

MORRIS COUNTY SOIL CONSERVATION DISTRICT
MORRISTOWN, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

MORRIS COUNTY SOIL CONSERVATION DISTRICT
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JUNE 30, 2016

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MORRIS COUNTY SOIL CONSERVATION DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2016

DISTRICT GOVERNING BODY

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Welch	Chairman	2016
Louise Davis	Vice Chairman	2017
Marc Slaff	Treasurer	2019
Robert McEwan	Assistant Treasurer	2018
Phillip Roehrich	Secretary	2018

Management and Administrative Staff

Joseph P. Dunn	District Manager
Jacqueline Connelly	Bookkeeper



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

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 11 Lawrence Road
 Newton, NJ 07860
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Independent Auditors' Report

To the Board of Supervisors
 Morris County Soil Conservation District
 Morristown, NJ

Report on the Financial Statements

We have audited the accompanying financial statements of Morris County Soil Conservation District (the "District"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the New Jersey Department of Agriculture's Financial Accounting Manual. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 and the audit requirements as prescribed by the New Jersey Department of Agriculture's Financial Accounting Manual. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 presentation of the financial statements.

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

To the Board of Supervisors
Morris County Soil Conservation District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morris County Soil Conservation District, as of June 30, 2016, and the results of its operations and changes in net assets for the year then ended in accordance with the financial reporting provisions of the New Jersey Department of Agriculture's Financial Accounting Manual, described in Note 1.

Report on Summarized Comparative Information

We have previously audited Morris County Soil Conservation District's 2015 financial statements, and our report dated September 2, 2015, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1, these financial statements were prepared in conformity with 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. The effects on the financial statements of the variances between this statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Other Matters

Other Information

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

September 20, 2016
Mt. Arlington, New Jersey

Nisivoccia LLP

MORRIS COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	Unrestricted	Temporarily Restricted			Total	
		Chapter 251	Equipment Fund	Special Projects	Total	2016
<u>ASSETS</u>						
Current assets:						
Cash	\$ 57,661	\$ 255,276			\$ 255,276	\$ 285,933
Certificates of deposit		325,804			325,804	325,314
Cash restricted for performance bonds		49,155			49,155	80,503
Accounts receivable	12,500			\$ 32,693	32,693	37,386
Total current assets	<u>70,161</u>	<u>630,235</u>		<u>32,693</u>	<u>662,928</u>	<u>729,136</u>
Office furniture and equipment			\$ 61,327		61,327	98,254
Less: accumulated depreciation			(54,945)		(54,945)	(89,745)
Office furniture and equipment, net			<u>6,382</u>		<u>6,382</u>	<u>8,509</u>
Total assets	<u>\$ 70,161</u>	<u>\$ 630,235</u>	<u>\$ 6,382</u>	<u>\$ 32,693</u>	<u>\$ 669,310</u>	<u>\$ 737,645</u>
<u>LIABILITIES AND NET ASSETS</u>						
Current liabilities:						
Accounts payable and accrued expenses		\$ 69,637			\$ 69,637	\$ 71,142
Performance bonds payable		49,155			49,155	80,503
Deferred grant revenue				\$ 10,000	10,000	10,000
Due to (from) other funds	\$ (66,856)	66,856			66,856	
Total current liabilities	<u>(66,856)</u>	<u>185,648</u>		<u>10,000</u>	<u>195,648</u>	<u>161,645</u>
Reserves:						
Reserve for future Soil Erosion and Sediment Control Act expenditures		312,397			312,397	264,817
Total reserves		<u>312,397</u>			<u>312,397</u>	<u>264,817</u>
Unrestricted net assets	\$ 137,017					118,746
Temporarily restricted net assets		132,190	\$ 6,382	22,693	161,265	192,437
Total net assets	<u>137,017</u>	<u>132,190</u>	<u>6,382</u>	<u>22,693</u>	<u>161,265</u>	<u>311,183</u>
Total liabilities and net assets	<u>\$ 70,161</u>	<u>\$ 630,235</u>	<u>\$ 6,382</u>	<u>\$ 32,693</u>	<u>\$ 669,310</u>	<u>\$ 737,645</u>

