

WARREN COUNTY SOIL CONSERVATION DISTRICT

HACKETTSTOWN, NEW JERSEY

REPORT OF AUDIT  
FOR THE YEAR ENDED JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

WARREN COUNTY SOIL CONSERVATION DISTRICT  
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JUNE 30, 2016

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

DISTRICT GOVERNING BODY

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Wayne Jarvis	Chairman	2018
Nancy Bilyk	Vice Chairman	2017
Ronald Petersen	Supervisor	2016
Tony Wyhopen	Supervisor	2016
Sylvia Kovacs	Supervisor	2018

Management and Administrative Staff

Sandra Myers	District Manager
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 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
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## Independent Auditors' Report

To the Board of Supervisors  
 Warren County Soil Conservation District  
 Hackettstown, NJ

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Warren 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  
Warren County Soil Conservation District  
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### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Warren 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 Warren County Soil Conservation District's 2015 financial statements, and our report dated August 25, 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 schedules 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.

*Nisivoccia LLP*

August 23, 2016  
Mt. Arlington, New Jersey

WARREN 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	2015
<u>ASSETS</u>							
Current assets:							
Cash	\$ 151,903	\$ 399,554		\$ 121,016	\$ 520,570	\$ 672,473	\$ 499,165
Cash restricted for performance bonds	4,000	118,750			118,750	122,750	4,000
Accounts receivable				1,020	1,020	1,020	9,469
Total current assets	<u>155,903</u>	<u>518,304</u>		<u>122,036</u>	<u>640,340</u>	<u>796,243</u>	<u>512,634</u>
Office furniture and equipment			\$ 55,885		55,885	55,885	55,885
Vehicles			36,906		36,906	36,906	31,537
Less: accumulated depreciation			(87,690)		(87,690)	(87,690)	(87,422)
Total fixed assets, net of depreciation			<u>5,101</u>		<u>5,101</u>	<u>5,101</u>	<u>-</u>
Total assets	<u>\$ 155,903</u>	<u>\$ 518,304</u>	<u>\$ 5,101</u>	<u>\$ 122,036</u>	<u>\$ 645,441</u>	<u>\$ 801,344</u>	<u>\$ 512,634</u>
<u>LIABILITIES AND NET ASSETS</u>							
Current liabilities:							
Accounts payable and accrued expenses	\$ 2,750	\$ 2,611			\$ 2,611	\$ 5,361	\$ 4,645
Pequest funds received in advance				\$ 7,989	7,989	7,989	8,069
Compliance bonds payable	4,000	118,750			118,750	122,750	4,000
Chapter 251 administrative fees payable		250			250	250	125
RFA stormwater fees payable							210
AWMP funds received in advance				112,806	112,806	112,806	
Due to (from) other funds	(126,885)	126,885			126,885		
Total current liabilities	<u>(120,135)</u>	<u>248,496</u>		<u>120,795</u>	<u>369,291</u>	<u>249,156</u>	<u>17,049</u>
Reserves:							
Reserve for future Soil Erosion and Sediment Control Act expenditures		263,891			263,891	263,891	48,114
Total reserves		<u>263,891</u>			<u>263,891</u>	<u>263,891</u>	<u>48,114</u>
Unrestricted net assets	276,038					276,038	331,306
Temporarily restricted net assets		5,917	\$ 5,101	1,241	12,259	12,259	116,165
Total net assets	<u>276,038</u>	<u>5,917</u>	<u>5,101</u>	<u>1,241</u>	<u>12,259</u>	<u>288,297</u>	<u>447,471</u>
Total liabilities and net assets	<u>\$ 155,903</u>	<u>\$ 518,304</u>	<u>\$ 5,101</u>	<u>\$ 122,036</u>	<u>\$ 645,441</u>	<u>\$ 801,344</u>	<u>\$ 512,634</u>

