



County Controller

Tony E. Bassil

Audit Manager

Anthony Sabino, CIA

Solicitor

Robert A. Nitchkey, Jr., Esq.

County Executive

Lamont G. McClure, Jr.

County Council

Ronald R. Heckman, President
Lori Vargo Heffner, Vice-President

John Cusick

Margaret L. Ferraro

Thomas A. Giovanni

Kevin Lott

William B. McGee

Kerry L. Myers

Tara M. Zrinski

Financial Audit Report

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

Year Ended December 31, 2019

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

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Conservation District
For the Year Ended December 31, 2019

Table of Contents

	<u>Page(s)</u>
Independent Auditor's Report	1 - 2
Statement of Revenues and Expenditures For the Year Ended December 31, 2019	3
Notes to Financial Statement	4 - 5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters	6 - 7
Roster of Officials	8



TONY E. BASSIL

CONTROLLER OF NORTHAMPTON COUNTY

NORTHAMPTON COUNTY COURTHOUSE
669 WASHINGTON STREET
EASTON, PENNSYLVANIA 18042

ANTHONY SABINO, CIA
Audit Manager

PHONE (610) 829-6615
FAX (610) 559-3137

ROBERT A. NITCHKEY, JR., ESQ.
Solicitor

Independent Auditor's Report

Members of the Northampton County Council
Lamont G. McClure, Jr., County Executive
Members of the Northampton County Conservation District
Board of Directors
County of Northampton, Pennsylvania

Report on the Financial Statement

We have audited the accompanying Statement of Revenues and Expenditures of the Conservation District of the County of Northampton, Pennsylvania (the District), for the year ended December 31, 2019 and the related notes to the financial statement, as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial 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 financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the Statement of Revenues and Expenditures of the District for the year then ended December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the accompanying financial statement is intended to present the results of operations of only that portion of the County of Northampton General and Special Revenue Funds assigned the cost centers entitled "Conservation District" of the County of Northampton, Pennsylvania. They do not purport to, and do not, present fairly the financial position and results of operations of the County of Northampton, Pennsylvania, as of December 31, 2019, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restriction on Use

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.

Other Reporting Required by Government Auditing Standards

As described in Note 1, the accompanying financial statement was prepared for the purpose of complying with the Commonwealth of Pennsylvania, State Conservation Commission reporting requirements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2020 on our consideration of the 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* in considering the District's internal control over financial reporting and compliance.

Very truly yours,



Tony E. Bassil
County of Northampton Controller
Easton, Pennsylvania



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

September 18, 2020

COUNTY OF NORTHAMPTON, PENNSYLVANIA
 Conservation District
 Statement of Revenues and Expenditures
 For the Year Ended December 31, 2019

REVENUES

Dirt and Gravel Road Programs (Note 2)	\$ 99,661
Low-Volume Road Maintenance Program (Note 2)	125,459
Spotted Lanternfly Program	30,000
NACD COTA Program	6,785
Administrative Assistance Program	26,329
Conservation District Fund Allocation Program	33,026
Watershed Specialist Funding	58,113
Agricultural Conservation Technicians/Engineers (ACT) Project	17,362
Nutrient Management Program	14,241
Act 13 UGWF Block Grant (Note 4)	59,828
Miscellaneous Grants (Note 5)	2,680
Clean Water Fees (Note 3)	72,000
Subdivision Plan Review Fees	805,234
Enforcement Cost Recovery (Note 6)	8,744
Miscellaneous Revenue (Note 7)	<u>15,366</u>
TOTAL REVENUES	\$1,374,828

EXPENDITURES

Salaries	508,536
Fringe Benefits	203,211
Communications	6,331
Administrative Supplies and Equipment	13,511
Services and Other Operating Supplies	7,093
Transportation	3,570
Professional Services	9,000
Purchased Services	501,919
Program Operating Costs	4,626
Dirt and Gravel Project-Northampton Co. Parks & Recreation	<u>20,083</u>
TOTAL EXPENDITURES	<u>1,277,880</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 96,948</u>

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, 2019

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 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 of the District are accounted for in the General Fund and not separately, a Balance Sheet is not presented.

