

**GLOUCESTER COUNTY SOIL
CONSERVATION DISTRICT**

Sewell, New Jersey

REPORT OF AUDIT

FOR THE TWELVE MONTHS ENDED JUNE 30, 2023

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GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2023

CONSERVATION DISTRICT BOARD OF SUPERVISORS

THE DISTRICT GOVERNING BODY

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|---------------------------|---------------|---------------------|
| John Furfari | Chairman | June 30, 2024 |
| West J. Kandle, III | Vice-Chairman | June 30, 2023 |
| Jess Everett, Ph.D., P.E. | Supervisor | June 30, 2023 |
| Mike Visalli | Supervisor | June 30, 2023 |
| John Grasso | Supervisor | June 30, 2023 |

MANAGEMENT AND ADMINISTRATIVE STAFF

| | |
|------------|------------------|
| Karol Blew | District Manager |
|------------|------------------|

Note – A blanket bond in the amount of \$25,000 was in force during the period under review.

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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Williamstown, NJ 08094

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Gloucester County Soil Conservation District
14 Parke Place Blvd, Suite B
Sewell, New Jersey 08080

To the Board of Supervisors:

Opinion

We have audited the accompanying financial statements of the Gloucester County Soil Conservation District as of June 30, 2023 and 2022, which comprise the statement of financial position and the related statements of activities and changes in net assets and of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Gloucester County Soil Conservation District's basic financial statements as listed in the table of contents.

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 Gloucester County Soil Conservation District, as of June 30, 2023 and 2022, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles and practices prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual, as described in note 1.

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 Gloucester County Soil Conservation District, as of June 30, 2023 and 2022, or the results of its operations and changes in net assets 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 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.

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 financial statements that are free from material misstatement, whether due to fraud or error.

Management is required to evaluate whether 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 opinions. 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 auditing standards generally accepted in the United States of America and Government 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 auditing standards generally accepted in the United States of America and Government 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

Required Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gloucester 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 are 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 is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Information

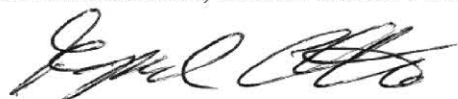
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole that collectively comprise the Gloucester County Soil Conservation District's basic financial statements. The supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not required as part of the basic financial statements prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual. 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, supplementary schedules, as listed in the table of contents, are 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 November 21, 2023, on our consideration of the Gloucester 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 and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A.
Registered Municipal Accountant
November 21, 2023

NIGHTLINGER, COLAVITA & VOLPA

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

Board of Supervisors
Gloucester County Soil Conservation District
14 Parke Place Blvd, Suite B
Sewell, New Jersey 08080

To the Board of Supervisors:

We have audited the financial statements of the Gloucester County Soil Conservation District as of and for the year ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Gloucester County Soil Conservation District's basic financial statements and have issued our report thereon dated November 21, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; audit requirements as prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual.

Report on 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 as a basis for designing 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.

Report on 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 financial statements. 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 Gloucester County Soil Conservation District, the funding sources of the Gloucester 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
November 21, 2023

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Information for the Year Ended June 30, 2022)

| | | Temporarily Restricted | | Totals | |
|---|--------------|------------------------|-----------|------------------|------------------|
| | Unrestricted | Chapter 251 | Equipment | June 30, 2023 | June 30, 2022 |
| <u>ASSETS</u> | | | | | |
| Current Assets | | | | | |
| Cash | | | | | |
| Operating Funds | \$ 21,298 | \$ 26,753 | \$ | \$ 48,051 | \$ 167,675 |
| Savings Investments | 394,168 | 1,555,593 | | 1,949,761 | 1,713,227 |
| Accounts Receivable: | | | | | |
| NJ State Stormwater (RFA)(Note 19) | 4,550 | | | 4,550 | 3,635 |
| Interfund Receivable | | | | | |
| Prepaid Expenses (Note 19) | | 8,690 | | 8,690 | 9,381 |
| Security Deposit | | 5,200 | | 5,200 | 5,200 |
| Total Current Assets | 420,016 | 1,596,236 | | 2,016,252 | 1,899,118 |
| Property, Plant and Equipment (Note 1E) | | | | | |
| Furniture and Equipment | | | 107,874 | 107,874 | 105,867 |
| Vehicles | | | 94,637 | 94,637 | 94,637 |
| Less: Accumulated Depreciation | | | (166,192) | (166,192) | (150,031) |
| Total Property, Plant and Equipment | | | 36,319 | 36,319 | 50,473 |
| Total Assets | \$ 420,016 | \$ 1,596,236 | \$ 36,319 | \$ 2,052,571 | \$ 1,949,591 |

