

**New Jersey State Legislature
Office of Legislative Services
Office of the State Auditor**

Pinelands Commission

Fiscal Year 2007

LEGISLATIVE SERVICES COMMISSION

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SENATOR
THOMAS H. KEAN, JR.
Vice-Chairman

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ALISON LITTELL MCHOSE
JOAN M. QUIGLEY
BONNIE WATSON COLEMAN



New Jersey State Legislature

OFFICE OF LEGISLATIVE SERVICES

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The Honorable Jon S. Corzine
Governor of New Jersey

The Honorable Richard J. Codey
President of the Senate

The Honorable Joseph J. Roberts, Jr.
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

Enclosed is our audit report of the Pinelands Commission for the fiscal year ended June 30, 2007. The audit was performed and this report is submitted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section I, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes. If you would like a personal briefing, please call me at (609) 292-3700.

A handwritten signature in cursive script, reading "Stephen M. Eells".

Stephen M. Eells
Assistant State Auditor
December 9, 2008

PINELANDS COMMISSION

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INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of the State of New Jersey Pinelands Commission as listed in the accompanying table of contents as of and for the year ended June 30, 2007. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.


We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Pinelands Commission prepares its financial statements on a modified accrual basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pinelands Commission as of June 30, 2007, and the changes in financial position and budgetary comparisons for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2008 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State Treasury Circular Letter 04-04-OMB, and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Stephen M. Eells
Assistant State Auditor
June 13, 2008

State Of New Jersey Pinelands Commission
Combined Balance Sheet
All Fund Types & Account Groups
For The Fiscal Year Ended June 30, 2007
(In Thousands)

	Governmental Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General Fund	Special Revenue Fund	Private Purpose Trust Fund	General Fixed Assets	General Long-Term Debt	6/30/2007	6/30/2006
Assets:							
Cash & Cash Equivalents	\$2,898.6	\$24,708.8	\$85.7			\$27,693.1	\$27,292.2
Receivables:							
State	24.2					24.2	50.1
Federal	94.4					94.4	430.4
Other	10.2					10.2	67.3
Prepaid Expenses	0.1					0.1	0.2
General Fixed Assets:							
Furniture & Equipment				\$1,309.5		1,309.5	1,315.7
Vehicles				110.6		110.6	110.6
Amount To Be Provided For							
Retirement of Long-Term Liabilities					\$381.6	381.6	330.6
Due From Other Funds	501.4					501.4	1,382.7
Total Assets	\$3,528.9	\$24,708.8	\$85.7	\$1,420.1	\$381.6	\$30,125.1	\$30,979.8
Liabilities & Fund Equity							
Liabilities:							
Accounts Payable	\$468.4	\$7.8	(\$1.9)			\$474.3	\$505.4
Salaries Payable	65.1					65.1	60.7
Payroll Deductions Payable	63.6					63.6	56.9
Liabilities For Compensated Absences	42.4				\$381.6	424.0	372.8
Deferred Revenue:							
Other Grants	165.7	5,102.6				5,268.3	4,999.3
State Financial Assistance		3,924.3				3,924.3	4,671.4
Due To Other Funds		501.3				501.3	1,382.7
Total Liabilities	805.2	9,536.0	(1.9)	\$0.0	381.6	10,720.9	12,049.2
Fund Equity:							
Investment in General Fixed Assets				1,420.1		1,420.1	1,426.3
Fund Balances - Reserved:							
Reserved for Encumbrances	106.9					106.9	164.3
Reserved for Land Acquisition - CMCMUA		258.4				258.4	769.9
Reserved for Wastewater Facility - Hammondon		55.0				55.0	100.0
Reserved for Unemployment Compensation			71.2			71.2	63.0
Reserved for Timber Rattlesnake Study	16.4					16.4	17.6
Reserved for Rattlesnake Fencing	20.1					20.1	19.1
Reserved for Pineland Conservation		13,793.0				13,793.0	13,419.5
Fund Balances - Unreserved, Designated:							
Designated for Subsequent Years Expenditure					0.0	0.0	163.5
Designated for Retirees' Health Benefits	737.0					737.0	613.7
Designated for Microfilming Project	72.3					72.3	78.3
Designated for Parcel Data	12.9					12.9	20.0
Designated for Building Improvements	18.5					18.5	20.8
Designated for Computer Replacements	119.1					119.1	119.1
Designated for Vehicular Replacements	30.0					30.0	30.0
Designated for Other	20.8					20.8	21.0
Fund Balances - Undesignated	1,569.7	1,066.4	16.4			2,652.5	1,884.5
Total Fund Equity	2,723.7	15,172.8	87.6	1,420.1	0.0	19,404.2	18,930.6
Total Liabilities & Fund Equity	\$3,528.9	\$24,708.8	\$85.7	\$1,420.1	\$381.6	\$30,125.1	\$30,979.8

