

**CAMDEN COUNTY SOIL
CONSERVATION DISTRICT**

West Berlin, New Jersey

REPORT OF AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Report dated August 25, 2017

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CAMDEN COUNTY SOIL CONSERVATION DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2017

BOARD OF SUPERVISORS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dennis Dougherty	District Chairman	2018
Philip Kunkle	Vice Chairman	2017
Louis Parzanese	Secretary	2018
Robert Carter	Treasurer	2020
Michael Rigolizzo	Member	2019

DISTRICT STAFF

<u>Name</u>	<u>Title</u>
Craig McGee	District Manager
Karen Mullen	Natural Resource Conservation Specialist

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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August 25, 2017

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Camden County Soil Conservation District
423 Commerce Lane Suite 1
West Berlin, New Jersey 08091

To the Board of Supervisors:

Report on Financial Statements

We have audited the accompanying financial statements of the Camden County Soil Conservation District as of June 30, 2017 and the related statements of activities and changes in net position and of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Camden County Soil Conservation District's basic financial statements as listed in the table of contents.

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 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in **Government Auditing Standards** issued by the Comptroller General of the United States; and the audit requirements prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual, as required by the New Jersey State Soil Conservation Committee. Those standards require that we plan and perform our 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 purpose 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 financial statement presentation.

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

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 the 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.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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 Camden County Soil Conservation District, as of June 30, 2017 and 2016, or the results of its operations and changes in net position for the years 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 Camden County Soil Conservation District, as of June 30, 2016, 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.

Report on Summarized Comparative Information

We have previously audited Camden County Soil Conservation District's 2016 financial statements, and our report dated September 1, 2016, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Camden County Soil Conservation District's 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 revenue and expenditures - all funds combined and is not a required part of 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 basic financial statements or to the basic 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 statement of budget versus actual revenue and expenditures if fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Information

The schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis and are not required by the New Jersey Department of Agriculture's Financial Accounting Manual and are not a required part of the basic 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 basic 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 basic financial statements or to the basic 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 schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued a report dated August 25, 2017 on our consideration of the Camden County Soil Conservation District's internal control over financial reporting and our test 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 Camden County Soil Conservation District's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

Raymond Colavita, C.P.A.
Registered Municipal Accountant

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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August 25, 2017

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

Board of Supervisors
Camden County Soil Conservation District
423 Commerce Lane Suite 1
West Berlin, New Jersey 08091

To the Board of Supervisors:

We have audited the financial statements of the Camden County Soil Conservation District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Camden County Soil Conservation District's basic financial statements and have issued our report thereon dated August 25, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States and audit requirements prescribed by the State Soil Conservation Committee, Department of Agriculture, State of New Jersey.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, significant deficiencies or 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 such provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards**.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the Camden County Soil Conservation District, the funding sources of the Camden County Soil Conservation District, the New Jersey Department of Agriculture, and Federal and State audit agencies and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

Raymond Colavita, C.P.A.
Registered Municipal Accountant

**EXHIBIT A
(1)**

**CAMDEN COUNTY SOIL CONSERVATION DISTRICT
COMBINED BALANCE SHEET
AS OF JUNE 30, 2017
WITH COMPARATIVE FIGURES FOR 2016**

	Unrestricted Funds	Temporarily Restricted Funds			Totals for the Fiscal Year Ended June 30, 2017	Totals for the Fiscal Year Ended June 30, 2016
		Chapter 251	Equipment Fund	NJ Hydrologic Database		
ASSETS						
Current Assets						
Cash						
Operating Funds	\$	\$ 149,995	\$	\$ 8,554	\$ 158,549	\$ 155,687
Savings and Investments	546,728				546,728	529,517
Accounts Receivable						
State of New Jersey Storm Water Program	3,955				3,955	1,890
Federal Grants				13,378	13,378	39,955
Interfund Receivable		28,394			28,394	75,000
Prepaid Expense		10,006			10,006	9,683
Security Deposit		2,214			2,214	2,214
Total Current Assets	550,683	190,609		21,932	763,224	813,946
Property, Plant and Equipment (Note 1)						
Office Furniture and Equipment			47,629		47,629	47,629
Leasehold Improvements			14,188		14,188	14,188
Transportation Equipment			41,876		41,876	15,708
Equipment			3,736		3,736	3,736
Less: Accumulated Depreciation			(82,507)		(82,507)	(81,261)
Total Property, Plant and Equipment - Net of Accumulated Depreciation			24,922		24,922	
Total Assets	\$ 550,683	\$ 190,609	\$ 24,922	\$ 21,932	\$ 788,146	\$ 813,946

The accompanying Notes to Financial Statements are an integral part of this statement.

