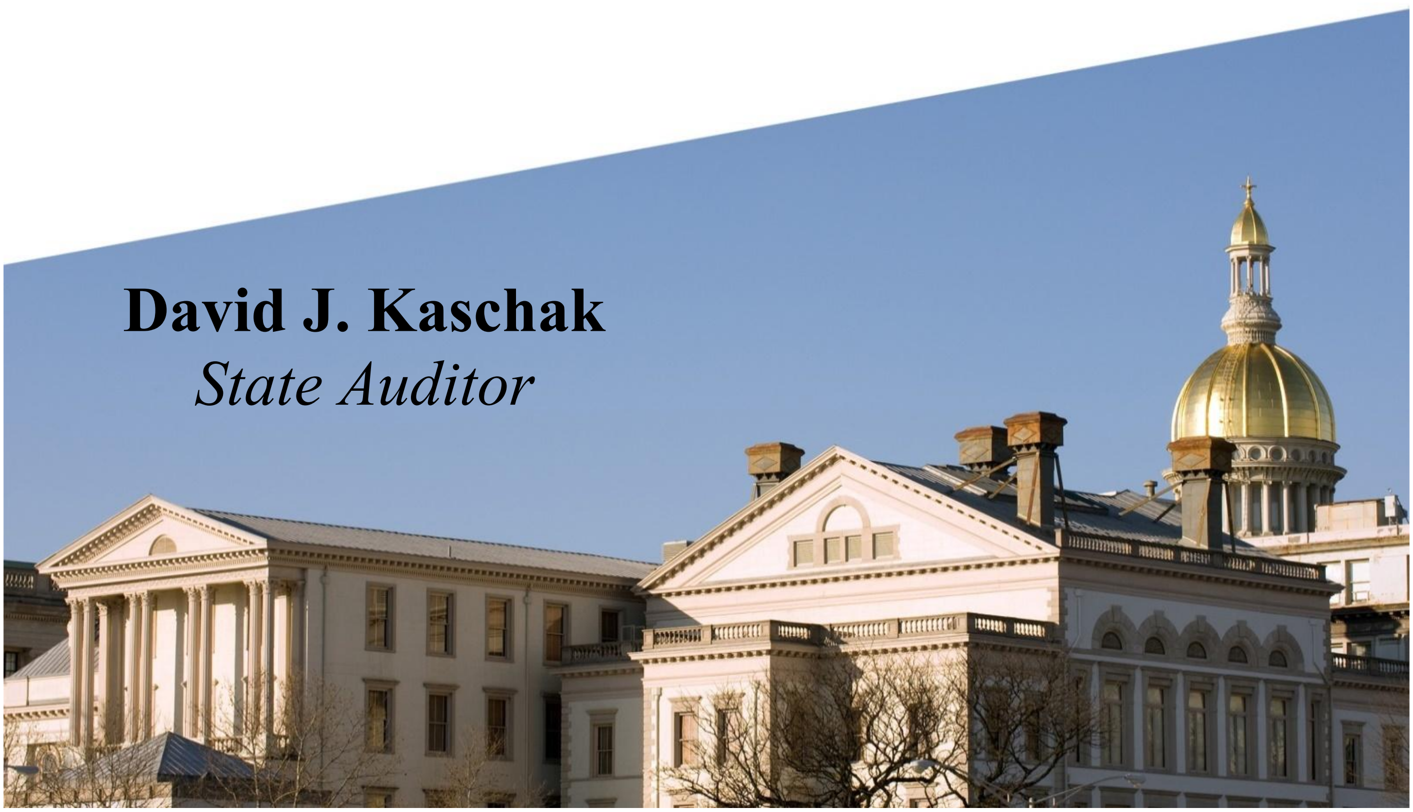
NEW JERSEY LEGISLATURE

OFFICE OF LEGISLATIVE SERVICES

OFFICE OF THE STATE AUDITOR

Pinelands Commission

Fiscal Year 2022



David J. Kaschak

State Auditor

NEW JERSEY LEGISLATURE
OFFICE OF LEGISLATIVE SERVICES

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OFFICE OF THE STATE AUDITOR
609-847-3470

David J. Kaschak
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Brian M. Klingele
Assistant State Auditor

Robert F. Gatti
Assistant State Auditor

The Honorable Mikie Sherrill
Governor of New Jersey

The Honorable Nicholas P. Scutari
President of the Senate

The Honorable Craig J. Coughlin
Speaker of the General Assembly

Ms. Maureen McMahon
Executive Director
Office of Legislative Services

Enclosed is our report on the audit of the Pinelands Commission for the fiscal year ended June 30, 2022. If you would like a personal briefing, please call me at (609) 847-3470.

David J. Kaschak
State Auditor
March 3, 2026

PINELANDS COMMISSION
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mikie Sherrill
Governor of New Jersey

The Honorable Nicholas P. Scutari
President of the Senate

The Honorable Craig J. Coughlin
Speaker of the General Assembly

Ms. Maureen McMahon
Executive Director
Office of Legislative Services

Report on the Audit of the Financial Statements

Opinions

We have audited the modified accrual basis financial statements of the Pinelands Commission as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Pinelands Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified accrual basis financial position of the governmental activities and each major fund of the Pinelands Commission as of June 30, 2022, and the respective changes in financial position, and budgetary comparisons for the General Fund and the Special Revenue Funds for the year then ended in accordance with the modified accrual basis of accounting described in Note 1.

Basis for Opinions

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

Emphasis of Matters

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified accrual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion was not modified with respect to this matter.

Adoption of New Accounting Pronouncements

As discussed in Note 1, the Commission adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, GASB Statement No. 91 *Conduit Debt Obligations*, GASB Statement No. 92 *Omnibus 2020*, GASB Statement No. 93 *Replacement of Interbank Offered Rates*, GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Our opinion was not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified accrual basis of accounting described in Note 1; this includes determining that the modified accrual basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pinelands Commission’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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 Pinelands Commission'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 Pinelands Commission'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules listed under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information is comprised of the Schedule of Expenditures of State Financial Assistance and the related notes but does not include the basic financial statements and our auditor's report thereon.

Our audit was conducted for the purpose of forming an opinion on the Pinelands Commission's financial statements. The Schedule of Expenditures of State Financial Assistance is presented for the purpose of additional analysis as required by New Jersey Department of the Treasury Circular No. 15-08-OMB and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 GAAS. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2026 on our consideration of the Pinelands Commission management's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 effectiveness of the Pinelands Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pinelands Commission's internal control over financial reporting and compliance.

