

**Luzerne
Conservation District**

**Financial Statements – Cash Basis
For the Year Ended
December 31, 2024
&
Independent Auditor’s Report
&
Internal Control and
Compliance Report**

Luzerne Conservation District

Table of Contents

December 31, 2024

	Page
Independent Auditor's Report	1
Financial Statements – Cash Basis:	
Statement of Assets, Liabilities and Fund Balance	4
Statement of Cash Receipts, Disbursements and Changes in Fund Balance	5
Notes to Financial Statements	6
Internal Control and Compliance Report	
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 <i>Government Auditing Standards</i>	10



BRADLY T. MURRAY CPA LLC

Independent Auditor's Report

To the Board of Directors of the
Luzerne Conservation District:

Opinion

I have audited the accompanying financial statements – cash basis of the Luzerne Conservation District (the “District”) as of and for the year ended December 31, 2024 and the related notes to the financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the cash and fund balance arising from cash transactions of the Luzerne Conservation District as of December 31, 2024 and the receipts it collected and the disbursements it made during the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Management has not presented the Management's Discussion and Analysis (MD&A) that the cash basis of accounting requires 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 financial statements in an appropriate operational, economic, or historical context. My opinion on the financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 11, 2025 on my consideration of the District's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bradly J. Murray CPA LLC

Honesdale, Pennsylvania
December 11, 2025

Luzerne Conservation District

Statement of Assets, Liabilities and Fund Balance - Cash Basis

December 31, 2024

Assets

Cash	\$ 518,768
Restricted cash	<u>952,183</u>
Total Assets	<u><u>\$ 1,470,951</u></u>

Liabilities and Fund Balance

Liability	
Payroll withholding liabilities	<u>\$ 6,116</u>
Fund Balance	
Unassigned	<u>512,652</u>
Restricted for:	
Dirt and Gravel Road	317,191
Clean Water Fund	2,376
Growing Greener	54,528
Agriculture Conservation Assistance	<u>578,088</u>
Total Restricted Fund Balance	<u>952,183</u>
Total Fund Balance	<u>1,464,835</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,470,951</u></u>

See notes to financial statements

Luzerne Conservation District

Statement of Cash Receipts, Disbursements and Changes in Restricted Fund Balance
For the Year Ended December 31, 2024

Cash Receipts

Intergovernmental grants:	
Agriculture Conservation Assistance Program (ACAP)	\$ 527,095
Agricultural Best Management Practices (BMP)	519,910
Dirt and Gravel Road	263,489
Conservation District Fund Allocation Program	230,214
Watershed Project funding	162,798
Mosquito-borne Disease Control	125,235
Countywide Action Plan (CAP) Implementation Grant	109,370
Watershed Specialist	77,505
Unconventional Gas Well Fund	73,159
Ag Tech Service reimbursement	35,703
County funding	22,000
Other grant income	14,038
Charges for service	476,966
Project cost share income	84,882
Interest income	17,641
Miscellaneous income	628
	<hr/>
Total cash receipts	2,740,633

Disbursements

Program	1,225,556
Salaries & benefits	795,164
Administrative expenses	41,860
Building & grounds	16,992
Travel & training	9,236
Education & outreach	5,143
Miscellaneous	400
	<hr/>
Total disbursements	2,094,351

Change in fund balance	646,282
Fund balance, beginning	818,553
	<hr/>
Fund balance, ending	\$ 1,464,835

See notes to financial statements

Luzerne Conservation District

Notes to Financial Statements

December 31, 2024

1. Nature of Operations and Summary of Significant Accounting Policies

The major accounting principles and practices followed by the Luzerne Conservation District (the "District") are summarized below:

Nature of Operations

The District was established by the County Commissioners of the County of Luzerne, Pennsylvania (the "County") in February 1964 in accordance with the provisions of the Conservation District Law of 1945 (Act 217) of the Pennsylvania General Assembly out of concern for the conservation of the natural, scenic, historic, and aesthetic resources of the County. The District conducts regulatory/voluntary compliance, technical assistance, and education/outreach activities.

To meet its goals, the District has entered into various agreements with state agencies. The District primarily receives funding from the Commonwealth of Pennsylvania, Department of Environmental Protection (the "Commonwealth"), which is used to fund various programs based on the agreements between the District and the Commonwealth. The District also receives support from the County.

