

BERGEN COUNTY SOIL CONSERVATION DISTRICT
FINANCIAL STATEMENTS
WITH
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012
AND
REPORT OF INDEPENDENT AUDITORS

BERGEN COUNTY SOIL CONSERVATION DISTRICT

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**BERGEN COUNTY SOIL CONSERVATION DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2013**

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, 2014
Geraldine Byrne	District Secretary/Treasurer	June 30, 2016
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

310 Broadway
Bayonne, NJ 07002
(201) 437-9000
Fax: (201) 437-1432
E-Mail: dgd@dgdcpas.com

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

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, 2013 and 2012, and the related statements of activities and changes in net position 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 accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 uses 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, 2013 and 2012, 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.

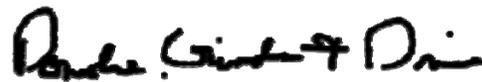
Other Matters

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 April 7, 2014 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
Certified Public Accountants

Bayonne, New Jersey
April 7, 2014

DONOHUE, GIRONDA & DORIA

Certified Public Accountants

Matthew A. Donohue, CPA
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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 and for the year ended June 30, 2013, 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 April 7, 2014.

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

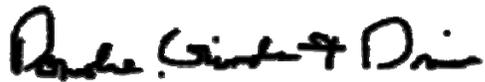
limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DONOHUE, GIRONDA & DORIA
Certified Public Accountants

Bayonne, New Jersey
April 7, 2014

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012**

	2013			2012		
	Unrestricted Funds	Temporarily Restricted Funds	Total	Unrestricted Funds	Temporarily Restricted Funds	Total
Assets						
Cash and cash equivalents	\$ 134,749	\$ 45,451	\$ 180,200	\$ 128,682	\$ 140,684	\$ 269,366
Investments	-	788,645	788,645	-	633,388	633,388
Grants receivable	-	9,450	9,450	-	3,550	3,550
Accrued interest receivable	-	10,395	10,395	-	6,707	6,707
Prepaid insurance	-	5,024	5,024	-	5,042	5,042
Equipment, net of accumulated depreciation	-	21,230	21,230	-	23,713	23,713
Security deposit	-	2,503	2,503	-	2,503	2,503
TOTAL ASSETS	\$ 134,749	\$ 882,698	\$ 1,017,447	\$ 128,682	\$ 815,587	\$ 944,269
Liabilities						
Payroll taxes and fringes payable	\$ -	\$ 5,191	\$ 5,191	\$ -	\$ 1,744	\$ 1,744
Grants payable	-	6,139	6,139	-	10,100	10,100
Accrued expenses	-	106	106	-	83	83
Accrued professional fees	-	5,000	5,000	-	5,000	5,000
TOTAL LIABILITIES	-	16,436	16,436	-	16,927	16,927
Net Assets						
Unrestricted - general operating	134,749	-	134,749	128,682	-	128,682
Temporarily restricted:						
General operating	-	388,356	388,356	-	320,694	320,694
Reserve for future soil erosion and sediment control act expenditures	-	437,906	437,906	-	437,966	437,966
Reserve for future legal costs	-	40,000	40,000	-	40,000	40,000
TOTAL NET ASSETS	134,749	866,262	1,001,011	128,682	798,660	927,342
TOTAL LIABILITIES AND NET ASSETS	\$ 134,749	\$ 882,698	\$ 1,017,447	\$ 128,682	\$ 815,587	\$ 944,269

See Accompanying Notes to Financial Statements.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2013 AND 2012**

	2013			2012		
	Unrestricted Funds	Temporarily Restricted Funds	Total	Unrestricted Funds	Temporarily Restricted Funds	Total
Support and Revenue						
Soil Erosion and Sediment Control Act fees, (Chapter 251) net of refunds		\$ 572,585	\$ 572,585	\$ -	\$ 630,795	\$ 630,795
Resource material sales, net of purchases	41		41	2,235	-	2,235
Exemption fees	5,800		5,800	7,100	-	7,100
Database funds		14,073	14,073			-
Interest on investments	226	8,945	9,171	250	7,692	7,942
Stormwater Discharge Permit program		17,400	17,400	-	6,335	6,335
Sundry		264	264	-	205	205
TOTAL SUPPORT AND REVENUE	6,067	613,267	619,334	9,585	645,027	654,612
Expenditures						
Program services:						
Chapter 251:						
Salaries and wages		306,438	306,438	-	321,165	321,165
Payroll taxes		25,664	25,664	-	28,034	28,034
Fringe benefits		100,832	100,832	-	98,474	98,474
Consultant and contract services		6,500	6,500	-	6,500	6,500
Training and seminars		3,642	3,642	-	2,563	2,563
Travel and related expenses		10,614	10,614	-	11,566	11,566
Office supplies and expenses		6,960	6,960	-	7,008	7,008
Telephone		4,542	4,542	-	4,398	4,398
Rent		45,699	45,699	-	39,742	39,742
Utilities		2,825	2,825	-	3,000	3,000
Insurance		7,973	7,973	-	8,133	8,133
Dues		1,990	1,990	-	1,380	1,380
Depreciation		2,483	2,483	-	2,313	2,313
Miscellaneous		2,103	2,103	-	2,614	2,614
Stormwater Discharge Permit program:						
Salaries and wages		17,400	17,400	-	6,335	6,335
TOTAL EXPENDITURES	-	545,665	545,665	-	543,225	543,225
Change in Net Assets	6,067	67,602	73,669	9,585	101,802	111,387
Net Assets, July 1	128,682	798,660	927,342	119,097	696,858	815,955
Net Assets, June 30	\$ 134,749	\$ 866,262	\$ 1,001,011	\$ 128,682	\$ 798,660	\$ 927,342

