

BERGEN COUNTY SOIL CONSERVATION DISTRICT
FINANCIAL STATEMENTS
WITH
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2012 AND 2011
AND
REPORT OF INDEPENDENT AUDITORS

BERGEN COUNTY SOIL CONSERVATION DISTRICT

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**BERGEN COUNTY SOIL CONSERVATION DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2012**

Board of Supervisors

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Carl Mecky	District Chairman	June 30, 2013
Ronald E. Binaghi, Jr.	District Vice Chairman	June 30, 2014
Geraldine Byrne	District Secretary/Treasurer	June 30, 2013
Herman Rohsler	Supervisor	June 30, 2015
Raymond J. Cywinski	Supervisor	June 30, 2015

Administrative Officials

Angelo Caruso	District Manager
Robyn Roberts	Administrative Secretary

DONOHUE, GIRONDA & DORIA

Certified Public Accountants

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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Linda P. Kish, CPA, RMA
Tammy L. Zucca, CPA
Mark W. Bednarz, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the Bergen County Soil Conservation District (the "District") as of June 30, 2012 and 2011, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2012 and 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2013 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* and should be considered in assessing the results of our audit.

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.



DONOHUE, GIRONDA & DORIA
Certified Public Accountants

Bayonne, New Jersey
January 31, 2013

DONOHUE, GIRONDA & DORIA

Certified Public Accountants

Matthew A. Donohue, CPA
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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**

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

We have audited the financial statements of the Bergen County Soil Conservation District, (the "District"), as of and for the year ended June 30, 2012, and have issued our report thereon dated January 31, 2013. 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 as prescribed by the Department of Agriculture's manual, as prescribed by the New Jersey State Soil Conservation Committee.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

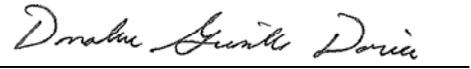
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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


DONOHUE, GIRONDA & DORIA
Certified Public Accountants

Bayonne, New Jersey
January 31, 2013

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011**

	2012			2011		
	Unrestricted Funds	Temporarily Restricted Funds	Total	Unrestricted Funds	Temporarily Restricted Funds	Total
Assets						
Cash and cash equivalents	\$ 128,682	\$ 140,684	\$ 269,366	\$ 119,097	\$ 377,735	\$ 496,832
Investments	-	633,388	633,388	-	294,838	294,838
Grants receivable	-	3,550	3,550	-	7,700	7,700
Accrued interest receivable	-	6,707	6,707	-	2,565	2,565
Prepaid insurance	-	5,042	5,042	-	4,977	4,977
Equipment, net of accumulated depreciation	-	23,713	23,713	-	24,321	24,321
Security deposit	-	2,503	2,503	-	2,503	2,503
TOTAL ASSETS	<u>\$ 128,682</u>	<u>\$ 815,587</u>	<u>\$ 944,269</u>	<u>\$ 119,097</u>	<u>\$ 714,639</u>	<u>\$ 833,736</u>
Liabilities						
Payroll taxes and fringes payable	\$ -	\$ 1,744	\$ 1,744	\$ -	\$ 4,261	\$ 4,261
Grants payable	-	10,100	10,100	-	8,446	8,446
Accrued expenses	-	83	83	-	74	74
Accrued professional fees	-	5,000	5,000	-	5,000	5,000
TOTAL LIABILITIES	<u>-</u>	<u>16,927</u>	<u>16,927</u>	<u>-</u>	<u>17,781</u>	<u>17,781</u>
Net Assets						
Unrestricted - general operating	128,682	-	128,682	119,097	-	119,097
Temporarily restricted:						
General operating	-	320,694	320,694	-	280,765	280,765
Reserve for future soil erosion and sediment control act expenditures	-	437,966	437,966	-	376,093	376,093
Reserve for future legal costs	-	40,000	40,000	-	40,000	40,000
TOTAL NET ASSETS	<u>128,682</u>	<u>798,660</u>	<u>927,342</u>	<u>119,097</u>	<u>696,858</u>	<u>815,955</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 128,682</u>	<u>\$ 815,587</u>	<u>\$ 944,269</u>	<u>\$ 119,097</u>	<u>\$ 714,639</u>	<u>\$ 833,736</u>

