

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
FINANCIAL STATEMENTS
WITH
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016
AND
REPORT OF INDEPENDENT AUDITORS**

BERGEN COUNTY SOIL CONSERVATION DISTRICT

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**BERGEN COUNTY SOIL CONSERVATION DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2017**

Board of Supervisors

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Carl Mecky	District Chairman	June 30, 2019
Ronald E. Binaghi, Jr.	District Vice Chairman	June 30, 2020
Geraldine Byrne	District Secretary/Treasurer	June 30, 2019
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

Matthew A. Donohue, CPA
Robert A. Gironda, CPA
Robert G. Doria, CPA (N.J. & N.Y.)
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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, 2017 and 2016, 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 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.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account groups of the District as of June 30, 2017, or the results of its activities and changes in net position for the year then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2017, and the changes in net position and its cash flows for the year then ended in accordance with the financial provisions of the New Jersey Department of Agriculture's Financial Accounting Manual.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information listed in the foregoing table of contents is presented for the purposes of additional analysis as required by the New Jersey Department of Agriculture's Financial Accounting Manual in accordance with those standards regarding the statement of budget versus actual expenditures – all funds combined and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and the audit requirements as prescribed by the New Jersey Department of

Agriculture's Financial Accounting Manual. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2017 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
October 16, 2017

DONOHUE, GIRONDA, DORIA & TOMKINS LLC

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
Bloomfield, 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, 2017, 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 October 16, 2017.

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.

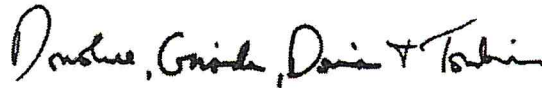
Compliance and Other Matters

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*.

However, we noted certain matters that we have reported to the management of the District in the accompanying comments and recommendations sections of this report.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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
October 16, 2017

BERGEN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	Unrestricted Funds	Temporarily Restricted Chapter 251	Equipment Fund	Totals June 30,	
				2017	2016
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 153,079	\$ 649,617	\$ -	\$ 802,696	\$ 642,994
Certificate of Deposits	-	825,803	-	825,803	820,013
Accounts Receivable	-	7,050	-	7,050	7,850
Accrued Interest Receivable	-	10,499	-	10,499	5,842
Security Deposit	-	2,503	-	2,503	2,503
Prepaid Insurance	-	5,071	-	5,071	5,138
Total Current Assets	153,079	1,500,543	-	1,653,622	1,484,340
Property and Equipment					
Office Furniture and Equipment	-	-	53,787	53,787	53,787
Less: Accumulated Depreciation	-	-	(35,594)	(35,594)	(31,200)
Total Fixed assets, net of depreciation	-	-	18,193	18,193	22,587
TOTAL ASSETS	153,079	1,500,543	18,193	1,671,815	1,506,927
LIABILITIES, NET POSITION AND RESERVES					
Current Liabilities					
Accounts Payable and Accrued Expenses	\$ -	\$ 7,042	\$ -	\$ 7,042	\$ 11,554
Grants Payable	-	4,769	-	4,769	5,013
RFA Stormwater Fees Payable	-	2,115	-	2,115	2,355
NJDA Chapter 251 Fees Payable	-	3,500	-	3,500	4,100
Total Current Liabilities	-	17,426	-	17,426	23,022
Reserves					
Reserve for Future Soil Erosion and Sediment Control Act Expenditures	-	592,791	-	592,791	532,661
Reserve for Future Legal Cost	-	40,000	-	40,000	40,000
Total Reserves	-	632,791	-	632,791	572,661
Unrestricted Net Position	153,079	-	-	153,079	153,079
Temporarily Restricted Net Position	-	850,326	18,193	868,519	758,165
Total Net Position	153,079	850,326	18,193	1,021,598	911,244
TOTAL LIABILITIES, NET POSITION AND RESERVES	\$ 153,079	\$ 1,500,543	\$ 18,193	\$ 1,671,815	\$ 1,506,927

