

AUDIT REPORT

Dutchess County Soil and Water Conservation District
January 1, 2015 – December 31, 2015

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Comptroller's Summary

Cash flow issues from the previous year were resolved. Year-end accounting entries continued to be problematic.

Organization and Background

The Dutchess County Soil and Water Conservation District (DCSW) was established in 1945. The DCSW was authorized by State statute, as a quasi-government agency set up 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.

Audit Scope, Objective and Methodology

An audit was conducted of the Dutchess County Soil and Water Conservation District for the period of January 1, 2015 through December 31, 2015. During the audited period, Dutchess County appropriated and paid \$290,000 for funding of DCSW. This appropriation was under the auspices of the Dutchess County Department of Planning and Community Development. In addition, the Department of Planning and Community Development contracted with the DCSW in 2015 to develop an 8 year Agricultural District Recertification. This contract provided additional funding totaling \$3,089.61.

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

Summary of Findings

- ❖ Entries recording accruals and reversals were not incorporated in DCSW records during 2015 resulting in delays in finalizing 2015 financial statements.
- ❖ A separation of duties for accounting transactions was not maintained after the District Secretary retired.

Financial Reporting

The 2015 DCSW Annual Report of the Treasurer to New York State is the required document detailing DCSW's consolidated financial information. Revenues reported in 2015 totaled \$552,450.79 and expenses totaled \$504,101.54. 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 12/31/15 is attached as Exhibit II.

Finding:

Errors were noted in the posting of revenue and expenditures; predominantly at year end when entries are required to become compliant with the accrual method of accounting. Corrections were made during our review.

Recommendation:

Oversight and monitoring of the agency's financial records should be increased to ensure monthly financials are based on accurate postings. DCSW should consider consulting with an accountant to review the financial records on a quarterly basis.

Cash Handling and Petty Cash

Prior to the retirement of the District Secretary, the duties of cash handling were shared by two office staff. Since the District Typist has taken over responsibility of the accounting records, there is no separation of duties. The Board Treasurer does review the bank reconciliations periodically.

SWCD maintains a petty cash account in the amount of \$100. At the time of our review, the petty cash account was reconciled to \$98.36 due to one receipt totaling \$1.64 which was not replenished prior to the end of 2015. The petty cash receipts were readily available for audit.

Finding:

Currently, the District Typist receives and disburses funds, posts to the general ledger, safeguards the funds in the safe, prepares the deposit, takes the deposit to the bank and reconciles the bank accounts.

Recommendation:

While SWCD has a limited number of staff, a separation of duties regarding the depositing and disbursing of funds should be maintained in order to provide proper internal control.

County Appropriation

The Dutchess County Soil and Water Appropriation for 2015 was \$290,000. The full amount of \$290,000 was paid to DCSW. As shown below, costs for the program areas exceeded the annual appropriation and claims were for the time period January through December. Funding was requested for personal services and fringe benefits for the following programs:

Personal Services	Jan-March*	April-June	July-Sept	Oct-Dec	Total Claimed
Ag Environmental Management Program	\$17,305	\$14,145	\$12,750	\$14,710	\$58,910
Community Environmental Management Program	\$14,090	\$22,277	\$12,819	\$18,080	\$67,266
Hydrological Habitat Modification Program	\$9,732	\$19,423	\$15,831	\$18,202	\$63,188
Education Program	\$6,131	\$1,146	\$7,846	\$6,646	\$21,769
Total Personal Services/Programs	\$47,258	\$56,991	\$49,246	\$57,638	\$211,133
Fringe					
Ag Environmental Management Program	\$19,226	\$2,990	\$2,630	\$2,996	\$27,842
Community Environmental Management Program	\$19,263	\$4,878	\$2,819	\$3,749	\$30,709
Hydrological Habitat Modification Program	\$17,929	\$3,909	\$3,233	\$3,858	\$28,929
Education Program	\$6,583	\$198	\$1,730	\$1,499	\$10,010
Total Fringe/Programs	\$63,001	\$11,975	\$10,412	\$12,102	\$97,490
Total Personal Services & Fringe Claimed Program	\$110,259	\$68,966	\$59,658	\$69,740	\$308,623

* The fringe benefit claims for January – March included claims for 2015 retirement expense.

Contract #15-0177-PL – Agricultural and Farmland Protection Plan

This above contract was written for the time period January 1, 2015 – December 31, 2015 in the amount of \$4,539 for DCSW. The Department of Planning and Community Development contracted with the SWCD in order to develop to develop an 8 year Agricultural District Recertification for Dutchess County.

