



COUNTY OF ONONDAGA

*Office of the
County Comptroller*

Martin D. Masterpole
Comptroller

William M. Ryan
Chief of Staff

*John H. Mulroy Civic Center, 14th Floor
421 Montgomery Street
Syracuse, New York 13202-2998
(315) 435-2130 • Fax: (315) 435-2250
www.ongov.net*

Philip M. Britt
Deputy Comptroller/Accounting

Peter J. Headd
Deputy Comptroller/Audit

October 3, 2022

Onondaga County Soil & Water Conservation District
Attn: Mr. Mark Burger
6680 Onondaga Lake Parkway
Liverpool, NY 13088

Dear Onondaga County Soil & Water Conservation District Board Members,

Pursuant to Resolution 19-2016 of the Onondaga County Legislature, the Onondaga County Comptroller's Office performed an audit of the financial information presented in the Onondaga County Soil & Water Conservation District Annual Report of the Treasurer as of and for the year ended December 31, 2021. The Annual Report is prepared by the District and submitted to the New York State Soil & Water Conservation Committee. The objective of our audit was to ensure the Annual Report of the Treasurer was fairly presented in all material respects.

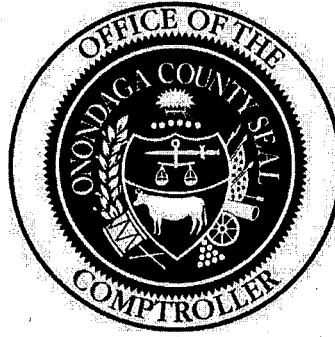
Our work included testing the accounting records and internal controls of the Onondaga County Soil & Water Conservation District which we deemed relevant to ensure the Treasurer report is fairly presented. Our findings and recommendations are included in the enclosed report.

Included in this report are the District's supplemental informational reports. We have not audited the contents of these reports. Therefore, any assertions made are strictly the responsibility of District management.

We would like to thank the District for working cooperatively with us during this engagement.

Sincerely,

Martin D. Masterpole



**Report on
Onondaga County Soil & Water Conservation District
Annual Report of the Treasurer for the year ended 12/31/2021
By Onondaga County Comptroller Martin D. Masterpole**

Report Index

Report Section	Section Name	Page Number
I	Introduction and Executive Summary	2
II	Background	3
III	Annual Report of the Treasurer	5
IV	Findings and Recommendations	7
V	Status of Prior Year Findings	14
VI	Management Response	19
VII	Supplemental Unaudited Information	21

Section I

Introduction and Executive Summary

Introduction

The Onondaga County Soil and Water Conservation District (District) is required per Soil and Water Conservation Districts Law, Chapter 9-B of the Consolidated Laws, §8. (2) to provide for an annual audit of the accounts of receipts and disbursements. The receipts and disbursements are summarized in the Annual Report of the Treasurer filed with the New York State Comptroller's Office.

County Resolution #19 of February 2, 2016 requires the County Comptroller's Office to conduct an annual financial audit for the Onondaga County Soil and Water Conservation District.

As such, we have audited the Annual Report of the Treasurer (ART) of the District for the year ended December 31, 2021.

Executive Summary

1. The 2021 Annual Report of the Treasurer submitted to the State was not fairly presented in all material respects.
2. The AR/DEF REV schedule contained errors.
3. Bank accounts dedicated to specific funding sources are not routinely balanced for the purpose of determining needed transfer(s) to reimburse operating accounts from which expenditures were paid.
4. The Information of Certain Assets Worksheet contained errors and omissions.

Our high level recommendations to District management include:

- The ART should be prepared and submitted after all financial activity has been thoroughly analyzed, adjustments determined and posted into the financial system.
- The AR/DEF REV schedule should be balanced and reconciled to the general ledger at the grant level of activity.
- At a minimum dedicated bank accounts should be balanced to program activity on an annual basis and appropriate cash transfers should be made to ensure operating and grant accounts represent accurate balances.

Section II

Background

Background

On March 6, 1944 the Onondaga County Board of Supervisors adopted Resolution No. 60 which created the Onondaga County Soil Conservation District in accordance with the provision of the Soil Conservation Districts Law, Chapter 727, and Laws of 1940.

The Onondaga County Soil and Water Conservation District (District) is a special purpose district created to develop and implement programs of soil, water and related natural resource conservation. The District offers a number of natural resources, programs and services, including technical assistance to farmers and landowners, training programs, environmental education programs and the annual Tree & Shrub sale. The District is governed by a Board of Directors who set program policy implemented by the District staff. The District staff consists of an Executive Director, Program Manager, Resource Conservation Specialists, support staff and various volunteers and interns. The District is funded largely through state grants and county and city appropriations. During 2021, the District has recognized approximately \$508,846 in funding from Onondaga County for various projects.

