BERGEN COUNTY SOIL CONSERVATION DISTRICT

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
with Independent Auditor's Report

FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2021)

BERGEN COUNTY SOIL CONSERVATION DISTRICT
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FOR THE YEAR ENDED JUNE 30, 2022

Board of Supervisors	**Term Expires**
Carl Mecky, Chairman	June 2022
Raymond J. Cywinski, Vice Chairman	June 2024
Geraldine Byrne, Secretary/Treasurer	June 2022
Kimberly A. Mitchell	June 2024
Bruce Rohsler	June 2023

Administrative Officials

Angelo Caruso	District Manager
Robyn Roberts	Administrative Secretary

DONOHUE GIRONDA DORIA TOMKINS LLC

CERTIFIED PUBLIC ACCOUNTANTS AND
REGISTERED MUNICIPAL ACCOUNTANTS

www.dgdcpas.com | 201-275-0823

1 Harmon Meadow Blvd, 3002
Secaucus, NJ 07094

191 Central Ave, 2nd Fl
Newark, NJ 07103

310 Broadway
Bayonne, NJ 07002

INDEPENDENT AUDITOR'S REPORT

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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, 2022, 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, which collectively comprise the District's financial statement as listed in the table on contents.

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, 2022, or the results of its activities and changes in net position for the year then ended.

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.

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, 2022, 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the New Jersey Department of Agriculture and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As disclosed in Note 1 to the financial statements, the District implemented the provisions of Governmental Accounting Standards Board Statement No. 87 – Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 verses 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 November 7, 2023 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

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

Secaucus, New Jersey
November 7, 2023

DONOHUE GIRONDA DORIA TOMKINS LLC

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements as prescribed by the Department of Agriculture's manual, as prescribed by the New Jersey State Soil Conservation Committee, the financial statements of the Bergen County Soil Conservation District, (the "District"), which comprise the statements of financial position as of June 30, 2022, 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 November 7, 2023.

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

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

Secaucus, New Jersey
November 7, 2023

BERGEN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

EXHIBIT A

	Unrestricted Funds	Temporarily Restricted: Chapter 251	Temporarily Restricted: Equipment Fund	Comparative Totals: June 30, 2022	Comparative Totals: June 30, 2021
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 153,079	$ 1,398,374	$ -	$ 1,551,453	$ 1,239,138
Investments	-	1,067,779	-	1,067,779	1,058,194
Accrued Interest Receivable	-	1,593	-	1,593	7,435
Accounts Receivable	-	14,600	-	14,600	6,000
Prepaid Insurance	-	5,019	-	5,019	4,889
Total Current Assets	153,079	2,487,365	-	2,640,444	2,315,656
Property and Equipment:					
Office Furniture and Equipment	-	-	53,787	53,787	53,787
Less: Accumulated Depreciation	-	-	(50,924)	(50,924)	(49,016)
Total Fixed Assets, Net of Depreciation	-	-	2,863	2,863	4,771
Other Assets:					
Security Deposit	-	2,503	-	2,503	2,503
Right-of-Use Leased Asset	-	58,360	-	58,360	-
Less: Accumulated Amortization	-	(31,833)	-	(31,833)	-
Total Right-of-Use Leased Asset, Net	-	26,527	-	26,527	-
Total Other Assets	-	29,030	-	29,030	2,503
Total Assets	$ 153,079	$ 2,516,395	$ 2,863	$ 2,672,337	$ 2,322,930
LIABILITIES AND NET POSITION					
Current Liabilities:					
Accounts Payable and Accrued Expenses	$ -	$ 6,000	$ -	$ 6,000	$ 6,964
Grants Payable	-	17,616	-	17,616	18,141
RFA Stormwater Fees Payable	-	4,380	-	4,380	6,615
NJDA Chapter 251 Fees Payable	-	13,175	-	13,175	5,000
Lease Liability on Right-of-Use, Current Portion	-	27,322	-	27,322	-
Total Current Liabilities	-	68,493	-	68,493	36,720
Reserves:					
Reserve for Future Soil Erosion and Sediment Control Act Expenditures	-	646,569	-	646,569	551,954
Reserve for Future Legal Cost	-	40,000	-	40,000	40,000
Total Other Reserves	-	686,569	-	686,569	591,954
Net Position:					
Unrestricted Net Position	153,079	-	-	153,079	153,079
Temporarily Restricted Net Position	-	1,761,333	2,863	1,764,196	1,541,177
Total Net Position	153,079	1,761,333	2,863	1,917,275	1,694,256
Total Liabilities and Net Position	$ 153,079	$ 2,516,395	$ 2,863	$ 2,672,337	$ 2,322,930