WARREN 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	Total	
		Chapter 251	Equipment Fund	Special Projects		2016	2015
Support and revenue:							
Soil Erosion and Sediment Control Act fees		\$ 71,047			\$ 71,047	\$ 71,047	\$ 62,725
Seedling sales							5,411
Forestry income	\$ 75,039					75,039	75,251
Warren County Board of Chosen Freeholders grant	81,000					81,000	81,000
Stormwater permit revenue				\$ 2,100	2,100	2,100	1,645
Farmland inspections income	30,031					30,031	28,781
Interest income	144	599		1	600	744	476
Pequest funds				10,080	10,080	10,080	61,689
Hydrologic income				767	767	767	4,431
AWMP income				33,885	33,885	33,885	
NRCS preserved farm inspections	12,521					12,521	
Other income	1,501	1,749			1,749	3,250	2,845
State in-kind support		45,000	\$ 5,369		50,369	50,369	32,854
Total support and revenue	<u>200,236</u>	<u>118,395</u>	<u>5,369</u>	<u>46,833</u>	<u>170,597</u>	<u>370,833</u>	<u>357,108</u>
Expenses:							
Salaries and wages	50,685	67,457		22,764	90,221	140,906	141,341
Supplies	37	1,771		4,501	6,272	6,309	3,463
Seedling purchases							3,420
Rent	7,544	10,650		3,106	13,756	21,300	21,300
Dues and subscriptions	425	425			425	850	300
Professional fees	3,435	2,945			2,945	6,380	6,636
Repairs and maintenance	1,085	193		32	225	1,310	894
Payroll tax expense	5,933	6,155			6,155	12,088	11,100
Telephone	870	1,645		275	1,920	2,790	2,678
Office expense	3,017	284			284	3,301	1,481
Travel and meals	521	521			521	1,042	1,637
Employee benefits	29,332	22,150		3,207	25,357	54,689	52,327
Insurance	3,973	3,679			3,679	7,652	3,396
Conferences and seminars	145	120			120	265	195
Depreciation			268		268	268	
Pequest funds				10,080	10,080	10,080	4,431
State in-kind expenses		45,000			45,000	45,000	32,854
Total expenses	<u>107,002</u>	<u>162,995</u>	<u>268</u>	<u>43,965</u>	<u>207,228</u>	<u>314,230</u>	<u>287,453</u>

WARREN 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	Temporarily Restricted			Total		
		Chapter 251	Equipment Fund	Special Projects	Total	2016	2015
Excess (deficiency) of support and revenue over expenses	93,234	(44,600)	5,101	2,868	(36,631)	56,603	69,655
Transfer of net assets	(148,502)	163,092		(14,590)	148,502		
Net assets, beginning of year	331,306	103,202		12,963	116,165	447,471	362,341
Decrease (increase) in Reserve for future Soil Erosion and Sediment Control Act expenditures		(215,777)			(215,777)	(215,777)	15,475
Net assets, end of year	<u>\$ 276,038</u>	<u>\$ 5,917</u>	<u>\$ 5,101</u>	<u>\$ 1,241</u>	<u>\$ 12,259</u>	<u>\$ 288,297</u>	<u>\$ 447,471</u>



WARREN 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 of support and revenue over expenses	\$ 56,603	\$ 69,655
Adjustments to reconcile excess of support and revenue over expenses to net cash provided by operating activities:		
Depreciation	268	
Changes in operating assets and liabilities:		
Accounts receivable	8,449	(6,876)
Accounts payable and accrued expenses	716	256
Pequest funds received in advance	(80)	569
Compliance bonds payable	118,750	(2,500)
Chapter 251 administrative fees payable	125	(175)
RFA stormwater fees payable	(210)	210
Deferred revenue		(9,265)
AWMP funds received in advance	112,806	
Net cash provided by operating activities	<u>297,427</u>	<u>51,874</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(5,369)</u>	
Net cash used in investing activities	<u>(5,369)</u>	
Net increase in cash and temporary investments	292,058	51,874
Cash and temporary investments		
Beginning of year	<u>503,165</u>	<u>451,291</u>
End of year	<u>\$ 795,223</u>	<u>\$ 503,165</u>
Supplemental disclosure of non-cash activities		
Current year increase (decrease) in Reserve for Soil Erosion and Sediment Control Act Expenditures	\$ 215,777	\$ (15,475)

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

Note 1 - Summary of Significant Accounting Policies

Organization

The Warren County Soil Conservation District (the “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 are 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.

WARREN 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 does 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
Vehicles	5 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 August 23, 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.

WARREN 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, and administrative overhead provided by state governments to assist in the operations of the District, and has been recorded in the statement of activities as revenue and expense. Also, from time to time equipment is donated and recorded as a contribution and a capital asset and included in property and equipment. In-kind support at June 30, 2016 is as follows:

	<u>June 30, 2016</u>
Technical support	<u>\$ 45,000</u>

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 on actual funds for each individual project that is still open at the end of each fiscal year plus 10% of the actual funds calculated. As of June 30, 2016, the current balance of the reserve amounted to \$263,891.

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.

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 5.0% 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 an actuarially determined rate. The actuarially determined 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 \$17,113 for the year ended June 30, 2016. The contributions represented 100% of the District's annual pension costs (APC).