The mission of the Onondaga County Soil and Water Conservation District is to promote excellence in the wise use of rural/urban natural resources. This is accomplished by:

- Reducing erosion and nutrient runoff from agricultural and non-agricultural nonpoint sources by the use of best management practices.
- Providing information and education to the public on sound natural resource conservation principles and practices.
- Promoting the improvement, protection, restoration, and maintenance of surface and ground water quality.

Onondaga County Soil and Water Conservation District's vision per their web site is to live in a society in which future generations will have natural resources necessary to sustain and enrich their quality of life.

Scope:

The objective of our audit was to ensure the Onondaga County Soil and Water Conservation District's Annual Report of the Treasurer is fairly presented in all material respects.

Our objectives were to review:

- Policies and procedures related to fiscal operations.
- Specific areas which came to our attention during the course of the engagement.

- Provide District management with information and recommendations related to their financial operations and other areas to improve internal controls, effectiveness and efficiency.

Methodology:

Our work included tests of the accounting records and other procedures we considered necessary to ensure the Treasurer's report is fairly presented. Our audit included obtaining an understanding of the entity and its environment, including internal controls, sufficient to assess the risks of material misstatement of the Annual Report of the Treasurer.

In order to complete our objective we:

- Reviewed relevant District policies and procedures to determine if intended expectations were being met.
- Interviewed various staff responsible for fiscal operations and program controls to determine specific practices of these areas.
- Analyzed and compared expected conditions to current conditions and developed draft recommendations.
- Discussed draft recommendations with District management for their input and practicality evaluation.
- Finalized recommendations and included them in this report.

Section III

Annual Report of the Treasurer

The following pages illustrate a comparative 2021 and 2020 operating fund balance sheet and schedule of revenues, expenditures and changes in fund balance. These statements are presented on the modified accrual basis of accounting.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT OPERATING FUND BALANCE SHEET DECEMBER 31, 2021 AND 2020				
ASSETS	2021	2020	Dollar Change	Percentage Change
Cash	\$ 1,458,004	\$ 1,225,710	\$ 232,294	19%
Designated Cash	2,316,025	2,510,472	(194,447)	-8%
Accounts Receivable	973,901	739,172	234,729	32%
Prepaid Expenses	7,641	3,285	4,356	133%
Total Assets	\$ 4,755,571	\$ 4,478,639		
LIABILITIES				
Accounts Payable	\$ 516,890	\$ 312,154	\$ 204,736	66%
Accrued Vacation	20,263	20,263	0	0%
Accrued Payroll	17,351	18,463	(1,112)	-6%
Payroll Withholdings	4,901	5,434	(533)	-10%
Due to Other Governments	1,460	1,460	-	0%
Deferred Revenue	2,535,160	2,541,421	(6,261)	0%
Total Liabilities	\$ 3,096,025	\$ 2,899,195		
Fund Balance				
Assigned Appropriated Fund Balance	\$ 1,659,546	\$ 1,579,444		
Total Liabilities and Fund Balance	\$ 4,755,571	\$ 4,478,639		

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2021 And 2020**

General Fund

<u>Revenues</u>	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Grants from Local Governments	\$ 1,232,828	\$ 1,381,582	\$ (148,754)	-11%
State sources	1,513,756	1,234,588	279,168	23%
Pass-through Income	-	3,450	(3,450)	-100%
Hydro Seeding	20,847	33,580	(12,733)	-38%
Workshop Income	11,450	14,050	(2,600)	-19%
Equipment Rental	5,011	7,551	(2,540)	-34%
Tree & Shrub Sales	-	11,550	(11,550)	-100%
Miscellaneous sources	20,602	10,103	10,499	104%
Sale of Equipment	1,433	4,163	(2,730)	-66%
Gifts & Donations	1,800	1,400	400	29%
Interest income	785	1,938	(1,153)	-59%
Total Revenues	\$ 2,808,512	\$ 2,703,955	\$ 104,557	4%
Expenditures				
Contractual	\$ 1,867,055	\$ 1,738,936	\$ 128,119	7%
Personnel	576,723	583,255	(6,532)	-1%
Employee Benefits	265,918	281,196	(15,278)	-5%
Equipment	16,689	49,481	(32,792)	-66%
Total Expenditures	\$ 2,726,385	\$ 2,652,868	\$ 73,517	3%
Changes in fund balances	\$ 82,127	\$ 51,087		
Beginning Fund Balance	\$ 1,579,444	\$ 1,528,357		
Prior period Adjustment	\$ (2,025)	-		
Adjusted beginning Fund Balance	\$ 1,577,419	\$ 1,528,357		
Ending Fund Balance	\$ 1,659,546	\$ 1,579,444		

Section IV

Findings and Recommendations

Material Differences Reported on the ART:

- A. We noted 4 grants totaling \$40,018 reported as deferred revenue on the AR/DEF REV schedule denoted with the description of "W/O" indicating the grant has been closed. These residual amounts should have been adjusted at the time the grant was formally closed. We noted 3 grants with deferred revenue balances totaling \$14,859 which were incorrect. The total amount of these grants results in an over statement of deferred revenue of \$54,877.