BERGEN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

EXHIBIT B

		Temporarily Restricted		Comparative Totals	
	Unrestricted Funds	Chapter 251	Equipment Fund	June 30, 2022	June 30, 2021
SUPPORT AND REVENUE					
Soil Erosion and Sediment Control Act Fees	$ -	$ 945,070	$ -	$ 945,070	$ 753,895
Stormwater Permitting	-	21,020	-	21,020	16,065
Exemption Income	-	10,900	-	10,900	7,700
Interest	-	11,660	-	11,660	20,111
Miscellaneous Income	-	4,194	-	4,194	1,536
Total Support and Revenue	-	992,844	-	992,844	799,307
EXPENDITURES					
Salaries and Wages	-	377,116	-	377,116	361,831
Fringe Benefits	-	119,136	-	119,136	119,432
Amortization of Right-of-Use Leased Asset	-	31,833	-	31,833	-
Payroll Taxes	-	32,746	-	32,746	29,249
Surcharges	-	17,250	-	17,250	16,400
Office Supplies and Expenses	-	13,605	-	13,605	10,474
Travel and Related Expenses	-	8,959	-	8,959	10,627
Consultant and Contract Services	-	8,200	-	8,200	7,400
Insurance	-	8,180	-	8,180	8,460
Telephone/Internet	-	8,061	-	8,061	8,858
Miscellaneous	-	6,687	-	6,687	1,736
Rent	-	6,438	-	6,438	38,983
Utilities	-	2,564	-	2,564	2,564
Training and Seminars	-	3,108	-	3,108	250
Interest Expense	-	2,657	-	2,657	-
Dues	-	2,315	-	2,315	1,815
Office Equipment	-	2,275	-	2,275	1,632
Depreciation	-	-	1,908	1,908	1,908
Payroll Provider Fees	-	1,152	-	1,152	-
Stormwater Discharge Permit Program:					
Salaries and Wages	-	21,020	-	21,020	16,065
Total Expenditures	-	673,302	1,908	675,210	637,684
Excess (Deficiency) of Support and Revenue Over Expenditures	-	319,542	(1,908)	317,634	161,623
Net Position, July 1	153,079	1,536,406	4,771	1,694,256	1,540,115
(Increase) in Reserve for Future Soil Erosion and Sediment Control Act Expenditures	-	(94,615)	-	(94,615)	(7,482)
Net Position, June 30	$ 153,079	$ 1,761,333	$ 2,863	$ 1,917,275	$ 1,694,256

See accompanying notes to financial statements

BERGEN COUNTY SOIL CONSERVATION DISTRICT **EXHIBIT C**
STATEMENT OF CASH FLOWS - ALL FUNDS COMBINED
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Comparative Totals	
	June 30, 2022	June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Position	$ 317,634	$ 161,623
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	1,908	1,908
Amortization of Right-of-Use Leased Asset	31,833	-
(Increase) Decrease in Receivables	(8,600)	150
(Decrease) Increase in Payables	(1,489)	9,312
(Increase) in Prepaid Insurance	(130)	(186)
Decrease in Accrued Interest Receivable	5,842	5,579
(Decrease) in RFA Payable to NJ	(2,235)	(600)
Increase (Decrease) in NJDA Chapter 251 Fees Payable	8,175	(1,000)
Net Cash Provided by Operating Activities	352,938	176,786
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(997,883)	(757,900)
Sale of Investments	988,298	738,710
Net Cash (Used) in Investing Activities	(9,585)	(19,190)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Lease Liability on Right-of-Use	(28,381)	-
Interest on Lease Liability on Right-of-Use	(2,657)	-
Net Cash (Used) in Financing Activities	(31,038)	-
Net Increase in Cash and Cash Equivalents	312,315	157,596
Cash and Cash Equivalents, July 1	1,239,138	1,081,542
Cash and Cash Equivalents, June 30	$ 1,551,453	$ 1,239,138