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

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2023

| | Temporarily Restricted | | | Totals | |
|---|------------------------|----------------|-----------|------------------|------------------|
| | Unrestricted | Chapter 251 | Equipment | June 30, 2023 | June 30, 2022 |
| <u>LIABILITIES, NET ASSETS AND RESERVES</u> | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | \$ | \$ 9,104 | \$ | \$ 9,104 | \$ |
| Accrued Payroll and Taxes | | 488 | | 488 | 2,885 |
| Due to the State of New Jersey | | 2,475 | | 2,475 | 2,700 |
| Total Current Liabilities | | 12,067 | | 12,067 | 5,585 |
| Net Assets and Reserves | | | | | |
| Unrestricted Net Assets | 120,647 | | | 120,647 | 104,575 |
| Temporarily Restricted Net Assets And Reserves: | | | | | |
| Reserve for Future Legal Fees (Note 2) | 75,000 | | | 75,000 | 75,000 |
| Reserve for Equipment Purchases (Note 17) | 75,000 | | | 75,000 | 75,000 |
| Reserve for Long Range Plan | 1,000 | | | 1,000 | 1,000 |
| Reserve for Retirement Health Benefits (Note 16) | 40,000 | | | 40,000 | 40,000 |
| Reserve for Unemployment (Note 12) | 1,008 | | | 1,008 | 1,008 |
| Reserve for Compensated Absences (Note 15) | 7,361 | | | 7,361 | 7,361 |
| Reserve for Capital Improvements (Note 13) | 100,000 | | | 100,000 | 100,000 |
| Reserve for Future Soil Erosion and Sediment Control Act Expenditures (Note 3) | | 1,584,169 | | 1,584,169 | 1,489,589 |
| Investment in Fixed Assets | | | 36,319 | 36,319 | 50,473 |
| Total Net Assets and Reserves | 420,016 | 1,584,169 | 36,319 | 2,040,504 | 1,944,006 |
| Total Liabilities, Net Assets and Reserves | \$ 420,016 | \$ 1,596,236 | \$ 36,319 | \$ 2,052,571 | \$ 1,949,591 |

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

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

| | | Temporarily Restricted | | Totals | |
|-----------------------------------|--------------|------------------------|-----------|------------------|------------------|
| | Unrestricted | Chapter 251 | Equipment | June 30, 2023 | June 30, 2022 |
| Support and Revenue | | | | | |
| Soil Erosion and Sediment Control | \$ | \$ 463,192 | \$ | \$ 463,192 | \$ 457,570 |
| Miscellaneous | 649 | | | 649 | 423 |
| Interest | | 22,615 | | 22,615 | 7,524 |
| NRCS Grant (Note 20) | | | | | 3,234 |
| Stormwater Discharge Program | 17,430 | | | 17,430 | 12,350 |
| Total Support and Revenue | 18,079 | 485,807 | | 503,886 | 481,101 |
| Expenditures | | | | | |
| Salaries and Wages | \$ | \$ 194,898 | \$ | \$ 194,898 | \$ 151,977 |
| Fringe Benefits | | 61,081 | | 61,081 | 55,814 |
| Professional Services | | 6,400 | | 6,400 | 8,860 |
| Travel and Meetings | | 333 | | 333 | 496 |
| Automobile Expense | | 4,765 | | 4,765 | 3,025 |
| Payroll Service | | 2,575 | | 2,575 | 2,523 |
| Equipment | | 4,327 | | 4,327 | 5,081 |
| Rent (Note 14) | | 44,256 | | 44,256 | 36,640 |
| Office Supplies and Expenses | | 4,216 | | 4,216 | 2,476 |
| Telephone | | 2,753 | | 2,753 | 2,549 |
| Utilities | | 8,163 | | 8,163 | 6,038 |
| Dues | | 1,711 | | 1,711 | 1,711 |
| Postage | | 1,405 | | 1,405 | 778 |
| Insurance | | 18,262 | | 18,262 | 14,560 |
| Pension Contribution (Note 8) | | 26,026 | | 26,026 | 23,091 |
| Miscellaneous | | 10,056 | | 10,056 | 5,816 |