David J. Kaschak
State Auditor
March 3, 2026

PINELANDS COMMISSION
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2022

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		
	GENERAL FUND	SPECIAL REVENUE FUNDS	PRIVATE PURPOSE TRUST FUNDS	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (Memorandum Only)
ASSETS						
Cash & Cash Equivalents	$ 3,319,765	$ 8,469,655	$ -	$ -	$ -	$ 11,789,420
Receivables:						
Federal	177,613	-	-	-	-	177,613
General Fixed Assets:						-
Furniture & Equipment	-	-	-	1,107,675	-	1,107,675
Vehicles	-	-	-	90,371	-	90,371
Amount to be Provided for	-	-	-	-	-	-
Retirement of Long-Term Liabilities	-	-	-	-	611,443	611,443
Due from Other Funds	960,871	21,918	-	-	-	982,789
Restricted Cash & Cash Equivalents	29,760	-	49,037	-	-	78,797
Total Assets	$ 4,488,009	$ 8,491,573	$ 49,037	$ 1,198,046	$ 611,443	$ 14,838,108
LIABILITIES & FUND EQUITY						
Liabilities:						
Accounts Payable	$ 976,082	$ 10,200	$ 1,594	$ -	$ -	$ 987,876
Salaries Payable	123,344	-	-	-	-	123,344
Payroll Deductions Payable	154,337	-	-	-	-	154,337
Compensated Absences	46,368	-	-	-	611,443	657,811
Deferred Revenue	29,600	1,759,200	-	-	-	1,788,800
Due to State of New Jersey	255	-	-	-	-	255
Due to Other Funds	-	950,846	31,943	-	-	982,789
Total Liabilities	$ 1,329,986	$ 2,720,246	$ 33,537	$ -	$ 611,443	$ 4,695,212
Fund Equity:						
Restricted For:						
Unemployment Compensation	$ -	$ -	$ 3,655	$ -	$ -	$ 3,655
Katie Fund	-	-	(3,155)	-	-	(3,155)
Timber Rattlesnake Study	6,690	-	-	-	-	6,690
Rattlesnake Fencing	21,796	-	-	-	-	21,796
Committed To:						
Pinelands Conservation	-	4,808,281	-	-	-	4,808,281
Kirkwood Cohansey Study	-	62,691	-	-	-	62,691
Encumbrances	143,389	2,500	-	-	-	145,889
Retiree's Health Benefits	799,155	-	-	-	-	799,155
Microfilming Project	-	-	-	-	-	-
Building Improvements	-	-	-	-	-	-
Vehicle Replacements	-	-	-	-	-	-
Computer Replacements	-	-	-	-	-	-
Other	-	-	-	-	-	-
Investment in General Fixed Assets	-	-	-	1,198,046	-	1,198,046
Assigned To:					-	
Subsequent Years Expenditures	688,078	814,397	15,000	-	-	1,517,475
Other	-	83,458	-	-	-	83,458
Unassigned Fund Balance:	1,498,915	-	-	-	-	1,498,915
Total Fund Equity	$ 3,158,023	$ 5,771,327	$ 15,500	$ 1,198,046	$ -	$ 10,142,896
Total Liabilities & Fund Equity	$ 4,488,009	$ 8,491,573	$ 49,037	$ 1,198,046	$ 611,443	$ 14,838,108

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

PINELANDS COMMISSION
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPES	
	GENERAL FUND	SPECIAL REVENUE FUNDS	PRIVATE PURPOSE TRUST FUNDS	TOTAL (Memorandum Only)
REVENUES				
State of New Jersey Appropriations	$ 3,249,000	$ -	$ -	$ 3,249,000
Fringe Benefits Paid by the State	687,000	-	-	687,000
State of New Jersey Supplemental Appropriations	-	-	-	-
Federal Grants	412,081	-	-	412,081
State Grants	-	500,000	-	500,000
Other Grants	-	-	-	-
Interest Income	25,928	17,594	95	43,617
Unemployment Deductions	-	-	-	-
Application Fees	1,113,182	-	-	1,113,182
Other	6,930	-	80	7,010
Total Revenues	$ 5,494,121	$ 517,594	$ 175	$ 6,011,890
EXPENDITURES				
Current:				
Personnel	$ 4,358,982	$ 620,243	$ -	$ 4,979,225
Supplies	112,737	11,489	11,638	135,864
Services	595,031	113,682	-	708,713
Maintenance & Rent	54,873	-	-	54,873
Capital Outlay	52,420	-	-	52,420
State Aid & Grants	-	-	-	-
Land Acquisition	-	-	-	-
Total Expenditures	$ 5,174,043	$ 745,414	$ 11,638	$ 5,931,095
Excess/(Deficiency) of Revenues Over Expenditures	$ 320,078	$ (227,820)	$ (11,463)	$ 80,795
OTHER FINANCING SOURCES (USES)				
Uncollectible Receivables	$ -	$ -	$ -	$ -
Operating Transfers Out	-	(60,000)	-	(60,000)
Operating Transfer In	60,000	-	-	60,000
Total Other Financing Sources (Uses)	$ 60,000	$ (60,000)	$ -	$ -
Excess/(Deficiency) of Revenues Over Expenditures & Other Financing Sources (Uses)	$ 380,078	$ (287,820)	$ (11,463)	$ 80,795
Fund Balance - Beginning of the Year	2,777,945	6,025,642	26,963	8,830,550
Fund Balance - End of the Year	$ 3,158,023	$ 5,737,822	$ 15,500	$ 8,911,345

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

PINELANDS COMMISSION
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL AND SPECIAL REVENUE FUND TYPES
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	GENERAL FUND			VARIANCE	SPECIAL REVENUE FUNDS			VARIANCE
	ADOPTED BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE/ (UNFAVORABLE)	ADOPTED BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE/ (UNFAVORABLE)
REVENUES								
State of New Jersey Appropriations	$ 3,249,000	$ 3,249,000	$ 3,249,000	$ -	$ -	$ -	$ -	$ -
State Supplemental Appropriations	-	-	-	-	-	-	-	-
Fringe Benefits Paid by the State	687,000	687,000	687,000	-	-	-	-	-
Federal Grants	618,000	618,000	412,081	(205,919)	-	-	-	-
State Grants	-	-	-	-	500,000	500,000	500,000	-
Other Grants	-	-	-	-	-	-	-	-
Interest Income	4,000	4,000	25,928	21,928	4,850	4,850	17,594	12,744
Application Fees	500,000	500,000	1,112,120	612,120	-	-	-	-
Anticipated from Reserves	142,070	142,070	-	(142,070)	-	-	-	-
Fund Balance Anticipated	705,132	705,132	705,132	-	-	-	-	-
Pinelands Conservation Activities Reserve	-	-	-	-	538,782	538,782	-	(538,782)
Other	1,000	1,000	6,930	5,930	-	-	-	-
Total Revenues	$ 5,906,202	$ 5,906,202	$ 6,198,191	$ 291,989	$ 1,043,632	$ 1,043,632	$ 517,594	$ (526,038)
EXPENDITURES								
Current:								
Personnel	$ 4,932,889	$ 4,932,889	$ 4,358,982	$ 573,907	$ 856,512	$ 856,512	$ 620,243	$ 236,269
Supplies	131,712	131,712	114,523	17,189	17,200	17,200	11,489	5,711
Services	722,351	722,351	540,639	181,712	105,620	105,620	116,182	(10,562)
Maintenance & Rent	132,620	132,620	54,873	77,747	-	-	-	-
Capital Outlay	46,630	46,630	44,177	2,453	4,300	4,300	-	4,300
State Aid and Grants	-	-	-	-	-	-	-	-
Land Acquisition	-	-	-	-	-	-	-	-
Total Expenditures	$ 5,966,202	$ 5,966,202	$ 5,113,194	$ 853,008	$ 983,632	$ 983,632	$ 747,914	$ 235,718
OTHER FINANCING SOURCES (USES)								
Uncollectible Receivables	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Transfers Out	-	-	-	-	(60,000)	(60,000)	(60,000)	-
Operating Transfer In	60,000	60,000	60,000	-	-	-	-	-
Total Other Financing Sources (Uses)	$ 60,000	$ 60,000	$ 60,000		$ (60,000)	$ (60,000)	$ (60,000)	$ -
Net Increase/(Decrease) in Fund Balances	$ -	$ -	$ 1,144,997	$ 1,144,997	$ -	$ -	$ (290,320)	$ (290,320)

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity – The Pinelands Commission (Commission) was formed in 1979 by the Pinelands Protection Act. The Commission is charged with the development and implementation of the Comprehensive Management Plan for the Pinelands. It plays significant roles in monitoring the level and types of development that occur within the Pinelands including, but not limited to, acquisition of land, planning, zoning, permitting, research, and education. The Commission consists of 15 members. Seven are appointed by the Governor of New Jersey. Another seven are appointed by each of the counties within the Pinelands, i.e. Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, and Ocean. One member is appointed by the U.S. Secretary of the Interior. The Commission works closely with all levels of government, organizations, and interested citizens to help them understand and implement the Pinelands Comprehensive Management Plan.

