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Independent Auditors' Report

**STATEMENT OF REVENUES AND
EXPENDITURES OF THE
CONSERVATION DISTRICT**

Year Ended December 31, 2013

**Office of the Controller
County of Northampton
Pennsylvania**

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Conservation District
For the Year Ended December 31, 2013

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STEVEN J. BARRON, JR., CFE

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INDEPENDENT AUDITORS' REPORT

Members of the Northampton County Council
John A. Brown, County Executive
Members of the Northampton County Conservation District
Board of Directors
County of Northampton, Pennsylvania

We have audited the accompanying Statement of Revenues and Expenditures of the Conservation District of the County of Northampton, Pennsylvania, for the year ended December 31, 2013. This financial statement is the responsibility of the County of Northampton, Pennsylvania, Conservation District's management. Our responsibility is to express an opinion on this statement 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 Statement of Revenues and Expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Revenues and Expenditures of the Conservation District. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statement was prepared for the purpose of complying with the Commonwealth of Pennsylvania, State Conservation Commission reporting requirements as described in Note 1 and is not intended to be a complete presentation of all grant revenues and expenditures of the County of Northampton, Pennsylvania.

The accompanying financial statement required by the Commonwealth of Pennsylvania, State Conservation Commission is intended to present the results of operations of only that portion of the General Fund assigned the cost center entitled "Conservation District" of the County of Northampton, Pennsylvania and is not intended to present

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John A. Brown, County Executive
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Board of Directors
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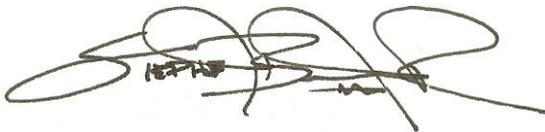
fairly the financial position and results of operations of the County of Northampton, Pennsylvania, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based upon our audit, the financial statement referred to above presents fairly, in all material respects, the results of operations of the Conservation District of the County of Northampton, Pennsylvania for the year ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2014 on our consideration of the County of Northampton, Pennsylvania, Conservation District'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.

This report is intended for the information and use of the management of the County of Northampton, Pennsylvania and the Commonwealth of Pennsylvania, State Conservation Commission. However, this report is a matter of public record and its distribution is not limited.

Very truly yours,



Stephen J. Barron, Jr., CFE
County Controller



Kathleen A. Kuzma, MBA, CPA, CGMA
Lead Auditor

August 26, 2014

COUNTY OF NORTHAMPTON, PENNSYLVANIA
 Conservation District
 Statement of Revenues and Expenditures
 For the Year Ended December 31, 2013

REVENUES

Dirt and Gravel Road Program (Note 2)	\$	0
Administrative Assistance Program		7,689
Conservation District Fund Allocation Program		44,354
Watershed Specialist Project (Note 4)		39,409
Agricultural Conservation Easement		0
Agricultural Conservation Technicians/Engineers (ACT) Project		19,500
Nutrient Management Act Program		13,282
Shale Gas Impact Grant - UGWF		47,348
Miscellaneous Grants (Note 5)		15,758
Clean Water Fees (Note 3)		48,000
Subdivision Plan Review		364,765
Miscellaneous Revenue (Note 6)		2,881
 <i>TOTAL REVENUES</i>		 \$ 602,986

EXPENDITURES

Salaries	\$	315,695
Fringe Benefits		140,294
Communications		4,312
Administrative Supplies and Equipment		6,428
Services and Other Operating Supplies		3,344
Transportation		9,017
Purchased Services		1,353
Program Operation Costs		3,765
 <i>TOTAL EXPENDITURES</i>		 \$ 484,208
 <i>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</i>		 \$ 118,778

The accompanying notes are an integral part of the financial statement.

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Conservation District
Notes to Financial Statement
For the Year Ended December 31, 2013

NOTE 1: Summary of Significant Accounting Policies

Basis of Accounting

The County of Northampton, Pennsylvania uses the modified accrual basis of accounting for its General Fund. Under a modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liabilities are incurred.

Basis of Presentation-Fund Accounting

The accounts of the County of Northampton, Pennsylvania are organized on the basis of funds, 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/expenses. The General Fund is the general operating fund of the County. It is used to account for all financial resources, except those required to be accounted for in another fund.

Financial Reporting Entity

The Conservation District (District) represents one of many divisions accounted for by the County of Northampton, Pennsylvania in its General Fund. Its revenues and expenditures are accounted for within the fund through the use of a specifically assigned cost center.

