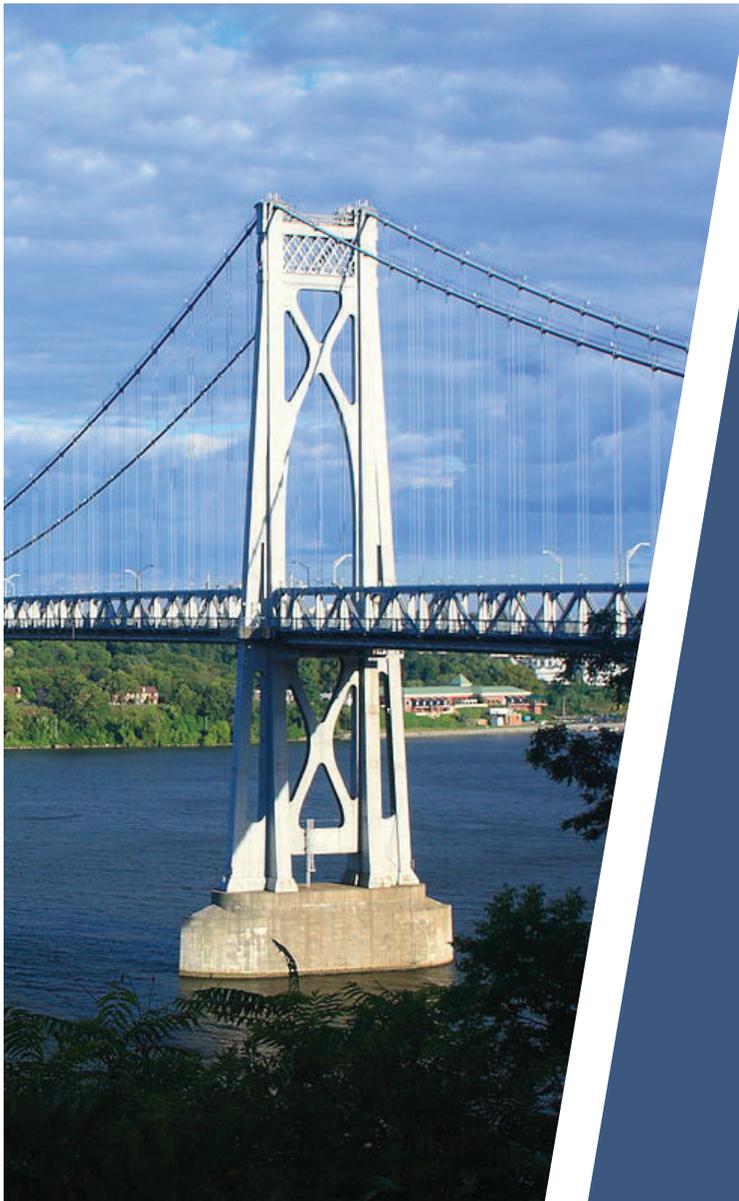


**AUDIT REPORT**  
**DUTCHESS COUNTY**  
**SOIL AND WATER**  
**CONSERVATION**  
**DISTRICT**

**January 1, 2017 - December 31, 2017**



**OFFICE OF THE**  
**DUTCHESS COUNTY**  
**COMPTROLLER**

**ROBIN L. LOIS**  
**COMPTROLLER**

**JUNE 2018**



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Dutchess County

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Robin L. Lois  
Comptroller

Karl G. Schlegel  
Deputy Comptroller

Dear County Officials & Taxpayers,

The Dutchess County Comptroller's Office has completed this audit report of the Dutchess County Soil and Water Conservation District (DCSW) for the time period January 1, 2017 to December 31, 2017. As a component unit of Dutchess County Government the County Comptroller has the right and responsibility to audit this unit as per Section 20.02(e) of the County Charter. It is of particular importance for our office to audit the DCSW due to the fact that the organization does not engage an outside auditor as most component units do. For this reason you will see annual audits by our office of the DCSW.

The technical expertise of the DCSW Conservation District includes soil erosion, water management, forestry, organic waste management, water quality preservation and recreational development. The unit serves county government as well as farmers, land owners and land users.

The County provided 53% of the funding for the annual operations of the DCSW. A majority of the remaining funding comes from New York State aid grants.

The audit found minimal and non-material errors and findings. The Executive Director was responsive and helpful in correcting findings and working with our staff. We appreciate the agency's cooperation and look forward to working with them again.

