

Greene County Conservation District

Financial Statements and Supplementary Information

Year Ended December 31, 2014
with Independent Auditor's Reports

MaherDuessel
Certified Public Accountants

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GREENE COUNTY CONSERVATION DISTRICT

YEAR ENDED DECEMBER 31, 2014

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GREENE COUNTY CONSERVATION DISTRICT

YEAR ENDED DECEMBER 31, 2014

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Independent Auditor's Report

Board of Directors
Greene County Conservation District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greene County Conservation District (District) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2014, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, Dirt and Gravel Roads Fund, Chapter

105 Clean Water Fund, and NPS Grant Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. Supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2015 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.

Mahe Duessel

Pittsburgh, Pennsylvania
July 15, 2015

GREENE COUNTY CONSERVATION DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2014

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 690,437
Accounts receivable	91,930
Investments	113,741
Capital assets, net of accumulated depreciation	<u>24,838</u>
Total Assets	<u>920,946</u>
Liabilities	
Accounts payable	45,091
Due to Greene County General Fund	<u>28,606</u>
Total Liabilities	<u>73,697</u>
Net Position	
Net investment in capital assets	24,838
Restricted:	
Reducing pollution to water from dirt roads	59,923
Erosion and Sedimentation Control Program	130,134
Scholarships	3,633
Farmland Preservation	5,627
NPS Grant	779
Conservation programs and costs	<u>622,315</u>
Total Net Position	<u><u>\$ 847,249</u></u>

See accompanying notes to financial statements.

GREENE COUNTY CONSERVATION DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Primary Government:					
Governmental activities:					
Conservation and economic development	\$ 408,309	\$ 111,777	\$ 386,191	\$ 78,490	\$ 168,149
General revenues:					
Interest					2,331
					170,480
Change in Net Position					
Net Position:					
Beginning of year					676,769
End of year					\$ 847,249

See accompanying notes to financial statements.

GREENE COUNTY CONSERVATION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2014

	General Fund	Dirt and Gravel Roads Fund	Chapter 105 Clean Water Fund	NPS Grant Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 446,580	\$ 59,923	\$ 93,035	\$ 37,666	\$ 53,233	\$ 690,437
Accounts receivable	91,671	-	-	-	259	91,930
Investments	113,741	-	-	-	-	113,741
Total Assets	\$ 651,992	\$ 59,923	\$ 93,035	\$ 37,666	\$ 53,492	\$ 896,108
Liabilities and Fund Balance						
Liabilities:						
Accounts payable	\$ 8,048	\$ -	\$ -	\$ 36,887	\$ 156	\$ 45,091
Due to Greene County General Fund	21,629	-	2,186	-	4,791	28,606
Total liabilities	29,677	-	2,186	36,887	4,947	73,697
Fund Balance:						
Restricted:						
Reducing pollution to water from dirt roads	-	59,923	-	-	-	59,923
Erosion and Sedimentation Control Program	-	-	90,849	-	39,285	130,134
Scholarships	-	-	-	-	3,633	3,633
Farmland Preservation	-	-	-	-	5,627	5,627
NPS Grant	-	-	-	779	-	779
Conservation programs and costs	622,315	-	-	-	-	622,315
Total Fund Balance	622,315	59,923	90,849	779	48,545	822,411
Total Liabilities and Fund Balance	\$ 651,992	\$ 59,923	\$ 93,035	\$ 37,666	\$ 53,492	\$ 896,108
Amounts reported for governmental activities of net position are different because:						
Fund balance - governmental fund						\$ 822,411
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.						24,838
Net position of governmental activities						<u>\$ 847,249</u>

See accompanying notes to financial statements.