Commonwealth of Pennsylvania, State Conservation Commission Reporting Requirements

Revised conservation district audit standards were adopted by the State Conservation Commission on November 9, 1999. These audit standards are based on duties and powers conferred upon the Commission under the provisions of the Conservation District Law (Act 217 of 1945). As a recipient of funds, "the board of directors ... shall provide for an annual audit of the accounts of receipts and disbursements (Section 8 (2))". For calendar year 1999 and beyond, County Conservation District audits must include all funds received, maintained and expended by the district. Since the assets and liabilities are accounted for in the General Fund and not separately, a Balance Sheet is not presented.

NOTE 2: Dirt and Gravel Road Program

Funding from the Dirt and Gravel Road Program is being accounted for in a Special Revenue Fund. As of December 31, 2013, the Dirt and Gravel Road Program funding deferred for future expenditures amounted to \$51,580.

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Conservation District
Notes to Financial Statement
For the Year Ended December 31, 2013

NOTE 3: Clean Water Fees

Funding from the Clean Water Fund fees is being accounted for in a Special Revenue Fund. As of December 31, 2013, the Clean Water fees deferred for future expenditures amounted to \$279,021.

NOTE 4: Watershed Specialist Project

Funding for the Watershed Specialist Project is being accounted for in a Special Revenue Fund. As of December 31, 2013, Watershed Specialist funding deferred for future expenditures amounted to \$24,575.

NOTE 5: Miscellaneous Grants

In 2013, the District applied for and received various miscellaneous grant revenues. The following grants are included in the Miscellaneous Grants line item:

- The Pennsylvania Association of Conservation Districts awarded an educational mini-grant in the amount of \$1,900 for a workshop for educators entitled “The Dirt on Soils”. During year ended December 31, 2013, total costs of \$1,898 were reimbursed to the County for this workshop.
- An Environmental Education grant in the amount of \$600 was awarded and received during 2013 from Pennsylvania Envirothon, Inc. to assist the District with costs associated with the County Envirothon held annually.
- The Coldwater Heritage Partnership awarded private funding in the amount of \$10,000 for the Frys Run Bank Stabilization and Riparian Buffer project. Funding received during calendar year ended December 31, 2013 amounted to \$9,000 or 90% of the total grant. The balance of grant funding is expected to be released after the final report of the project is received and reviewed by the Coldwater Heritage Partnership.
- The Pennsylvania Cleanways d/b/a Keep Pennsylvania Beautiful, a 501(c)(3) nonprofit organization, entered into an agreement with Northampton County for the administration of the survey program within the county known as the illegal dump survey. During the 2013 calendar year a total of \$4,260 was reimbursed to the County for expenditures associated with the survey.

NOTE 6: Miscellaneous Revenue

The funds reported in the Miscellaneous Revenue line item are comprised of interest income (\$200), annual Envirothon program donations (\$1,000), and registration fees and expense reimbursements for various Conservation District programs and functions (\$1,681).



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TIMOTHY P. BRENNAN, ESQ.

Solicitor

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

Members of the Northampton County Council
John A. Brown, County Executive
Members of the Northampton County Conservation District
Board of Directors
County of Northampton, Pennsylvania

We have audited the Statement of Revenues and Expenditures of the Conservation District of the County of Northampton, Pennsylvania for the year ended December 31, 2013 and have issued our report thereon dated August 26, 2014. 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.

Internal Control Over Financial Reporting

Management of the Conservation District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Conservation District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Statement of Revenues and Expenditures but not for the purpose of expressing an opinion on the effectiveness of the Conservation District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Conservation District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

Members of the Northampton County Council
John A. Brown, County Executive
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Board of Directors

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A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

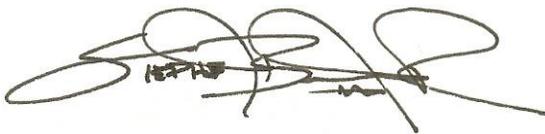
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Statement of Revenues and Expenditures of the Conservation District of the County of Northampton, Pennsylvania is 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*.

This report is intended solely for the information and use of the management of the County of Northampton, Pennsylvania and the Commonwealth of Pennsylvania State Conservation Commission and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Stephen J. Barron, Jr., CFE
County Controller



Kathleen A. Kuzma, MBA, CPA, CGMA
Lead Auditor

August 26, 2014