MORRIS COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	Unrestricted	Temporarily Restricted			Total		
		Chapter 251	Equipment Fund	Special Projects	Total	2016	2015
Support and revenue:							
Soil Erosion and Sediment Control Act fees		\$ 495,282			\$ 495,282	\$ 495,282	\$ 372,208
Forestry income	\$ 17,050			\$ 12,410	12,410	29,460	34,045
Nursery income							11,000
Morris County Board of Chosen Freeholders grant	24,775					24,775	24,900
Stormwater permit revenue				8,190	8,190	8,190	8,015
Interest income		749			749	749	534
Other income	47					47	87
County and State in-kind support		53,000			53,000	53,000	45,000
Total support and revenue	41,872	549,031		20,600	569,631	611,503	495,789
Expenses:							
Salaries and wages	12,070	332,479		10,363	342,842	354,912	329,075
Forestry expenses							811
Supplies		1,344			1,344	1,344	1,006
Nursery expenses	25					25	11,152
Dues and registrations		2,440			2,440	2,440	2,270
Professional fees		5,280			5,280	5,280	5,470
Payroll tax expense	2,024	24,783		1,052	25,835	27,859	25,470
Telephone		2,209			2,209	2,209	2,072
Office expense		4,615			4,615	4,615	6,000
Travel and meals		12,984		215	13,199	13,199	13,009
Employee benefits	7,048	86,296		2,242	88,538	95,586	91,338
Insurance		11,733			11,733	11,733	11,891
Conferences and seminars		1,610			1,610	1,610	2,028
Depreciation			\$ 2,127		2,127	2,127	2,127
Other		885			885	885	1,779
County and State in-kind expenses		53,000			53,000	53,000	45,000
Total expenses	21,167	539,658	2,127	13,872	555,657	576,824	550,498

MORRIS COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)
 (CONTINUED)

	Unrestricted Fund	Temporarily Restricted			Total		
		Chapter 251	Equipment Fund	Special Projects	Total	2016	2015
Excess (deficiency) of support and revenue over expenses	20,705	9,373	(2,127)	6,728	13,974	34,679	(54,709)
Net assets, beginning of year	118,746	170,397	8,509	13,531	192,437	311,183	363,741
Transfer to Unrestricted Fund	(2,434)			2,434	2,434		
Decrease (increase) in Reserve for future Soil Erosion and Sediment Control Act Expenditures		(47,580)			(47,580)	(47,580)	2,151
Net assets (deficiency), end of year	<u>\$ 137,017</u>	<u>\$ 132,190</u>	<u>\$ 6,382</u>	<u>\$ 22,693</u>	<u>\$ 161,265</u>	<u>\$ 298,282</u>	<u>\$ 311,183</u>

MORRIS COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS - ALL FUNDS COMBINED
FOR THE YEAR ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Excess (deficiency) of support and revenue over expenses	\$ 34,679	\$ (54,709)
Adjustments to reconcile excess (deficiency) of support and revenue over expenses to net cash used in operating activities:		
Depreciation	2,127	2,127
Changes in operating assets and liabilities:		
Accounts receivable	(7,807)	27,204
Accounts payable and accrued expenses	(1,505)	(364)
Performance bonds payable	<u>(31,348)</u>	<u>(94,925)</u>
Net cash used in operating activities	<u>(3,854)</u>	<u>(120,667)</u>
Cash flows from investing activities		
Purchases of certificates of deposit	(325,804)	(325,314)
Redemption of certificates of deposit	<u>325,314</u>	<u>324,915</u>
Net cash used in investing activities	<u>(490)</u>	<u>(399)</u>
Net decrease in cash and cash equivalents	(4,344)	(121,066)
Cash, beginning of year	<u>366,436</u>	<u>487,502</u>
Cash, end of year	<u>\$ 362,092</u>	<u>\$ 366,436</u>
Supplemental disclosure of non-cash activities		
Increase (decrease) in Reserve for Soil Erosion and Sediment Control Act Expenditures	<u>\$ 47,580</u>	<u>\$ (2,151)</u>

MORRIS COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 - Summary of Significant Accounting Policies

Organization

The Morris 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 1975, the objective of which was to prevent erosion and sedimentation from development sites, mitigate impacts to soil resources, and enhance soil quality.

Financial Statement Presentation

The District is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets can be expended by the District for any aspect of its operations, at any time, as determined by management. Temporarily restricted net assets are either restricted as to a specific program, a specific time period or both, but eventually, will be expended by the District. Permanently restricted net assets can never be expended, but benefit the District through investment earnings on such assets. At June 30, 2016, the District had only unrestricted and temporarily restricted net assets.

Basis of Accounting

The financial statements of the District have been prepared in conformity with 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.

All District funds are accounted for using the modified accrual basis of accounting. Revenue is recorded when received in cash, except where it is susceptible to accrual as being both measurable and available. Expenses are recorded as liabilities when incurred. Recorded adjustments to the Reserve for Future Chapter 251 Expenditures Account and the Reserve for Future Legal Costs Account are limited to amounts required to bring their reserve account balances to their maximum limits. Generally, expenses benefiting more than one accounting period are not divided between years by recognizing prepaid expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles and practices prescribed by the State Soil Conservation Committee, Department of Agriculture, State of New Jersey requires management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses and changes therein, and disclosures of contingent assets and contingent liabilities and accompanying notes. It is reasonably possible that the District's estimates may change in the near term.

