benefit retirement system sponsored and administered by the State of New Jersey, Department of Treasury, Division of Pensions and Benefits.

The PERS was established in January 1955 under provisions of N.J.S.A. 43:15A and provides coverage to substantially all full time employees of the City provided the employee is not a member of another State administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service

The cost of living increase for PERS is funded directly by the respective system, but is currently suspended as a result of reform legislation.

According to state law, all obligations of PERS will be assumed by the State of New Jersey should the PERS be terminated. The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the PERS. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**5. PENSION PLAN (Continued)**

**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.

Chapter 78'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 from age 55 to 65 for Tier 5 members.
- The eligible age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- It increases in active member contribution rates for PERS active members from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; For fiscal year 2012, the member contribution rates will increase in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take 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 is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**5. PENSION PLAN (Continued)**

***Contribution Requirements – PERS***

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. Members contribute at a uniform rate. The full normal employee contribution rate became 5.5% of annual compensation, effective July 1, 2007 for most PERS state employees and effective July 1, 2008 for PERS local employees, based on Chapter 103, P.L. 2007. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) is 8.5% of base salary effective July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in fiscal year 2013. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. For fiscal year 2012, the member contribution rate increased in October 2011. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent fiscal year. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances, cost-of-living adjustments, and non-contributory death benefits.

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers to contribute 50% of the normal and accrued liability contribution amounts certified by PERS for payments due in State fiscal year 2009. This law also provided that a local employer may pay 100% of the required contribution. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries for PERS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The District and employees' contributions for the past three years are as follows:

<b>Year Ended</b>	<b>District Contribution</b>	<b>District Contribution as a % of Covered payroll</b>	<b>Employee Contributions</b>
2015	\$ 40,277	11.80%	\$ 23,614
2014	\$ 36,021	10.82%	\$ 22,572
2013	\$ 39,923	12.33%	\$ 21,503



**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**5. PENSION PLAN (Continued)**

***PERS Pension Liabilities and Pension Expense Related to Pensions:***

At June 30, 2015 the District's net pension liability for PERS was \$876,763.

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the District's PERS proportion was .0046828815%, which was an increase of .0001192541% from its proportion measured as of June 30, 2013.

***Actuarial Assumptions***

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.01%
Salary increases: 2012-2021	2.15 – 4.40%
Thereafter	3.15 5.40% Based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**5. PENSION PLAN (Continued)**

*PERS Pension Liabilities and Pension Expense Related to Pensions: (Continued)*

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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.5%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, 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 based on the average of the last five years of condition made in relation to the last five years of recommended contributions.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**5. PENSION PLAN (Continued)**

***PERS Pension Liabilities and Pension Expense Related to Pensions: (Continued)***

*Discount Rate (Continued)*

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.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the District's proportionate share of the net pension liability as of June 30, 2014, calculated using the discount rate as disclosed above as well as what the collective net pension 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:

	<b>1% Decrease (4.39%)</b>	<b>Current Discount Rate (5.39%)</b>	<b>1% Increase (6.39%)</b>
District's proportionate share of PERS net pension liability	\$ 1,102,998	\$ 876,763	\$ 686,784

*Pension Plan fiduciary net position*

Detailed information about the pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

***Vesting and Benefit Provisions – PERS***

The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**5. PENSION PLAN (Continued)**

***Vesting and Benefit Provisions – PERS (Continued)***

For Tier 1 members, retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of final average salary for each year of service credit,

as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit, as defined, or they may elect deferred retirement after achieving eight to ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for earnings on their contributions at 2% per annum. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Eligible retirees receiving monthly benefits are entitled to cost-of-living adjustment (COLA) increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired, as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in the dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement. The COLA increases are funded by the retirement system and are included in the annual actuarial calculations of the required state and state-related employer contributions. Pursuant to the provisions of Chapter 78, P.L. 2011, COLA increases are suspended for all current and future retirees of all retirement systems. No further COLA increases will be granted. The law does not reduce any COLA increases that have already been added to retiree benefits

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and prior to November 2, 2008 (Tier 2 members) and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55. Also, this law provided that the amount of compensation for Tier 2 members used for employer and member contributions and benefits under the PERS cannot exceed the annual maximum wage contribution base for Social Security, pursuant to the Federal Insurance Contributions Act.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**5. PENSION PLAN (Continued)**

*Vesting and Benefit Provisions – PERS (Continued)*

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008 and on or before May 21, 2010 (Tier 3 members). It also increased the minimum annual compensation required for membership eligibility for new Tier 3 members from \$1,500 to \$7,500 in addition to amending the early retirement reduction formula for Tier 3 members retiring with 25 years of service to 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS hired after May 21, 2010 (Tier 4 and Tier 5 members) from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for these members of PERS to 1/60 from 1/55, and it provided that the retirement allowance for these members be calculated using the average annual compensation for the last five years of service instead of the last three years of service. Tier 4 and Tier 5 members of PERS no longer receive pension service credit from more than one employer. Pension service credit is earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for Tier 4 and Tier 5 members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65. Tier 5 members are eligible for a service retirement benefit at age 65.