See Accompanying Notes to Financial Statements.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2012 AND 2011**

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
	Funds	Funds		Funds	Funds	
Support and Revenue						
Soil Erosion and Sediment Control Act fees, (Chapter 251) net of refunds	\$ -	\$ 630,795	\$ 630,795	\$ -	\$ 619,505	\$ 619,505
Resource material sales, net of purchases	2,235	-	2,235	75	-	75
Exemption fees	7,100	-	7,100	6,400	-	6,400
Interest on investments	250	7,692	7,942	122	7,512	7,634
Stormwater Discharge Permit program	-	6,335	6,335	-	18,620	18,620
Sundry	-	205	205	-	194	194
TOTAL SUPPORT AND REVENUE	9,585	645,027	654,612	6,597	645,831	652,428
Expenditures						
Program services:						
Chapter 251:						
Salaries and wages	-	321,165	321,165	-	337,085	337,085
Payroll taxes	-	28,034	28,034	-	28,740	28,740
Fringe benefits	-	98,474	98,474	-	94,496	94,496
Consultant and contract services	-	6,500	6,500	-	6,500	6,500
Training and seminars	-	2,563	2,563	-	2,349	2,349
Travel and related expenses	-	11,566	11,566	-	12,856	12,856
Office supplies and expenses	-	7,008	7,008	-	8,350	8,350
Telephone	-	4,398	4,398	-	4,140	4,140
Rent	-	39,742	39,742	-	39,470	39,470
Utilities	-	3,000	3,000	-	3,050	3,050
Insurance	-	8,133	8,133	-	8,454	8,454
Dues	-	1,380	1,380	-	1,630	1,630
Depreciation	-	2,313	2,313	-	2,607	2,607
Miscellaneous	-	2,614	2,614	-	2,286	2,286
Stormwater Discharge Permit program:						
Salaries and wages	-	6,335	6,335	-	18,620	18,620
TOTAL EXPENDITURES	-	543,225	543,225	-	570,633	570,633
Change in Net Assets	9,585	101,802	111,387	6,597	75,198	81,795
Net Assets, July 1	119,097	696,858	815,955	112,500	621,660	734,160
Net Assets, June 30	<u>\$ 128,682</u>	<u>\$ 798,660</u>	<u>\$ 927,342</u>	<u>\$ 119,097</u>	<u>\$ 696,858</u>	<u>\$ 815,955</u>

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2012 AND 2011**

	2012			2011		
	Unrestricted Funds	Temporarily Restricted Funds	Total	Unrestricted Funds	Temporarily Restricted Funds	Total
Cash flows from operating activities:						
Change in Net Assets	\$ 9,585	\$ 101,802	\$ 111,387	\$ 6,597	\$ 75,198	\$ 81,795
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:						
Depreciation	-	2,313	2,313	-	2,607	2,607
(Increase) decrease in prepaid insurance	-	(65)	(65)	-	(728)	(728)
(Increase) decrease in grants receivable	-	4,150	4,150	-	(3,500)	(3,500)
(Increase) decrease in accred interest receivable	-	(4,142)	(4,142)	-	(640)	(640)
Increase (Decrease) in payables	-	(854)	(854)	-	(8,067)	(8,067)
Net cash provided (used) by operating activities	<u>9,585</u>	<u>103,204</u>	<u>112,789</u>	<u>6,597</u>	<u>64,870</u>	<u>71,467</u>
Cash flows from investing activities:						
(Increase) in capital assets	-	(1,705)	(1,705)	-	-	-
(Increase) in investments	-	(338,550)	(338,550)	-	(6,177)	(6,177)
Net cash used by investing activities	<u>-</u>	<u>(340,255)</u>	<u>(340,255)</u>	<u>-</u>	<u>(6,177)</u>	<u>(6,177)</u>
Net increase (decrease) in cash and cash equivalents	9,585	(237,051)	(227,466)	6,597	58,693	65,290
Cash and cash equivalents, July 1	<u>119,097</u>	<u>377,735</u>	<u>496,832</u>	<u>112,500</u>	<u>319,042</u>	<u>431,542</u>
Cash and cash equivalents, June 30	<u>\$ 128,682</u>	<u>\$ 140,684</u>	<u>\$ 269,366</u>	<u>\$ 119,097</u>	<u>\$ 377,735</u>	<u>\$ 496,832</u>

See Accompanying Notes to Financial Statements.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

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 U.S. Soil Conservation Service to promote the wise use of soil and water resources. In 1976 the Districts in New Jersey were mandated to administer Chapter 251, The 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, 2012 and 2011, 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, 2012 AND 2011**

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, 2012, the District under-expended its budget by \$41,025. For the year ended June 30, 2011, the District over-expended its budget by \$19,183.