The primary criterion for including activities within the Commission's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Commission. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Commission over which the board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year.

Basis of Presentation – The financial statements are prepared on the modified accrual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The more significant of the Commission’s accounting policies are described in this note.

The accounts of the Commission are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The various funds and accounts are grouped into three fund types within two broad fund categories and two account groups as follows:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenues, other than trusts, that are legally restricted to expenditures for specified purposes. The Commission utilizes the following three special revenue funds:

Pinelands Development Credit Fund – This fund is used to account for appropriations from the State of New Jersey that are restricted for purchasing Pinelands Development Credits through the Pinelands Development Credit Bank.

Kirkwood-Cohansey Study Fund – This fund is used to account for monies transferred to the Commission from the "Water Supply Fund" by the State of New Jersey to fund the completion of a report on the assessment on how the future and current water supply needs within the Pinelands area may be met while protecting the Kirkwood-Cohansey aquifer system.

Pinelands Conservation Fund – The Commission has reserved a portion of this fund to be used for preservation of land and designated other portions to be used for conservation planning/research and for community planning/design.

FIDUCIARY FUNDS

Private Purpose Trust Funds – The Private Purpose Trust Funds are used to account for assets held by the Commission in a trustee capacity or as an agent on behalf of others. These include two Private Purpose Trust Funds, the Unemployment Compensation Insurance Fund, and the "Katie" Fund. Private Purpose Trust Funds are accounted for in essentially the same manner as governmental funds. Private Purpose Trust Funds account for assets of which both the principal and interest may be spent.

ACCOUNT GROUPS

General Fixed Assets Account Group – Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds.

General Long-Term Debt Account Group – Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. This includes the non-current portion of the liability for compensated absences.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

Basis of Accounting and Measurement Focus – The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental and fiduciary fund types. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt, which are recorded when due.

Budgets/Budgetary Control – An annual appropriated budget is approved by the Commission each year for the General Fund and Special Revenue Funds. The budgets are prepared using the budgetary basis of accounting. Formal budgetary integration into the accounting system is employed as a management control device during the year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types.

The accounting records of the General Fund and Special Revenue Funds are maintained on the budgetary basis. The budgetary basis differs from modified accrual basis in that the budgetary basis recognizes encumbrances as expenditures and also recognizes increases/decreases in internal designations of fund balance, whereas the modified accrual basis does not. Sufficient supplemental records are maintained to allow for the presentation of modified basis financial reports.

The budget, as detailed on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – General and Special Revenue Fund Types – Budget and Actual – Budgetary Basis, include all amendments to the adopted budget.

The following presents a reconciliation of the General Fund from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – General and Special Revenue Fund Types – Budget and Actual – Budgetary Basis to the modified accrual basis of accounting as presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental and Fiduciary Fund Types.

Net increase (decrease) in fund balances for the year (budgetary basis)		
adjustments:	$	1,144,997
Less: net decrease in revenue recognized in previous years		(705,132)
Less: prior year encumbrances recognized as current year expenditures		(203,176)
Add: current year encumbrances		143,389
Excess (deficiency) of revenues and other financing sources over		
expenditures and other financing uses (modified accrual basis)	$	380,078

The following presents a reconciliation of the Special Revenue Funds from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – General and Special Revenue Fund Types – Budget and Actual – Budgetary Basis to the modified accrual basis of accounting as presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental and Fiduciary Fund Types.

Net decrease in fund balances for the year (budgetary basis)		
adjustments:	$	(290,320)
Less: net decreases in revenue recognized in previous years		-
Add: prior year encumbrances recognized as current year expenditures		-
Add: current year encumbrances		2,500
Excess (deficiency) of revenues and other financing sources		
over expenditures and other financing uses (modified accrual basis)	$	287,820

Encumbrances – Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Cash and Cash Equivalents – Cash and cash equivalents include petty cash, change funds, cash in banks, and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost which approximates fair value. The Commission also participates in the State of New Jersey Cash Management Fund administered by the New Jersey Department of the Treasury, Division of Investment, wherein amounts contributed by the state as well as other local government units are combined into a large-scale investment program.

Fixed Assets – General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the General Fixed Assets Account Group. Fixed assets are defined by the Commission as assets which have a cost in excess of $250 at the date of acquisition and a useful life of one year or more.

Compensated Absences – Compensated absences are those absences for which employees will be paid, such as vacation, sick, administration, and paid leave bank. A liability for compensated absences attributable to services already rendered, and not contingent on a specific event that is outside the control of the Commission and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Commission and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the General Long-Term Debt Account Group.

Due from/to Other Funds – Amounts due from/to other funds represent monies owed from or to other funds. The General Fund disburses all the funds for expenditures incurred by all other funds, and the monies are transferred between funds.

Deferred Revenue – Deferred revenue in the General and Special Revenue funds represents cash that has been received but not yet earned.

Fund Balance – Refer to Note 11 for full description.

Total Columns on Combined Statements – Total columns are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America, nor is such data comparable to a consolidation.

Management Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States required management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results can differ from those estimates.

CHANGES IN ACCOUNTING POLICY

Recently Issued Accounting Principles

In Fiscal Year 2022, the Commission adopted six new Governmental Accounting Standards Board (GASB) standards as follows:

GASB Statement No. 87, *Lease*s was issued to establish standards of accounting and financial reporting for leases by lessees and lessors.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.

GASB Statement No. 91, *Conduit Debt Obligations* will improve financial reporting by providing a single method of reporting conduit debt obligations for government issuers and eliminate diversity in practice. The Statement achieves these objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 92, *Omnibus 2020* was issued in January 2020 to improve the consistency in authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Paragraphs 4, 5, 11, and 13 of this Statement were effective upon issuance, through paragraphs 4 and 5 were later delayed by GASB Statement No. 95.

GASB Statement No. 93 *Replacement of Interbank Offered Rates* applies to governments who enter into agreements that were subject to the Interbank Offered Rate (IBOR).

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* was issued to increase consistency and comparability related to the reporting of fiduciary component units, mitigate costs associated with the reporting of certain defined contribution benefit plans and enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans.

Accounting standards not yet adopted that the Commission is currently reviewing for applicability and potential impact include:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)* was issued as guidance stating that a PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate of use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. The Statement also provides guidance for APAs, which are arrangements in which a government compensates an operator for services that may include designing, construction, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This standard will be effective for fiscal years beginning after June 15, 2022.

GASB No.96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding liability; (3) provides the capitalization criteria for outlays other than subscription payments; and (4) requires note disclosures regarding a SBITA. This standard will be effective for fiscal years beginning after June 15, 2022.

Management has not yet determined the impact of these Statements on the financial statements.

Note 2: CASH AND CASH EQUIVALENTS

The Pinelands Commission is governed by the deposit limitations of New Jersey state law. The deposits held at June 30, 2022, and reported at fair value are as follows:

Deposits:	**Amount**
Demand deposits	$ 11,867,588
Cash on hand	629
Total Deposits	$ 11,868,217
Reconciliation of Statement Comparative Balance Sheets:	
General Fund	$ 3,349,525
Special Revenue Funds	8,469,655
Private Purpose Trust Funds	49,037
Total Reconcilliation of Comparative Balance Sheets	$ 11,868,217

GASB Statement No. 40, *Deposit and Investment Risk Disclosure* requires that the Pinelands Commission disclose bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of a failure of a depositary financial institution, the Commission will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party. As of June 30, 2022, the Commission's confirmed bank balances amounted to $230,154.38, and $0 was exposed to custodial credit risk as uninsured and uncollateralized.