MORRIS COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
 (Continued)

Note 1 - Summary of Significant Accounting Policies (cont'd)

Total Columns

Total columns are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position.

Property and Equipment

Property and equipment are recorded at cost. Major renewals and betterments are charged to the property accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Depreciation is provided for over the estimated useful lives of the related assets using the straight-line method. The principal estimated useful lives used in computing the depreciation provisions are as follows:

Equipment	3-5 years
Furniture and fixtures	5-7 years
Buildings and improvements	10 years

Cash

The District considers all highly liquid investments purchased within an original maturity of three months or less to be determined as cash. Operating funds consist of demand deposits at various financial institutions. At times, amounts on deposit exceed federally insured limits. Management reviews the soundness of its financial institutions and considers its risk negligible.

Performance Bonds

Performance bonds are received on projects where the work is not complete but the contractor requests a temporary certificate of occupancy. The bonds are deposited in an escrow cash account and interest earned is for the benefit of the contractor. The District retains an administrative fee from the initial bond deposit and returns the bond to the contractor upon completion of the project. Bonded projects are typically completed within one year and, accordingly, the escrow cash is recorded as temporarily restricted in the current section of the balance sheet.

Income Taxes

The District is a not-for profit governmental unit that is exempt from federal and state income taxes.

Subsequent events

Management has reviewed subsequent events and transactions that occurred after June 30, 2016 through the date of the auditors' report and the date the financial statements were available to be issued on September 20, 2016. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

MORRIS COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(Continued)

Note 2 - In-kind Support

In-kind support, which is not controlled by the District, consists of estimated payroll, rent and administrative overhead provided by county and state governments to assist in the operations of the District, and has been recorded in the statement of activities as revenue and expense. In-kind support at June 30, 2016 is as follows:

	For the Year Ended June 30, 2016		
	County	State	Total
Technical support		\$ 39,000	\$ 39,000
Direct support: Rent	\$ 14,000		14,000
	\$ 14,000	\$ 39,000	\$ 53,000

Note 3 - Reserve for Future Soil Erosion and Sediment Control Act Expenditures

The Reserve for Future Soil Erosion and Sediment Control Act Expenditures is established to account for all related costs of future site inspections currently in progress, for which fees under the Soil Conservation Act, NJSA 4:24, et seq. have previously been collected. The current balance of the reserve is calculated by multiplying the certification fees collected during the current and two preceding years by the following percentages:

Certification Fees				Reserve Balance
Collected to June 30,				June 30, 2016
2014	398,427	x	10%	\$ 39,843
2015	372,208	x	20%	74,442
2016	495,282	x	40%	198,113
				\$ 312,397

Note 4 - Pension

District employees are enrolled in the Public Employees' Retirement System (PERS) of New Jersey. The State of New Jersey sponsors and administers this plan which covers substantially all District employees. As a general rule, all full-time employees are required to join the public employee retirement system.

Employees who are members of PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal year's compensation for each year of membership during years of creditable service. Vesting occurs after 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

MORRIS COUNTY SOIL CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(Continued)

Note 4 - Pension (Cont'd)

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contributions are based on a percentage of 6.64% of employees' annual compensation, as defined.

As of July 2012, the employees' annual contribution percentage began a yearly increase of 0.14% which will occur every July for the next six consecutive years. Employers are required to contribute at a rate determined by an actuary. The employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits. In the PERS, the employer contribution includes funding for post-retirement medical premiums.

District contributions to the plan amounted to \$36,516 for the year ended June 30, 2016. The contributions represented 100% of the District's annual pension costs (APC).

Note 5 - Investments

Financial assets of the District have been valued using level 2 inputs for the year ended June 30, 2016. All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

Investments at June 30, 2016, are comprised of the following:

	June 30, 2016		
Cost	Fair Value (Level 2)	Unrealized Appreciation (Depreciation)	
Certificates of deposit	\$ 325,314	\$ 325,804	\$ 490

Interest rates: 0.05% - 0.15%

Maturing: 8/4/16 - 12/1/16

Financial assets and liabilities valued using level 1 inputs are based on unadjusted quoted market prices within active markets for identical assets and liabilities. Financial assets and liabilities valued using level 2 inputs are based primarily on quoted prices for similar assets and liabilities in active or inactive markets. Financial assets and liabilities valued using level 3 inputs are based on estimates using present value or other valuation techniques where quoted market prices are not available. Financial assets of the Fund have been valued using level 2 inputs for the year ended June 30, 2016.