Recommendation:

1. *We recommend the Account Clerk I perform an analysis of the general ledger deferred revenue balance and adjust it to actual. We also suggest procedures and policies be implemented to adjust accounts as needed when grants are closed. We also recommend District Administration review and compare the balance reported in the general ledger to the AR/DEF REV schedule at a minimum on an annual basis.*
2. *We recommend the Account Clerk I periodically update financial activity posted to the general ledger to the AR/DEF REV schedule, review and compare its balance to the General Ledger on a quarterly basis and if this is not practical at a minimum this reconciliation should be done as of September 30th, thus leaving three months of activity to reconcile for year-end.*

Accounts Receivable Balance

- B. We noted \$1,470 in account receivables for five grants reported on the AR/DEF REV schedule denoted with the description of "W/O" indicating "write off" or "close" indicating the grant has been closed and funds will no longer be received. These residual amounts should have been adjusted at the time the funds were deemed uncollectable or at the time the grant was formally closed.

Recommendations:

3. *We recommend the Account Clerk I perform an analysis of the general ledger accounts receivable balance and adjust it to actual funds deemed collectable. We also suggest procedures and policies be implemented to adjust accounts as needed when grants are closed or funds are deemed uncollectable.*

SLWAP Administration

- C. We noted the District has been carrying a residual balance due from the City of Syracuse for SLWAP administration fees for several years of approximately \$1,765. The administrative fee is a fixed amount requested and paid on a quarterly basis.

Recommendations:

4. *We recommend the Account Clerk I determine the collectability of this balance and or adjust the balance to actual based on contractual payments.*

Liabilities

Accrued Expenses:

The District uses a modified accrual basis of accounting which recognizes expenses for goods and services which have been incurred but not yet paid. A journal entry is posted into the accounting system which will record the expense and liability in the proper accounting period. As a Best Accounting Practice, accrual entries are generally reversed at the beginning of the new accounting period so when an invoice is received it can be entered into the system at its actual cost.

- D. We noted based on our review of general ledger transactions the year end accrual expenses are being posted to the Accounts Payable ledger account and are not automatically reversed in the next accounting period. This could potentially lead to over recording expenses if at the time the actual invoice is received and posted the accrual entry is not reversed.

Recommendation:

5. *We recommend a separate general ledger account be created for accrued expenses. This will allow for easier verification of Accounts Payable and Accrued Expenses at year end. We recommend all year end accrual journal entries be flagged to automatically reverse in the next accounting period. This will help to eliminate the need for additional journal entries and reduce the risk of possibly recording an expense twice.*

Accrued Vacation:

- E. We noted based on our review of general ledger transactions a year end entry to adjust accrued vacation was not posted resulting in an overstatement of payroll expenses of \$4,073.

Recommendation:

6. *We recommend a checklist for all standard year end accrual journal entries be created to ensure accurate reporting on the District's financial statements.*

Deferred Revenue:

The District receives some grant funds in advance from the New York State Department of Agriculture and Markets (NYSAM). Some grant agreements require these funds be deposited in dedicated bank accounts. When multiple grant project funds are received in a single check from the State they are deposited into a District bank account and then transferred into their own respective interest earning savings account. The funds are recorded as deferred revenue and classified as a liability when received. Interest earned is owed to the State and represents a liability. Revenue is periodically recognized for each grant based on expenses incurred. Gains are generated from the State's higher payroll & fringe benefit reimbursement rate as compared to the District's actual costs. It is District Management's position to keep realized gains in their respective grant savings account until the State completes their close out process.

The District utilizes their accounting system to monitor respective grant activity and generate Quick Class reports. These reports are used to generate the necessary journal entries to adjust the deferred revenue account. The Account Clerk I maintains an Excel spreadsheet called AR/DEF REV schedule which summarizes the cash receipts and expenses respective of all the District's grants. In theory, the deferred revenue balance on the Excel sheet, respective of the grants, should equal the balance of their bank accounts.