The accompanying notes are the integral part of the financial statements

State of New Jersey 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, 2007
(In Thousands)

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
	General Fund	Special Revenue Fund	Private Purpose Trust Fund	6/30/2007	6/30/2006
Revenues:					
State of New Jersey Appropriations	\$3,098.0			\$3,098.0	\$3,104.0
State of New Jersey Supplemental Appropriations	150.0			150.0	0.0
Federal Grants	440.8			440.8	452.7
State Grants	63.6	\$747.0		810.6	1,217.4
Other Grants	130.7			130.7	3,563.5
Interest Income	142.1	1,036.1	\$4.1	1,182.3	871.1
Snake Sanctuary Settlement				0.0	0.0
Unemployment Deductions			4.9	4.9	5.0
Application Fees	712.8			712.8	826.0
Other	19.5		0.4	19.9	21.3
Total Revenues	4,757.5	1,783.1	9.4	6,550.0	10,061.0
Expenditures:					
Current:					
Personnel	3,828.3	336.6		4,164.9	3,788.7
Supplies	104.7	0.8		105.5	134.8
Services	453.8	729.6		1,183.4	1,437.8
Maintenance & Rent	37.1	0.1		37.2	55.2
State Aid & Grants				0.0	150.0
Capital Outlay	62.4	5.3		67.7	522.3
Special Purpose				0.0	0.0
Purchase of Pinelands Development Credits				0.0	0.0
Land Acquisition		511.5		511.5	223.6
Unemployment Compensation Claims				0.0	1.9
Total Expenditures	4,486.3	1,583.9	0.0	6,070.2	6,314.3
Excess(Deficiency) of Revenues Over Expenditures	271.2	199.2	9.4	479.8	3,746.7
Other Financing Sources(Uses):					
Operating Transfer In	150.8			150.8	71.6
Operating Transfer Out		(150.8)		(150.8)	(71.6)
Total Other Financing Sources(Uses)	150.8	(150.8)	0.0	0.0	0.0
Excess (Deficiency) of Revenue and Other Sources Over Expenditure and Other Uses	422.0	48.4	9.4	479.8	3,746.7
Fund Balance - Beginning of The Year	2,301.7	15,124.4	78.2	17,504.3	13,757.6
Fund Balance - End of the Year	\$2,723.7	\$15,172.8	\$87.6	\$17,984.1	\$17,504.3

The accompanying notes are the integral part of the financial statements

State of New Jersey 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, 2007
(In Thousands)

	General Fund				Special Revenue Fund		
	Adopted	Final		Variance	Adopted		Variance
	Budget	Budget	Actual	Favorable/ (Unfavorable)	And Final		Favorable/ (Unfavorable)
	Budget	Actual			Budget	Actual	(Unfavorable)
Revenues:							
State of New Jersey Appropriations	\$3,098.0	\$3,098.0	\$3,098.0	\$0.0			
State of New Jersey Supplemental Appropriations	125.0	150.0	150.0	0.0			
Federal Grants	346.3	381.8	440.8	59.0			
State Grants	109.0	109.0	63.6	(45.4)	\$1,009.5	\$747.0	(\$262.5)
Other Grants	78.3	139.7	130.7	(9.0)	40.0	45.0	5.0
Interest Income	67.0	115.0	142.1	27.1	705.0	1,291.9	586.9
Snake Sanctuary Settlement	0.0	0.0	2.1	2.1			
Application Fees	730.0	578.5	712.7	134.2			
Buildings, Microfilm & Parcel Data Reserves	12.5	23.0	15.4	(7.6)			
Land Acquisition - CMCMUA Reserve					650.0	511.5	(138.5)
Pinelands Conservation Activities Reserves					2,140.9	342.3	(1,798.6)
Other	12.4	16.7	21.0	4.3			
Total Revenues	4,578.5	4,611.7	4,776.4	164.7	4,545.4	2,937.7	(1,607.7)
Expenditures:							
Current:							
Personnel	3,902.7	3,989.1	3,951.5	37.6	387.5	336.6	50.9
Supplies	116.3	116.2	104.8	11.4	2.7	0.8	1.9
Services	559.3	588.9	478.5	110.4	1,339.7	731.6	608.1
Maintenance & Rent	39.7	38.1	29.5	8.6	0.5	0.1	0.4
State Aid & Grants					150.0	0.0	150.0
Capital Outlay	80.0	71.9	57.9	14.0	0.0	5.3	(5.3)
Special Purpose	0.5	0.5	0.0	0.5			
Purchase of Pinelands Development Credits							
Land Acquisition					2,550.0	511.5	2,038.5
Total Expenditures	4,698.5	4,804.7	4,622.2	182.5	4,430.4	1,585.9	2,844.5
Other Financing Sources(Uses):							
Operating Transfer In	120.0	143.0	150.8	7.8			0.0
Operating Transfer Out				0.0	(115.0)	(150.8)	(35.8)
Total Other Financing Sources(Uses)	120.0	143.0	150.8	7.8	(115.0)	(150.8)	(35.8)
Net Increase(Decrease) in Fund Balances	\$0.0	(\$50.0)	\$305.0	\$355.0	\$0.0	\$1,201.0	\$1,201.0