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 \$269,366 and \$496,832 at June 30, 2012 and 2011, 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, 2012 AND 2011**

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, 2012, 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:

	<u>2012</u>	<u>2011</u>
Certificate of Deposits	\$ 633,388	\$ 294,838

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

4. OPERATING LEASE

During May 2003, the District entered into a commitment to lease office space that expired in 2008. The District signed a new lease with the same landlord which took effect on May 1, 2008 and extends through April 30, 2013. Total operating lease payments made during the years ended June 30, 2012 and 2011 were \$34,428 and \$34,428, respectively. Future minimum lease payments are as follows:

<u>For the Year ending</u> <u>June 30,</u>	<u>Amount</u>
2013	\$ 28,690
	<u>\$ 28,690</u>

The District also rents storage space on a monthly basis. The total rent paid for storage during the years ended June 30, 2012 and 2011 were \$4,284 and \$4,084, respectively.

5. PENSION PLAN

Substantially all District employees participate in the Public Employees Retirement System (PERS). The PERS system is a cost-sharing multiple-employer contributory defined benefit plan, administered by the Division of Pensions in the Department of the Treasury, State of New Jersey. The PERS was established in January 1955 under provisions of N.J.S.A. 43:15A and provides retirement, death, disability and medical benefits to certain qualifying Plan members and beneficiaries. Membership is mandatory for substantially all full time employees and vesting occurs after 8 to 10 years of service. Employees who retire at or after age 55 are entitled to a retirement benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years compensation for each year of membership during years of credible service. According to state law, all obligations of PERS will be assumed by the State of New Jersey should the PERS be terminated.

P.L. 2010, c.1, effective May 21, 2010, changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

5. PENSION PLAN (Continued)

Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- Increases in active member contribution rates. TPAF and PERS active member rates increase 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 TPAF and 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).

The State of New Jersey issues publicly available financial reports that include the financial statements and required supplementary information of the PERS. This report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O.Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by laws of the State of New Jersey. Contributions made by employees for the years ended June 30, 2012 and 2011 were 6.5% and 5.5%, respectively of their base wages, each year. Employers are required to contribute at an actuarially determined rate. The District and employees' contributions for the past three years were as follows:

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

5. PENSION PLAN (Continued)

<u>Year Ended</u>	<u>District Contribution</u>	<u>District Contribution as a % of Covered payroll</u>	<u>Employee Contributions</u>
2012	\$ 38,717	11.82%	\$ 29,340
2011	\$ 36,151	11.04%	\$ 27,504
2010	\$ 25,419	7.15%	\$ 26,223

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.

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, 2012

<u>Fiscal Year</u>	<u>Fees Collected</u>	<u>Reserve Balance 6/30/2012</u>
2010	\$ 450,525 x 10%	\$ 45,053
2011	619,505 x 20%	123,901
2012	630,795 x 40%	<u>252,318</u>
		421,272
	Transfer from legal reserve	16,694
Balance, June 30, 2012		<u><u>\$ 437,966</u></u>

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

6. RESTRICTED NET ASSETS (Continued)

B. Reserve for Future Soil Erosion and Sediment Control Act Expenditures - Chapter 251 (Continued)

Reserve for Sediment Control Act Expenditures – June 30, 2011

<u>Fiscal Year</u>	<u>Fees Collected</u>	<u>Reserve Balance 6/30/2011</u>
2009	\$ 318,885 x 10%	\$ 31,889
2010	450,525 x 20%	90,105
2011	619,505 x 40%	<u>247,802</u>
		369,796
	Transfer from legal reserve	6,297
Balance, June 30, 2011		<u><u>\$ 376,093</u></u>