F. We noted differences when comparing the deferred revenue Quick Class balance to the bank balance at 12/31/21. These differences indicate funds which have been paid from the District's checking account are not being transferred from a dedicated grant bank account into the District's accounts. The estimated amount of funds, net of gain and interest, which can be transferred to reimburse District expenses is \$301,748.

A contributing factor in the above balance is a change in District philosophy of which expenses should be considered for transfer. In 2021 the Account Clerk I indicated actual salaries and fringe benefits incurred would not be consider for transfer from a dedicated grant bank account into a District account to cover costs incurred as compared to leaving the gains and interest in the respective accounts. Without a written Board of Directors approved memo or an internal memorandum from the Director specifically addressing this issue, we question this change and its potential affect on District funds, as well as future program funding from New York State sources.

The deferred revenue accounts we tested are illustrated on the following page.

**Grant Deferred Revenue vs. Grant Bank Balance Analysis
For Year Ending December 31, 2021**

	Quick Class Balance 12/31/21	Balance per 12/31/21 Bank Statement	Difference Quick Class vs. Bank	Gain and Estimated Interest Amounts	Estimated Due to District for Expenses Incurred	Total of reconciling items
EPF 22 Carley	\$ 90,066.40	\$ 132,231.48	\$ (42,165.08)	\$ 1,822.78	\$ 40,342.30	\$ 42,165.08
EPF23 Chittenan	\$ 42,556.42	\$ 77,640.13	(35,083.71)	7,939.66	27,144.05	35,083.71
EPF23 Seneca	\$ 63,323.29	\$ 92,321.65	(28,998.36)	5,776.02	23,222.34	28,998.36
EPF 24 Chittenango	\$ 40,577.02	\$ 95,662.65	(55,085.63)	2,065.53	53,020.10	55,085.63
EPF24 Onondaga	\$ 96,945.68	\$ 235,241.76	(138,296.08)	5,484.22	132,811.86	138,296.08
EPF 25 Stack Farm	\$ 79,896.23	\$ 81,043.11	(1,146.88)	340.20	806.68	1,146.88
EPF 25 CoVale	\$ 225,134.57	\$ 227,785.82	(2,651.25)	868.26	1,782.99	2,651.25
EPF26 Onondaga	\$ 88,022.89	\$ 107,181.33	(19,158.44)	1,062.72	18,095.72	19,158.44
CAFO Pastureland	\$ 238,820.83	\$ 240,250.33	(1,429.50)	178.33	1,251.17	1,429.50
CAFO 3 Volles	\$ 318,553.73	\$ 321,939.55	(3,385.82)	115.45	3,270.37	3,385.82
	<u>\$ 1,283,897.06</u>	<u>\$ 1,611,297.81</u>	<u>\$ (327,400.75)</u>	<u>\$ 25,653.17</u>	<u>\$ 301,747.58</u>	<u>\$ 327,400.75</u>
				1	2	

1) Gains and interest are kept in the separate project bank accounts for each of the grants until the projects are completed.

2) The total amount in "Estimated Due to District" of \$301,747.58 represents the total of funds which can be transferred to District accounts out of respective separate project bank accounts.

Recommendation:

7. *We recommend procedures be implemented to periodically reconcile the Quick Class Reports with bank statements to ensure amounts will be transferred to cover the District's expenses which have been paid through the District checking account.*
8. *We recommend the Board of Directors and District administration devise and implement a formal policy addressing the transferring of funds from dedicated bank accounts to cover actual expenses paid with District funds.*

City Implementation Funds

- G. We noted the District is not fully in compliance with their City of Syracuse contract section #29, which requires unexpended funds, including interest to revert to the City unless their agreement is extended. Interest was not recorded on the Quick Class report to reflect this requirement and \$54 was inadvertently recognized as interest income.

Recommendation:

9. *We recommend Implementation interest be recorded on its Quick Class report and included as a part of the deferred revenue.*

Landowners Escrow:

The District has an Agricultural Environmental Management (AEM) & Implementation Program Escrow Policy as revised and adopted February 24, 2021 which states the following:

For all AEM, and other projects that require a landowner/producer cash match, the landowner/producer is required to provide *a check (personal, business or certified), money order, or guaranteed letter of credit from a lending institution* to the Onondaga County Soil and Water Conservation District in an amount equal to the cash match, as per the approved funding agreement. The Letter of Credit must guarantee the bank will make payment to the District upon completion of the project. The escrow payment due date has been established as the date of the signing of the Landowner/Contractor contract.

The overall concept of the above requirement is to ensure contractors will be paid in full and the District is kept in good graces with contractors.

Escrowed funds are deposited into a special AEM bank account and transferred to the District's checking account to pay the contractor once the project is completed.