STATE OF NEW JERSEY PINELANDS COMMISSION
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2007

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity - The New Jersey Pinelands 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, 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 of the New Jersey Pinelands Commission have been prepared on a modified accrual basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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, in the financial statements in this report, 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.

GOVERNMENTAL FUNDS

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 four special revenue funds:

Land Acquisition Fund - This fund is used to account for assessments collected from the Cape May County Municipal Utilities Authority and per agreement is restricted in use for the acquisition of conservation and recreation lands in the Pinelands National Reserve.

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 Aquifer 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 for preservation of land and designated other portions to be used as an 'endowment' for conservation, planning, research, and design. The intention of the Commission is to use the proceeds of the endowments to fund or partly fund relevant activities of the Commission without invading the principal amount.

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 (general fixed assets) 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 noncurrent 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 Fund. The budget is 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. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the General Fund and Special Revenue Fund 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 designations/reserves of fund balance, whereas the modified accrual basis does not. Sufficient supplemental records are maintained to allow for the presentation of modified accrual basis financial reports.

The budget, as detailed on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis - General Fund and Special Revenue Fund includes 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 - Budget and Actual - General Fund to the modified accrual basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types (in thousands).

Net Increase (Decrease) in Fund Balances for the	
Year - (Budgetary Basis)	\$305.0
Adjustments:	
Less: Net decrease in designations due to revenues previously recognized	(17.4)
Less: Net decrease in reserves due to monies received, not available for expenditure	(1.4)
Add: Amounts expended for previously budgeted expenditures	12.5
Add: Net increase in designation for health benefits	123.3
Excess (Deficiency) of Revenues and Other Financing Sources	
over Expenditures and Other Financing Uses (Modified Accrual Basis)	<u>\$422.0</u>

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

Net Increase (Decrease) in Fund Balances for the Year - (Budgetary Basis)	\$1,201.0
Adjustments:	
Less: Net decrease in designations due to revenues previously recognized	(898.8)
Less: Net decrease in reserves due to monies received, not available for expenditure	(255.8)
Add: Amounts expended for previously budgeted expenditures	<u>2.0</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses (Modified Accrual Basis)	<u>\$48.4</u>

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 State of New Jersey Cash Management Fund administered by the New Jersey Department of the Treasury, Division of Investments, wherein amounts contributed by the State as well as other local government units are combined into a large scale investment program.

Prepaid Expenses - Prepaid expenses represent payments made to vendors for services that will benefit periods beyond June 30, 2007.

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. Expenditures which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance is not capitalized.

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered, and that are 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 an 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 represents monies owed from or to other funds. The General Fund disburses all the funds for expenditures incurred by all other funds, 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 Equity - Reserves represent those portions of fund equity not available for appropriation or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

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.

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

Note 2: PRIOR PERIOD RESTATEMENT

There was no prior period restatement during this accounting period.