SUPPLEMENTARY INFORMATION

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WARREN 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	\$ 70,000	\$ 71,047	\$ 1,047	\$ 62,725
Seedling sales	2,000		(2,000)	5,411
Forestry income	75,000	75,039	39	75,251
Warren County Board of Chosen Freeholders grant	81,000	81,000		81,000
Stormwater permit revenue	2,000	2,100	100	1,645
Farmland Preservation Inspections	28,500	30,031	1,531	28,781
Bonds	1,000	1,749	749	1,369
Interest income	100	744	644	476
Pequest funds		10,080	10,080	4,431
Hydrologic income		767	767	61,689
AWMP income		33,885	33,885	
NRCS preserved farm inspections		12,521	12,521	
Other income	1,650	1,501	(149)	1,476
State in-kind support		50,369	50,369	32,854
Total support and revenue	<u>261,250</u>	<u>370,833</u>	<u>109,583</u>	<u>357,108</u>
Expenses:				
Salaries and wages	\$ 144,740	\$ 140,906	\$ (3,834)	\$ 141,341
Supplies	1,000	6,309	5,309	3,463
Seedling purchases	1,000		(1,000)	3,420
Rent	21,300	21,300	-	21,300
Dues and registrations	1,700	850	(850)	300
Professional fees	6,500	6,380	(120)	6,636
Repairs and maintenance	5,000	1,310	(3,690)	894
Payroll tax expense	11,131	12,088	957	11,100
Telephone	2,040	2,790	750	2,678
Office expense	3,200	3,301	101	1,481
Travel and meals	105	1,042	937	1,637
Employee benefits	52,960	51,482	(1,478)	52,327
Insurance	3,203	10,859	7,656	3,396
Conferences and seminars	500	265	(235)	195
Depreciation		268	268	
Pequest funds		10,080	10,080	4,431
State in-kind expenses		45,000	45,000	32,854
Total expenses	<u>254,379</u>	<u>314,230</u>	<u>59,851</u>	<u>287,453</u>
Excess (deficiency) of support and revenue over expenses	<u>\$ 6,871</u>	<u>\$ 56,603</u>	<u>\$ 49,732</u>	<u>\$ 69,655</u>

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

<u>Federal Grantor Pass-through 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 Awards</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	45,868	2,490	1,470	-
Total Expenditures						<u>\$ 45,868</u>	<u>\$ 2,490</u>	<u>\$ 1,470</u>	<u>\$ -</u>

SEE INDEPENDENT AUDITORS' REPORT

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

<u>State Grantor/Pass-Through Grantor/Program</u>	<u>Grant ID#</u>	<u>State Account Number</u>	<u>Grant Period</u>	<u>Grant Awards</u>	<u>Cumulative Program Disbursements</u>	<u>Program Disbursements</u>	<u>Cash Received</u>
<u>State of New Jersey Department of Agriculture</u> Animal Waste Management Pollution	15-02	N/A	9/15/15 - 7/31/17	\$ 146,520	<u>33,885</u>	<u>33,885</u>	<u>146,520</u>
Total State Awards					<u>\$ 33,885</u>	<u>\$ 33,885</u>	<u>\$ 146,520</u>



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

Segregation of Duties

The Financial Accounting Manual for New Jersey Soil Conservation Districts, as adopted in August 2015, provides several internal control recommendations relative to the operations of the District. At present, the district manager is responsible for all accounting functions. She is responsible for cash disbursements, payroll, accruals, all journal entries, and financial statement preparation. Additionally, all bank statements are received and reconciled by the district manager and all cash deposits are made by the district manager or administrative assistant.

Although the small size of the District's office staff limits the extent of separation of duties, we believe certain steps could be taken to separate noncompatible duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

We recommend that management continually take the proper steps to segregate duties in certain areas where possible. Where not practical, management should determine ways to mitigate the effect on internal controls due to lack of segregation.

WARREN COUNTY SOIL CONSERVATION DISTRICT  
PRIOR YEAR RECOMMENDATIONS  
JUNE 30, 2015

Segregation of Duties

The Financial Accounting Manual for New Jersey Soil Conservation Districts, as adopted on September 13, 2007, provides several internal control recommendations relative to the operations of the District. At present, the district manager is responsible for all accounting functions. She is responsible for cash disbursements, payroll, accruals, all journal entries, and financial statement preparation. Additionally, all bank statements are received and reconciled by the district manager and all cash deposits are made by the district manager or administrative assistant.

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