GREENE COUNTY CONSERVATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2014

	General Fund	Dirt and Gravel Roads Fund	Chapter 105 Clean Water Fund	NPS Grant Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Grants	\$ 361,337	\$ 80,835	\$ -	\$ 14,272	\$ 8,237	\$ 464,681
Charges for service	62,842	-	32,935	-	16,000	111,777
Interest and miscellaneous	870	152	214	4	1,091	2,331
Total revenues	425,049	80,987	33,149	14,276	25,328	578,789
Expenditures:						
Conservation and economic development:						
Salaries and benefits	157,224	257	17,218	-	37,641	212,340
Services and materials	98,642	41,963	-	36,887	6,631	184,123
Other	5,151	-	350	-	2,000	7,501
Total expenditures	261,017	42,220	17,568	36,887	46,272	403,964
Excess (Deficiency) of Revenues over Expenditures	164,032	38,767	15,581	(22,611)	(20,944)	174,825
Other Financing Sources (Uses):						
Transfers in	1,500	-	-	-	838	2,338
Transfers out	(338)	-	(500)	-	(1,500)	(2,338)
Total other financing sources (uses)	1,162	-	(500)	-	(662)	-
Net Change in Fund Balance	165,194	38,767	15,081	(22,611)	(21,606)	174,825
Fund Balance:						
Beginning of year	457,121	21,156	75,768	23,390	70,151	647,586
End of year	\$ 622,315	\$ 59,923	\$ 90,849	\$ 779	\$ 48,545	\$ 822,411

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - governmental funds	\$ 174,825
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(4,345)
Change in net position of governmental activities	\$ 170,480

See accompanying notes to financial statements.

GREENE COUNTY CONSERVATION DISTRICT

BUDGETARY COMPARISON SCHEDULE GENERAL FUND

YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Grants	\$ 223,337	\$ 223,337	\$ 361,337	\$ 138,000
Charges for service	80,000	80,000	62,842	(17,158)
Interest and miscellaneous	985	985	870	(115)
Total revenues	304,322	304,322	425,049	120,727
Expenditures:				
Conservation and economic development:				
Salaries and benefits	155,575	155,575	157,224	(1,649)
Services and materials	89,358	89,358	98,642	(9,284)
Other	10,000	10,000	5,151	4,849
Total expenditures	254,933	254,933	261,017	(6,084)
Excess (Deficiency) of Revenues over Expenditures	49,389	49,389	164,032	114,643
Other Financing Sources (Uses):				
Transfers in	-	-	1,500	1,500
Transfers out	-	-	(338)	(338)
Total other financing sources (uses)	-	-	1,162	1,162
Net Change in Fund Balance	-	49,389	165,194	115,805
Fund Balance:				
Beginning of year	457,121	457,121	457,121	-
End of year	\$ 506,510	\$ 506,510	\$ 622,315	\$ 115,805

See accompanying notes to financial statements.

GREENE COUNTY CONSERVATION DISTRICT

BUDGETARY COMPARISON SCHEDULE DIRT AND GRAVEL ROADS FUND

YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Grants	\$ 161,670	\$ 161,670	\$ 80,835	\$ (80,835)
Charges for service	-	-	-	-
Interest and miscellaneous	150	150	152	2
Total revenues	161,820	161,820	80,987	(80,833)
Expenditures:				
Conservation and economic development:				
Payroll	2,500	2,500	257	2,243
Services and materials	180,320	180,320	41,963	138,357
Other	-	-	-	-
Total expenditures	182,820	182,820	42,220	140,600
Excess (Deficiency) of Revenues over Expenditures	(21,000)	(21,000)	38,767	59,767
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance	(21,000)	(21,000)	38,767	59,767
Fund Balance:				
Beginning of year	21,156	21,156	21,156	-
End of year	\$ 156	\$ 156	\$ 59,923	\$ 59,767

See accompanying notes to financial statements.

GREENE COUNTY CONSERVATION DISTRICT

BUDGETARY COMPARISON SCHEDULE CHAPTER 105 CLEAN WATER FUND

YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Grants	\$ -	\$ -	\$ -	\$ -
Charges for service	14,186	14,186	32,935	18,749
Interest and miscellaneous	50	50	214	164
Total revenues	14,236	14,236	33,149	18,913
Expenditures:				
Conservation and economic development:				
Payroll	19,000	19,000	17,218	1,782
Services and materials	7,600	7,600	-	7,600
Other	-	-	350	(350)
Total expenditures	26,600	26,600	17,568	9,032
Excess (Deficiency) of Revenues over Expenditures	(12,364)	(12,364)	15,581	27,945
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(500)	(500)
Total other financing sources (uses)	-	-	(500)	(500)
Net Change in Fund Balance	(12,364)	(12,364)	15,081	27,445
Fund Balance:				
Beginning of year	75,768	75,768	75,768	-
End of year	\$ 63,404	\$ 63,404	\$ 90,849	\$ 27,445

See accompanying notes to financial statements.