Respectfully submitted,



Robin L. Lois  
Dutchess County Comptroller

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## Background and Organization

The Dutchess County Soil and Water Conservation District (DCSW) was established in 1945 and is a component unit of Dutchess County. The County is financially responsible for all component units and as such includes the DCSW in their audited financials as a non-major component unit. The level of control the County exercises over the agency determines whether an agency is a component unit. The Dutchess County Legislature appoints all members of the DCSW board. This level of control meets the criteria for financial accountability as defined by GASB Statement No. 14.

The DCSW was authorized by State statute, as a quasi-government agency to coordinate state and federal conservation programs at the local level. The district provides education and technical assistance on managing soil, water and related natural resources to municipalities, farmers, business owners and homeowners. Additional information is available on the Dutchess County Soil and Water's website: [www.dutchessswcd.org](http://www.dutchessswcd.org).

## Objectives

- To validate the information as reported in the Annual Report of the Treasurer of the DCSW to the New York State Soil and Water Conservation Committee.
- To provide the information of the DCSW financial activities for presentation and inclusion in Dutchess County's Basic Financial Statements and Independent Auditors' Report.

## Audit Scope and Methodology

An audit was conducted of the Dutchess County Soil and Water Conservation District for the period of January 1, 2017 through December 31, 2017. During the audited period, Dutchess County appropriated and paid **\$295,800** for partial funding of DCSW. This appropriation was under the auspices of the Dutchess County Department of Planning and Community Development. DCSW also had one contract with the Dutchess County Department of Behavioral and Community Health in the amount of **\$10,000**.

The audit included a review of:

- The Annual Report of the Treasurer to New York State
- Accounting records including journal entries, claiming documents and payroll records
- Policies and Procedures
- Selected expenditures and cash receipts

In addition, interviews with the Executive Director, Contract Bookkeeper and District Secretary were conducted.

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## Financial Reporting

The 2017 DCSW Annual Report of the Treasurer to New York State is the required filing detailing DCSW's consolidated financial information. Revenues reported in 2017 totaled \$556,952.12 and expenses totaled \$481,324.66. The Statement of Income and Expenses is shown as Exhibit I. The Summary of Changes in Fund Balance and the Operating Fund Balance Sheet as reported by Soil and Water for the time period ending 12/31/17 is attached as Exhibit II.

### Findings:

- Adjusting entries for prior year activities were necessary to correct and balance the report.
- An accrual for maintenance/rent totaling \$1,660 for the DCSW space at the Dutchess County Farm & Home Center for September – December 2016 remained in the accounts payable awaiting resolution.

### Actions:

- Adjusting entries were made during our review and the report was balanced. An amended Annual Report to the Treasurer should be submitted to NYS.
- The 2016 rent accrual has been resolved and was reversed in DCSW's books in 2017.
- These adjustments are reflected in the attached financial presentation.

## Cash Handling and Petty Cash

The District Typist receives all mail and processes cash receipts. The Contract Bookkeeper prepares the deposits, withdrawals and makes entries and corrections in the general ledger. The Board approves expenditures at the monthly board meeting. The District Typist or Executive Director takes the deposits to the bank. The Executive Director or Board Treasurer signs all checks. The Board Treasurer reviews bank statements as recommended in our previous audit. Proper segregation of duties seem to be in place.

DCSW maintains a petty cash account in the amount of \$100. The petty cash receipts were readily available for audit.

### Finding:

- The December 2017 operating account bank statement was not reconciled correctly. The amount of outstanding checks as of December 31, 2017 was incorrect. The Board Treasurer reviewed the reconciliation but the balance was not confirmed to the general ledger.

### Action:

- The December 2017 reconciliation and all of the 2018 reconciliations were corrected at the time of our audit.

### Recommendation:

- All bank reconciliations must be reviewed and the amounts confirmed to the general ledger monthly.