See accompanying notes to financial statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Bergen County Soil Conservation District, (the "District"), is one of fourteen 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, 2021 the District had only unrestricted and temporarily restricted net assets.

Basis of Accounting

The accounting policies of the District conform to the financial reporting provisions 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, with the following exceptions. 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.

Reclassifications

Certain reclassifications may have been made to the prior year financial statements presentation to correspond to the current year's format. These reclassifications had no effect on net position or changes in net position.

Comparative Data

Comparative data for the prior year has been presented in the accompanying statement of financial position and statements of activities in order to provide an understanding of changes in the District's financial position and operations. Comparative data is not presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Cash, Cash Equivalents, and Investments

Operating funds, cash equivalents, and investments consist of demand deposits and investments in the form of certificates of deposit held at various financial institutions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents, and Investments (continued)

New Jersey governmental units are required to deposit public funds in a public depository. Public depositories are defined by statutes as any state or federally charted bank, savings bank or an association located in New Jersey or a state or federally chartered bank, savings bank or an association located in another state with a branch office in New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation ("FDIC") and which receives or holds public funds on deposit, but does not include deposits held by the State of New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by the New Jersey local units.

The District deposits funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey and requires all public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

In 2009, legislation revised GUDPA to provide higher levels of security and oversight appropriate to contemporary banking conditions. Among the increased protections and oversight, the revised GUDPA ensures a common level of deposit risk by each bank choosing to accept local government deposits, requires banks to fully collateralize deposits over $200 million, implements enforcement protocol which allows the Department of Banking and Insurance to institute risk-based collateral requirements promptly when a bank shows signs of stress, provides enhanced oversight by the Departments of Banking and Insurance and permits GUDPA certificates to be provided through an online system.

At times, amounts on deposit exceed federally insured limits. Management reviews the soundness of its financial institutions and considers its risk negligible.

Also see Note 2 – Deposits and Investments.

Pension Liabilities

Note disclosures regarding pensions are required to the full extent of the applicable GASB Statements. However, financial reporting provisions of the New Jersey Department of Agriculture do not allow for the accrual of net pension liabilities or pension expense in excess of obligations paid from current resources by budget appropriation. This is in contract to the following GAAP requirements.

For defined benefit pension plans, cost-sharing employer is required by GAAP to recognize a liability for its proportionate share of the net pension liability and pension expense and report deferred outflows or resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. In the case of a special funding situation, adjustments for the involvement of nonemployer contributing entities are required, as well as additional pension expense and revenue for the pension support of the nonemployer contributing entities.

For defined contribution benefit pension plans, an employer is required by GAAP to recognize pension expense for the amount of contributions to employees' accounts that are defined by the benefit terms as attributable to employees' services in the period, net of forfeited amounts that are removed from employees' accounts. A change in the pension liability is required to be recognized for the difference between amounts recognized in expense and amounts paid by the employer to a defined contribution pension plan.

NOTE 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.

Reconciliation of Accounting Basis

As described throughout Note 1, substantial differences exist between GAAP and the special purpose framework prescribed by the New Jersey Department of Agriculture. Reconciliation between the two would not be meaningful or informative and therefore not provided herein.

Use of Estimates

The preparation of financial statements 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.

Capital Assets

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

Equipment/Vehicles	5 years
Furniture	7 years

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.

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.