SUPPLEMENTARY INFORMATION

MORRIS COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF BUDGET VERSUS ACTUAL REVENUE AND EXPENDITURES - ALL FUNDS COMBINED
FOR THE YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	Total Funds - 2016			Total Funds 2015
	Budget (Unaudited)	Actual	Variance	Actual
Support and revenue:				
Soil Erosion and Sediment Control Act fees	\$ 368,000	\$ 495,282	\$ 127,282	\$ 372,208
Forestry income	35,250	29,460	(5,790)	34,045
Nursery income	1,000	-	(1,000)	11,000
Rain Barrel income	500		(500)	#REF!
Morris County Board of Chosen Freeholders grant	25,000	24,775	(225)	24,900
Stormwater permit revenue	9,000	8,190	(810)	8,015
Interest income	1,000	749	(251)	534
Other income	300	47	(253)	87
County and State in-kind support		53,000	53,000	45,000
Total support and revenue	<u>440,050</u>	<u>611,503</u>	<u>171,453</u>	<u>#REF!</u>
Expenses:				
Salaries and wages	370,000	354,912	(15,088)	329,075
Forestry expenses	500		(500)	811
Supplies	4,000	1,344	(2,656)	1,006
Nursery expenses		25	25	11,152
Dues and registrations	2,500	2,440	(60)	2,270
Professional fees	10,400	5,280	(5,120)	5,470
Repairs and maintenance	500		(500)	
Payroll tax expense	30,000	27,859	(2,141)	25,470
Telephone	2,600	2,209	(391)	2,072
Office expense	8,700	4,615	(4,085)	6,000
Travel and meals	16,500	13,199	(3,301)	13,009
Employee benefits	108,000	95,586	(12,414)	91,338
Insurance	14,500	11,733	(2,767)	11,891
Conferences and seminars	3,000	1,610	(1,390)	2,028
Depreciation		2,127	2,127	2,127
Other	9,200	885	(8,315)	1,779
County and State in-kind expenses		53,000	53,000	45,000
Total expenses	<u>580,400</u>	<u>576,824</u>	<u>(3,576)</u>	<u>550,498</u>
Excess (deficiency) of support and revenue over expenses	<u>\$ (140,350)</u>	<u>\$ 34,679</u>	<u>\$ 175,029</u>	<u>#REF!</u>

MORRIS COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity ID#</u>	<u>Grantor's Number</u>	<u>Grant Period</u>	<u>Grant Award</u>	<u>Cumulative Program Disbursements</u>	<u>Program Disbursements</u>	<u>Cash Received</u>	<u>Provided to Subrecipients</u>
<u>U.S. Department of Agriculture</u> Emergency Forest Restoration Program (EFRP)	10.652	N/A	N/A	7/15/13 - 6/30/17	\$ 93,000	59,500	13,770	-	-
Total Expenditures						<u>\$ 59,500</u>	<u>\$ 13,770</u>	<u>\$ -</u>	<u>\$ -</u>

Note

Cumulative program disbursements were reduced by \$1,360 due to the Department of Agriculture disallowing an expense incurred during the fiscal year 6/30/15

MORRIS COUNTY SOIL CONSERVATION DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

<u>State Grantor/Program Title</u>	<u>Grant ID#</u>	<u>State Account Number</u>	<u>Grant Period</u>	<u>Grant Awards</u>	<u>Cummulative Program Disbursements</u>	<u>Program Disbursements</u>	<u>Cash Received</u>
Department of Environmental Protection Forestry Management Grant - 2002	N/A	04248703235234	3/2/02 - 3/2/03	\$ 10,000	-	-	10,000
					<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>

MORRIS COUNTY SOIL CONSERVATION DISTRICT
CURRENT YEAR RECOMMENDATIONS
JUNE 30, 2016

Segregation of Duties

The Financial Accounting Manual for New Jersey Soil Conservation Districts provides several internal control recommendations with an overall premise of segregation of duties. The principal concept is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

At present, the District's bookkeeper is responsible for all accounting functions including cash disbursements, payroll, accruals, all journal entries, and financial statement preparation. Additionally, all bank statements are received and reconciled by the bookkeeper, although all cash deposits are made by an employee other than the bookkeeper.

While several steps have been taken to address the effect on internal controls due to lack of segregation of duties, we recommend that Management continually monitors the situation.

Forestry Grant

A \$10,000 forestry grant was received in 2002 for a forestry project in the Passaic River Watershed. As of the date of our report, the project has not been started, the grant funds have not been utilized, and approval for an alternate use of the funds has not been granted.

We recommend that management continue to review the terms of this grant through contact with the State of New Jersey – Department of Environmental Protection to confirm that the District is still entitled to this grant, and determine whether or not an alternate use of the funds has been approved.

MORRIS COUNTY SOIL CONSERVATION DISTRICT
PRIOR YEAR RECOMMENDATIONS
JUNE 30, 2016

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