## County Appropriation

The Dutchess County Soil and Water Appropriation for 2017 was \$295,800. The full amount of \$295,800 was paid to DCSW. As shown below, costs for the program areas exceeded the annual appropriation. Funding was requested for personnel services and fringe benefits for the following programs for the time period January through December 2017:

Personnel Services	Jan- March	April- June	July- Sept	Oct- Dec	Total Claimed
Ag Environmental Management Program	\$18,779	\$13,003	\$13,398	\$21,211	\$66,391
Community Environmental Management Program	\$11,378	\$11,705	\$21,925	\$27,405	\$72,413
Hydrological Habitat Modification Program	\$17,233	\$19,412	\$20,462	\$12,361	\$69,468
Education Program	\$4,740	\$5,700	\$5,992	\$8,415	\$24,847
<b>Total Personnel Services/Programs</b>	<b>\$52,130</b>	<b>\$49,820</b>	<b>\$61,777</b>	<b>\$69,392</b>	<b>\$233,119</b>
Fringe					
Ag Environmental Management Program	\$7,264	\$5,218	\$4,884	\$8,349	\$25,715
Community Environmental Management Program	\$4,018	\$5,033	\$8,140	\$10,228	\$27,419
Hydrological Habitat Modification Program	\$6,842	\$8,338	\$8,229	\$4,817	\$28,226
Education Program	\$1,455	\$2,477	\$1,842	\$3,624	\$9,398
<b>Total Fringe/Programs</b>	<b>\$19,579</b>	<b>\$21,066</b>	<b>\$23,095</b>	<b>\$27,018</b>	<b>\$90,758</b>
<b>Total Personnel Services &amp; Fringe Claimed Program</b>	<b>\$71,709</b>	<b>\$70,886</b>	<b>\$84,872</b>	<b>\$96,410</b>	<b>\$323,877</b>

### Contract Review – Pesticide Education

Contract #17-0492 in the amount of \$10,000 was executed on November 14, 2017 for the time period June 1, 2017 – May 31, 2018 between the DCSW and the Dutchess County Department of Behavioral and Community Health. The scope of the contract is for the DCSW to create educational materials to be provided to the residents of Dutchess County about residential pesticides including how they are regulated, how they should be handled and how to provide protection when they are used. In 2017, no expenses had been incurred as DCSW is waiting for the contract and scope of services to be finalized. The money is anticipated to be collected and expended in 2018.

### Account Review

#### Personnel and Fringe Expenses

An outside payroll company prepares DCSW's payroll and Federal and State tax remittances. The remittances were reviewed for accuracy and timeliness in submittal with no discrepancies. Employee wages for 2017 amounted to \$250,319.96. W-2s for 2017 were reviewed and compared to the salary claims and no discrepancies were noted.

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## Credit Card Purchases

The agency maintains one credit card account. Two employees are authorized cardholders and have a card issued in their individual names. The Executive Director approves all purchases prior to the actual purchase. Expenses charged to the credit card included: meetings, conferences, outside travel accommodations, internet purchases, and office supplies. Actual credit card receipts were consistently filed with the statements and compared to the monthly credit card statement.

## Maintenance Fee/Rent

In September 2016, Dutchess County Department of Public Works (DPW) took over the maintenance of the Farm and Home Center. At that time it was the intent of DPW to charge maintenance costs to DCSW which was previously done by Cornell Cooperative Extension when they maintained the Building. Upon investigation, it was determined the County will not charge DCSW a maintenance fee/rent. The County provides a partial subsidy to the DCSW to operate in a County owned building.

Observation:

- The accounts payable accrual in the amount of \$1,660 for the time period September – December 2016 was reversed as a result of this audit. No maintenance fee/rent is due to DPW.

## Fixed Asset Inventory/Equipment

In 2017, the inventory worksheet attached to the NYS Annual Report of the Treasurer contained nineteen (19) items for a total value of \$129,517.28; which included vehicles, a copier, a projector, computer equipment, iPad, a GPS data logger and a Hydro seeder.

Observation:

- The equipment item inventory and related depreciation is not recorded in DCSW's software system resulting in an understatement of assets. According to the agency, New York State does not require this. However, the annual report filed with NYS does require a listing of the inventory and respective purchase amounts.

Recommendation:

- DCSW should record inventory and related depreciation in the financial management software as best practice for complete and accurate reporting to the Board.

## Inventory for Resale

DCSW conducts an annual seedling sale. According to agency records, expenditures for the seedlings totaled \$14,561.11 in 2017. Seedling sales recorded for 2017 were \$23,701.98.