The balance of the Commission's cash and cash equivalents are deposited in the New Jersey Cash Management Fund (CMF). The CMF is governed by regulations of the State Investment Council, which prescribe standards designed to ensure the quality of investments in order to minimize risk to the CMF's participants. An amount totaling $11,702,611 is deposited with the CMF as of June 30, 2022; the Commission had $164,977 in the operating account and $629 in petty cash. The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the CMF. The financial reports may be obtained by writing to:

State of New Jersey
Department of the Treasury
Division of Investment
P.O. Box 290
Trenton, New Jersey 08625-0290

Note 3: FIXED ASSETS

The following schedule is a summarization of general fixed assets by source as of June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Furniture/Equipment	$ 1,129,821	$ 52,408	$ 74,554	$ 1,107,675
Vehicles	110,720	-	20,349	90,371
Total	$ 1,240,541	$ 52,408	$ 94,903	$ 1,198,046

Note 4: LEASES

Lease Obligations – At June 30, 2022, the Commission had two operating lease agreements in effect. The Commission is paying monthly rental charges for a copy machine and scanner under separate agreements. Payments under the month-to-month rentals for the fiscal year ended June 30, 2022 were $4,488.

Note 5: RETIREMENT SYSTEM

All required employees of the Commission are covered by the Public Employees' Retirement System (PERS), which has been established by state statute and is administered by the New Jersey Division of Pensions and Benefits (division). According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the system terminate. The division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
http://www.nj.gov/treasury/pensions/gasb-notices.shtml

General Information about the Pension Plan

Description of Retirement Plan

PERS – PERS is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The designated purpose of the PERS is to provide retirement, death, disability, and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Vesting and Benefit Provisions

PERS – The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the 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.

Contributions

PERS – The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012.

The member contribution rate was 7.50% in state fiscal year 2021. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent state fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10%. Employers' contribution amounts are based on an actuarially determined rate. The Commission's contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Commission's contractually required contribution rate for the fiscal year ended June 30, 2022 was 17.23% of the Commission's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2021, the Commission's contractually required contribution to the pension plan for the fiscal year ended June 30, 2022 was $555,312, and was paid on April 5, 2023. The Commission's contractually required contribution to the pension plan for the fiscal year ended June 30, 2021 was $486,504 and was paid by April 7, 2022. Commission employee contributions to the pension plan during the fiscal year ended June 30, 2022 were $266,381.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

PERS – At June 30, 2022, the Commission's proportionate share of the net pension liability was $4,921,262. The net pension liability was measured as of June

30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2021 measurement date, the Commission's proportion was .0415419059%, which was a decrease of .0043558226% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the Commission proportionate share of the pension benefit was $556,083. This pension benefit was based on the pension plan's June 30, 2021 measurement date. This benefit is not recognized by the Commission because of the basis of accounting as described in Note 1; however, as previously mentioned for the fiscal year ended June 30, 2022 the Commission's contribution to PERS was $486,504 and was paid by April 7, 2022.

At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 77,615	$ 35,230
Changes of assumptions	22,630	1,752,001
Net difference between projected and actual earnings on pension plan investments	-	1,296,390
Changes in proportion	804,249	776,162
Commission contributions subsequent to the measurement date	555,312	
	$ 1,459,806	$ 3,859,783

The amount of $555,312, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30		Amount
2023	$	(1,049,696)
2024		(719,880)
2025		(573,106)
2026		(585,742)
2027		(23,865)
	$	(2,952,289)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflows of Resources (in years)	Deferred Inflows of Resources (in years)
Differences between expected and actual experience		
Year of pension plan deferral:		
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
Changes of assumptions		
Year of pension plan deferral:		
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
Net difference between projected and actual earnings on pension plan investments		
Year of pension plan deferral:		
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	-	5.00
June 30, 2018	-	5.00
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	-	5.00
Changes in proportion		
Year of pension plan deferral:		
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13

Actuarial Assumptions

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	
Inflation - Price	2.75%	
Inflation - Wage	3.25%	
Salary increases		
FY 2017 to 2026	2.00% - 6.00%	Based on Years of Service
FY 2026 and thereafter	3.00% - 7.00%	Based on Years of Service
Investment rate of return	7.00%	
Mortality rate table	Pub-2010	
Period of actuarial experience study upon which actuarial assumptions were based	July 1, 2014 - June 30, 2018	

For PERS, 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.

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) 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, 2021, are summarized in the following table:

	PERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
Public High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
	100.00%	

Discount Rate – The discount rates used to measure the total pension liability at June 30, 2021 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the state employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of Commission's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

PERS – The following presents the Commission's proportionate share of the net pension liability at June 30, 2021, the plans measurement date, calculated using a discount rate of 7.00%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Commission's proportionate share of the net pension liability	$ 6,773,201	$ 4,973,722	$ 3,446,609

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS, please refer to the plan's Annual Comprehensive Financial Report (ACFR) which can be found at: https://www.nj.gov/treasury/pensions/financial-reports.shtml.

Note 6: HEALTH CARE BENEFITS

The Commission provides health care benefits, through the New Jersey State Health Benefits Program, to all continuing employees who are scheduled to work 25 or more hours per week, along with their spouses and eligible dependents. Expenditures for health care benefits are recognized on a pay-as-you-go basis.

In accordance with P. L. 2011, Chapter 78, employees enrolled in the New Jersey State Health Benefits Program are required to contribute a portion of their bi-weekly salary. The balance of the monthly health care benefits premium is paid by the Commission, which receives a credit from the state. Employees covered by other health insurance can elect to waive coverage and receive $1,000 annually.

The Commission's health care benefits premiums, including employees' contributions, are as follows:

Health Care Costs

Fiscal Year	Premium	Costs to Commission	Employee Contributions	Credit from State
2022	$ 772,733	$ (92,019)	$ 177,753	$ 687,000
2021	725,594	(14,786)	174,373	566,007
2020	789,947	37,872	168,970	583,105
2019	817,394	105,692	174,699	537,003
2018	806,293	135,627	154,447	516,219
2017	798,708	152,158	134,323	512,227
2016	797,988	152,839	134,285	510,864

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

General Information about the OPEB Plan

Plan Description and Benefits Provided – The Commission contributes to the State Health Benefits Local Government Retired Employees Plan (plan), which is a cost-sharing multiple-employer defined benefit other postemployment benefit plan. 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 GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits. For additional information about the plan, please refer to the State of New Jersey, Division of Pensions and Benefits' Annual Comprehensive Financial Report, which can be found at:
https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

The plan provides medical and prescription drug benefits to retirees and their covered dependents of the employers. Under the provisions of P.L. 1974, c.88 and Chapter 48, P.L. 1999, local government employers electing to provide post-retirement 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 post-retirement 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.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for post-retirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Contributions – The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from participating local employers and retired members.

The Commission was billed monthly by the plan and has expended $181,838 for the fiscal year ended June 30, 2022, representing 5.64% of the Commission's covered payroll. The Commission has recognized revenue in the amount of $136,690 for a credit from the State of New Jersey to cover retiree health benefits; however, this credit has no effect on the calculations in the plan. At June 30, 2022, there were no retirees required to pay a percentage of the cost of their health care coverage.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liability – At June 30, 2022, the Commission's proportionate share of the net OPEB liability was $9,549,964. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021.

The Commission's proportion of the net OPEB liability was 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, 2020 through June 30, 2021. For the June 30, 2021 measurement date, the Commission's proportion was .053056%, which was a decrease of .000687% from its proportion measured as of the June 30, 2020 measurement date.