CAMDEN COUNTY SOIL CONSERVATION DISTRICT
COMBINED BALANCE SHEET
AS OF JUNE 30, 2017
WITH COMPARATIVE FIGURES FOR 2016

	Temporarily Restricted Funds				Totals for the Fiscal Year Ended June 30, 2017	Totals for the Fiscal Year Ended June 30, 2016
	Unrestricted Funds	Chapter 251	Equipment Fund	NJ Hydrologic Database		
LIABILITIES, NET POSITION AND RESERVES						
Current Liabilities						
Accounts Payable	\$	\$ 2,589	\$	\$	\$ 2,589	\$ 2,668
Interfund Payable	28,394				28,394	75,000
Accrued Payroll and Payroll Taxes		2,961			2,961	3,017
State Administration Fee Payable		950			950	850
Retained Percentage						
Unearned Revenue				21,932	21,932	26,036
Total Current Liabilities	28,394	6,500		21,932	56,826	113,729
Net Position and Reserves						
Reserved Fund Balances						
Reserve for Future Soil Erosion and Sediment Control Act Expenditures (Note 2)		184,109			184,109	178,696
Reserve for Accumulated Absences (Note 15)	27,053				27,053	26,717
Reserve for Automobile (Note 16)	29,883				29,883	29,883
Reserve for Future Legal Costs (Note 4)	22,413				22,413	22,413
Investment in Fixed Assets			24,922		24,922	
Unrestricted Net Position	442,940				442,940	442,508
Total Net Position and Reserves	522,289	184,109	24,922		731,320	700,217
Total Current Liabilities, Net Position and Reserves	\$ 550,683	\$ 190,609	\$ 24,922	\$ 21,932	\$ 788,146	\$ 813,946

The accompanying Notes to Financial Statements are an integral part of this statement.

**CAMDEN COUNTY SOIL CONSERVATION DISTRICT
COMPARATIVE STATEMENTS OF SUPPORT REVENUE AND EXPENDITURES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE FIGURES FOR 2016**

	Unrestricted Funds	Temporarily Restricted Funds			Totals for the Fiscal Year Ended June 30, 2017	Totals for the Fiscal Year Ended June 30, 2016
		Chapter 251	Equipment Fund	NJ Hydrologic Database		
SUPPORT AND REVENUE						
Soil Erosion and Sediment Control Act Fees	\$	\$ 251,158	\$	\$	\$ 251,158	\$ 317,016
Interest	2,346	3,526			5,872	4,597
Non-cash In-kind; Included as Expenditures Below (Note 3)		95,836			95,836	98,298
NJ Assoc. of Conservation Districts Watershed Project Grant						348,616
Watershed Project Reimbursement				7,870	7,870	16,604
Stormwater Discharge Program (RFA)	15,575				15,575	12,740
USDA - Contract	6,810				6,810	3,510
NJ Hydrologic Database			14,892		14,892	3,102
Miscellaneous	1,869				1,869	
Total Support and Revenue	26,600	350,520		14,892	399,882	804,483
EXPENDITURES						
Salaries and Wages		120,148		3,970	139,010	157,478
Payroll Taxes and Fringe Benefits		12,096			12,096	12,990
Pension Expense (Note 10)		16,868			16,868	16,317
Insurance		12,119			12,119	10,116
Health Insurance		24,821			24,821	23,688
Transportation Costs		2,386			2,386	2,018
Fees		8,918			8,918	7,904
Equipment						7,343
Office Supplies and Expense		1,678		1,804	3,482	3,088
Rent		23,400			23,400	23,400
Telephone and Other Utilities		6,523			6,523	6,329
Meeting/Travel Expenses		972		96	1,068	628
Consultant and Contract Services		11,022		2,000	13,022	336,079
Advertising		116			116	80
Donations and Awards		700			700	3,200
Dues		1,950			1,950	1,950
Miscellaneous		5,554			5,554	695
Training/Seminars						15

The accompanying Notes to Financial Statements are an integral part of this statement.

CAMDEN COUNTY SOIL CONSERVATION DISTRICT
COMPARATIVE STATEMENTS OF SUPPORT REVENUE AND EXPENDITURES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE FIGURES FOR 2016

	Unrestricted Funds	Temporarily Restricted Funds			Totals for the Fiscal Year Ended June 30, 2017	Totals for the Fiscal Year Ended June 30, 2016
		Chapter 251	Equipment Fund	NJ Hydrologic Database		
EXPENDITURES (CONTINUED)						
Depreciation	\$	\$	\$ 1,246	\$	\$ 1,246	\$ 88
Non-cash In-kind		95,836			95,836	98,298
Total Expenditures		345,107	1,246	7,870	369,115	711,704
Excess (Deficiency) of Support and Revenue Over Expenditures	26,600	5,413	(1,246)		30,767	92,779
Interfund Transfers	(26,168)		26,168			
Transfers to Reserves		(5,413)			(5,413)	(257,709)
Net Position, Beginning of Year	442,508				442,508	607,438
Net Position, End of year - to Exhibit A	\$ 442,940	\$	\$ 24,922	\$	\$ 467,862	\$ 442,508

The accompanying Notes to Financial Statements are an integral part of this statement.