GREENE COUNTY CONSERVATION DISTRICT

BUDGETARY COMPARISON SCHEDULE NPS GRANT FUND

YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Grants	\$ 64,356	\$ 64,356	\$ 14,272	\$ (50,084)
Charges for service	-	-	-	-
Interest and miscellaneous	-	-	4	4
Total revenues	<u>64,356</u>	<u>64,356</u>	<u>14,276</u>	<u>(50,080)</u>
Expenditures:				
Conservation and economic development:				
Payroll	5,745	5,745	-	5,745
Services and materials	58,611	58,611	36,887	21,724
Other	-	-	-	-
Total expenditures	<u>64,356</u>	<u>64,356</u>	<u>36,887</u>	<u>27,469</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(22,611)</u>	<u>(22,611)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>(22,611)</u>	<u>(22,611)</u>
Fund Balance:				
Beginning of year	<u>23,390</u>	<u>23,390</u>	<u>23,390</u>	<u>-</u>
End of year	<u>\$ 23,390</u>	<u>\$ 23,390</u>	<u>\$ 779</u>	<u>\$ (22,611)</u>

See accompanying notes to financial statements.

GREENE COUNTY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

1. REPORTING ENTITY

The Greene County Conservation District (District) was established under Act 217 of the Commonwealth of Pennsylvania and formed by the Greene County Commissioners in 1956.

The District provides expert advice and assistance regarding environmental and natural resource concerns to farmers, landowners, homeowners, and local municipalities within the County of Greene (County). The District offers technical assistance concerning delegated activities such as Nutrient Management, Manure Management, 25 PA Code, Chapter 105, and Chapter 102 regulations and Erosion and Sedimentation Control. Within the delegation activities, permitting, inspection and complaint handling are the main duties. The District engages with the local community by offering programs that are geared towards residential, educational, agricultural, industrial, and commercial land development sectors of the County.

The District is a component unit of the County. The District's governing Board of Directors (Board) is appointed by the County Commissioners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by a given function or segment and 2) grants that are restricted to meeting the operational requirements of a particular function or segment. Other items not properly included among program revenues are reported as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Accounting

The accounts of the District 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, fund balance, revenues, and

GREENE COUNTY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

expenditures. 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. The various funds in the financial statements are grouped into two broad fund categories as follows:

Governmental Funds:

General Fund

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

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of certain revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes. The District's Special Revenue Funds are as follows:

- Dirt and Gravel Roads Fund (Major Fund) – used to account for the finances of the state funds received for the purpose of reducing pollution to water from dirt roads.
- Chapter 105 Clean Water Fund (Major Fund) – used to account for deposits for permit fees related to the National Pollution Discharge Elimination System Permit Program. The District is permitted to transfer these funds to its general account to offset the costs associated with administering the Erosion and Sedimentation Control Program.
- NPS Grant Fund (Major Fund) – used to account for the 2010 Non-Point Source grant for Whiteley, Pumpkin Run, and Ruff Creek watersheds.
- Chapter 102 Clean Water Fund (Non-Major Fund) – used to account for deposits for permit fees related to the National Pollution Discharge Elimination System Permit Program. The District is permitted to transfer these funds to its general account to offset the costs associated with administering the Erosion and Sedimentation Control Program.
- Envirothon Scholarship Fund (Non-Major Fund) – used to account for the funds received for scholarships for students.
- Farmland Preservation (Non-Major Fund) – used to account for the funds received to preserve farmland for agricultural production at the direction of the Greene County

GREENE COUNTY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

Farmland Preservation (GCFLP) Board and Greene County. The District has a memorandum of understanding with the GCFLP Board to provide administrative services.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are 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 pay liabilities of the current period. The District considers all revenues available upon receipt. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due, and certain claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Budgets

An annual appropriated budget was adopted for the General Fund, Dirt and Gravel Roads Fund, Chapter 105 Clean Water Fund, and NPS Grant Fund. All budgets are presented on the modified accrual basis of accounting. The District uses the following procedures in establishing the budgetary data reflected in the financial statements:

- A proposed operating budget for the year commencing the following January is submitted to the Board and the County in October.
- The Board legally adopts the budget prior to December 31 each year.
- The level of budgetary control is at the line item level.