See accompanying notes to the financial statements

BERGEN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	Unrestricted	Temporarily Restricted		Totals	
	Funds	Chapter 251	Equipment Fund	June 30,	
				2017	2016
Support and Revenue					
Soil Erosion and Sediment Control Act Fees	\$ -	\$ 719,125	\$ -	\$ 719,125	\$ 758,620
Stormwater permitting	-	23,415	-	23,415	22,050
Exemption income	-	9,600	-	9,600	9,500
Interest on investments	-	14,093	-	14,093	9,733
Miscellaneous income	-	316	-	316	14,427
Total Support and Revenue	-	766,549	-	766,549	814,330
Expenditures					
Salaries and wages	-	336,648	-	336,648	327,526
Fringe benefits	-	106,447	-	106,447	104,641
Rent	-	38,326	-	38,326	37,931
Payroll taxes	-	27,413	-	27,413	25,902
Surcharges	-	13,375	-	13,375	14,975
Office supplies and expenses	-	11,276	-	11,276	13,548
Insurance	-	8,826	-	8,826	8,423
Travel and related expenses	-	9,183	-	9,183	10,195
Office equipment	-	-	-	-	1,481
Consultant and contract services	-	7,050	-	7,050	7,050
Telephone/Internet	-	5,800	-	5,800	5,708
Miscellaneous	-	3,308	-	3,308	5,427
Depreciation	-	-	4,394	4,394	4,563
Utilities	-	2,198	-	2,198	2,698
Dues	-	2,315	-	2,315	1,590
Training and seminars	-	2,404	-	2,404	1,044
Bank Charges	-	1,228	-	1,228	1,693
Stormwater Discharge Permit program:					
Salaries and wages	-	23,415	-	23,415	22,050
Total Expenditures	-	599,212	4,394	603,606	596,445
Excess(deficiency) of support and Revenue over expenditures	-	167,337	(4,394)	162,943	217,885
Cancellation of outstanding checks	-	7,541	-	7,541	-
Net Position, July 1, 2016	153,079	735,578	22,587	911,244	745,564
(Increase) in Reserve for Future Soil Erosion and Sediment Control Act Expenditures	-	(60,130)	-	(60,130)	(52,205)
Net Position, June 30, 2017	\$ 153,079	\$ 850,326	\$ 18,193	\$ 1,021,598	\$ 911,244

See accompanying notes to the financial statements

BERGEN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS - ALL FUNDS COMBINED
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	Totals June 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Position	\$ 170,484	217,885
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	4,394	4,563
Decrease/(increase) in receivables	800	(1,500)
(Decrease)/increase in payables	(4,756)	5,262
Decrease in prepaid insurance	67	161
(Increase)/decrease in accrued interest receivable	(4,657)	3,288
(Decrease)/increase in RFA Payable to NJ	(240)	450
(Decrease)/increase in NJDA Chapter 251 fees payable	(600)	4,100
NET CASH PROVIDED BY OPERATING ACTIVITIES	165,492	234,209
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) in certificate of deposits	(5,790)	(12,506)
NET CASH USED IN INVESTING ACTIVITIES	(5,790)	(12,506)
NET INCREASE IN CASH	159,702	221,703
CASH, JULY 1, 2016	642,994	421,291
CASH, JUNE 30, 2017	\$ 802,696	\$ 642,994

See accompanying notes to the financial statements

BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, which 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, 2017 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 Temporary Investments

Operating funds and temporary investments consist of demand deposits and temporary investments in the form of certificates of deposit held at various financial institutions. At times, amounts on deposit exceed federally insured limits. Management reviews the soundness of its financial institutions and considers its risk negligible.

BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, the District under-expended its budget by \$83,394.

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.

Income Taxes

The District is a special sub-division of the NJ Department of Agriculture; therefore, it is exempt from both federal and state income tax.