General ledger account #2001-Due to Contractors is used to record the activity of escrowed funds and the deposits are held in the AEM ESCROW Savings bank account. It is our understanding the balance in the Due to Contractor account represents the landowner's advanced share of the project funds and is a liability to the District until the project is completed and the contractor is paid. If this correlation is maintained it facilitates the reconciliation of the general ledger to the AEM ESCROW account.

H. We noted 1 of the 5 landowner share projects did not adhere to receiving the escrow payment at the time of the Landowner/Contractor contract signing date. The Larkin grazing project contract was executed on 4/25/21, however the receipt date of the check and deposit date were 5/18/21 and 5/20/21, respectively.

Recommendation:

10. We recommend District employees perform their due diligence and receive landowner share checks as stated in the revised Escrow Policy dated 2/24/21.

I. We noted \$183 of prior period adjustments in GL 2001 Due to Contractors from 2019 and 2020 should be removed from this account. The proposed entry would be to debit Miscellaneous Expense and credit Due to Contractors.

Recommendation:

11. We recommend the Account Clerk I implement a periodic review and reconciliation of the Due to Contractors account and the AEM Escrow Savings account balances, at a

minimum this should be done quarterly. We have provided the District with our worksheets to facilitate this process in the future.

Revenue:

- J. We noted interest earned in 2021 for grants having their own bank accounts was improperly recorded as interest income. New York State Agriculture & Markets position as stated in their contracts indicates, prior to the final payment, the Contractor (OCSWCD) must submit a statement of interest earned and the final payment for services rendered will be offset by the amount of any interest earned.” Therefore, interest should be recorded as deferred revenue and at the time of close out as earned revenue, if applicable. Interest recognition occurs at the time of the monthly bank reconciliations and should be appropriately recorded during this process, thus avoiding any inefficiencies in determining yearend balances and adjusting entries.

Recommendation:

- 12. We recommend the Account Clerk I record interest earnings from dedicated grant bank accounts to respective Quick Class reports as deferred revenue at the time of the preparation of the bank reconciliations.*

Capital Assets:

The District with Board approval has historically capitalized all purchases in excess of \$500 with a useful life greater than one year. This threshold appears reasonable when applying it to the completion of the “Information of Certain Assets Worksheet,” included with the ART, which provides a listing of equipment used for conservation purposes costing \$500 or more.

- K. We noted the balance reported on the ART’s Assets Worksheet of \$350,508 included several items totaling approximately \$724, which fall below the District’s capitalization policy and approximately \$58,000 net recording errors relating to typos and omissions, resulting in a purposed estimated adjusted balance of \$407,692. This is illustrated below.

Recommendation:

- 13. We recommended District management implement review procedures to ensure the accuracy of the Assets Worksheet and consider including just single (1) item purchases of capital assets costing \$500 or more.*

**Information of Certain Assets Worksheet
As of December 31, 2021**

Total of Certain Assets Worksheet reported on the 2021 ART	\$ 350,508.00
--	---------------

Purposed Removals below \$500 Thresholds

HP LASER JET PRO 400 M40IN (field office printer)	\$ 199.00
Toshiba monthly lease	279.00
HP Laser Jet PRO M118dw	246.00
Total Purposed Reduction	\$ 724.00

Recording Errors

Description

Recording Errors	Description	
Simpson 2" semi Trash pump S/n 05213141023	Omitted	\$ 550.00
Sonde buoy	Omitted	2,132.00
Arborjet Quick-jet air kit	Omitted	2,299.00
Kowasaki side by side	Omitted	8,200.00
EX03 Sonde, 10 meter depth	Omitted	17,669.00
2020 Ford Ranger XL Crew Cab	Omitted	27,253.00
Various typing errors - net		(195.00)
Total Net Recording Errors		\$ 57,908.00

Purposed and Adjusted Assets Worksheet at 12/31/21	\$ 407,692.00
---	----------------------

Section V
Status of Prior Year Findings

Overstated Accounts Receivable Balance

- A. We noted \$19,597 in account receivables for numerous grants reported on the AR/DEF REV schedule denoted with the description of "W/O" indicating "write off" or "close" indicating the grant has been closed and funds will no longer be received and an amount needed to balance to the general ledger of \$7,248 for a total \$26,845 in uncollectable funds.

This finding reoccurred in 2021.

2020 OCWA Memorandum of Understanding (MOU)

- B. We noted based on our review of the detailed transactions in the GL Acct # 1200 Accounts Receivable OCWA's September Invoice #16132 for \$12,000 was outstanding as of 12/31/20 and the District was unaware it was still outstanding as of July 2021.

CLEARED: These funds have been received.