DCSW claimed and was paid \$3,089.61 as follows:

January - December 2015	Total
Salary	\$2,344.69
Fringe	744.92
Grand Totals	\$3,089.61

Account Review

Personnel Expenses, Retirement Bill and Cash flow

- Beginning in 2015, the SWCD contracted with Paychex to prepare their payroll and Federal and State tax remittances. The remittances were reviewed for accuracy and timeliness in submittal with no discrepancies. Employee wages for 2015 amounted to \$276,305.12.
- The 2015-2016 NYS retirement invoice in the amount of \$40,275 was due by December 15, 2015; if not paid \$40,641 was due by February 1, 2016. The full amount of \$40,275 was paid December 8, 2015. Since the 2015-2016 retirement invoice was paid in December 2015, SWCD realized a savings of \$366.

Credit Card Purchases

The agency maintains one credit card account. Four employees are authorized cardholders and have a card issued in their individual names. The Acting 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.

Observation

- Beginning in 2015, actual credit card receipts were consistently filed with the statements and compared to the monthly credit card statement.

Finding:

Meal receipts were not itemized.

Recommendation:

To ensure items purchased are within agency guidelines, meal receipts should be itemized.

Maintenance Fee

Soil and Water has an agreement with Cornell Cooperative Extension of Dutchess County to share expenses for maintenance of the Farm and Home Center Building. In 2015 the maintenance fee totaled \$3,998.79. Dutchess County owns the Farm and Home Center Building and major repairs are provided by Dutchess County. Cornell separately receives funding from Dutchess County for the programs housed at this site.

Fixed Asset Inventory/Equipment

In 2015, the inventory worksheet attached to the NYS Annual Report of the Treasurer contained twelve (12) items for a total value of \$96,167.23; which included vehicles, a copier, a projector, computer equipment, a GPS data logger and a Hydro seeder.

Observations

- 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.

Inventory for Resale

According to agency records, expenditures totaled \$14,280.88 in 2015. Sales recorded for 2015 were \$16,365.18.

Observations

- SWCD started utilizing the inventory for resale function in QuickBooks for the 2016 seedling sale.
- Seedling sale order forms were maintained for the 2016 seedling sale.

Exhibit I STATEMENT OF INCOME AND EXPENSES

DCSW – 2015 STATEMENT OF INCOME AND EXPENSES	
INCOME	
District Tree & Shrub Program	\$16,365.18
Hydro seeding	4,002.31
Interest & Earnings	62.64
Sale of Supplies (Books & Maps)	52.00
Sale of Equipment	3,972.20
Insurance Recovery	1,648.24
Gifts & Donations	561.53
Workshop Registration	21,400.00
Misc. Reimbursements	3,835.46
Ag Value-Soil Group Worksheet	4,480.00
Misc., Copies GIS	330.00
County Appropriation	293,089.61
State Aid Grants/Reimbursements	202,651.62
Total Income	<u>\$552,450.79</u>
EXPENSE	
Personal Services	\$284,644.34
Fringe	101,875.56
Equipment	30,292.87
District Tree & Shrub Program	14,280.88
Conservation Practice Supplies	10,330.70
Payments to Others	22,145.26
Travel/Training Directors	893.95
Travel/Training Employees	6,155.62
Rent (Maintenance Fee)	3,998.79
Telephone/Internet	647.50
Office Supplies	4,463.66
Information & Education (Newsletters, Field days, Envirothon)	6,470.17
Insurance	15,601.56
Miscellaneous	18.15
Repairs to Equipment (Field)	1,096.90
Vehicle Fuel	1,185.63
Total Expense	<u>\$504,101.54</u>

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

DCSW – 2015 SUMMARY OF CHANGES IN FUND BALANCE	
Beginning Fund Balance	\$121,598.46
Plus: Total Revenues	\$552,450.79
Sub Total	\$674,049.25
Less: Total Expenditures	\$504,101.54
Ending Fund Balance	<u>\$169,947.71</u>

OPERATING FUND BALANCE SHEET			
ASSETS		LIABILITIES	
Cash	\$60,896.00	Accounts Payable	\$822.00
Petty Cash	<u>\$98.00</u>	Compensated Absences	\$9,478.00
Total Cash & Investments	\$60,994.00	Other Liabilities	\$3,644.00
		Due to Other Governments	<u>\$451.00</u>
		Total Liabilities	\$14,395.00
State & Federal Aid Receivables	\$80,709.00	Deferred Inflow of Resources	<u>\$84.00</u>
Due from Other Funds		Total Deferred Inflow of Resources	\$84.00
Due from Other Governments	\$3,090.00		
Prepaid Expenses	<u>\$15,992.00</u>	FUND BALANCE RESTRICTED	
Total Receivables	\$99,791.00	Cash Dedicated Funds	<u>\$23,642.00</u>
		Total Restricted fund	\$23,642.00
Cash Special Reserves	<u>\$23,642.00</u>		
		Fund Balance Unassigned	<u>\$146,306.00</u>
		Total Fund Balance	<u>\$169,948.00</u>
Total Assets	<u>\$184,427.00</u>	Total Liabilities & Fund Balances	<u>\$184,427.00</u>