

FINANCIAL STATEMENTS

**ONONDAGA COUNTY SOIL AND
WATER CONSERVATION DISTRICT**

DECEMBER 31, 2013 AND 2012

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT

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Robert E. Antonacci II, CPA
Comptroller

COUNTY OF ONONDAGA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Onondaga County Soil and Water Conservation District
Liverpool, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Onondaga County Soil and Water Conservation District, as of and for the year ended December 31, 2013, 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the 2013 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major funds of the Onondaga County Soil and Water Conservation District, as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the Onondaga County Soil and Water Conservation District as of December 31, 2012, were audited by other auditors whose report dated August 30, 2013, expressed an unmodified opinion on those statements.

Other Matters

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for other postemployment benefits on pages 3-17 and 39-41 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required 2013 supplementary information and the other auditors mentioned in the preceding paragraph applied certain limited procedures to the required 2012 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to the inquiries, the basic financial statements, and other knowledge obtained during the audits of the basic financial statements. We do not and the other auditors did not express an opinion or provide any assurance on the information because the limited procedures do not provide us and did not provide the other auditors with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2014 on our consideration of the Onondaga County Soil and Water Conservation 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 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 Onondaga County Soil and Water Conservation District's internal control over financial reporting and compliance.



Robert E. Antonacci II, CPA

August 7, 2014

Syracuse, New York

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012 (Unaudited)

Introduction

The Management's Discussion and Analysis of Onondaga County Soil and Water Conservation District for the fiscal years ending December 31, 2013 and 2012, provides an introduction to the major activities that had an effect on the operations of the District and it also addresses the financial performance and status of the District. The information contained within the Management's Discussion and Analysis ("MD&A") should be used and considered in conjunction with all of the information contained within the 2013 and 2012 financial statements, which follows this discussion and analysis.

District Highlights for 2013

As of June 2013, it had been one year since the Onondaga County Soil & Water Conservation District (District) moved into our new office space at the former St. Marie of the Iroquois in Liverpool, NY. This facility is owned by Onondaga County. This move from USDA space in Lafayette put the District in a more central location within the County, making the District more accessible to ALL of its customers (municipal, residential, as well as agricultural producers in the entire County).

The move also enhanced the visibility of the District, especially to the County officials. Since the move, the County has asked the District to participate in Phase II of the Ash Tree Project to oversee the removal of 550 ash trees, with a budget of \$250,000. The County also initiated discussions to assist them with the implementation of the Municipal Separate Storm Sewer (MS4) outfall inspection program. Cost estimates to provide that assistance will be shared with the County in 2014. County Emergency Management partnered with the District in 2013 by providing \$5,100 to fund two Technical Large Animal Emergency Response classes instructing 150 students. This is a brand new partnership that flourished in part because of our office relocation.

Leadership of the District truly does not believe that these requests to provide technical services would have been so forthcoming if the District had not moved to its new location. The move helped the District to become more transparent to the County. Legislators and other department heads became more aware of the technical services and support available through the District at a very reasonable cost.

Although the District moved and has worked hard to diversify the services that are provided, the District continued its core workload of Agricultural Environmental Management (AEM) in the County and Skaneateles Lake Watershed. Implementation staff for the District and SLWAP implemented \$368,208 of non-point source pollution control BMPs on farms in Onondaga County and the Skaneateles Lake Watershed. The District accomplished this task with only three implementers. If NYS had not withheld project payments to all Districts for four months, additional conservation deliverables could have been achieved on farms in the County.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012 (Unaudited)

District Highlights for 2013 (Cont'd)

To support the core AEM programming, the District and SLWAP secured three of the four NYS Environmental Protection Fund round 19 grants that were applied for. This will provide the District \$587,463 to survey, design, and construct 29 Best Management Practices (BMPs) for non-point source pollution control on 14 farms in the Onondaga/Otisco/9-Mile Creek, Skaneateles Lake, and Upper Toughnioga River watersheds. Much of this work will be conducted in 2014 and 2015.

The partnership with the Onondaga County Water Authority (OCWA) is now two years old. With the \$60,000 annual appropriation from OCWA, the District has been able to continue the AEM work in the Otisco Lake watershed (the drinking water supply for Onondaga County). It appears that both parties have found this new partnership mutually beneficial to their programming.

Another very important component to discuss is that the District continued to be very focused on developing new skill sets (forestry management) and securing new contracts to provide diversified services within Onondaga County and the Skaneateles Lake Watershed. As was true in past years, new programming and new contracts for services will be the key to the District surviving into the future.

The District secured a \$250,000 contract with Onondaga County to mark, bid out, and oversee the cutting of ash trees on County property. The District put two cuts out and oversaw the removal of ~550 ash trees on County-owned property. The project is a pro-active measure of risk management for the County as Emerald Ash Borer (EAB) was identified in the Town of Dewitt in June 2013. This finding expedited the urgency to implement an ash tree management plan in the County. An additional component of this project was to assist the Director of the Office of the Environment with the preparation of an Ash Tree Management Strategy to manage ash trees on County-owned property.

Senior staff members provided 14 NYS DEC stormwater training classes to 373 students. The District earned \$21,095 worth of profit. This has been a fun and successful earned income opportunity for the District since its inception in 2009.

In 2013, the County initiated talks with the District about assisting them with their stormwater management program. In particular, the County asked for cost-estimates to initiate the inspection of 400 outfalls annually. The District provided the requested information and looked forward to an expanded workload in 2014.