DEC Rnd 12 Urban Forestry Grant

- C. We noted this grant's receivable of \$25,000 has been outstanding since the end of 2019. The grant agreement indicates Onondaga County's Office of the Environment is the contractor. However, there has been no resolution as July 31, 2021.

CLEARED: Payment was received in October of 2021.

EPF 23 Onondaga

- D. We noted this grant had an established bank account dating back to 2018 with a balance of \$66,506.32 as of 12/31/20. We also noted an account receivable balance as of 12/31/20 in the amount of \$29,935.04 was paid by NYS in July of 2021 and subsequently this grant was closed. We question recording a receivable when the District had sufficient funds in its respective savings account.

CLEARED: This situation did not come to our attention in our testing of 2021 activity.

DEC Rnd 14

- E. We noted the Quick Class Report for Critical Area Seeding Projects (hydro seeding) DEC Rnd 14 reported 100% of hydro seeding expenses, however the grant only reimburses 75% of expenses incurred and 25% is covered by other District sources. The District has established two Quick Class reports but only used one. Subsequently the AR/DEF REV schedule reported the DEC Rnd 14 expenses and receivable balance incorrectly.

CLEARED: Grant closed and settled 4/30/22.

Deferred Revenue:

- F. We noted differences when comparing the deferred revenue Quick Class balance to the bank balance at 12/31/20. These differences indicate funds which have been paid from the District's checking account are not being transferred from a dedicated grant bank account into the District's accounts. The estimated net amount of funds which can be transferred to reimburse District funds is \$247,986.76.

This finding reoccurred in 2021.

City Implementation Funds

- G. We noted the District is not fully in compliance with their City of Syracuse contract sections #1 and #12, which requires advanced SLWAP and Implementation funds received from the City be kept in separate bank accounts.

CLEARED: The funds were transferred properly during 2021.

We also noted an erroneous deposit in September's Implementation's savings account of \$14,332.50, which should have been deposited into CRF4 Fesko-Jackson's specific grant bank account.

CLEARED: Funds were transfer as requested in 2021.

We noted bid deposits in the bank account were not reflected on the Quick Class report.

CLEARED: Bid deposits were not noted in the bank account in 2021.

We noted the District is not fully in compliance with their City of Syracuse contract section #29, which requires unexpended funds, including interest to revert to the City unless their agreement is extended. Interest was not recorded on the Quick Class report to reflect this requirement and was inadvertently recognized as interest income.

This finding reoccurred in 2021.

- H. We noted a balancing figure reported on the AR/DEF REV schedule of \$4,878.18 which could not be supported with appropriate documentation.

CLEARED: A balancing figure was recorded in 2021.

EPF 22 Upper T

- I. We noted a transfer of funds from EPF 21 Seneca bank into EPF 22 Upper T bank account in the amount of \$75,725 on 4/30/20. We questioned the rationale behind this transfer as it is our understanding funds per grant agreements have specific bank accounts and program purposes. Supporting information has not been provided to justify the transfer.

CLEARED: Check # 7735287 for \$164,537.75 received from NYS Ag & Mrkts was deposited into the EPF 21 Seneca bank acct. This amount was comprised of \$88,812.75 for EPF 21 Seneca and \$75,725.00 for EPF 22 Upper T. This transfer was to move the EPF 22 Upper T funds to the proper bank acct.

AR/DEF Schedule Balance

- J. We noted 8 grants totaling \$7,929.10 reported as deferred revenue on the AR/DEF REV schedule denoted with the description of "W/O" indicating "adjustment needed" or "close" indicating the grant has been closed. These residual amounts should have been adjusted at the time the grant was formally closed. This amount plus the balancing figure reported of approximately \$4,800 from the City Funds results in an estimated total over statement of deferred revenue of \$12,700.

This finding partially reoccurred in 2021.

CLEARED: No adjustments to City Funds in 2021.

Landowners Escrow:

- K. We reviewed 5 landowner share projects and the following issues came to our attention on 3 of them, landowners pay with a personal check; untimely deposits and project files do not provide supporting documentation as to the actual start date of the project.

This finding partially reoccurred as we noted one escrow payment was not received timely. The District revised their Landowner Escrow policy in February of 2021 to accept payment with personal checks and clearly defined what is considered the start date of projects.

- L. We noted postings in GL 2001 Due to Contractors and other minor entries from 2019 totaling \$6,328.58 should be removed from this account.

This was not completely addressed as an immaterial adjustment of \$183.02 remains to be made.

- M. We noted \$29,087.58 in funds held in the AEM Escrow Savings bank account should be transferred to a District bank account. Based on our inquiries resulted in program personnel and the Accountant I determining a portion of these funds should have been returned to the landowner after their project was completed in 2020.