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

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF ACITIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

| | Unrestricted | Temporarily Restricted | | Totals | |
|---|--------------|------------------------|-----------|------------------|------------------|
| | | Chapter 251 | Equipment | June 30, 2023 | June 30, 2022 |
| Expenditures (Continued) | | | | | |
| Depreciation | \$ | \$ | \$ 16,161 | \$ 16,161 | \$ 14,918 |
| Total Expenditures | | 391,227 | 16,161 | 407,388 | 336,353 |
| Excess (Deficiency) of Support and Revenue Over Expenditures | 18,079 | 94,580 | (16,161) | 96,498 | 144,748 |
| Transfers | (2,007) | | 2,007 | | |
| Net Assets, Beginning of year | 403,944 | 1,489,589 | 50,473 | 1,944,006 | 1,799,258 |
| Net Assets, End of year | \$ 420,016 | \$ 1,584,169 | \$ 36,319 | \$ 2,040,504 | \$ 1,944,006 |

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

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS - ALL FUNDS COMBINED
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

| | <u>Totals for the Period ended</u> | |
|--|------------------------------------|--------------------------|
| | <u>June 30, 2023</u> | <u>June 30, 2022</u> |
| Cash Flows provided (used) by Operating Activities | | |
| Excess (Deficiency) of Support and Revenue over Expenditures | \$ 96,498 | \$ 144,748 |
| Adjustments to Reconcile Excess (Deficiency) of Support and Revenue over Expenditures to Net Cash provided by Operating Activities: | | |
| Prior Year Adjustment to Deferred Revenue | | |
| Non-Cash Items Included in Income: | | |
| Depreciation | 16,161 | 14,918 |
| Changes in Assets and Liabilities: | | |
| (Increase) Decrease in Accounts Receivable | (915) | 670 |
| (Increase) Decrease in Prepaid Expenses | 691 | (5,627) |
| (Increase) Decrease in Security Deposit | | (5,200) |
| (Decrease) Increase in Accounts Payable | 9,104 | |
| (Decrease) Increase in Due to State of New Jersey | (225) | (120) |
| (Decrease) Increase in Payroll Deductions Payable | (2,397) | (2,095) |
| Net Cash Provided by Operations | 118,917 | 147,294 |
| <u>Cash Flows (used) by Investing Activities</u> | | |
| Purchase of Fixed Assets | (2,007) | (28,223) |
| Net Cash Provided by Investing Activities | (2,007) | (28,223) |
| Net Increase in Cash for the Year | 116,910 | 119,071 |
| Cash and Cash Equivalents - June 30, 2022 - Beginning of Year | 1,880,902 | 1,761,831 |
| Cash and Cash Equivalents - June 30, 2023 - End of Year | \$ 1,997,812 | \$ 1,880,902 |

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

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Description of Financial Reporting Entity

The Gloucester 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.

B 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 Sewell, County of Gloucester. 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. Districts and their partners conduct and implement conservation programs. Districts may receive funding from a variety of public and private sources and employ staff to carry out programs as directed by the Board. All funds, regardless of the source are public funds and are subject to the State Committee's fiscal management standards, rules and statutes.

C 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 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 and at any time, as determined by management. Temporarily Restricted Net Assets 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 Assets can never be expended, but benefit the District through investment earnings on such assets. As of June 30, 2023, the District had only Unrestricted and Temporarily Restricted Net Assets.

D Basis of Accounting

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

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D Basis of Accounting - Continued

All of the District's funds are accounted for using the 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.

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 Assets, support, revenues and expenditures. Fixed asset 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.

E 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 |
| Vehicles | 5 Years |
| Furniture | 7 Years |
| Land Improvements | 15 Years |
| Building and Improvements | 40 Years |

During 2022-23, the District had a net decrease in fixed assets of \$14,154, resulting from purchases of \$2,007 offset by depreciation of \$16,161.

F Amortization of Financing Costs

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

G Use of Estimates

The preparation of financial statements in conformity with the financial provisions of 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.

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H 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 Assets of the District.

I Comparative Data

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with the New Jersey Department of Agriculture's Financial Accounting Manual. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2022, from which the summarized information was derived.

J Support and Expenses

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

2. 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 Chapter 251 operations, of which the balance on June 30, 2023, was \$75,000.