Note 3: CASH AND CASH EQUIVALENTS

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 depository 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, 2007 the Commission's bank balances amounted to \$66,533. Of this balance, none 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. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. An amount totaling \$27.7 million is deposited with the Fund as of June 30, 2007. The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Note 4: FIXED ASSETS

The following schedule is a summarization of general fixed assets by source as of June 30, 2007:

	Balance June 30, 2006	Additions	Disposals	Balance June 30, 2007
Furniture & Equipment	\$1,315,708	\$69,158	\$75,394	\$1,309,472
Vehicles	110,594	---	---	110,594
Buildings, Land & Improvements	---	---	---	---
Total	<u>\$1,426,302</u>	<u>\$69,158</u>	<u>\$75,394</u>	<u>\$1,420,066</u>

Note 5: LEASES

Lease Obligations - At June 30, 2007, the Commission had operating lease agreements in effect for five copy machines. Future minimum rental payments under operating lease agreements are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2008	\$11,323.60
2009	\$3,762.00

Rental payments under operating leases for the fiscal year ended June 30, 2007 were \$11,157.00. It is anticipated that new lease agreements will be entered into upon expiration of the current lease agreements which will end in fiscal year 2009.

Note 6: RETIREMENT SYSTEM

The Commission contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System, which is administered by the New Jersey Division of Pensions and Benefits. This plan provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B. The plan has a Board of Trustees that is primarily responsible for its administration. 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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System are required to contribute 5% of their annual covered salary. Chapter 415, P.L. 1999 provided for a reduction in this rate to 3% for calendar years 2000 and 2001 and for a contribution rate reduction of up to 2% of compensation in future calendar years if the State Treasurer determines that excess valuation assets will be used to reduce the normal contributions made to the system by the State and local employers in a fiscal year beginning immediately prior to a calendar year. The employee contribution rate was 5% during fiscal year 2007. Employer contributions to the plan are determined actuarially and are billed by the plan administrator. The Commission's contributions to the plan, equal to the required contributions, were as follows:

<u>Fiscal Year</u>	<u>PERS</u>
2007	\$177,514 (71,006*)
2006	\$130,208 (78,125*)
2005	\$101,925 (81,539*)

*Funded by the Pension Security Act Credit

Note 7: POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 6, the Commission provides post-retirement health care benefits, in accordance with State statutes, to all employees who retire from the Commission after accumulating 25 years of credited service. Expenditures for post-retirement health care benefits are recognized on a pay-as-you-go basis. During the fiscal year ended June 30, 2007, expenditures of \$77,435 were recognized for post-retirement health care. The Commission has designated a portion of unreserved fund balance (see Note 10) as a funding source for Post Employment Benefits.

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 commercial insurance coverage for property, liability and surety bonds.

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 Trust 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:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Funding Balance*</u>
2007	\$4,916.53	\$0.00	\$71,225.76
2006	\$4,993.53	\$1,974.00	\$62,981.97
2005	\$4,823.56	\$2,805.00	\$57,627.97
2004	\$1,345.55	\$393.96	\$54,472.29
2003	\$1,343.61	\$3,486.00	\$52,984.57

*Includes annual interest income

Note 9: COMPENSATED ABSENCES

The Commission's policy states that employees are entitled, upon termination, to the current year's unused vacation time in addition to any unused vacation time previously earned up to a maximum of 30 days. 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 \$42,410 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, 2007, the estimated long-term liability for compensated absences was \$381,605.

Note 10: FUND BALANCE

RESERVED

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures. Specific reservations of the fund balance are summarized below:

Reserved for 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.

Reserved for Land Acquisition- CMCMUA - This reserve is used to account for assessments collected from the Cape May County Municipal Utilities Authority (CMCMUA) and per agreement are restricted in use for the acquisition of conservation and recreation lands in the Pinelands National Reserve.

Reserved for Wastewater Facility - Hammonton - This reserve was established with funds provided by Hammonton Township and used to partially finance research activities related to improving the Hammonton land application facility for sewage plant affluent.

Reserved for Unemployment Compensation - This reserve was established with funds contributed by employees and used to reimburse the State for benefits paid.

Reserved for 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.

Reserved for Rattlesnake Fencing - This reserve was created to account for funds restricted for possible future fencing necessitated by the above rattlesnake study.

Reserved for Pinelands Conservation - 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.

UNRESERVED

Designated for Subsequent Years Expenditures - This designation of fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2007.

Designated for Retirees' Health Benefits - This is a designation of fund balance that the Commission intends to utilize to fund future retirees' health benefits.