CLEARED: The adjustments were made as recommended.

Revenue:

- N. We noted EPF 21 Seneca's revenue reported in the general ledger was understated by approximately \$21,000 as compared to the activity recorded on the AR/DEF REV schedule. Upon further review the Accountant I determined a series of errors in calculating and posting journal entries was the underlying factor.

CLEARED: This grant was closed in 2022 and revenue was fairly stated.

Bank Deposits:

- O. We noted checks were not deposited in a timely manner.

CLEARED: There was a marked improvement in the timing of the deposits.

Capital Assets:

- P. We noted the balance reported on the ART's Assets Worksheet of \$457,000 included several items totaling approximately \$3,200, which fall below the District's capitalization policy and approximately \$58,000 net recording errors relating to typos and an asset omission, resulting in a purposed estimated adjusted balance of \$395,000.

This finding reoccurred in 2021.

Under Reported Liabilities

- Q. We noted 5 invoices totaling \$160,929.02 were for expenses incurred in 2020 which were not properly accrued in 2020, thus materially under reporting the liabilities reported on the ART.

CLEARED: Accounts Payable were fairly stated at 12/31/21.

Annual Tree Sale:

R. We noted revenue was overstated by a net of \$1,973 due to duplicate journal entries being posted through the use of GL account 1499 Undeposited Funds, minor amounts recorded incorrectly as tree sales and omitted amounts. We further question the use and purpose of GL account 1499 Undeposited Funds as any funds received would typically be posted as a debit to cash and a credit to revenue. We also question the beginning balance of \$123 which has been the same for the last few years.

CLEARED – These items were not an issue in 2021.

S. We noted based on a comparison of the overall trees/plants stock purchased to the actual Excel file sales log a reconciliation of surplus stock/inventory was not performed as stated in the District's Annual Tree Sales policy.

CLEARED – Due to COVID the 2021 tree sale was not held.

T. We noted refunds due to customers as noted on the District's Tree Sales worksheet were not paid out in a timely manner and were still owed as of July 30th.

CLEARED – Refunds have been issued as requested.

U. New York State's sales tax collected from the sale of bat houses has not been remitted to New York State as of July 30th.

CLEARED – NYS has been paid.

Section VI Management Response

The following pages are the District's responses to our audit findings & recommendations.



Onondaga County Soil & Water Conservation District

6680 Onondaga Lake Parkway, Liverpool, New York 13088
phone: 315-457-0325 · fax: 315-457-0410 · e-mail: info@ocswcd.org
website: www.ocswcd.org

- A. 1 and A. 2 are a work in progress. We recognize the opportunity to perform an analysis of the general ledger (GL) deferred revenue (DR) balance and adjust it to actual. We are working towards that with the monthly updates to the financial reports to the BOD.
- A. 2 Our goal for 2022 is to update financial activity posted to the GL to the Accounts Receivable (AR)/Deferred Revenue (DEF Rev) schedule, review and compare its balance to the GL by September 30. Once we get through this process for the first time, it should become a regular part of our routine. Restructuring the jobs within the administrative side of the office has helped to provide more time to perform such tasks. In reality, it could take up to three years to hit our stride in this part of the job as the Accounting side of the shop is brand new to the job.
- B. 3. It should not be an issue in the future to perform an analysis of the GL accounts receivable balance and adjust it to actual funds deemed collectable. The Account Clerk I (ACI) has been doing this and checking it every month. Part of our restructuring provides more time to do this task; some of this is older problems to clean up. Our goal is to "touch it once or write it off at grant closeout time".
- C. 4 This balance due from the City c/o SLWAP is old/a carry over and will be addressed.
- D. 5. The ACI is already addressing the recommendation for a separate general ledger account. She has a spreadsheet and every accrual is on the spreadsheet. SWCD recognizes that there is an efficiency to be had here, but until we get our feet firmly under us in the new administrative roles in the shop, we feel more comfortable addressing year end accrual journal entries the way we are currently doing it.