3. 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 for 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 August 1, 2010. On April 15, 2010, a \$25 increase was approved for State Administration fees. The Reserve for Future Soil Erosion and Sediment Control Act Expenditures at June 31, 2023, was \$1,581,807 as compared with \$1,489,589 in the prior year.

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

4. CASH AND TEMPORARY INVESTMENTS

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 Gloucester County Soil Conservation District considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

New Jersey Cash Management Fund

All Fund investments are governed by Investment Council regulations, which prescribe specific standards designed to insure the quality of investments and minimize the related risks. The Division has never suffered a default of principal or interest on any 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 protection for "Other-than-State" participants. As of June 30, 2023, the District had no funds invested in the New Jersey Cash Management Fund.

5. 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, NJSA 17:9-41 t seq. requires that the 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. As of June 30, 2023, the District's bank balance of \$2,000,771 was insured or collateralized as follows:

| | |
|--|---------------------|
| Insured by FDIC | \$ 1,500,000 |
| Uninsured and collateralized under GUDPA by pledging financial institutions | 500,771 |
| | <u>\$ 2,000,771</u> |

6. 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.

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

7. CONTINGENT LIABILITIES

Per confirmation by the Gloucester 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.

8. PENSION PLANS

Public Employees' Retirement System

Description of Plan - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR), which can be found This report may be obtained online at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The District does not and is not required to follow generally accepted accounting principles (GAAP) and, as such, does not follow GASB requirements with respect to the recording of pension liabilities and deferred outflows/inflows of resources on its balance sheets. Therefore, the following information is provided for disclosure purposes only and is not reflected in the financial statements of the District.

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 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more 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 age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. 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.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

| <u>Tier</u> | <u>Definition</u> |
|-------------|---|
| 1 | Members who are 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. |

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

8. PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

Basis of Presentation - The employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The following disclosures were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS member total contribution rate as of July 1, 2022, was 7.5% of base salary. The District employee's contributions for the year ended June 30, 2023, were \$12,349. Employers in PERS are required to contribute at an actuarially determined rate which includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The PERS employer rate due in 2022 is 15.98% of covered payroll. The District is billed annually for its normal contribution plus any accrued liability. These contributions were paid by the District and equal to the required contributions for 2022. The District's contributions to PERS for the years ended June 30, 2023, and 2022 were \$26,026 and \$23,091, respectively.

Components of Net Pension Liability - At June 30, 2023, the District's proportionate share of the PERS net pension liability was \$311,462. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The District's proportion measured as of June 30, 2023 was 0.002064%, which was an increase of 0.00009% from its proportion measured as of June 30, 2022.

Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2023, the District's proportionate share of PERS pension expense, calculated by the plan as of the June 30, 2022, measurement date was (\$86,339). The District's deferred outflows of resources and deferred inflows of resources were from the following sources:

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

8. PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ 2,248 | \$ 1,982 |
| Changes of assumptions | 965 | 46,638 |
| Net difference between projected and actual earnings on pension plan investments | 12,891 | |
| Changes in proportion | 82,530 | 78,089 |
| Contributions subsequent to the measurement date | | |
| Total | \$ <u>98,634</u> | \$ <u>126,709</u> |

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

| <u>Year</u> | <u>PERS</u> |
|-------------|--------------------|
| 2023 | \$ 3,981 |
| 2024 | (10,848) |
| 2025 | (23,022) |
| 2026 | 1,963 |
| 2027 | (149) |
| Thereafter | - |
| Total | \$ <u>(28,075)</u> |

Actuarial Assumptions - The total pension liability for the June 30, 2021, measurement date was determined by an actuarial valuation as of July 1, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | <u>PERS</u> |
|---|--------------------|
| Investment Rate of Return | 7.00% |
| Salary Scale (Based on Years of Service): | 2.75%-6.55% |
| Inflation Rate – Price | 2.75% |
| Inflation Rate – Wage | 3.25% |

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

8. PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

Actuarial Assumptions (Continued) - 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.