NOTE 2: Dirt, Gravel, and Low-Volume Road Maintenance Program

Funding from the Dirt, Gravel, and Low-Volume Road Maintenance Program is being accounted for in two separate Special Revenue Funds. As of December 31, 2019, the funding for Dirt and Gravel Program and Low-Volume Road Program deferred for future expenditures amounted to \$160,144 and \$69,024, respectively.

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Conservation District
Notes to Financial Statement
For the Year Ended December 31, 2019

NOTE 3: Clean Water Fees

Funds received from the Clean Water fees are being accounted for in a Special Revenue Fund. As of December 31, 2019, the Clean Water fees deferred for future expenditures amounted to \$472,306.

NOTE 4: Act 13 Unconventional Gas Well Funds (UGWF) Block Grant

Funds received for the PUC UGWF Block Grant are being accounted for in a Special Revenue Fund. As of December 31, 2019, the funding deferred for future expenditures amounted to \$280,331.

NOTE 5: Miscellaneous Grants

In 2019, 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, Inc. awarded and paid the District for a Nonpoint Source pollution prevention mini-grant in the amount of \$1,980 for a workshop for educators entitled "Agriculture and You: A Day on the Farm" held in October 2019.
- An Environmental Education grant in the amount of \$700 was awarded and received during 2019 from Pennsylvania Envirothon, Inc. to assist the District with costs associated with the annual County Envirothon.

NOTE 6: Enforcement Cost Recovery

During 2019, the District received enforcement cost recovery funds in the amount of \$8,744 which is deferred for future watershed mitigation, restoration and education projects to be determined by the District Board of Directors per the District's Enforcement Policy. During 2019, the District awarded three mini-grants in the amount of \$13,000 for water quality improvement projects. A total of \$9,000 was paid toward these mini-grants during 2019. The total funding deferred for future projects amounted to \$13,039.

NOTE 7: Miscellaneous Revenue

During 2019, the District received revenue of \$15,366 from various sources. This revenue line item is comprised of interest income (\$7,091), education program sponsorships (\$6,049), and registration fees and expense reimbursements for various Conservation District programs and functions (\$2,226). The total education program sponsorships deferred for future programs amounted to \$2,637.



TONY E. BASSIL

CONTROLLER OF NORTHAMPTON COUNTY

NORTHAMPTON COUNTY COURTHOUSE
669 WASHINGTON STREET
EASTON, PENNSYLVANIA 18042

ANTHONY SABINO, CIA
Audit Manager

PHONE (610) 829-6615
FAX (610) 559-3137

ROBERT A. NITCHKEY, JR., ESQ.
Solicitor

**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

Members of the Northampton County Council
Lamont G. McClure, Jr., County Executive
Members of the Northampton County Conservation District
Board of Directors
County of Northampton, Pennsylvania

We have audited, in accordance with the 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 Statement of Revenue and Expenditures of the Conservation District of the County of Northampton, Pennsylvania (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statement, and have issued our report thereon dated September 18, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statement 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*.

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.

Very truly yours,



Tony E. Bassil
County of Northampton Controller
Easton, Pennsylvania



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

September 18, 2020

COUNTY OF NORTHAMPTON, PENNSYLVANIA
 Conservation District
 Roster of Officials
 For the Year Ended December 31, 2019

DISTRICT GOVERNING BODY

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ted Veresink	Board Chairperson	2023
Jeffrey Keifer	Board Vice Chairperson	2021
Brian Fulmer	Board Farmer Director	2020
Joel Geiger	Board Farmer Director	2022
Donald Mack	Board Farmer Director	2022
Lynn Stauffer	Board Public Director/Treasurer	2020
Tara Zrinski	Board Director, County Council	2020
Wendy McRoberts	Board Secretary	--

ADMINISTRATIVE OFFICIALS

Sharon Pletchan	District Manager
Daniel Ahn	District Engineer
Jim Clauser	Agricultural Conservation Specialist
Janet Creegan	Conservation Specialist
Nicholas DiPaolo	Conservation Specialist
Jonathan Fox	Conservation Specialist
James Lawrence	Conservation Specialist
Wendy McRoberts	Clerical Specialist
Nathan Pritchard	Watershed Specialist / Agricultural Technician