Reporting Entity

The reporting entity has been defined in accordance with the criteria established in Statement 14, as amended by Statements 39 and 61, issued by the Governmental Accounting Standards Board ("GASB"). The specific criteria used in determining whether the District is considered a component unit of another governmental organization or whether other organizations should be included in the District's financial reporting entity are financial accountability, fiscal dependency, and legal separation.

As defined above, there are no other related organizations that should be included in the District's financial statements, nor should the District be included in any other organization's financial statements.

Basis of Accounting

The District prepares its financial statements in conformity with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the cash basis of accounting, revenues and related assets are recognized when received rather than when earned and expenditures are recognized when paid rather than when the obligation is incurred.

When both restricted and unrestricted resources are available for use, the District's policy is to use restricted resources first, and then unrestricted resources as needed.

Luzerne Conservation District

Notes to Financial Statements

December 31, 2024

Basis of Presentation

The District's operations are reported as a special revenue fund, which account for and report the proceeds of specific revenue sources that are either restricted or committed to expenditures for specified purposes.

Governmental Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

Non-spendable fund balances include amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Committed fund balances can only be used for specific purposes pursuant to constraints imposed by the Board of Directors (the "Board") through a resolution. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by District management based on Board direction. Unassigned fund balances represent amounts that are available for any purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follow: restricted, committed, assigned, unassigned.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting referred to on the previous page requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Budgetary Data

The District is not legally required to adopt an annual operating budget covering all of its cash receipts and disbursements; therefore, no budgetary comparison schedule is presented.

Luzerne Conservation District

Notes to Financial Statements

December 31, 2024

2. Deposits with Financial Institutions

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. The District has a policy for custodial credit risk that limits deposits to savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured and for any amounts above the insured maximum, those amounts shall be secured by collateral pledged by the depository pursuant to Commonwealth of Pennsylvania Act 72 of 1971 (Act 72). At December 31, 2024, the bank balance of the District's deposits with financial institutions was \$1,484,655 compared to the carrying amount of \$1,470,951. The difference is caused by outstanding checks. \$1,234,655 of the District's deposits were exposed to custodial credit risk. This entire amount was uninsured and collateralized by securities pledged by the financial institution for such funds but not in the District's name in accordance with the collateralization provisions of Act 72, as amended.

3. Retirement Plan

The District sponsors a defined benefit cash balance pension plan (the "Plan"). The Plan participates in the Pennsylvania Municipal Retirement System ("PMRS"), covering all full-time employees. PMRS is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans.

PMRS issues a separate Annual Comprehensive Financial Report (ACFR). A copy of the 2024 ACFR can be obtained from the PMRS website at www.pmrs.pa.gov. The Plan provides for normal retirement at age 60. Members become 100% vested after five years. Early retirement benefits are available upon attainment of twenty years of service. Membership of the plan at December 31, 2024 consisted of 9 active members, 3 inactive employees and beneficiaries currently receiving benefits and 5 inactive employees entitled to but not yet receiving benefits. The Board of Directors may establish and amend plan provisions.

Participants are permitted, but not required, to contribute to the Plan up to 20% of compensation. The District is required to contribute 5% of compensation. The District contributed \$20,202 in 2024 equal to the statutorily required contribution.

4. Contingencies

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure that may be disallowed pursuant to the terms of these grant programs. The District is not aware of any material items of noncompliance that would result in the disallowance of program expenditures.

Luzerne Conservation District

Notes to Financial Statements

December 31, 2024

5. Subsequent Events

The District has evaluated subsequent events for recognition or disclosure through December 11, 2025, the date the financial statements were available to be issued. There were no material events subsequent to December 31, 2024.



BRADLY T. MURRAY CPA LLC

**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**

To the Board of Directors of the
Luzerne Conservation District:

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements – cash basis of the Luzerne Conservation District (the “District”) as of and for the year ended December 31, 2024 and the related notes to the financial statements, and have issued my report thereon dated December 11, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, I 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.

My 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bradly J. Murray CPA LLC

Honesdale, Pennsylvania
December 11, 2025