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 Investment 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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:

PERS

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|-------------------|--|
| U.S. Equity | 27.00% | 8.12% |
| Non-U.S. Developed Markets Equity | 13.50% | 8.38% |
| Emerging Markets Equity | 5.50% | 10.33% |
| Private Equity | 13.00% | 11.80% |
| Real Estate | 8.00% | 11.19% |
| Real Assets | 3.00% | 7.60% |
| High Yield | 4.00% | 4.95% |
| Private Credit | 8.00% | 8.10% |
| Investment Grade Credit | 7.00% | 3.38% |
| Cash Equivalents | 4.00% | 1.75% |
| U.S. Treasuries | 4.00% | 1.75% |
| Risk Mitigation Strategies | 3.00% | 4.91% |
| Total | 100.00% | |

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

8. PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

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 nonemployer 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 Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers 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 were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease (6.00%) | Current Discount (7.00%) | 1% Increase (8.00%) |
|---|---------------------------|--------------------------------|---------------------------|
| District's Proportionate Share of the Net Pension Liability | \$ <u>403,526</u> | \$ <u>311,462</u> | \$ <u>237,994</u> |

Pension Plan Fiduciary Net Assets - Detailed information about each pension plan's fiduciary net Assets is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan - The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Special Funding Situation - The District is considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the District does not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the District related to this legislation. However, the notes to the financial statements of the District must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the District.

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Basis of Presentation - The employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The following disclosures were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology - GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense (benefit). The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense (benefit) are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2022 were \$3,361,552,823 and \$12,729,372,321, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense (benefit) are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability - The State of New Jersey's net OPEB liability, as of June 30, 2022, was \$16,149,595,478. Of this amount, the net OPEB liability attributable to the District was \$455,903. The State of New Jersey's proportionate share of the net OPEB liability is 100%, including the proportion attributable to the District of 0.002823%. The total OPEB liability for the District measured as of June 30, 2022, is \$0 as a result of the Special Funding Situation with the State of New Jersey.

The total OPEB liability as of June 30, 2022, was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary increases*:

Public Employees' Retirement System (PERS)

Rate for all future years 2.75% to 6.55 based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 16.25% based on years of service

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Net OPEB Liability (Continued)

Mortality:

PERS

Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS

Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

* Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

Discount Rate - The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the longterm rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate -

The following presents the collective net OPEB liability of the participating employers as of June 30, 2022, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| June 30, 2022 | | |
|--------------------------|-------------------------|--------------------------|
| At 1.00% Decrease | At Discount Rate | At 1.00% Increase |
| 2.54% | 3.54% | 4.54% |
| \$ 18,720,632,230 | 16,149,595,478 | 14,080,955,857 |

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate - The following presents the collective net OPEB liability as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

| June 30, 2022 | | |
|-----------------------|------------------------|-----------------------|
| | Healthcare Cost | |
| <u>1.00% Decrease</u> | <u>Trend Rate</u> | <u>1.00% Increase</u> |
| \$ 13,700,188,049 | 16,149,595,478 | 19,286,596,671 |

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - The District's proportionate OPEB benefit, as of June 30, 2022, was (\$32,995). The District had proportionate deferred outflows of resources and deferred inflows of resources from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 23,543 | \$ 84,505 |
| Changes of assumptions | 60,842 | 155,591 |
| Net difference between projected and actual earnings on OPEB plan investments | 120 | |
| Changes in proportion | 198,155 | 272,600 |
| Total | \$ 282,660 | \$ 512,696 |

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2022:

| | <u>6/30/2022</u> | <u>6/30/2021</u> |
|---|------------------|------------------|
| Collective Deferred Outflows of Resources | \$ 2,993,464,316 | \$ 3,001,822,350 |
| Collective Deferred Inflows of Resources | 8,504,994,107 | 6,947,492,748 |
| Collective Net OPEB Liability | 16,149,595,478 | 17,999,791,235 |
| District's Portion | 0.002823% | 0.002842% |

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

9. **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

Additional Information (Continued)

The collective amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year | OPEB |
|------------|--------------------|
| 2023 | \$ (1,463,380,541) |
| 2024 | (1,464,672,406) |
| 2025 | (1,156,630,075) |
| 2026 | (516,557,746) |
| 2027 | (115,810,526) |
| Thereafter | (794,478,497) |
| Total | \$ (5,511,529,791) |

10. **SURETY BONDS**

An honesty blanket bond in the amount of \$25,000 was maintained covering all district personnel handling cash. The amount of coverage is at the discretion of the Board.

11. **RISK MANAGEMENT**

The Soil Conservation District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, and employee dishonesty. Adequacy of insurance coverage is the responsibility of the District.

12. **NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE**

The District covers its employees on a cost experience basis under the New Jersey Unemployment Trust Fund by the benefits paid method. Under this method, the District is billed in the amount of the District share of unemployment benefits paid. The balance in the reserve as of June 30, 2023, is \$1,008.