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. 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>2017</u>
Certificate of Deposits	\$ 825,803

BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

3. OPERATING LEASE

The District signed a lease with Kamack Realty 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 year ended June 30, 2017 was \$32,794. Future minimum lease payments are as follows:

<u>For the Year ending</u> <u>June 30,</u>	<u>Amount</u>
2018	\$ 26,858

The District also rents storage space on a monthly basis. The total rent paid for storage for the year ended June 30, 2017 was \$5,532.

4. 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.

According to state statutes, all obligations of PERS will be assumed by the State of New Jersey should the PERS be terminated. The State of New Jersey issues publicly available financial reports that include the financial statements and required supplementary information of the PERS and PFRS. The financial reports may be accessed via New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

STATE-MANAGED PENSION PLANS – PERS DESCRIPTION

The PERS was established in January, 1955 under provisions of N.J.S.A. 43:15A and provides retirement, death, disability and post-retirement medical benefits to certain qualifying plan members and beneficiaries. Membership is mandatory to substantially all full time employees and vesting occurs after 8 to 10 years of service for pension benefits.

The following represents the membership tiers for PERS:

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

BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

4. PENSION PLAN (Continued)

STATE-MANAGED PENSION PLANS – PERS DESCRIPTION (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 64. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

STATE-MANAGED PENSION PLANS – PERS CONTRIBUTIONS AND LIABILITY

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. 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 2012. The member contribution rate is 7.20% in state fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefits. The employee contributions include funding for basic retirement allowances and contributory death benefits.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of all retirement systems.

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

For the Year ending		Amount
June 30,		
2017	\$	45,769
2016		43,178
2015		40,277

BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

4. PENSION PLAN (Continued)

STATE-MANAGED PENSION PLANS – PERS CONTRIBUTIONS AND LIABILITY
(Continued)

At June 30, 2017, the District's net pension liability for PERS was \$1,469,145.

The net pension liability was measured as of June 30, 2016, 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, 2016, the District's PERS proportion was 0.0050%, which was an increase of 0.0002% from its PERS proportion of 0.0048% as of June 30, 2015.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation rate	3.08%
Salary increases:	1.65-4.15%
Through 2026	
Thereafter	2.65-5.15%
	Based on age
Investment rate of return	7.65%

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

4. PENSION PLAN (Continued)

STATE-MANAGED PENSION PLANS – PERS CONTRIBUTIONS AND LIABILITY
(Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016, 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. 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 2034 and 2034, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and 2033, respectively, 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 of the as of June 30, 2015, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of PERS net pension liability	\$ 1,800,266	\$ 1,469,145	\$ 1,195,776

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.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

**5. RESERVE FOR FUTURE SOIL EROSION AND SEDIMENT CONTROL ACT
(CH.251) EXPENDITURES**

The Reserve for future Soil Erosion and Sediment Control Act Expenditures is established to identify the funds available for the costs of future expenditures on projects currently received and in progress, for which fees under the act have been previously collected. All fees received shall remain with the reserve balance total. All fees collected from applicants are restricted to the chapter 251 program and used only for implementing that program. The reserve balance includes the unexpended, initial review/certification/inspection fees and supplemental fees received. At the option of the District Board and pursuant to formal action by the District Board, interest income from reserve balances may be utilized for the chapter 251 program or for the district education program. Use of interest income is authorized at N.J.A.C. 2:90-1.12 and pursuant to policy approval by the SSCC on September 13, 2007.

Reserve Balance on June 30, 2017 \$592,791

6. SURETY BOND COVERAGE

The District Manager, Angelo Caruso, and the Administrative Secretary/Bookkeeper, Robyn Roberts, have coverage of \$200,000 each.

7. RELATED PARTY TRANSACTIONS/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 stream bank restoration (shrubs are purchased and planted), stream cleaning and environmental education.