New Accounting Standards Implemented - Leases

Effective for the fiscal year end June 30, 2022, the District adopted GASB Statement no. 87, Leases, ("GASB 87"). This statement establishes new requirements for calculating and reporting the District's lease activities. The objective of this statement is to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of government financial statements by requiring recognition of certain leas assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financial obligations for the right to use underlying asset. Under this Statement, a lessee is required to recognize a lease liability and intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about government's leasing activities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards Implemented – Leases (Continued)

The District has implemented GASB 87 for the period ending June 30, 2022. The changes adopted conform to the provisions of this Statement and are effective from July 1, 2021 forward. A restatement of the financial statements for all prior periods presented was not practicable and the cumulative effect of applying this Statement retroactively was not calculated to warrant a restatement of beginning net position.

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

a. Uncollateralized.
b. Collateralized with securities held by the pledging financial institution.
c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

All cash and cash equivalents on deposit as of the year ended June 30, 2022 are partially insured by the FDIC up to $250,000 for each depository. Deposits in excess of FDIC limits, as noted below, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the GUDPA. Under GUDPA, financial institutions are not required to pledge collateral amounts covered by FDIC insurance. The District's deposits of cash and cash equivalents at June 30, 2022 are summarized in the following table:

	2022
Insured - FDIC	$ 250,000
Insured - GUDPA	1,301,453
Total Funds on Deposit	$ 1,551,453

Concentration of Credit Risk

The District places no formal limit on the amount the District may invest in any one financial institution. All of the District's deposits are with one financial institution.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect deposits. None of the District's deposits as of June 30, 2022 were held in foreign currency.

Investments

Foreign Currency Risk

Investments are also exposed to the same foreign currency risk as deposits. It is the risk that changes in exchange rates will adversely affect investments. The District does not have any investments denominated in foreign currency as of June 30, 2022.

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have an investment policy regarding the management of credit risk.

Custodial Credit Risk

In the case of investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the District's name and are held by either the counterparty or its trust department or agent, but not in the District's name.

Concentration of Credit Risk

The District places no formal limit on the amount the District may invest in any one issuer.

The District's investments at June 30, 2022 are presented as follows:

		Investment Maturities (in Years)			
Investment Type	Fair Value*	< 1	1 - 5	6 - 10	> 10
Certificates of Deposit	$ 1,067,779	$ -	$ 1,067,779	$ -	$ -

*Short-term investments are carried at cost, which approximates fair value.

Certificates of Deposit

The District purchased certificates of deposit ranging from $69,896 to $205,203 with maturities from twelve to twenty four months at fixed rates ranging from 1.25% to 2.75%. All certificates of deposit have an original maturity greater than three months therefore were classified as investments. The certificates of deposit have a readily available determinable fair value and are measured at level 1 of the fair value hierarchy.

NOTE 3. CAPITAL ASSETS AND LEASE ASSETS

The detail of capital assets activity for the year ended June 30, 2022 us as follows:

	Balance at June 30, 2021	Additions	Balance at June 30, 2022
Capital Assets:			
Depreciable:			
Office Furniture and Equipment	$ 53,787	$ -	$ 53,787
Less: Accumulated Depreciation			
Office Furniture and Equipment	(49,016)	(1,908)	(50,924)
Capital Assets, Net	$ 4,771	$ (1,908)	$ 2,863

Depreciation expense was $1,908 for the year ended June 30, 2022.

The amount of lease assets (intangible right of use assets) by major classes of underlying assets at June 30, 2022 is as follows:

	Balance at June 30, 2021	Additions	Balance at June 30, 2022
Lease Assets:			
Being Amortized:			
Lease - Office Space	$ -	$ 58,360	$ 58,360
Less: Accumulated Amortization			
Lease - Office Space	-	(31,833)	(31,833)
Lease Assets, Net	$ -	$ 26,527	$ 26,527

Amortization expense was $31,833 for the year ended June 30, 2022.