CAMDEN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE FIGURES FOR 2016

	Unrestricted Funds	Temporarily Restricted Funds			Totals for the Fiscal Year Ended June 30, 2017	Totals for the Fiscal Year Ended June 30, 2016
		Chapter 251	NJ Hydrologic Database	DeCou Run Stream		
Cash Flows from Operating Activities						
Excess (Deficiency) of Support and Revenue Over Expenditures	\$ 26,600	\$ 5,413	\$	\$	\$ 32,013	\$ (131,346)
Adjustments to Reconcile Excess (Deficiency) of Support and Revenue Over Expenditures to Net Cash Provided by Operating Activities						
Non-cash Included in Income:						
Increase in Reserve for Accumulated Absences	336				336	
Purchase of Fixed Assets	(26,168)				(26,168)	
Changes in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	(2,065)			34,447	(7,870)	24,512
(Increase) Decrease in Interfund Receivable	75,000	(28,394)				46,606
(Increase) Decrease in Prepaid Expense		(323)				(323)
Increase (Decrease) in Payroll Taxes Payable		(56)				(56)
Increase (Decrease) in State Admin. Fee Payable		100				100
Increase (Decrease) in Unearned Revenue			(6,158)			(6,158)
Increase (Decrease) in Retained Percentage				(4,105)	1	(4,104)
Increase (Decrease) in Interfund Payable	28,394			(75,000)		(46,606)
Increase (Decrease) in Accounts Payable		(79)				(79)
Cash Provided from Operations	\$ 102,097	\$ (23,339)	\$ (6,158)	\$ (44,658)	\$ (7,869)	\$ 20,073
						\$ (353,932)

The accompanying Notes to Financial Statements are an integral part of this statement.

CAMDEN COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE FIGURES FOR 2016

	Unrestricted Funds	Temporarily Restricted Funds			Totals for the Fiscal Year Ended June 30, 2017	Totals for the Fiscal Year Ended June 30, 2016
		Chapter 251	NJ Hydrologic Database	DeCou Run Stream		
Cash Flows from Investing Activities						
Release of Restricted Funds	\$	\$	\$	\$	\$	\$
Net Increase (Decrease) in Cash	102,097	(23,339)	(6,158)	(44,658)	(7,869)	20,073
Cash and Cash Equivalents - June 30, 2016	444,631	173,334	6,158	44,658	16,423	685,204
Cash and Cash Equivalents - June 30, 2017	\$ 546,728	\$ 149,995	\$	\$	\$ 8,554	\$ 705,277
						\$ 685,204

The accompanying Notes to Financial Statements are an integral part of this statement.

CAMDEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity

The Camden County Soil Conservation District is one of fifteen 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 U.S. Soil Conservation Service to promote the wise use of soil and water resources. In 1976, the Districts in New Jersey were mandated to administer Chapter 251, The Soil Erosion and Sediment Control Act of 1976, the objective of which was to prevent erosion and sedimentation from development sites, mitigate impacts to soil resources and enhance soil quality.

Organization

The District is a governmental subdivision of the State of New Jersey, and a public body corporate and politic, located in the Township of Berlin, County of Camden. It was organized in 1952 in accordance with the provisions of the Soil Conservation Act, N.J.S.A. 4:24 et seq. with a five member Board of Supervisors appointed by the State Committee as the governing body. The supervisors serve staggered three-year terms with the nominations made by an open public forum and the appointment of the nominees is made by the State Soil Conservation Committee each June on a rotating basis.

Financial Statement Presentation

The District is required to report information regarding its financial position and activities according to three classes of assets, which are Unrestricted Net Position, Temporarily Restricted Net Position and Permanently Restricted Net Position. Unrestricted Net Position can be expended by the District for any aspect of its operations and at any time, as determined by management. Temporarily Restricted Net Position are either restricted as to a specific program, a specific time period or both, but will eventually be expended by the District. Permanently Restricted Net Position can never be expended, but benefit the District through investment earnings on such Assets. As of June 30, 2017, the District had only Unrestricted and Temporarily Restricted Net Position.