13. **RESERVE FOR CAPITAL IMPROVEMENTS**

The Board of Supervisors have decided that it is in the best interest of the District to fund a reserve providing for future capital improvements, including but not limited to building, vehicles and equipment. The balance in the reserve as of June 30, 2023, was \$100,000.

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

14. OPERATING LEASES

The district is currently leasing office space through March 2027. The following represents the future minimum lease payments associated with this rental agreement, as of June 30, 2023:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2023-2024 | 31,824 |
| 2024-2025 | 32,460 |
| 2025-2026 | 33,110 |
| 2026-2027 | 33,772 |
| Total | \$ 131,166 |

15. RESERVE FOR COMPENSATED ABSENCES

Compensated Absences are those absences for which employees will be paid, such as vacation or sick leave. While the benefit has already been earned, payment is conditioned upon use of the time earned or payment upon retirement, based on the policy in affect at the time of separation. Therefore, a liability has not been set up on the balance sheet but Net Assets have instead been reserved. The balance in the reserve as of June 30, 2023, is \$7,361.

16. RESERVE FOR RETIREMENT HEALTH BENEFITS

The Board of Supervisors have decided that the District designate a portion of Net Assets, in the amount of \$40,000, for future health care cost of retired district personnel.

17. RESERVE FOR EQUIPMENT PURCHASES

The Board of Supervisors have decided that the District designate a portion of Net Assets in the amount of \$75,000, for the future purchase of equipment.

18. REQUEST FOR AUTHORIZATION

All storm water 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.

19. PREPAID EXPENSE

Prepaid expenses represent expenses paid in advance, which creates a benefit beyond the current period. As of June 30, 2023, the District had \$8,690 in prepaid expenses.

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

20. NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

On July 1, 2018, the District entered into an agreement with the United States Department of Agriculture, Natural Resources Conservation Service (NRCS) to assist with providing technical support for monitoring of Farm and Ranchland Protection Program easements. During the 2021-22 year, the District was reimbursed for all allowable costs incurred as a result of this project in the amount of \$3,234. On October 20, 2021, the USDA notified the District of its official close out of this agreement.

21. RELATED PARTY TRANSACTIONS

On occasion, certain activities related to the land development industry may be provided by Board Supervisors as a professional service to a developer. In such cases and in accordance with N.J.S.A. section 52:13D, the applicable Board Supervisor recuses him, or herself, from any decisions concerning these applications. The New Jersey State Soil Conservation Committee approves the appointments of all Board Supervisors.

22. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The District has \$2,002,362 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$1,997,812 and accounts receivable of \$4,550.

23. FIXED ASSETS

The District's fixed assets as of June 30, 2023 and 2022 was as follows:

| | <u>6/30/2023</u> | <u>6/30/2022</u> |
|-------------------------------|------------------|------------------|
| Office Equip. & Furniture | \$ 202,511 | \$ 200,504 |
| Total at Historical Cost | 202,511 | 200,504 |
| Less Accumulated Depreciation | (150,031) | (135,113) |
| Fixed Assets, Net | <u>\$ 52,480</u> | <u>\$ 65,391</u> |

24. SUBSEQUENT EVENTS

There were no material events between June 30, 2023, and November 21, 2023, affecting the financial status of the Gloucester County Soil Conservation District.

SCHEDULES

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF BUDGET VERSUS ACTUAL REVENUE
AND EXPENDITURES - ALL FUNDS COMBINED
FOR THE YEAR ENDED JUNE 30, 2023