See Accompanying Notes to Financial Statements.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012**

	2013			2012		
	Unrestricted Funds	Temporarily Restricted Funds	Total	Unrestricted Funds	Temporarily Restricted Funds	Total
Cash flows from operating activities:						
Change in Net Assets	\$ 6,067	\$ 67,602	\$ 73,669	\$ 9,585	\$ 101,802	\$ 111,387
Adjustments to reconcile change in net assets to net cash provided by operating activities:						
Depreciation	-	2,483	2,483	-	2,313	2,313
(Increase) decrease in prepaid insurance	-	18	18	-	(65)	(65)
(Increase) decrease in grants receivable	-	(5,900)	(5,900)	-	4,150	4,150
(Increase) in accrued interest receivable	-	(3,688)	(3,688)	-	(4,142)	(4,142)
(Decrease) in payables	-	(491)	(491)	-	(854)	(854)
Net cash provided by operating activities	<u>6,067</u>	<u>60,024</u>	<u>66,091</u>	<u>9,585</u>	<u>103,204</u>	<u>112,789</u>
Cash flows from investing activities:						
(Increase) in capital assets	-	-	-	-	(1,705)	(1,705)
(Increase) in investments	-	(155,257)	(155,257)	-	(338,550)	(338,550)
Net cash (used for) investing activities	<u>-</u>	<u>(155,257)</u>	<u>(155,257)</u>	<u>-</u>	<u>(340,255)</u>	<u>(340,255)</u>
Net increase (decrease) in cash and cash equivalents	6,067	(95,233)	(89,166)	9,585	(237,051)	(227,466)
Cash and cash equivalents, July 1	<u>128,682</u>	<u>140,684</u>	<u>269,366</u>	<u>119,097</u>	<u>377,735</u>	<u>496,832</u>
Cash and cash equivalents, June 30	<u>\$ 134,749</u>	<u>\$ 45,451</u>	<u>\$ 180,200</u>	<u>\$ 128,682</u>	<u>\$ 140,684</u>	<u>\$ 269,366</u>

See Accompanying Notes to Financial Statements.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

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, 2013 and 2012, 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, 2013 AND 2012**

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, 2013, the District under-expended its budget by \$47,885. For the year ended June 30, 2012, the under-expended its budget by \$41,025.

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 \$180,200 and \$269,366 at June 30, 2013 and 2012, 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, 2013 AND 2012**

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, 2013, 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>2013</u>	<u>2012</u>
Certificate of Deposits	\$ 788,645	\$ 633,388

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

4. OPERATING LEASE

The District's lease with the same landlord from 2003 through 2008, Burns and Roe, Inc. 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, 2013 and 2012 were \$32,109 and \$32,232, respectively. Future minimum lease payments are as follows:

<u>For the Year ending June 30,</u>	<u>Amount</u>
2014	\$ 31,498
2015	31,620
2016	32,230
2017	32,230
2018	26,858
	<u>\$ 154,436</u>

The District also rents storage space on a monthly basis. The total rent paid for storage during the years ended June 30, 2013 and 2012 were \$4,324 and \$4,284, 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.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

5. PENSION PLAN (Continued)

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.

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.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

5. PENSION PLAN (Continued)

The contribution policy is set by laws of the State of New Jersey. Contributions made by employees for the years ended June 30, 2013 and 2012 were 6.64% and 6.5%, 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:

<u>Year Ended</u>	<u>District Contribution</u>	<u>District Contribution as a % of Covered payroll</u>	<u>Employee Contributions*</u>
2013	\$ 39,923	12.33%	\$ 21,503
2012	\$ 38,717	11.96%	\$ 20,303
2011	\$ 36,151	11.16%	\$ 19,564

* Excludes pension loan payments

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:

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

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, 2013

<u>Fiscal Year</u>	<u>Fees Collected</u>	<u>Reserve Balance 6/30/2013</u>
2011	\$ 619,505 x 10%	\$ 61,951
2012	630,795 x 20%	126,159
2013	572,585 x 40%	<u>229,034</u>
		417,144
	Transfer from legal reserve	20,763
Balance, June 30, 2013		<u><u>\$ 437,906</u></u>