OPEB Expense – At June 30, 2022, the Commission's proportionate share of the OPEB expense, calculated by the plan as of June 30, 2021 measurement date, is $28,202. This expense is not recognized by the Commission because of the basis of the accounting as described in Note 1; however, as previously mentioned, for the fiscal year ended June 30, 2022, the Commission made contributions to the plan totaling $181,838.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2022, the Commission had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 214,290	$ 1,997,993
Changes of assumptions	1,373,791	1,688,068
Net difference between projected and actual earnings on OPEB plan investments	4,566	-
Changes in proportion	163,811	473,048
Commission contributions subsequent to the measurement date	181,838	-
	$ 1,938,296	$ 4,159,109

The amount of $181,838, included in deferred outflows of resources, resulting from the Commission's contributions subsequent to the measurement date, will be included as a reduction of the Commission's net OPEB liability in the fiscal year ending June 30, 2023.

The Commission will amortize the other deferred outflows of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	Deferred Outflows of Resources (in years)	**Deferred Inflows of Resources (in years)**
Changes of assumptions		
June 30, 2018	-	8.14
June 30, 2019	-	8.05
June 30, 2020	7.87	-
June 30, 2021	7.82	-
Net difference between projected and actual earnings on OPEB plan investments		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
Net difference between expected and actual experience		
June 30, 2018	-	8.14
June 30, 2019	-	8.05
June 30, 2020	7.87	-
June 30, 2021	-	7.82
Changes in proportion		
June 30, 2018	8.14	8.14
June 30, 2019	8.05	8.05
June 30, 2020	7.87	7.87
June 30, 2021	7.82	7.82

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

Fiscal Year Ending June 30,	Amount
2023	$ (615,564)
2024	(616,314)
2025	(617,000)
2026	(453,565)
2027	(113,968)
Thereafter	13,760
Total	$ (2,402,651)

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

The actuarial valuation at June 30, 2021 used the following actuarial assumptions, applied to all periods in the measurement:

	Actuarial Assumptions
Inflation	2.50%
*Salary increases:	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%

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

Pre-retirement mortality rates were based on the Pub-2010 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2021 scale. Post-retirement mortality rates were based on the Pub-2010 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2021 scale. Disability mortality was based on the Pub-2010 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2021 scale.

Certain actuarial assumptions used in the July 1, 2021 valuation were based on the results of the pension plan's experience study for which the members are eligible for coverage under this plan, the Public Employees' Retirement System (PERS). The PERS experience study was prepared for the period July 1, 2018 to June 30, 2021.

Discount Rate – The discount rate used to measure the OPEB Liability at June 30, 2021 was 2.16%. 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 long-term 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.

Health Care Trend Assumptions – The trend rate for pre-Medicare medical benefits is initially 5.65 percent and decreases to a 4.50 percent long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 and 2023 are reflected. Future years preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits trend rates differ for each retirement plan. The preferred provider organization (PPO) trend is initially 7.56% in fiscal year 2024, increasing to 14.43% in fiscal year 2025 and decreasing to 4.50% after 11 years. The HMO trend is initially 7.79% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to 4.50% long-term after 7 years.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The Commission's net OPEB liability as of the plan's June 30, 2021 measurement date calculated using a discount rate of 2.16%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Commission's proportionate share of Net OPEB liability	$ 11,238,476	$ 9,549,964	$ 8,211,782

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The Commission's proportionate share of the net OPEB Liability as of June 30, 2021, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Commission's proportionate share of the net OPEB liability	$ 7,967,886	$ 9,549,964	$ 11,614,379

OPEB Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees' Plan and additions to / deductions from the plan's respective fiduciary net position have been determined on the same basis as they are reported by the plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about the plan, please refer to the plan's Annual Comprehensive Financial Report which can be found at: https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

Note 8: RISK MANAGEMENT

The Commission 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 Commission maintains an umbrella policy and commercial insurance coverage for property, general liability, commercial auto, and worker's compensation.

New Jersey Unemployment Compensation Insurance – In 1979, the Commission elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Commission is required to reimburse the New Jersey Unemployment Compensation Fund for benefits paid to its former employees and charged to its account with the state. The Commission is billed quarterly for amounts due to the state. The following is a summary of employee contributions, reimbursements to the state for benefits paid, and the ending balance of the Commission's trust fund for the current and previous four years:

Fiscal Year	Employee Contribution	Annual Reimbursement	Funding Balance *
2022	$ -	$ -	$ 3,655
2021	-	-	3,602
2020	419	-	3,586
2019	4,454	16,614	2,724
2018	6,334	872	14,302

* Includes annual interest income

Note 9: LONG-TERM DEBT

Compensated Absences – The Commission's policy states that employees are entitled, upon termination, to the current year's earned but unused vacation time in addition to any unused vacation time previously earned. In addition, employees are eligible, at retirement, to receive payment for one-half of their accumulated sick leave up to a maximum of $15,000. Unused vacation time expected to be taken in the succeeding fiscal year in the amount of $46,368 has been recorded as a liability in the General Fund on the accompanying balance sheet.

A liability for vested compensated absences has also been established in the General Long-Term Debt Account Group as the benefits accrue to employees. As of June 30, 2022, the estimated long-term liability for compensated absences was $611,443. Net long-term debt as of June 30, 2022 is as follows:

	Balance 6/30/2021	Additions	Deductions	Balance 6/30/2022	Due Within One Year
Compensated absences payable	$ 77,844	$ -	$ 31,476	$ 46,368	$ 46,368
Estimated compensated absences payable	620,102	13,696	22,355	611,443	-
Total	$ 697,946	$ 13,696	$ 53,831	$ 657,811	$ 46,368

Note 10: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2022:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 960,871	$ -
Special Revenue Funds	$ 21,918	$ 950,846
Private Purpose Trust Funds	$ -	$ 31,943
Total	$ 982,789	$ 982,789

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of the other funds. During the fiscal year 2022, the Commission expects to liquidate such interfund balances, depending on the availability of cash flow.

Note 11: GASB 54 - FUND BALANCE DISCLOSURES

In accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Commission classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision, or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the Executive Director or the Board of Commissioners.
- Unassigned – includes balance within the General Fund that has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

Specific reservations of fund balances are described below:

RESTRICTED FOR:

Unemployment Compensation – This reserve was established with funds contributed by employees and used to reimburse the state for benefits paid, $3,655.

Katie Fund – The Kathleen M. Lynch-van de Sande Fund consists of contributions from the public which are dedicated to the support of reforestation and vegetation activities in the Pinelands and to further educational programs and projects that enhance the understanding of the Pinelands National Reserve, $(3,155).

Timber Rattlesnake Study – This reserve was created as a result of a settlement in order to fund an escrow for the study and monitoring of the timber rattlesnakes in and near a particular development site, $6,690.

Rattlesnake Fencing – This reserve was created to account for funds restricted for possible future fencing necessitated by the above rattlesnake study, $21,796.

COMMITTED TO:

Pinelands Conservation Fund – This reserve was established with funds provided by the Atlantic Electric Co. as a result of the proposed electric transmission line project to further the Pinelands protection program and ensure a greater level of protection for the unique resources of the Pinelands area, $4,808,281.

Kirkwood-Cohansey Study – This reserve was created from funds from the Water Supply Fund to assess and prepare a report on the key hydrological and ecological information needed to determine how the current and future water supply needs of the Pinelands may be met while protecting the Kirkwood-Cohansey aquifer system and avoiding any adverse ecological impact, $62,691.

Encumbrances – The reserve for encumbrances was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the Commission but not completed as of the close of the fiscal year, $145,889.

Retirees' Health Benefits – This is a designation of fund balance that the Commission intends to use to fund future retirees' health benefits, $799,155.

Investment in General Fixed Assets – This represents the amount invested in fixed assets, $1,198,046.

ASSIGNED TO:

Subsequent Year's Expenditures – This designation of fund balance has been appropriated and included as anticipated revenue for the year ending June 30, 2023, $1,517,475.

Other – This represents designations of fund balance that the Commission intends to use for various projects, such as Pinelands poster reprinting and service awards, $83,458.