Basis of Accounting

The accounting policies of the District conform to practices prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual.

All of the District's funds are accounted for using the modified accrual basis of accounting. Support and revenues 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.

CAMDEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Basis of Accounting (Continued)

The accounts of the District shall be 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 position, support, revenue and expenditures. Fixed assets purchases are to be recorded in the fund of acquisition, with an appropriate transfer to the equipment fund. Accumulated depreciation is reported on the statement of financial position.

Amortization of Financing Costs

Financing costs, if any, are amortized over the term of the loan using the straight-line method.

Use of Estimates

The preparation of financial statements in conformity with the New Jersey Department of Agriculture's Financial Accounting Manual requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and disclosures at the date of the financial statements, as well as the reported amounts of revenue and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

Property, Plant and Equipment Fund

Capital Assets acquired or constructed during the year are recorded at cost and reflected as expenditures in the applicable governmental fund. Donated assets are valued at their estimated fair market value on the date received. Capital Assets acquired are transferred into the Property, Plant and Equipment fund. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets as listed below:

Equipment	5 Years
Furniture	10 Years
Building and Improvements	40 Years

Comparative Data

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statement in order to provide an understanding of the changes in the district's financial position and operations.

CAMDEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Reclassifications

Certain amounts previously reported in the prior year financial statements may be reclassified to conform to current year classifications. These reclassifications have no effect on the total net position of the District.

Support and Expenses

Contributions and restricted grant revenues are measured at their fair value and are reported as an increase in Net Position. 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 satisfied, temporarily restricted Net Position are reclassified to unrestricted Net Position and reported in the statement of activities as Net Position released from restrictions.

2. **RESERVE FOR FUTURE SOIL EROSION AND SEDIMENT CONTROL 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 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 the District education program. Use of interest income is authorized by N.J.A.C. 2:90-1.12 and pursuant to policy approval by the State Soil Conservation Committee on September 13, 2007.

The certification fees collected by the District are derived from an adopted fee schedule that was effective starting November 21, 1994. As a result of rising expenses incurred by the District to maintain their level of services, the Board has revised the fee schedule, effective August 1, 2010 to bring the fees charged in comparability to the expenses incurred. The Fund equity of the Reserve for Future Soil Erosion and Sediment Control Act Expenditures as of June 30, 2017 and 2016 was \$184,109 and \$178,696 respectively.

CAMDEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

3. **NON-CASH SUPPORT**

Non-cash support consisting of travel and per diem expenses, postage, printing, supplies and indirect support, provided by the federal and state governments to assist in the operations of the District, is as follows:

	<u>Federal</u>	<u>State</u>	<u>Total June 30, 2017</u>
Salaries	\$ 37,315	\$ 30,000	\$ 67,315
Fringe Benefits	13,492		13,492
Rent, telephone and other	15,029		15,029
Totals	<u>\$ 65,836</u>	<u>\$ 30,000</u>	<u>\$ 95,836</u>

4. **RESERVE FOR FUTURE LEGAL COSTS**

The Reserve for Future Legal Costs provides the District with funds necessary to pay for estimated future legal costs incurred as a result of current operations. Management estimates that based on prior experience, the reserve balance for future legal costs should be \$22,413.

5. **CASH AND TEMPORARY EQUIVALENTS**

The District is responsible to designate and approve a list of authorized depository institutions based on their evaluation of each financial institution.

Cash may consist of demand deposits and temporary investments in the form of certificates of deposit held at financial institutions. For purposes of the statement of cash flows, the Camden County Soil Conservation District considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

6. **CONCENTRATION OF CUSTODIAL CREDIT RISK**

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy regarding custodial credit risk, governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA.

CAMDEN COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

6. **CONCENTRATION OF CUSTODIAL CREDIT RISK (CONTINUED)**

The District's bank balance of \$724,809, was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 724,809
Collateralized by securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name	<hr/>
	<u>\$ 724,809</u>

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2017 the District had \$6,018 on deposit with the New Jersey Cash Management Fund.

7. **DEFERRED COMPENSATION SALARY ACCOUNT**

The District offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

8. **CONTINGENT LIABILITIES**

Per confirmation by the Camden County Soil Conservation District's legal counsel, there are no pending litigations, claims, assessments, unasserted claims, or contingent liabilities against the District, which are considered material.

9. **REQUEST FOR AUTHORIZATION**

All stormwater discharge associated with construction activity within the State of New Jersey incurs a fee payable to "Treasurer - State of New Jersey". A portion of the fee is due to the New Jersey Department of Environmental Protection, the remaining is split 70% and 30% to the District and State Soil Conservation Committee, respectively.