Designated for Microfilming Project - This is a designation of fund balance that the Commission intends to utilize for the microfilming or imaging of Commission records and documents.

Designated for Parcel Data - This is a designation of fund balance that the Commission intends to utilize for the creation and maintenance of parcel data in a geographical imaging system.

Designated for Building Improvements - This is a designation of fund balance that the Commission intends to utilize to fund building improvements.

Designated for Vehicle Replacements - This is a designation of fund balance that the Commission intends to use to replace existing Commission motor vehicles.

Designated for Computer Replacements - This is a designation of fund balance that the Commission intends to use to replace obsolete computer hardware and software.

Designated - Other - This represents designations of fund balance that the Commission intends to utilize for various projects, such as Pinelands poster reprinting and conformance activities.

Undesignated - Used to represent that portion of fund balance resources available for appropriation.

Note 11: CONCENTRATION OF CREDIT RISK

The Commission receives a significant portion of its total revenues from the State of New Jersey. Since 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 below:

	Total State Aid <u>Revenues</u>	General Fund <u>Revenues*</u>	<u>Percentage</u>
FY 2007	\$3,248,000.00	\$4,908,330.00	66
FY 2006	\$3,104,000.00	\$4,817,711.00	64
FY 2005	\$3,104,000.00	\$4,487,284.00	69

*Includes transfers from other funds

Supplementary Information

STATE OF NEW JERSEY PINELANDS COMMISSION

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2007

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number or Identifier</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Accounts Receivable 07/01/06</u>	<u>Cash Received</u>	<u>Adjustments</u>	<u>Expenditures</u>	<u>Accounts Receivable 06/30/07</u>
				<u>From</u>	<u>To</u>					
U.S. Department of the Interior										
National Park Service										
Long-Term Pinelands Monitoring Program	N/A	CA-H4560-05-0002	\$1,227,047.47	05/13/05	03/31/10	\$354,758.14	\$629,109.42	\$28,556.41 C,D	\$338,466.64	\$92,671.77
Total U.S. Department of the Interior						354,758.14	629,109.42	28,556.41	338,466.64	92,671.77
U.S Environmental Protection Agency										
Wetlands Protection										
Cranberry Agriculture	66.461	CD992980-01	199,363.00	09/20/99	06/30/07	31,157.79	31,157.79	(769.22) B	769.22	0.00
Littoral Communities-Stream Impoundments	66.461	CD982378-01	138,619.00	10/01/01	12/31/07	38,713.93	92,423.75	(45,690.14) A,B	99,399.96	0.00
Total U.S. Environmental Protection Agency						69,871.72	123,581.54	(46,459.36)	100,169.18	0.00
U.S. Department of Transportation										
Federal Highway Administration										
Passed Through N.J. Department of Transportation										
Highway Planning and Construction	20.205	N/A	194,000.00	08/19/97	Completion	4,541.72	13,245.16	0.00	10,441.75	1,738.31
Highway Planning and Construction	20.205	N/A	974,000.00	08/14/98	Completion	1,213.51	1,257.91	0.00	44.40	0.00
Total U.S. Department of Transportation						5,755.23	14,503.07	0.00	10,486.15	1,738.31
Total Federal Assistance						\$430,385.09	\$767,194.03	(17,902.95)	\$449,121.97	\$94,410.08

A - 25% local match provided by Pinelands Commission.

B - Amount by which expenditures exceeded award amount.

C - Excess amount from Cranberry Project charged to NPS grant.

D - Excess amount from Littoral Project charged to NPS grant.

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

STATE OF NEW JERSEY PINELANDS COMMISSION
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2007