**6. RESTRICTED NET ASSETS**

Restricted Net Assets consist of:

**A. General Operating**

General operating net assets are used to account for revenues collected and expenditures for Soil Erosion and Sediment Control Act projects as well as grant funding and interest income.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**6. RESTRICTED NET ASSETS (Continued)**

**B. Reserve for Future Soil Erosion and Sediment Control Act Expenditures - Chapter 251**

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

Reserve for Sediment Control Act Expenditures – June 30, 2015

<u>Fiscal Year</u>	<u>Fees Collected</u>	<u>Reserve Balance 6/30/2015</u>
2013	\$ 572,585 x 10%	\$ 57,259
2014	622,545 x 20%	124,509
2015	689,655 x 40%	<u>275,862</u>
		457,630
	Transfer from legal reserve	<u>22,826</u>
Balance, June 30, 2015		<u><u>\$ 480,456</u></u>

Reserve for Sediment Control Act Expenditures – June 30, 2014

<u>Fiscal Year</u>	<u>Fees Collected</u>	<u>Reserve Balance 6/30/2014</u>
2012	630,795 x 10%	\$ 63,080
2013	572,585 x 20%	114,517
2014	622,545 x 40%	<u>249,018</u>
		426,615
	Transfer from legal reserve	<u>20,864</u>
Balance, June 30, 2014		<u><u>\$ 447,479</u></u>

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**6. RESTRICTED NET ASSETS (Continued)**

**C. RESERVE FOR FUTURE LEGAL COSTS**

The Reserve for Future Legal Costs provides the District with funds necessary to pay for future legal costs incurred as a result of current Chapter 251 operations. The balance in this reserve account has been calculated by providing 10% of the average of the Chapter 251 fees received for the last three years, but not more than \$40,000. The calculation of this reserve is as follows:

Reserve for Future Legal Costs – June 30, 2015

<u>Fiscal Year</u>	<u>Total</u>
2013	\$ 572,585
2014	622,545
2015	<u>689,655</u>
	1,884,785
	<u>divided by 3</u>
	628,262
	x 10%
	<u>62,826</u>
Transfer to Future Soil Erosion Reserve	(22,826)
Reserve Balance, June 30, 2015	<u><u>\$ 40,000</u></u>

Reserve for Future Legal Costs – June 30, 2014

<u>Fiscal Year</u>	<u>Total</u>
2012	\$ 630,795
2013	572,585
2014	<u>622,545</u>
	1,825,925
	<u>divided by 3</u>
	608,642
	x 10%
	<u>60,864</u>
Transfer to Future Soil Erosion Reserve	(20,864)
Reserve Balance, June 30, 2014	<u><u>\$ 40,000</u></u>

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**7. SURETY BOND COVERAGE**

The District Manager, Angelo Caruso, and the Administrative Secretary/Bookkeeper, Robyn Roberts, have coverage of \$110,000 each.

**8. RELATED PARTY TRANACTIONS/GRANTS PAYABLE**

The Bergen County Environmental Council, (the “Council”), is a non profit, volunteer organization dedicated to improving water quality through education and demonstration projects. The Council consists of private citizens as well as representatives of various private and public organizations. Council members are appointed by the Bergen County Board of Chosen Freeholders and serve two year terms. Funding is obtained through grants from the Bergen County Freeholders and Bergen County Department of Health Services Clean Communities Program. The Council’s programs include the purchase and distribution of storm drain markers, stream bank restoration (shrubs are purchased and planted), stream cleaning and stream monitoring to check water quality.

The Council’s funds are kept in the District’s checking account. A treasurer’s report is prepared for each monthly meeting. As of June 30, 2015 and 2014, funds in the amount of \$5,171 and \$10,648 respectively, are available to the council for grant activities.

**9. EQUIPMENT**

Equipment is recorded at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

Equipment	5 years
Furniture	5 years

The following is a summary of Equipment at cost less accumulated depreciation:

	<u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>2015</u>
Office Furniture and Equipment	\$ 56,157	\$ 11,576	\$ (13,948)	\$ 53,785
Accumulated Depreciation	(37,176)	(3,407)	13,948	(26,635)
Net	<u>\$ 18,981</u>	<u>\$ 8,169</u>	<u>\$ -</u>	<u>\$ 27,150</u>

Depreciation expense was \$3,407 and \$2,249 for the years ended June 30, 2015 and 2014, respectively.

**10. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 5, 2016, the date on which the financial statements were available to be issued. None were noted.