Capital expenditures for the funds are shown within the department in which the funds are expended.

Appropriations may be transferred between accounts if approved by the Board.

GREENE COUNTY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

Interfund Transfers

<u>Fund</u>	<u>Transfer In</u>	<u>Transfers Out</u>
General	\$ 1,500	\$ 338
Chapter 105 Clean Water	-	500
Chapter 102 Clean Water	500	-
Envirothon Scholarship	-	1,500
Farmland Preservation	338	-
	<u>\$ 2,338</u>	<u>\$ 2,338</u>

The transfer of \$1,500 from the Envirothon Scholarship Fund to the General Fund was to reimburse the General Fund for scholarship payments made during the year.

The transfer of \$500 from the Chapter 105 Clean Water Fund to the Chapter 102 Clean Water Fund was to reimburse the Chapter 102 Clean Water Fund for expenses paid for road modifications.

The transfer of \$338 from the General Fund to the Farmland Preservation Fund was to reimburse the Farmland Preservation Fund for payments made for legal notices.

As a general rule, the effect of the above interfund activity has been eliminated from the government-wide financial statements.

Capital Assets

Capital outlays are recorded as expenditures in the fund financial statements and as assets in the government-wide financial statements to the extent the District's capitalization threshold of \$5,000 is met. The capital assets are depreciated over their estimated useful lives for the government-wide statements, using the straight line method with mid-year convention and the following estimated useful lives:

Infrastructure	40 – 60 years
Building	40 years
Equipment	3 – 15 years
Vehicles	10 years

All capital assets and infrastructure are valued at historical cost or estimated historical cost if actual cost is not available.

GREENE COUNTY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

Donated capital assets are valued at their fair value on the date donated.

Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. The levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form and includes such items as prepaid expenditures and inventory. As of December 31, 2014, the District had no nonspendable funds.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are restricted for specific expenditure under agreement with grantors. As of December 31, 2014, the District's restricted funds are listed on the balance sheet.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the District's Board. Such a commitment is made via a Board resolution and must be made prior to the end of the fiscal year. Removal of this commitment also requires a Board resolution. As of December 31, 2014, the District had no committed funds.
- Assigned – This category represents intentions of the District to use the funds for specific purposes. The District did not adopt a policy giving the authority to make assignments of fund balance. The assignment cannot exceed the available spendable unassigned fund balance in any particular fund. As of December 31, 2014, the District had no assigned funds.
- Unassigned – This category includes the residual classification for the District's General Fund and includes all spendable amounts not contained in other classifications.

The District's policy is to use funds in the order of the most restricted to the least restricted.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

GREENE COUNTY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of funds for investment purposes. The deposit and investment policy of the District adheres to state statutes. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the District.

Governmental Accounting Standards Board Statement No. 40, "*Deposit and Investment Risk Disclosures*," requires disclosures related to deposit and investment risks. The following is a description of the District's deposit and investment risks:

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At year-end, the carrying amount of the District's cash and deposits was \$690,437 and the related bank balance totaled \$705,302. \$640,534 of the bank balance was covered by federal depository insurance. The remaining bank balance of \$64,768 was exposed to custodial credit risk, which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside entity. The District does not have a formal investment policy for custodial credit risk.

The District has \$113,741 invested in a certificate of deposit at a local financial institution which was exposed to custodial credit risk, however, it is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. This account is recorded as an investment on the statement of net position and the governmental funds balance sheet.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer. The District's entire investment is a certificate of deposit with Community Bank.

GREENE COUNTY CONSERVATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

Interest Rate Risk. The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments have an average maturity of less than one year.