					Accounts Receivable					
Grantor/Pass Through	State Grant or	Program or	Grant Period		(Deferred	Cash		Accounts	Deferred	
Grantor/Program Title	GMIS Number	Award	From	To	Revenue)	Received	Adjustments	Receivable	Revenue	
		Amount			7/1/2006			06/30/07	06/30/07	
Department of Environmental Protection										
New Jersey State Appropriation Act										
State Aid	100-042-4800-082	\$3,098,000.00	07/01/06	06/30/07		\$3,098,000.00		\$3,098,000.00		
Supplemental State Aid	100-042-4800-082	150,000.00	07/01/06	06/30/07		150,000.00		150,000.00		
Pinelands Development Credit Purchases	100-042-4800-324	13,000,000.00	07/01/99	Completion	(\$1,759,199.50)					(\$1,759,199.50)
Water Supply Fund										
Kirkwood-Cohansey Aquifer Assessment	100-042-4840-077	5,500,000.00	01/01/02	Completion	(2,912,199.48)			747,082.43		(2,165,117.05)
Division of Watershed Management										
Watershed Protection Fund (CBT)										
Wastewater Management	100-042-4850-099	490,000.00	09/01/01	05/31/08	48,422.52	87,844.97		56,524.87	\$17,102.42	
Total Department of Environmental Protection					(4,622,976.46)	3,335,844.97		4,051,607.30	17,102.42	(3,924,316.55)
Department of Banking and Insurance										
PDC Bank Program - Services	100-014-3180-004-3890	2,100.00	07/01/05	06/30/06	1,689.30	1,689.30				
PDC Bank Program - Services	100-014-3180-004-3890	8,000.00	07/01/06	06/30/07				7,087.50	7,087.50	
Total Department of Banking and Insurance					1,689.30	1,689.30		7,087.50	7,087.50	
Total State Financial Assistance					(\$4,621,287.16)	\$3,337,534.27		\$4,058,694.80	\$24,189.92	(\$3,924,316.55)

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

STATE OF NEW JERSEY PINELANDS COMMISSION
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2007

Note 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the New Jersey Pinelands Commission. The Commission is defined in Note 1 to the financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

Note 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are 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 schedules agree with amounts reported in the Commission's financial statements.

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5: ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" represent the local match provided by the Pinelands Commission as required by the respective grant agreements or cash from other sources.

Note 6: MAJOR PROGRAMS

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

State of New Jersey – 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, 2007**

ASSEMBLYMAN
JOSEPH J. ROBERTS, JR.
Chairman

SENATOR
THOMAS H. KEAN, JR.
Vice-Chairman

SENATE

ANDREW R. CIESLA
RICHARD J. CODEY
NIA H. GILL
ROBERT M. GORDON
SEAN T. KEAN
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LORETTA WEINBERG

GENERAL ASSEMBLY

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ALEX DECROCE
ALISON LITTELL MCHOSE
JOAN M. QUIGLEY
BONNIE WATSON COLEMAN



New Jersey State Legislature

OFFICE OF LEGISLATIVE SERVICES

OFFICE OF THE STATE AUDITOR
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ALBERT PORRONI
Executive Director
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STEPHEN M. ELLIS
Assistant State Auditor

THOMAS R. MESEROLI
Assistant State Auditor

The Honorable Jon S. Corzine
Governor of New Jersey

The Honorable Richard J. Codey
President of the Senate

The Honorable Joseph J. Roberts, Jr.
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

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

We have audited the financial statements of the State of New Jersey Pinelands Commission as of and for the year ended June 30, 2007 and have issued our report thereon dated June 13, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Pinelands Commission prepares its financial statements on a modified accrual basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Pinelands Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pinelands Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pineland Commission's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described in the accompanying schedule of findings and responses is a material weakness.

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*.

The Pinelands Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Pinelands Commission's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of the State of New Jersey and the Pinelands Commission, the Legislature, and the federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink, appearing to read "Stephen M. Eells", is positioned above the printed name.

Stephen M. Eells
Assistant State Auditor
June 13, 2008

Pinelands Commission
Schedule of Findings and Responses
June 13, 2008

Financial Statements and Notes to the Financial Statements Reporting

Background

The Pinelands Commission prepares its financial statements on the modified accrual basis which is a comprehensive basis of accounting other than generally accepted accounting principles. The accounting records for the Pinelands Commission's General Fund and Special Revenue Fund are maintained on the budgetary basis through its accounting software procured from the New England Municipal Resource Center. The budgetary basis differs from the modified accrual basis in that the budgetary basis recognizes encumbrances as expenditures and also recognizes certain increases/decreases directly in designations/reserves of fund balance, whereas the modified accrual basis does not. Supplemental records are maintained to allow for the conversion to the modified accrual basis for financial statement purposes; however, multiple adjustments transcending several years are necessary to accomplish this.

Finding

The Pinelands Commission's financial statements contained misstatements not identified by its internal control. Audit adjustments to the financial statements and the footnotes totaled nearly \$2.5 million. The Business Services Manager is responsible for the accounting entries required to convert the budgetary statements to modified accrual for financial statement purposes and adequate controls are not in place to provide knowledgeable review of the Business Services Manager's adjustments for propriety.