UNASSIGNED FUND BALANCE:

Unassigned – This represents the portion of fund balance resources available for appropriation, $1,498,915.

Note 12: ECONOMIC DEPENDENCY

The Commission receives a significant portion of its total revenues from the State of New Jersey. Because these revenues are subject to annual appropriation, any reduction in the amount appropriated in the state's budget will have a material impact on the operations of the Commission. A comparison of annual operating revenues is shown in the following chart:

Fiscal Year	Total State Aid Revenues	General Fund Revenues*	Percentage
2022	$ 3,936,000	$ 5,553,547	71%
2021	3,786,000	5,249,677	72%
2020	3,636,000	4,659,249	78%
2019	3,486,000	5,335,483	65%
2018	3,336,000	4,342,259	77%

* Includes transfers from other funds

Required Supplementary Information

NEW JERSEY PINELANDS COMMISSION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEMS (PERS) - LOCAL
REQUIRED SUPPLEMENTARY INFORMATION

	Measurement date ending June 30			
	2021	**2020**	**2019**	**2018**
Commission's Proportion of the Net Pension Liability	0.0415419059%	0.0458977285%	0.0424035874%	0.0396726809%
Commission's Proportionate Share of the Net Pension Liability	$ 4,921,262	$ 7,484,719	$ 7,640,483	$ 7,811,353
Commission's Covered Payroll (Plan Measurement Period)	$ 3,044,356	$ 3,255,936	$ 2,964,972	$ 2,664,084
Commission's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	161.65%	229.88%	257.69%	293.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (local)	70.33%	58.32%	56.27%	53.60%

NEW JERSEY PINELANDS COMMISSION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEMS (PERS) - LOCAL
REQUIRED SUPPLEMENTARY INFORMATION

	Measurement date ending June 30				
	2017	**2016**	**2015**	**2014**	**2013**
Commission's Proportion of the Net Pension Liability	0.0387524433%	0.0393468730%	0.0385232928%	0.0406718663%	0.0394699485%
Commission's Proportionate Share of the Net Pension Liability	$ 9,020,949	$ 11,653,415	$ 8,647,707	$ 7,614,886	$ 7,543,491
Commission's Covered Payroll (Plan Measurement Period)	$ 2,713,988	$ 2,706,800	$ 2,739,132	$ 2,796,096	$ 2,698,088
Commission's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	332.39%	430.52%	315.71%	272.34%	279.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (local)	48.10%	40.14%	47.93%	52.08%	48.72%

Note: Until a full ten-year trend is completed, information will be presented for years for which information is available.

NEW JERSEY PINELANDS COMMISSION
SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) - LOCAL
REQUIRED SUPPLEMENTARY INFORMATION

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 555,312	$ 486,504	$ 502,099	$ 412,464	$ 394,615	$ 359,000	$ 349,552	$ 331,197	$ 335,293	$ 297,398
Contributions in Relation to the Contractually Required Contribution	(555,312)	(486,504)	(502,099)	(412,464)	(394,615)	(359,000)	(349,552)	(331,197)	(335,293)	(297,398)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commission's Covered Payroll (Fiscal Year)	$ 3,222,574	$ 3,060,315	$ 3,170,017	$ 3,140,268	$ 2,915,910	$ 2,692,751	$ 2,707,759	$ 2,697,688	$ 2,697,688	$ 2,725,516
Contributions as a Percentage of Commission's Covered Payroll	17.23%	15.90%	15.84%	13.13%	13.53%	13.33%	12.91%	12.28%	12.43%	10.91%

Changes in Benefit Terms

None

Changes in Assumptions

The discount rate remained at 7.00% as of June 30, 2020.

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvements was based on Scale MP-2021.

NEW JERSEY PINELANDS COMMISSION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND THE COMMISSION'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
STATE HEALTH BENEFIT RETIRED EMPLOYEES' OPEB PLAN
REQUIRED SUPPLEMENTARY INFORMATION

	Measurement date ending June 30					
	2021	2020	2019	2018	2017	2016
Total Net OPEB Liability:						
Service cost	$ 846,075,674	$ 605,949,339	$ 666,574,660	$ 896,235,148	$ 1,064,525,862	$ 793,330,866
Interest	413,837,061	497,444,533	636,082,461	764,082,232	648,423,508	693,228,312
Changes of Benefit Terms	2,029,119	1,034,142	(1,903,958)	-	-	-
Differences between expected and actual experience	(1,196,197,410)	541,506,395	(1,399,921,930)	(3,626,384,047)	-	-
Changes in assumptions or other inputs	339,165,715	3,074,968,821	(1,635,760,217)	(2,314,240,675)	(2,587,850,974)	3,126,488,338
Net investment income	(201,343)	(2,858,334)	(4,826,936)	(2,320,422)	(791,049)	(310,043)
Contributions from employers and non- employers	(362,874,910)	(327,416,317)	(390,269,556)	(474,742,947)	(434,877,635)	(397,482,072)
Administrative expense	11,334,383	9,913,267	9,478,435	8,200,113	8,894,576	528,244
Net Change in Total Net OPEB Liability	$ 53,168,289.00	$ 4,400,541,846.00	$(2,120,547,041.00)	$ (4,749,170,598.00)	$ (1,301,675,712.00)	$ 4,215,783,645.00
Total OPEB Liability, beginning	17,946,612,946	13,546,071,100	15,666,618,141	20,415,788,739	21,717,464,451	17,501,680,806
Total OPEB Liability, ending	$17,999,781,235	$ 17,946,612,946	$ 13,546,071,100	$ 15,666,618,141	$ 20,415,788,739	$ 21,717,464,451
Commission's Proportion of the Net OPEB Liability	0.053056%	0.053743%	0.052758%	0.054073%	0.054329%	0.055825%
Commission's Proportionate Share of the Net OPEB Liability	$ 9,549,964	$ 9,645,048	$ 7,146,636	$ 8,471,410	$ 11,091,694	$ 12,123,775
Commission's Covered Payroll (Plan Measurement Period)	$ 3,060,315	$ 3,170,017	$ 3,140,268	$ 2,915,910	$ 2,692,751	$ 2,707,759
Commission's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	312.06%	304.26%	227.58%	290.52%	411.91%	447.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.2800%	0.9100%	1.9800%	1.9700%	1.0300%	0.6900%

Notes to Schedule:
No assets are accumulated in a trust that meets the criteria in Paragraph 45 of GASB 75

Note: In accordance with GASB 75, the above information is also presented for the State Health Benefits Local Government Retired Employees' Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

NEW JERSEY PINELANDS COMMISSION
SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS
STATE HEALTH BENEFIT RETIRED EMPLOYEES' OPEB PLAN
REQUIRED SUPPLEMENTARY INFORMATION

	Fiscal Year Ending June 30					
	2022	**2021**	**2020**	**2019**	**2018**	**2017**
Commission's Required Contribution	$ 181,838	$ 163,364	$ 159,893	$ 218,955	$ 284,092	$ 305,161
Contributions in Relation to the Required Contribution	(181,838)	(163,364)	(159,893)	(218,955)	(284,092)	(305,161)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Commission's Covered Payroll (Fiscal Year)	$ 3,222,574	$ 3,060,315	$ 3,170,017	$ 3,140,268	$ 2,915,910	$ 2,692,751
Contributions as a Percentage of Commission's Covered Payroll	5.64%	5.34%	5.04%	6.97%	9.74%	11.33%

Note: In accordance with GASB 75, the above information is also presented for the State Health Benefits Local Government Retired Employees' Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Changes in Benefit Terms

None

Differences between Expected and Actual Experience

The increase in liability from June 30, 2020 to June 30, 2021 is due to changes in the census, claims and premium experience.

Changes in Assumptions

The increase in the liability from June 30, 2021 to June 30, 2022 is due to the decrease in the assumed discount rate from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021, as well as changes in the trend, repealment of the excise tax and updated mortality improvement assumptions.