4. CAPITAL ASSETS

The following table illustrates the changes in capital assets as they have occurred during 2014.

	Balance at January 1, 2014	Additions	Transfers	Deletions	Balance at December 31, 2014
<u>Governmental Activities:</u>					
Capital assets being depreciated:					
Vehicles	\$ 27,701	\$ -	\$ -	\$ -	\$ 27,701
Furniture and equipment	8,000	-	-	-	8,000
Total capital assets being depreciated	<u>35,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,701</u>
Less accumulated depreciation for:					
Vehicles	4,118	2,745	-	-	6,863
Furniture and equipment	2,400	1,600	-	-	4,000
Total accumulated depreciation	<u>6,518</u>	<u>4,345</u>	<u>-</u>	<u>-</u>	<u>10,863</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>29,183</u>	<u>(4,345)</u>	<u>-</u>	<u>-</u>	<u>24,838</u>
Governmental assets capital assets, net	<u>\$ 29,183</u>	<u>\$ (4,345)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,838</u>

The total depreciation expense of \$4,345 was charged to the general government function/program of the primary government.

Supplementary Information

GREENE COUNTY CONSERVATION DISTRICT

COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2014

<u>Assets</u>	Special Revenue Funds			<u>Total Other Governmental Funds</u>
	Chapter 102 Clean Water Fund	Envirothon Scholarship Fund	Farmland Preservation Fund	
Cash and cash equivalents	\$ 44,076	\$ 3,633	\$ 5,524	\$ 53,233
Accounts receivable	-	-	259	259
Investments	-	-	-	-
Total Assets	\$ 44,076	\$ 3,633	\$ 5,783	\$ 53,492
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 156	\$ 156
Due to Greene County General Fund	4,791	-	-	4,791
Total Liabilities	4,791	-	156	4,947
Fund Balance:				
Restricted:				
Reducing pollution to water from dirt roads	-	-	-	-
Erosion and Sedimentation Control Program	39,285	-	-	39,285
Scholarships	-	3,633	-	3,633
Farmland Preservation	-	-	5,627	5,627
NPS Grant	-	-	-	-
Total Fund Balance	39,285	3,633	5,627	48,545
Total Liabilities and Fund Balance	\$ 44,076	\$ 3,633	\$ 5,783	\$ 53,492

GREENE COUNTY CONSERVATION DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OTHER GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2014

	Special Revenue Funds			Total Other Governmental Funds
	Chapter 102 Clean Water Fund	Envirothon Scholarship Fund	Farmland Preservation Fund	
Revenues:				
Grants	\$ 642	\$ 2,500	\$ 5,095	\$ 8,237
Charges for service	14,000	-	2,000	16,000
Interest and miscellaneous	77	7	1,007	1,091
Total revenues	14,719	2,507	8,102	25,328
Expenditures:				
Conservation and economic development:				
Payroll	36,779	-	862	37,641
Services and materials	15	-	6,616	6,631
Other	-	-	2,000	2,000
Total expenditures	36,794	-	9,478	46,272
Excess (Deficiency) of Revenues over Expenditures	(22,075)	2,507	(1,376)	(20,944)
Other Financing Sources (Uses):				
Transfers in	500	-	338	838
Transfers out	-	(1,500)	-	(1,500)
Total other financing sources (uses)	500	(1,500)	338	(662)
Net Change in Fund Balance	(21,575)	1,007	(1,038)	(21,606)
Fund Balance:				
Beginning of year	60,860	2,626	6,665	70,151
End of year	<u>\$ 39,285</u>	<u>\$ 3,633</u>	<u>\$ 5,627</u>	<u>\$ 48,545</u>

**Greene County
Conservation District**

Independent Auditor's Report
in Accordance with
Government Auditing Standards

Year Ended December 31, 2014

Independent Auditor's 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*

Board of Directors
Greene County Conservation District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greene County Conservation District as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 15, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, 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 statements, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 statements are free from 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

Board of Directors
Greene County Conservation District
Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters

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.

Maher Duessel

Pittsburgh, Pennsylvania
July 15, 2015