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, 2012

<u>Fiscal Year</u>	<u>Total</u>
2010	\$ 450,525
2011	619,505
2012	<u>630,795</u>
	1,700,825
	<u>divided by 3</u>
	566,942
	<u>x 10%</u>
	56,694
Transfer to Future Soil Erosion Reserve	(16,694)
Reserve Balance, June 30, 2012	<u><u>\$ 40,000</u></u>

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

6. RESTRICTED NET ASSETS (Continued)

C. RESERVE FOR FUTURE LEGAL COSTS (Continued)

Reserve for Future Legal Costs – June 30, 2011

<u>Fiscal Year</u>	<u>Total</u>
2009	\$ 318,885
2010	450,525
2011	<u>619,505</u>
	1,388,915
	<u>divided by 3</u>
	462,972
	<u>x 10%</u>
	46,297
Transfer to Future Soil Erosion Reserve	(6,297)
Reserve Balance, June 30, 2011	<u><u>\$ 40,000</u></u>

7. SURETY BOND COVERAGE

The District Manager, Angelo Caruso, and the Administrative Secretary/Bookkeeper, Robyn Roberts, have coverage of \$100,000 each.

8. 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, 2012 and 2011, funds in the amount of \$10,100 and \$8,446, respectively, are available to the council for grant activities.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

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>2011</u>	<u>Additions</u>	<u>2012</u>
Office Furniture and Equipment	\$ 54,452	\$ 1,705	\$ 56,157
Accumulated Depreciation	<u>(30,131)</u>	<u>(2,313)</u>	<u>(32,444)</u>
Net	<u>\$ 26,928</u>	<u>\$ (608)</u>	<u>\$ 23,713</u>

Depreciation expense was \$2,313 and \$2,607 for the years ended June 30, 2012 and 2011, respectively.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 31, 2013, the date on which the financial statements were available to be issued. None were noted.

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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, 2012 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
Certified Public Accountants

Bayonne, New Jersey
January 31, 2013

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF BUDGET VERSUS ACTUAL EXPENDITURES
YEAR ENDED JUNE 30, 2012**

	All Funds		
	Budget	Actual	Over (Under) Budget
Expenditures:			
Salaries and wages	\$ 345,000	\$ 321,165	\$ (23,835)
Payroll taxes	28,000	28,034	34
Fringe benefits	95,000	98,474	3,474
Consultant and contract services	7,000	6,500	(500)
Meetings, seminars and training	3,000	2,563	(437)
Travel and related expenses	13,000	11,566	(1,434)
Repairs and maintenance	-	-	-
Office supplies and expenses	7,000	7,008	8
Office equipment	3,000	-	(3,000)
Telephone	4,500	4,398	(102)
Rent	42,000	39,742	(2,258)
Utilities	3,500	3,000	(500)
Insurance	9,000	8,133	(867)
Dues and contributions	1,750	1,380	(370)
State of New Jersey - RFA grant/fees	16,000	6,335	(9,665)
Depreciation	3,000	2,313	(687)
Miscellaneous	3,500	2,614	(886)
	<u>\$ 584,250</u>	<u>\$ 543,225</u>	<u>\$ (41,025)</u>

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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF BUDGETED REVENUES AND EXPENDITURES FOR THE YEAR ENDING JUNE 30, 2013

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, 2012 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, 2013, 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
Certified Public Accountants

Bayonne, New Jersey
January 31, 2013

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF BUDGETED REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2013**

	Budget
 <u>REVENUES</u>	
Chapter 251 fees	\$ 542,750
Recertification fees (Chapter 251)	8,500
Interest	7,500
Exemptions	5,800
Resource materials	-
State of New Jersey - RFA grant/fees	15,000
Other - H&H Data Base Funds	14,000
Surplus used	-
	\$ 593,550
 <u>EXPENDITURES</u>	
Salaries and wages	\$ 338,000
Payroll taxes	34,000
Fringe benefits	104,000
Consultant and contract services	6,500
Meetings, seminars and training	3,000
Travel and related expenses	13,000
Repairs and maintenance	-
Office supplies and expenses	7,200
Office equipment	2,000
Telephone	4,600
Rent	45,000
Utilities	3,500
Insurance	9,500
Dues and contributions	1,750
State of New Jersey - RFA grant/fees	15,000
Depreciation	3,000
Miscellaneous	3,500
	\$ 593,550