NOTE 4. LEASE LIABILITY AND ARRANGEMENTS

The District's lease liability is measured at the present value of payments expected to be received during the lease term. The intangible right of use assets are initially measured as the initial amount of the lease liability, plus certain initial direct costs. The intangible right of use assets are amortized on a straight-line basis over the shorter of the lease term or the useful like of the underlying asset. Variable payments are excluded from the valuation unless they are fixed in substance.

Future minimum lease payments on noncancellable leases at June 30, 2022 are approximate the following:

For Year Ending June 30,	Principal	Interest	Total
2023	$ 27,322	$ 757	$ 28,079

NOTE 4. LEASE LIABILITY AND ARRANGEMENTS (Continued)

Lessee Arrangements:

The District has entered into a lease agreement for office space from RW Oradell, LLC. In accordance with GASB 87, the District records intangible right of use assets and lease liabilities based on the present value of expected payments over the term of the respective lease. The expected payments are discounted using the interest rate charged on the lease, if available, and are otherwise discounted using the District's incremental borrowing rate. Variable payments are excluded from the valuation unless they are fixed in substance. The District does not have any leases subject to residual value guarantee. The intangible right of use assets are amortized over the shorter of the lease term or the underlying asset useful life. The intangible right of use assets total $58,360 and accumulated amortization totaled $31,833, respectively. The lease commitment expire in April 2023. See note 3 for more information on leased assets (intangible right of use assets) by major classes of underlying assets at June 30, 2022.

The general terms of the lease arrangement is as follows:

Lease Type	Number of Contracts	Lessees	Average Rate	Lease Terms	Average Annual Lease Payment
Office Space	1	RW Oradell, LLC	6.00%	5/1/2018 - 4/30/2023	$ 33,696

The District liabilities for lease arrangements are as follows:

	Balance at June 30, 2021	Additions	Deductions	Balance at June 30, 2022	Current Portion
Lease Liabilities:					
Office Space	$ -	$ 58,360	$ 31,038	$ 27,322	$ 27,322

NOTE 5. PENSION PLAN

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

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.

NOTE 5. PENSION PLAN (Continued)

The following represents the membership tiers for PERS:

Tier	Definition
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

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 laws of the State of New Jersey and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contribution by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement system require employee contributions based on 7.50% for PERS of the employee's annual compensation for fiscal year 2022.

Employers' contribution amounts for PERS are based on an actuarially determined rate. The annual employer contributions for PERS include funding for basic retirement allowances, cost-of-living adjustments, and noncontributory death benefits.

During the years ended June 30, 2022, 2021 and 2020 the District paid the required contributions to PERS of $64,103, $59,429, and $52,698, respectively.

At June 30, 2022, the District's net pension liability for PERS was $688,552.

The net pension liability was measured as of June 30, 2022, 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, 2022, the District's PERS proportion was 0.0046%.

NOTE 5. PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00 – 6.00% Based on years of service
Thereafter	3.00 – 7.00% Based on years of service
Investment rate of return	7.00%

Mortality – For the June 30, 2021 Measurement Date Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 5. PENSION PLAN (Continued)

Long-Term Expected Rate of Return (continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2022, 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% point lower or 1% point higher than the current rate:

	1% Decrease (6.00%)	**Current Discount Rate (7.00%)**	**1% Increase (8.00%)**
District's proportionate share of PERS net pension liability	$ 892,079	$ 688,552	$ 526,136

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2022. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

NOTE 5. PENSION PLAN (Continued)

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the year ended June 30, 2022.

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)
Changes of Assumptions	$ 2,133	$ (103,104)	$ (100,971)
Difference Between Expected and Actual Experience	4,970	(4,383)	587
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	28,499	-	28,499
Changes in Proportion	17,611	(115,665)	(98,054)
Subtotal	$ 53,213	$ (223,152)	$ (169,939)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	
2023	$ (83,577)
2024	(54,605)
2025	(39,189)
2026	7,501
2027	(69)
	$ (169,939)

Pension Plan fiduciary net position

Detailed information about the PERS 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.

NOTE 6. SURETY BOND COVERAGE

The District Manager and the Administrative Secretary/Bookkeeper have coverage of $200,000 each.