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, 2013 AND 2012**

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, 2013

<u>Fiscal Year</u>	<u>Total</u>
2011	\$ 619,505
2012	630,795
2013	<u>572,585</u>
	1,822,885
	<u>divided by 3</u>
	607,628
	<u>x 10%</u>
	60,763
Transfer to Future Soil Erosion Reserve	(20,763)
Reserve Balance, June 30, 2013	<u><u>\$ 40,000</u></u>

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, 2013 AND 2012**

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, 2013 and 2012, funds in the amount of \$6,139 and \$10,100, 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>2012</u>	<u>Additions</u>	<u>2013</u>
Office Furniture and Equipment	\$ 56,157	\$ -	\$ 56,157
Accumulated Depreciation	(32,444)	(2,483)	(34,927)
Net	<u>\$ 23,713</u>	<u>\$ (2,483)</u>	<u>\$ 21,230</u>

Depreciation expense was \$2,483 and \$2,313 for the years ended June 30, 2013 and 2012, respectively.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 7, 2014, the date on which the financial statements were available to be issued. None were noted.

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

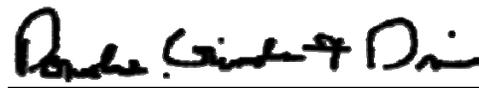
310 Broadway
Bayonne, NJ 07002
(201) 437-9000
Fax: (201) 437-1432
E-Mail: dgd@dgdcpas.com

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

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, 2013 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
April 7, 2014

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF BUDGET VERSUS ACTUAL EXPENDITURES
YEAR ENDED JUNE 30, 2013**

	All Funds		Over (Under) Budget
	Budget	Actual	
Expenditures:			
Salaries and wages	\$ 338,000	\$ 306,438	\$ (31,562)
Payroll taxes	34,000	25,664	(8,336)
Fringe benefits	104,000	100,832	(3,168)
Consultant and contract services	6,500	6,500	-
Meetings, seminars and training	3,000	3,642	642
Travel and related expenses	13,000	10,614	(2,386)
Repairs and maintenance	-	-	-
Office supplies and expenses	7,200	6,960	(240)
Office equipment	2,000	-	(2,000)
Telephone	4,600	4,542	(58)
Rent	45,000	45,699	699
Utilities	3,500	2,825	(675)
Insurance	9,500	7,973	(1,527)
Dues and contributions	1,750	1,990	240
State of New Jersey - RFA Salaries	15,000	17,400	2,400
Depreciation	3,000	2,483	(517)
Miscellaneous	3,500	2,103	(1,397)
	<u>\$ 593,550</u>	<u>\$ 545,665</u>	<u>\$ (47,885)</u>

See Accompanying Independent Auditor's Report on Supplementary Information.

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

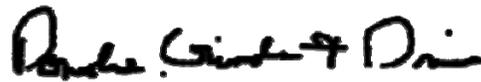
310 Broadway
Bayonne, NJ 07002
(201) 437-9000
Fax: (201) 437-1432
E-Mail: dgd@dgdcpas.com

Linda P. Kish, CPA, RMA
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**INDEPENDENT AUDITOR'S REPORT ON
SCHEDULE OF BUDGETED REVENUES AND
EXPENDITURES FOR THE YEAR ENDING JUNE 30, 2014**

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, 2013 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, 2014, 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
April 7, 2014

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF BUDGETED REVENUES AND EXPENDITURES
YEAR ENDING JUNE 30, 2014**

	<u>Budget</u>
<u>REVENUES</u>	
Chapter 251 fees	\$539,000
Recertification fees (Chapter 251)	8,500
Interest	8,500
Exemptions	8,000
Resource materials	-
State of New Jersey - RFA grant/fees	18,000
Other - H&H Data Base Funds	-
Surplus used	-
	<u>\$ 582,000</u>
 <u>EXPENDITURES</u>	
Salaries and wages	\$328,000
Payroll taxes	30,000
Fringe benefits	102,000
Consultant and contract services	6,500
Meetings, seminars and training	3,800
Travel and related expenses	12,000
Repairs and maintenance	-
Office supplies and expenses	7,500
Office equipment	2,000
Telephone	4,700
Rent	47,000
Utilities	3,500
Insurance	9,500
Dues and contributions	2,000
State of New Jersey - RFA grant/fees	18,000
Depreciation	2,500
Miscellaneous	3,000
	<u>\$ 582,000</u>

Note: This budget will be submitted for approval at the March, 2014 Board of Supervisors' Meeting

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
COMMENTS AND RECOMMENDATIONS
JUNE 30, 2013**

13-01

COMMENT: The District is not fully reconciling its operating bank statement each month.

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 Executive Director or his designee.

AUTHORITY'S RESPONSE: The District has begun to implement monthly bank reconciliations and will have this process fully implemented for the June 30, 2014 audit.