Other Information

PINELANDS COMMISSION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30,2022

Grantor/Pass Through Grantor/Program Title	STATE GRANT or GMIS NUMBER	PROGRAM or AWARD AMOUNT	GRANT PERIOD FROM	TO	ACCOUNTS RECEIVABLE 6/30/2021	DEFERRED REVENUE 6/30/2021	CASH/CREDIT RECEIVED	EXPENDITURES	ACCOUNTS RECEIVABLE 6/30/2022	DEFERRED REVENUE 6/30/2022
Department of Environmental Protection										
State Aid	100-042-4800-082	$ 3,249,000	07/01/2021	06/30/2022	$ -	$ -	$ 3,249,000	$ 3,249,000	$ -	$ -
Pinelands Development Credit Purchases	100-042-4800-324	13,000,000	07/01/1999	Completion	$ -	$ 1,759,200	$ -	$ -	$ -	$1,759,200
Credit from State - Fringe Benefits	not applicable	687,000	07/01/2021	06/30/2022	$ -	$ -	$ 687,000	$ 687,000	$ -	$ -
Total State Financial Assistance					$ -	$ 1,759,200	$ 3,936,000	$ 3,936,000	$ -	$ 1,759,200

See Report and Notes to Schedules of Expenditures of State Financial Assistance.

PINELANDS COMMISSION
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 1: GENERAL

The accompanying Schedule of Expenditures of State Financial Assistance presents the activity of all state financial assistance programs of the New Jersey Pinelands Commission. The Commission is defined in Note 1 to the financial statements. All state financial assistance received directly from state agencies is included on the Schedule of Expenditures of State Financial Assistance.

Note 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of State Financial Assistance is presented using the modified accrual basis of accounting. This basis of accounting is described in Note 1 to the Commission's general purpose financial statements.

Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the Commission's financial statements.

Note 4: RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related state financial reports.

Note 5: MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the Schedule of Audit Findings and Questioned Costs.

Pinelands Commission

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*

For Fiscal Year Ended June 30, 2022

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David J. Kaschak
State Auditor

Brian M. Klingele
Assistant State Auditor

Robert F. Gatti
Assistant State Auditor

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*

INDEPENDENT AUDITOR'S REPORT

The Honorable Mikie Sherrill
Governor of New Jersey

The Honorable Nicholas P. Scutari
President of the Senate

The Honorable Craig J. Coughlin
Speaker of the General Assembly

Ms. Maureen McMahon
Executive Director
Office of Legislative Services

We have audited, 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, the financial statements of the Pinelands Commission, as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated March 3, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Pinelands Commission's internal control over financial reporting (internal control) 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 Pinelands Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pinelands Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies. Refer to Findings 2022-01 and 2202-02.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses, Finding 2022-001, to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses, Finding 2022-002, to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pinelands Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Pinelands Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Pinelands Commission's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Pinelands Commission's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Pinelands Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

David J. Kaschak

David J. Kaschak
State Auditor
March 3, 2026

PINELANDS COMMISSION
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022

Finding 2022-001
Material Weakness – Internal Controls over Financial Reporting

The Pinelands Commission's financial statement preparation process failed to provide reliable financial statements presented for audit. The Pinelands Protection Act of 1979 section 13:18A-19 requires the Commission to provide annual audited financial statements to the Governor, the Legislature, and to the Secretary of the United States Department of the Interior. The Pinelands Commission Accounting/Financial Control Procedure Manual details the internal control processes that should be followed to produce complete and accurate annual financial statements. The Commission retains an accounting firm to assist in the financial statement preparation process.

We found the Commission did not accurately record all transactions to the financial statements, and the trial balance provided to us was out of balance by $15,353. Additionally, there were 15 audit adjustments totaling $2.7 million, and the financial statements were revised to reflect these entries.

We recommend the Commission implement internal controls to ensure all transactions are recorded properly in accordance with the established policy.

Response: 2022-001
Please see page 60

Finding 2022-002
Significant Deficiency – Information Technology (IT) – Lack of Formal Policies and Segregation of Duties

The New Jersey *Statewide Information Security Manual (SISM)* requires agencies to maintain effective controls over user access to information assets and implement a formal process to review user access at least every six months. Generally, the review should specifically identify and revoke access for those User IDs no longer needed. The Commission has procedures in place but does not currently have a formal policy to document new employees or revoke access for terminated users or for users who no longer require system access. The lack of formal policy weakens the internal control environment and may lead to unauthorized access to systems, data leaks, system breaches, and possible business interruptions.

The *SISM* states accounts that have been inactive for over 90 days shall be disabled. We tested all 20 active user accounts in the accounting system as October 22, 2024. Of these, two users had not accessed the system for over a year. Therefore, their access should have been disabled.

The Commission does not have a formal risk assessment. While the IT department is aware of potential risks and validates those risks during periodic disaster recovery tests, this process is not formally documented. The *SISM* requires agencies to implement continuous risk management processes that account for the identification, assessment, treatment, and monitoring of risks that can adversely impact their operations, information systems, and information. Without a documented risk assessment, systems are more vulnerable to unidentified or unmitigated threats.

The Commission has not implemented a formal security plan for its application systems. The *SISM* defines a security plan as a formal document that provides an overview of the security and privacy requirements for an information system and describes the controls in place or planned for meeting those requirements. Although security controls are present, they are undocumented, and the absence of a formal plan limits preparedness and risks unauthorized access to its system.

The *SISM* states system access authorizations need to be defined to support segregation of duties and prevent malevolent activity without collusion. Segregation of duties need to be in place to ensure one employee does not have the ability to provide full access to the accounting system. We found the Commission's business manager has the ability to assign all users' access and privileges while also having the ability to perform all functions of the accounting system. This "super user" functionality creates a risk of transactions being processed without proper segregation of duties.

We recommend the Commission implement a formal policy on user access and removal that includes the periodic review and removal of inactive employees. A formal risk assessment and a formal security plan should be created. To ensure proper segregation of duties, the "super user" function should be removed from the Business Manager and reassigned to the IT department, where the IT manager already has equivalent access.

Response: 2022-002
Please see page 60

Pinelands Commission

Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by New Jersey Department of the Treasury Circular No. 15-08-OMB

For the Fiscal Year Ended June 30, 2022

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State Auditor

Brian M. Klingele
Assistant State Auditor

Robert F. Gatti
Assistant State Auditor

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY NEW JERSEY DEPARTMENT OF THE TREASURY CIRCULAR No. 15-08-OMB

INDEPENDENT AUDITOR'S REPORT

The Honorable Mikie Sherrill
Governor of New Jersey

The Honorable Nicholas P. Scutari
President of the Senate

The Honorable Craig J. Coughlin
Speaker of the General Assembly

Ms. Maureen McMahon
Executive Director
Office of Legislative Services

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Pinelands Commission's compliance with the types of compliance requirements described in the New Jersey Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022. The Pinelands Commission's major state programs are identified in the summary of auditor's results section of the accompanying schedule of audit findings and questioned costs.

In our opinion, the Pinelands Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and New Jersey Department of the Treasury Circular No. 15-08-OMB. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Pinelands Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Pinelands Commission's compliance with compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the state programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on the Pinelands Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the New Jersey Department of the Treasury Circular No. 15-08-OMB will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Pinelands Commission's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and Treasury Circular No. 15-08-OMB, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, 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 Pinelands Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Pinelands Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with requirements, but not for the purpose of expressing an opinion on the effectiveness of the Pinelands Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey Department of the Treasury Circular No. 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of State Financial Assistance Required by New Jersey Department of the Treasury Circular No. 15-08-OMB

We have audited the financial statements of the Pinelands Commission as of and for the year ended June 30, 2022, and have issued our report thereon dated March 3, 2026, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by New Jersey Department of the Treasury Circular No. 15-08-OMB and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated in all material respects in relation to the financial statements as a whole.