# DONOHUE, GIRONDA, DORIA & TOMKINS LLC

*Certified Public Accountants*

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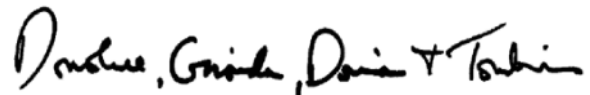
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## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION**

Board of Supervisors  
Bergen County Soil Conservation District  
Oradell, New Jersey

Our audit report on the financial statements of the Bergen County Soil Conservation District for the year ended June 30, 2015 appears on pages 2 and 3. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Budget Versus Actual Expenditures is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements, taken as a whole.



DONOHUE, GIRONDA,  
DORIA & TOMKINS, LLC  
*Certified Public Accountants*

Bayonne, New Jersey  
May 5, 2016

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
SCHEDULE OF BUDGET VERSUS ACTUAL EXPENDITURES  
YEAR ENDED JUNE 30, 2015**

	All Funds		Over (Under) Budget
	Budget	Actual	
Expenditures:			
Salaries and wages	\$ 334,000	\$ 317,694	\$ (16,306)
Fringe benefits	104,000	98,163	(5,837)
Rent	48,000	36,927	(11,073)
Payroll taxes	32,000	25,931	(6,069)
State of New Jersey - RFA Salaries	21,500	23,555	2,055
Surcharges	-	13,375	13,375
Office supplies and expenses	12,000	10,059	(1,941)
Insurance	10,000	8,371	(1,629)
Travel and related expenses	13,500	8,146	(5,354)
Consultant and contract services	9,000	6,500	(2,500)
Telephone/Internet	6,000	5,424	(576)
Miscellaneous	6,000	3,534	(2,466)
Depreciation	3,500	3,407	(93)
Utilities	4,000	2,259	(1,741)
Dues and contributions	2,500	1,790	(710)
Meetings, seminars and training	4,500	1,462	(3,038)
Bank Charges	-	1,381	1,381
Office equipment	3,500	11,576	8,076
	<u>\$ 614,000</u>	<u>\$ 579,554</u>	<u>\$ (34,446)</u>
Program Services		567,978	
Capital Assets		11,576	
		<u>579,554</u>	

See Accompanying Independent Auditor's Report on Supplementary Information.

# DONOHUE, GIRONDA, DORIA & TOMKINS LLC

*Certified Public Accountants*

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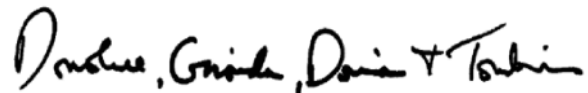
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## **INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF BUDGETED REVENUES AND EXPENDITURES FOR THE YEAR ENDING JUNE 30, 2016**

Board of Supervisors  
Bergen County Soil Conservation District  
Oradell, New Jersey

Our audit report on the basic financial statements of the Bergen County Soil Conservation District for the year ended June 30, 2015 appears on pages 2 and 3. That audit was conducted for the purpose of forming an opinion on the basic financial statements, taken as a whole. The Schedule of Budgeted Revenues and Expenditures for the year ending June 30, 2016, is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.



DONOHUE, GIRONDA,  
DORIA & TOMKINS, LLC  
*Certified Public Accountants*

Bayonne, New Jersey  
May 5, 2016

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
SCHEDULE OF BUDGETED REVENUES AND EXPENDITURES  
YEAR ENDING JUNE 30, 2016**

	Budget
<u>REVENUES</u>	
Chapter 251 fees	\$621,750
State of New Jersey - RFA grant/fees	21,500
Exemptions	10,000
Interest	8,500
Miscellaneous	500
	\$ 662,250
 <u>EXPENDITURES</u>	
Salaries and wages	\$354,000
Fringe benefits	110,000
Rent	48,000
Payroll taxes	34,000
State of New Jersey - RFA grant/fees	21,500
Office supplies and expenses	15,000
Travel and related expenses	13,500
Surcharges	13,500
Insurance	12,000
Consultant and contract services	9,000
Telephone	7,500
Miscellaneous	6,500
Depreciation	4,250
Utilities	4,000
Office equipment	3,500
Meetings, seminars and training	3,000
Dues and contributions	2,500
Repairs and maintenance	500
	\$ 662,250

Note: This budget will be submitted for approval at the June, 2016 Board of Supervisors' Meeting

**BERGEN COUNTY SOIL CONSERVATION DISTRICT  
COMMENTS AND RECOMMENDATIONS  
JUNE 30, 2015**

**2015-01**

**COMMENT:** The District is not fully reconciling its operating bank statement each month. This is a prior year comment repeated in the current year.

**CRITERIA:** The District maintains a detailed revenue and expense ledger. However, the District does not reconcile its operating bank statement each month. The auditor is able to reconcile cash for the year through a detailed cash analysis and a relatively few amount of adjustments for the year. It is necessary that no matter how small an entity is, that cash is reconciled each month and reviewed by a second party within the entity.

**RECOMMENDATION:** The District should reconcile its operating bank account each month and have it reviewed and approved by the District Manager or his designee.

**STATUS:** The District has begun to implement monthly bank reconciliations and the District Manager reviews them.