| | Budget After Transfers | Actual | (Over) Budget |
|---|---------------------------|-------------------|------------------|
| <u>Support & Revenue</u> | | | |
| Chapter 251 Fees | \$ 400,000 | \$ 463,192 | \$ 63,192 |
| Stormwater RFA Fees | 20,000 | 17,430 | (2,570) |
| State Administrative Fees | 3,750 | | (3,750) |
| Interest Income | 5,200 | 22,615 | 17,415 |
| Miscellaneous | 250 | 649 | 399 |
| Total Per Exhibit B(1) | <u>\$ 429,200</u> | <u>503,886</u> | <u>\$ 74,686</u> |
| <u>Expenditures</u> | | | |
| Professional Development | \$ 2,916 | \$ 2,916 | \$ 2,916 |
| Equipment | 4,205 | 6,334 | (2,129) |
| Business Insurance | 8,700 | 18,262 | (9,562) |
| Miscellaneous | 20,250 | 11,767 | 8,483 |
| Office Supplies & Postage | 3,200 | 8,196 | (4,996) |
| Professional Services | 9,800 | 6,400 | 3,400 |
| Rent | 44,556 | 44,256 | 300 |
| Salaries and Wages | 173,200 | 194,898 | (21,698) |
| Fringe Benefits | 105,961 | 87,107 | 18,854 |
| Travel & Meetings | 5,220 | 333 | 4,887 |
| Automobile Expenses | 11,700 | 4,765 | 6,935 |
| Utilities & Telephone | 9,932 | 10,916 | (984) |
| Clothing Expenses | 825 | | 825 |
| Educational | 250 | | 250 |
| | <u>\$ 400,715</u> | <u>393,234</u> | <u>\$ 7,481</u> |
| Reconciliation to the Statement of Activities and Changes in Net Assets: | | | |
| Depreciation | | 16,161 | |
| Purchase of Fixed Asset | | (2,007) | |
| Total Expenditures - to Exhibit B(2) | | <u>\$ 407,388</u> | |

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT

COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED JUNE 30, 2023

COMMENTS

Administrative Practices and Procedures

Purchases shall be in conformance with the State Public Contracts Law for securing formal bids on purchases in excess of \$17,500 and on Quotations for purchases over \$2,625, where it is possible to solicit more than one quotation. If there is a reason why quotations are not solicited, a brief explanation regarding this should be documented and included in the District minutes. For purchases, which are unusual or not routine in nature, a policy should be adopted addressing such purchases. Any suggested policy should be reviewed with the solicitor. In addition, when making purchases utilizing the state contract system, the award of such a contract shall be authorized by a resolution of the Board of Supervisors as required by **N.J.A.C. 5:34-1.2**. No exceptions were noted.

Chapter 251 fees collected appear to be in accordance with the adopted fee schedule.

Revenues and receipts were properly recorded within the District's accounting records.

The District made deposits within the required 5 business days.

According to the revised **Financial Accounting Manual for New Jersey Soil Conservation Districts**, various internal controls must be in place and followed, in order to demonstrate that an appropriate control environment exists over disbursements by check. For example, checks issued in excess of \$1,000 must have two signatures. No exceptions were noted.

The Internal Revenue Service regulations require that Form 1099-M be filed for each unincorporated person to whom at least \$600 for services was paid. No exceptions were noted.

Purchases were made with the proper authorizations.

Financial Planning, Accounting and Reporting

In August 2015, a revised **Financial Accounting Manual for New Jersey Soil Conservation Districts** was adopted by the NJ State Soil Committee, which contained a new uniform budget format. The 2022-23 District budget was presented in the format prescribed by the revised financial accounting manual.

In accordance with the **Financial Accounting Manual for New Jersey Soil Conservation Districts**, the accounting period used by all Soil Conservation Districts is to be the same as that of the State of New Jersey. Accordingly, the Gloucester County Soil Conservation District maintains its records on a June 30 fiscal year basis.

GLOUCESTER COUNTY SOIL CONSERVATION DISTRICT

COMMENTS AND RECOMMENDATIONS

FOR THE YEAR JUNE 30, 2023

The Chapter 251 Reserve Fund Balance shall be evaluated annually by the District Board to determine its adequacy based on the Chapter 251 workload obligations remaining to be completed. Districts have the ability to assess additional fees beyond the initial fees received following the exhaustion of the original fees received. Once the district is able to determine the amount of money on hand for each individual file a total will be calculated at the end of each fiscal year during the audit. This total amount of all funds for each 251 project will determine the reserve needed by each district. The district should have as a target at the end of each fiscal year of having close to 100% of the restricted reserves for 251 projects to complete those projects still active. Anything less than 110% for this purpose serves as a warning that reserves may not be sufficient to complete projects as additional fees for projects may not be collected or additional inspections are needed requiring additional funds. The District has met the 110% reserve requirement.

RECOMMENDATIONS:

None.

STATUS OF PRIOR YEAR RECOMMENDATIONS

There were no prior year recommendations.

APPRECIATION

We wish to express our appreciation for the assistance and courtesies rendered to us by the officials during the course of the audit.

Should any questions arise as to our comments, please do not hesitate to call us.