David J. Kaschak

David J. Kaschak
State Auditor
March 3, 2026

PINELANDS COMMISSION
SUMMARY SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	✓ Yes	___ No
Significant deficiency(ies) identified?	✓ Yes	___ None Reported
Noncompliance material to financial statements noted?	___ Yes	✓ No

Federal Awards Section

Federal Awards Section is not applicable; The Pinelands Commission did not meet the $750,000 threshold for federal single audit.

State Awards Section

Internal control over major programs:		
Material weakness(es) identified?	___ Yes	✓ No
Significant deficiency(ies) identified?	___ Yes	✓ None Reported
Type of auditor's report on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with New Jersey Department of the Treasury Circular No. 15-08-OMB	___ Yes	✓ No

PINELANDS COMMISSION
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results (continued):

Identification of major programs:

State Program Number	Name of State Program
100-042-4800-082	State of New Jersey Appropriation
Not applicable	Credit from State - Fringe Benefits

Section II – Schedule of Financial Statement Findings

Finding 2022-001
Material Weakness – Internal Controls over Financial Reporting

The Pinelands Commission's financial statement preparation process failed to provide reliable financial statements presented for audit. The Pinelands Protection Act of 1979 section 13:18A-19 requires the Commission to provide annual audited financial statements to the Governor, the Legislature, and to the Secretary of the United States Department of the Interior. The Pinelands Commission Accounting/Financial Control Procedure Manual details the internal control processes that should be followed to produce complete and accurate annual financial statements. The Commission retains an accounting firm to assist in the financial statement preparation process.

We found the Commission did not accurately record all transactions to the financial statements, and the trial balance provided to us was out of balance by $15,353. Additionally, there were 15 audit adjustments totaling $2.7 million, and the financial statements were revised to reflect these entries.

We recommend the Commission implement internal controls to ensure all transactions are recorded properly in accordance with the established policy.

Response: 2022-001
Please see page 60

Finding 2022-002
Significant Deficiency – Information Technology (IT) – Lack of Formal Policies and Segregation of Duties

The New Jersey *Statewide Information Security Manual (SISM)* requires agencies to maintain effective controls over user access to information assets and implement a formal process to review user access at least every six months. Generally, the review should specifically identify and revoke access for those User IDs no longer needed. The Commission has procedures in place but does not currently have a formal policy to document new employees or revoke access for terminated users or for users who no longer require system access. The lack of formal policy weakens the internal control environment and may lead to unauthorized access to systems, data leaks, system breaches, and possible business interruptions.

The *SISM* states accounts that have been inactive for over 90 days shall be disabled. We tested all 20 active user accounts in the accounting system as October 22, 2024. Of these, two users had not accessed the system for over a year. Therefore, their access should have been disabled.

The Commission does not have a formal risk assessment. While the IT department is aware of potential risks and validates those risks during periodic disaster recovery tests, this process is not formally documented. The *SISM* requires agencies to implement continuous risk management processes that account for the identification, assessment, treatment, and monitoring of risks that can adversely impact their operations, information systems, and information. Without a documented risk assessment, systems are more vulnerable to unidentified or unmitigated threats.

The Commission has not implemented a formal security plan for its application systems. The *SISM* defines a security plan as a formal document that provides an overview of the security and privacy requirements for an information system and describes the controls in place or planned for meeting those requirements. Although security controls are present, they are undocumented, and the absence of a formal plan limits preparedness and risks unauthorized access to its system.

The *SISM* states system access authorizations need to be defined to support segregation of duties and prevent malevolent activity without collusion. Segregation of duties need to be in place to ensure one employee does not have the ability to provide full access to the accounting system. We found the Commission's business manager has the ability to assign all users' access and privileges while also having the ability to perform all functions of the accounting system. This "super user" functionality creates a risk of transactions being processed without proper segregation of duties.

We recommend the Commission implement a formal policy on user access and removal that includes the periodic review and removal of inactive employees. A formal risk assessment and a formal security plan should be created. To ensure proper segregation of duties, the "super user" function should be removed from the Business Manager and reassigned to the IT department, where the IT manager already has equivalent access.

Response: 2022-002
Please see page 60

<u>Section III – Schedule of State Awards Findings and Questioned Costs</u>

The audit disclosed no findings or questioned costs for the current period.

PINELANDS COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2022

Finding No.	Condition	Status
None.		

State of New Jersey
THE PINELANDS COMMISSION
PO BOX 359
NEW LISBON, NJ 08064
(609) 894-7300
www.nj.gov/pinelands

General Information: Info@pinelands.nj.gov
Application Specific Information: AppInfo@pinelands.nj.gov

February 25, 2026

Robert F. Gatti
Assistant State Auditor
125 South Warren St.
P.O. Box 067
Trenton, NJ 08625-0067

Dear Mr. Gatti:

Thank you for providing us with a confidential draft copy of the Pinelands Commission's FY2022 audit report. As directed, we transmitted our written comments to your office via email on February 20, 2026. We are now resubmitting them in the requested format.

The FY2022 draft audit report includes two findings, one dealing with internal controls over Financial Reporting and the second related to a lack of formal Commission policies and segregation of duties with regard to the Edmunds Accounting System. Please see our attached response. The Commission will be seeking a new Accounting Firm to address the Financial Reporting internal controls. Our Management Information Systems (MIS) staff have already begun the segregation of duties in the Edmunds Accounting System mentioned in finding 2022-002. The MIS Manager will prepare a formal written Risk Assessment and Security Plan for the Edmunds Accounting Software.

These issues will be resolved prior to commencement of the Commission's FY 2023 Audit.

Sincerely,

Susan R. Grogan

Susan R. Grogan, P.P., AICP
Executive Director

Enclosure
c: Jessica Lynch, Business Manager
Alan Avery, Vice-Chair, Pinelands Commission
Laura E. Matos, Chair, Pinelands Commission

Pinelands Commission
Corrective Actions for the FY 2022 Audit Findings

Finding 2022-001
Material Weakness – Internal Controls over Financial Reporting

Commission Response 2022-001

The Pinelands Commission will seek a new Accounting Firm to prepare the Financial Statements and companion documentation for the FY 2023 Audit. The new Accountant will also review the Commission's transactions regarding General Ledger, Accounts Payable, Payroll, Fixed Assets and Compensated Absences for audit readiness. All parties will need to gain a working knowledge of the Revenue and Expense controls and how they affect the Accounts Payable module and Financial Statements. An RFP is expected to be posted by March 31, 2026.

The Pinelands Commission is currently recruiting for a new Business Services Assistant. This individual will be assigned a variety of tasks, including day-to-day bookkeeping responsibilities. This will allow the Business Manager to devote more time to significant financial matters, including future audits, and will facilitate additional segregation of duties in the Business Office. The hiring process is expected to be completed by May.

Finding 2022-002
Significant Deficiency – Information Technology (IT) – Lack of Formal Policies and Segregation of Duties

Commission Response 2022-002

The Commission has reviewed the New Jersey Statewide Information Security Manual (SISM), effective February 6, 2024.

The Commission has identified and disabled all inactive user accounts in the Edmunds Accounting System as of February 17, 2026. Formal written policies for the regular review of user access, including documentation of new employees and revocation of access for terminated or inactive users, will be prepared prior to commencement of the FY23 audit.

The Commission will prepare a formal written Risk Assessment and formal written Security Plan for the Edmunds Accounting Software prior to commencement of the FY23 audit. The Business Manager's "super user" function was removed on February 17, 2026, and reassigned to the Manager of Information Systems, thereby ensuring appropriate segregation of duties for purposes of the Edmunds Accounting System.