Recommendation

The Pinelands Commission should consider using the New Jersey Comprehensive Financial System or procuring accounting software compatible for preparing modified accrual or generally accepted accounting principle financial statements thereby alleviating a level of adjustments necessary to prepare the financial statements. In addition, journal entries prepared by the Commission's Business Services Manager should be subject to additional management review.



State of New Jersey

THE PINELANDS COMMISSION

PO Box 7

NEW LISBON NJ 08064

(609) 894-7300

JON S. CORZINE
Governor

JOHN C. STOKES
Executive Director

December 4, 2008

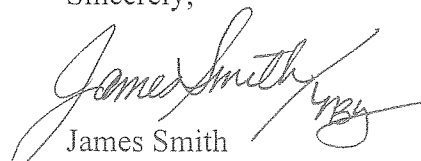
Fax to: 609-633-0834
Original Mailed

Mr. Steven Eells
Assistant State Auditor
Office of the State Auditor
State House Annex
P.O. Box 067
Trenton, NJ 08625-0067

Dear Mr. Eells:

The Audit Committee appreciates the outstanding work of the State Auditors in completing our annual audit. The Commission is proud that it has not had a single finding for many years. However, this year's audit contains one finding. The Audit Committee is developing plans to address this finding.

Sincerely,


James Smith
Chairman, Audit Committee

CS21

c: John C. Stokes, Executive Director



<http://www.nj.gov/pinelands/>
E-mail: info@njpines.state.nj.us

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State of New Jersey – Pinelands Commission

**Report on Compliance with Requirements
Applicable to Each Major Program and on Internal
Control Over Compliance in Accordance with
OMB Circular A-133 and State Treasury
Circular Letter 04-04-OMB**

**For the Fiscal Year Ended
June 30, 2007**

ASSEMBLYMAN
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Chairman

SENATOR
THOMAS H. KEAN, JR.
Vice-Chairman

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Governor of New Jersey

The Honorable Richard J. Codey
President of the Senate

The Honorable Joseph J. Roberts, Jr.
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND STATE TREASURY
CIRCULAR LETTER 04-04-OMB

Compliance

We have audited the compliance of the Pinelands Commission with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the New Jersey Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended June 30, 2007. The Pinelands Commission's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Pinelands Commission's management. Our responsibility is to express an opinion on the Pinelands Commission's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and State Treasury Circular Letter 04-04-OMB. Those standards, OMB Circular A-133 and State Treasury Circular Letter 04-04-OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Pinelands Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Our audit does not provide a legal determination of the Pinelands Commission's compliance with those requirements.

In our opinion, the Pinelands Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal and state programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Pinelands Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Pinelands Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Pinelands Commission's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might

be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management of the State of New Jersey and the Pinelands Commission, the Legislature, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink, appearing to read "Stephen M. Eells", is positioned above the printed name.

Stephen M. Eells
Assistant State Auditor
June 13, 2008

State of New Jersey Pinelands Commission
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2007

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes √ No

Significant deficiency(ies) identified that are
not considered to be material weaknesses?

 √ Yes _____ None reported

Noncompliance material to financial statements noted?

_____ Yes √ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes √ No

Significant deficiency(ies) identified that are
not considered to be material weaknesses?

_____ Yes √ None reported

Type of auditors report issued on compliance

for major programs:

Unqualified

Any audit findings disclosed that are required to
be reported in accordance with Section 510(a) of OMB
Circular A-133?

_____ Yes √ No

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

CA-H4560-05-0002

US Department of the Interior
National Park Service
Long-Term Pinelands Monitoring Program

Dollar threshold used to distinguish
between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

√ Yes No

State Awards

Identification of major programs:

State Program Number

Name of State Program

100-042-4800-082

State of New Jersey Appropriation

100-042-4840-077

Kirkwood-Cohansey Aquifer Assessment

Part II – Schedule of Financial Statement Findings

The Report of Internal Control Over Financial Reporting and on Compliance with Other Matters Based on an Audit of the Financial Statements included a significant internal control deficiency.

Part III – Schedule of Federal and State Awards Findings and Questioned Costs

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

State of New Jersey Pinelands Commission
Summary Schedule of Prior Audit Findings and Questioned Costs
Fiscal Year Ended June 30, 2007

A single audit was performed for fiscal year ended June 30, 2006 and was dated May 31, 2007. The audit disclosed no findings or questioned costs for the audit period.