**Exhibit I - STATEMENT OF INCOME AND EXPENSES**

**DCSW – 2017 STATEMENT OF INCOME AND EXPENSES**

<b>INCOME</b>	
District Tree & Shrub Program	\$23,701.98
Hydro seeding	1,256.12
Interest & Earnings	120.85
Insurance Recovery	1,123.85
Gifts & Donations	4,336.99
Workshop Registration	12,280.72
Misc. Reimbursements	820.79
Ag Value-Soil Group Worksheet	8,120.00
Misc., Copies GIS	390.00
County Appropriation	295,800.00
State Aid Grants/Reimbursements	209,000.82
<b>Total Income</b>	<b>\$556,952.12</b>

<b>EXPENSES</b>	
Personnel Services	\$264,003.29
Fringe	98,311.47
Equipment	32,185.92
District Tree & Shrub Program	14,561.11
Conservation Practice Supplies	17,521.82
Payments to Others	7,727.93
Travel/Training Directors	751.43
Travel/Training Employees	6,458.76
Professional Fees	5,648.70
Maintenance Fee	(1,660.00)
Telephone/Internet	631.61
Office Supplies	3,900.09
Information & Education (Newsletters, Field days, Envirothon)	7,317.18
Insurance	12,009.39
Miscellaneous	9,956.66
Repairs to Equipment (Field)	532.87
Vehicle Fuel	1,466.43
<b>Total Expenses</b>	<b>\$481,324.66</b>

**Exhibit II - SUMMARY OF CHANGES IN FUND BALANCE & OPERATING FUND BALANCE SHEET**

<b>DCSW – 2017 SUMMARY OF CHANGES IN FUND BALANCE</b>	
Beginning Fund Balance	\$245,532.28
Plus: Total Revenues	<u>556,952.12</u>
Sub Total	\$802,484.40
Less: Total Expenditures	<u>(481,324.66)</u>
<b>Ending Fund Balance</b>	<b>\$321,159.74</b>

<b>DCSW – 2017 OPERATING FUND BALANCE SHEET</b>					
<b>ASSETS</b>			<b>LIABILITIES</b>		
Cash	\$183,367.00		Accounts Payable		
Petty Cash	<u>100.00</u>		Compensated Absences	\$11,302.00	
<b>Total Cash &amp; Investments</b>		<b>\$183,467.00</b>	Other Liabilities	588.00	
			Due to Other Governments	<u>251.00</u>	
			<b>Total Liabilities</b>		<b>\$12,141.00</b>
State & Federal Aid Receivables	\$84,913.00		Deferred Inflow of Resources	<u>\$84.00</u>	
Due from Other Funds			<b>Total Deferred Inflow of Resources</b>		<b>\$84.00</b>
Due from Other Governments	27,793.00				
Prepaid Expenses	<u>8,657.00</u>				
<b>Total Receivables</b>		<b>\$121,363.00</b>	<b>Fund Balance - Restricted</b>		
			Cash Dedicated Funds	\$28,555.00	
<b>Cash Special Reserves</b>		<b><u>\$28,555.00</u></b>	<b>Fund Balance - Unassigned</b>	<u>\$292,605.00</u>	
			<b>Total Fund Balance</b>		<b><u>\$321,160.00</u></b>
<b>Total Assets</b>		<b><u>\$333,385.00</u></b>	<b>Total Liabilities &amp; Fund Balances</b>		<b><u>\$333,385.00</u></b>

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## Exhibit III - AGENCY RESPONSE



**DUTCHESS COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
2715 Route 44, Suite 3  
Millbrook, NY 12545  
Phone (845) 677-8011 ext. 3 Fax (845) 677-8354

June 8, 2018

Ms. Robin Lois, Comptroller  
Dutchess County Office of the Comptroller  
22 Market Street  
Poughkeepsie, NY 12601

Re: 2017 Audit Report for DCSWCD

Dear Ms. Lois,

Upon review of the Audit Report completed by your office of the Dutchess County Soil & Water Conservation District for the period of January 1, 2017 through December 31, 2017, it was determined to be fair and educational. The findings and recommendations will be used to improve upon our continued fiscal and management goals.

Thank you to your staff for the professionalism, thoroughness, guidance, and expeditious way that the audit was conducted.

Sincerely,

Brian F. Scoralick  
Executive Director

AN EQUAL OPPORTUNITY EMPLOYER

**OFFICE OF THE DUTCHESS COUNTY COMPTROLLER**  
**ROBIN L. LOIS, COMPTROLLER**

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