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, 2017, funds in the amount of \$4,769 are available to the council for grant activities.

BERGEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

Equipment	5 years
Vehicles	5 years
Furniture	7 years

9. CONTINGENT LIABILITIES

The District's counsel is not aware of any litigation claims or assessments pending or threatened against the District that will have a material effect on the financial statements, or the complaints have been referred to the insurance carrier.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 16, 2017, the date on which the financial statements were available to be issued. None were noted.

Exhibit D

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF BUDGET VERSUS ACTUAL REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)**

	All Funds			Total Funds For the year Ended June 30, 2016
	Budget (Unaudited)	Actual	Variance	Actual
Support and Revenue				
Chapter 251 fees	\$ 645,000	\$ 719,125	\$ (74,125)	\$ 758,620
State of New Jersey - RFA	22,000	23,415	(1,415)	22,050
Exemptions	9,500	9,600	(100)	9,500
Interest	10,000	14,093	(4,093)	9,733
Miscellaneous	500	316	184	14,427
Total support and revenue	<u>687,000</u>	<u>766,549</u>	<u>(79,549)</u>	<u>814,330</u>
Expenditures:				
Salaries and wages	365,500	336,648	(28,852)	327,526
Fringe benefits	112,000	106,447	(5,553)	104,641
Rent	48,000	38,326	(9,674)	37,931
State of NJ - RFA Salaries	22,000	23,415	1,415	22,050
Payroll taxes	35,000	27,413	(7,587)	25,902
Surcharges	16,000	13,375	(2,625)	14,975
Office supplies and expenses	15,000	11,276	(3,724)	13,548
Insurance	12,000	8,826	(3,174)	8,423
Travel and related expenses	13,500	9,183	(4,317)	10,195
Office equipment	4,000	-	(4,000)	1,481
Consultant and contract services	10,500	7,050	(3,450)	7,050
Telephone/Internet	7,500	5,800	(1,700)	5,708
Miscellaneous	8,000	3,308	(4,692)	5,427
Depreciation	6,000	4,394	(1,606)	4,563
Utilities	4,500	2,198	(2,302)	2,698
Dues and contributions	2,500	2,315	(185)	1,590
Training and seminars	3,500	2,404	(1,096)	1,044
Bank Charges	-	1,228	1,228	1,693
Repairs and maintenance	1,500	-	(1,500)	-
	<u>687,000</u>	<u>603,606</u>	<u>(83,394)</u>	<u>596,445</u>
Excess of support and revenues over expense	<u>\$ -</u>	<u>\$ 162,943</u>	<u>\$ (162,943)</u>	<u>\$ 217,885</u>

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
COMMENTS AND RECOMMENDATIONS
JUNE 30, 2017**

Finding 2017-001

SEGREGATION OF DUTIES

The Financial Accounting Manual for New Jersey Soil Conservation Districts provides several internal control recommendations with an overall premise of segregation of duties. The principal concept is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. The District Secretary controls disbursements of funds, has control of checks and reconciles bank statements. This situation occurred because of the small size of the District's office staff and because of the limited number of employees qualified to perform these services. While steps have been taken to address the effect on internal controls due to lack of segregation of duties, we recommend that management continually monitor the situation.

**BERGEN COUNTY SOIL CONSERVATION DISTRICT
PRIOR YEAR COMMENTS AND RECOMMENDATIONS
JUNE 30, 2017**

Finding 2016-001

SEGREGATION OF DUTIES

The Financial Accounting Manual for New Jersey Soil Conservation Districts provides several internal control recommendations with an overall premise of segregation of duties. The principal concept is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. The District Secretary controls disbursements of funds, has control of checks and reconciles bank statements. This situation occurred because of the small size of the District's office staff and because of the limited number of employees qualified to perform these services. While steps have been taken to address the effect on internal controls due to lack of segregation of duties, we recommend that management continually monitor the situation.

STATUS

This finding is repeated as 2017-001