- E. 6. We have spoken with the new part-time hire handling salary and benefits for SWCD. It should not be a problem in the future to ensure accurate reporting of all standard year end accrual journal entries.
- F. 7. and F. 8. SWCD leadership will write up a policy, with some flexibility built in, to leave payroll and any potential gains in the bank account until the grant is closed out. There will be an exception to move payroll and any potential gains when we deem it necessary to maintain positive cash flow. The SWCD always transfers amounts dollar for dollar to cover implementation costs at time contractor payment is made.
- G. 9. SWCD will recognize interest related to grant funds the way we are currently doing it. Each grant has a separate bank account and we recognize the interest at any time. At year end we will make a journal entry to make sure interest on a grant does not look like income and/or spendable cash for implementation or personnel purposes? We will need to ask the City what they would prefer we do with the interest and report back.
- H. 10. It was the result of a new Program Manager and a new staff member learning to handle procurement of an implementation project that this happened. That matter has been addressed with both parties and should not happen again. (It is important to note that yes there was ~ one month between contract signing and receipt of the landowner escrow, but there was an additional two months until implementation commenced by the contractor).
- I. 11. The ACI will make an effort to implement a periodic review and reconciliation of the Due to Contractors account and the AEM Escrow Savings account balances.
- J. 12. This ties back to F. 7 and F. 8. We do like the process that we are currently using. We can make a year end journal entry to address interest so that they do not impact year end balances. Additionally, this may take some additional time to figure out. This is not a quick, easy fix as there are other, higher priorities that needed attention in the near term. But, it can be done in time.
- K. 13. This recording of assets for the Annual Report of the Treasure (ART) was simply human error and part of the learning curve for the new ACI. This should not happen again in the future. A complete record of all SWCD assets resides on the ledger provided by the liability insurance company.

Section VII

Supplemental Unaudited Information

2021 Year In Review

The Onondaga County SWCD (District) has been blessed with a hard-working, committed staff. They are supported by an engaged Board of Directors who contribute of their time freely to support District staff and projects that fit our mission to “Promote Excellence in the wise use of our urban, suburban and rural natural resource.” The diversification of programming that the District offers has helped the organization maintain relatively stable finances that weather the storms of uncertainty.

In 2021, due to many other organizations we rely on having labor challenges, just as we have had, it has taken 6 to 9 months to obtain necessary permits to do environmental projects.

COVID-related supply chain issues have either stalled projects or resulted in project costs sky-rocketing to the point that some of the grants we receive do not have sufficient funds to cover the higher costs. Further, many farmers have not been able to pay their share of the increased costs, so some projects have gotten cancelled and money was sent back to the grantor. When this happens the District suffers financially because those projects funds pay the salaries and benefits for staff members that survey/design/and oversee construction of these projects. This situation may become more challenging in the near term.

It is important to recognize that when the District does install grant funded projects, the money we spend in the local economy for materials and supplies flows like ripples in a pond to other businesses. In 2021, District expenditures helped to support over 188 local businesses in the community.

It is worth noting that in recent years there are fewer and fewer grant sources to pay for the environmental/conservation work that we do, and there are new regulations on the funding that limit what types of projects the grant can pay for. This requires the District to seek out other sources of funding to pay for project expenses that the grant used to, but no longer covers.

Like many employers these days, we are concerned about labor shortages and staffing issues for the future. Due to retirements and employee departures for new jobs, this past year the District was understaffed for six to nine months because it was unable to find and hire suitable candidates that were qualified to fill vacant positions. We gratefully acknowledge the staff members that took on extra responsibilities during these understaffed times.

In spite of the challenges noted above, the District continues to secure grant funding and design and build environmentally beneficial projects to secure the future of agriculture within the county.

Projections – 2022 and Beyond

Our District's strength and our future is in our staff and our Board of Directors. We need to make sure that we are both building and retaining experienced, dedicated members for the future.

We need to make sure that we are providing competitive salaries and benefits packages to retain existing employees and to attract new ones. This will have to be a work in progress, but steps are being taken by the District to ensure employee retention and to attract new qualified employees.

The District continues to invest considerable time and resources into training staff members for the future so that they have the necessary knowledge, skills and abilities to perform and lead when they are called upon. We expect labor-related challenges to be ongoing for years.

We do not see supply chain and inflation issues going away any time soon. It is going to be a balancing act for District staff to estimate/project costs three to five years out into the future without over pricing the projects and making them appear unattractive to grant reviewers from a competitive standpoint. On top of all of this, it appears that there will be fewer grants available to support the work and that there will continue to be a lot of competition for those grants. In spite of these challenges, our District has always enjoyed great success in securing grant funding for necessary projects, and expects to remain competitive in the pursuit of state and federal grant funding going forward.

As residents of the community get further away from their agricultural roots (right now they are three generations away) it will be harder to secure community support for the types of projects the District undertakes. Fewer and fewer people understand and value who produces their food, how the food is produced, and where food is produced. Increasingly the District and the farm community face uninformed public opposition to the construction of necessary and environmentally beneficial agricultural conservation projects. Not only is our job technical, but we will also have to continue to educate the community at large regarding the necessity and value of the projects we help the farmers install.

The District, given sufficient resources, remains up to the task and looks forward to protecting a critical piece of our local economy – agriculture in Onondaga County.