NOTE 7. 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. The reserve at June 30, 2022 was $646,569.

NOTE 8. RELATED PARTY TRANSACTIONS/GRANTS PAYABLE

The Bergen County Environmental Council, (the "Council"), is a volunteer committee 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, 2022, funds in the amount of $17,616 are available to the council for grant activities.

NOTE 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.

NOTE 10. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2022 through November 7, 2023, the date that the financial statements were available to be issued. No significant subsequent events were noted.

BERGEN COUNTY SOIL CONSERVATION DISTRICT **EXHIBIT D**
SCHEDULE OF BUDGET VERSUS ACTUAL REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	For the Year Ended June 30, 2022			For the Year Ended June 30, 2021
	Budget (Unaudited)	Actual	Variance	Actual
SUPPORT AND REVENUE				
Chapter 251 fees	$ 700,500	$ 945,070	$ (244,570)	$ 753,895
State of New Jersey - RFA	20,000	21,020	(1,020)	16,065
Exemptions	6,500	10,900	(4,400)	7,700
Interest	23,500	11,660	11,840	20,111
Miscellaneous	200	4,194	(3,994)	1,536
Total Support and Revenue	750,700	992,844	(242,144)	799,307
EXPENDITURES				
Salaries and Wages	398,700	377,116	(21,584)	361,831
Fringe Benefits	125,000	119,136	(5,864)	119,432
Payroll Taxes	35,500	32,746	(2,754)	29,249
Amortization of Right-of-Use Leased Asset	-	31,833	31,833	-
State of NJ - RFA Salaries	20,000	21,020	1,020	16,065
Surcharges	18,000	17,250	(750)	16,400
Office Supplies and Expenses	13,000	13,605	605	10,474
Travel and Related Expenses	14,000	8,959	(5,041)	10,627
Consultant and Contract Services	9,500	8,200	(1,300)	7,400
Insurance	9,500	8,180	(1,320)	8,460
Telephone and Internet	12,000	8,061	(3,939)	8,858
Miscellaneous	8,500	6,687	(1,813)	1,736
Rent	43,000	6,438	(36,562)	38,983
Training and Seminars	7,500	3,108	(4,392)	250
Interest	-	2,657	2,657	-
Utilities	7,000	2,564	(4,436)	2,564
Dues and Contributions	2,500	2,315	(185)	1,815
Office Equipment	20,500	2,275	(18,225)	1,632
Depreciation	5,000	1,908	(3,092)	1,908
Payroll provider fees	-	1,152	1,152	-
Repairs and Maintenance	1,500	-	(1,500)	-
	750,700	675,210	(75,490)	637,684
Excess of Support and Revenues Over Expense	$ -	$ 317,634	$ (317,634)	$ 161,623

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and agreements, and abuse related to the financial statements for which Government auditing Standards *requires reporting.*

No matters were reported.

Comment 1: General Ledger
The District maintains a detailed revenue and expense ledger. However, the District does not maintain a general ledger as required by the New Jersey Soil Conservation Districts Financial Accounting Manual.

Recommendation:
The District maintain a general ledger which shows all assets, liabilities, net position, revenue and expenditure accounts.

Comment 2: Bank Reconciliations
The District does not reconcile bank activity to respective ledgers on a monthly basis.

Recommendation:
The District have bank reconciliations prepared that reconcile bank activity to respective ledgers and reviewed by an individual other than the preparer on a monthly basis. This recommendation is repeated from the prior year.

Comment 3: Monthly Treasurer's Reports
The District prepares monthly treasurer's reports, however, these reports do not reconcile with the revenue or expense ledger.

Recommendation:
The District prepare treasurer's reports that reconcile to the revenue and expense ledger.

Comment 4: 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. Due to the small size of the District's office and limited staff, the District Secretary processes cash receipts and disbursements and prepares bank reconciliations.

Recommendation:
While the district has implemented compensating controls to address the lack of segregation of duties, the District should monitor adequacy of compensating controls and adjust or change as needed. This recommendation is repeated from the prior year.