The Districts equipment rental program remained relatively stable in 2013. To strengthen the program, the SLWAP adopted a late fee of 1.5% per month and an insufficient fund fee of \$30 on returned checks.

The District continued their contract with the City of Syracuse, Skaneateles Lake Watershed Agricultural Program for 2013. The total contract with the City for the City's 2013-2014 fiscal year was \$446,830.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012 (Unaudited)

District Highlights for 2013 (Cont'd)

The District has utilized some of the base funding provided by NYS Department of Agriculture and Markets to continue pursuing work with the county and their management of invasive species such as Emerald Ash Borer and Water Chestnut on the Seneca River. The District's goal is to provide extremely useful technical assistance to the County so that when Russ Nemecek retires from the County Health Department, the District is in line to assist and hopefully fully administer the County's appropriation from FL-LOWPA. For 2013, that contract was worth \$10,000.

The District continues to have a volunteer that assists with programming on a weekly basis. This volunteer is very efficient and effective and has enabled the District to move programming forward while cutting cost.

District staff members have been very committed to making the necessary changes within the organization, especially in the services and support that we offer our constituents, to help ensure a stable future for the organization. Staff is applying their full complement of knowledge, skills, and abilities when performing their daily job duties at the District.

District Highlights for 2012

In 2012, the District continued its core workload of Agricultural Environmental Management work in the County and Skaneateles Lake Watershed. And, the District is proud to report that it secured ALL major grant funding sources that it applied for!

Implementation staff for the District implemented \$1.36 million of non-point source pollution control BMPs on farms in Onondaga County and the Skaneateles Lake Watershed. The District accomplished this task with only three implementers!

Another very important component to discuss is that the District continued to be very focused on developing new skill sets (forestry management) and securing new contracts to provide diversified services within Onondaga County and the Skaneateles Lake Watershed. As was true in past years, new programming and new contracts for services will be the key to the District surviving into the future.

All three NYS environmental Protection Fund round 18 grants that the District applied for were secured. This will provide the District \$563,425 to survey, design, and build Best Management Practices for non-point source pollution control on 14 farms (28 BMPs) in the Greater Seneca River, Skaneateles Lake, and Oneida Lake watersheds. Much of this work will be conducted in 2013 and 2014.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012 (Unaudited)

District Highlights for 2012 (Cont'd)

The District also participated in a joint grant with neighboring Districts, authored by the Finger Lakes – Lake Ontario Watershed Protection Alliance (FL-LOWPA) for Great Lakes Basin funding. This grant application was nothing short of “a long shot” for the District because the water course eligible for funding was between Wayne and Cayuga Counties. The grant was awarded to FL-LOWPA, providing \$66,870 to the District to continue critical area seeding work in all watersheds of Onondaga County (except for the Upper Tioughnioga, which flows south to the Chesapeake Bay in Maryland). The most important component of this grant was that the grant provided the District a source of funding (through mileage reimbursement over the life of the grant), to replace the District's most expensive truck, the 2006 Ford F-350, which is used to pull the 900-gallon hydroseeder.

The District secured a \$96,250 contract with Onondaga County to inventory ash trees on 800-miles of highway rights-of-way and 100 county campuses. The project is a pro-active measure of risk management for the County. The Emerald Ash Borer (EAB) is currently two counties to the west of Onondaga. When the borer arrives, the adults will eat the leaves of the tree while young feed on the nutrients just under the bark. This will weaken and kill the trees within one to four years. Branches from damaged trees will fall and hit targets (people and critical infrastructure). Past precedent has shown municipalities who are aware of the problem but choose to do nothing have been held liable for any deaths/injuries/damages related to EAB. Therefore, the County is being as pro-active as possible to know where the ash trees are located on County property and will determine a plan to treat the trees (cut or inject with a pesticide to kill the borer) with the data the District is collecting.

In light of diminishing federal funding, the District reached out to the Onondaga County Water Authority and asked for financial support to continue the Agricultural Environmental Management (AEM) work in the Otisco Lake watershed (the drinking water supply for Onondaga County). The original AEM program was started with former Congressman Walsh funding. OCWA responded to the request favorably and offered the District \$60,000 for the first year to initiate the new partnership!

Senior staff members provided 8 NYS DEC storm water training classes to 227 students. The District earned \$7,817. This has been a fun and successful income earning opportunity for the District since its inception in 2009.

Continuous effort is made to secure contracts to provide storm water pollution prevention plan (“SWPPP”) reviews and construction site inspections to: V. Fayetteville, V. Solvay, T. Onondaga, and T. Elbridge. Unfortunately, this has not been a strong revenue generating program for the District (\$177 in 2012). The problem is the private engineering firms have convinced their clients they need the “full service” provided by the firms. The District will continue to work towards securing more opportunities with these municipalities in the coming year.

The District's equipment rental program increased usage by farmers in 2012. Total usage of the Corn Planter and the No-Till Drill increased by 5% and income increased by \$1,976.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
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District Highlights for 2012 (Cont'd)

The District continued their contract with the City of Syracuse, Skaneateles Lake Watershed Agricultural Program for 2012. The total contract with the City for the City's 2012-2013 fiscal year was \$474,916.

The District has utilized some of the base funding provided by NYS Department of Agriculture and Markets to continue pursuing work with the County and its management of invasive species such as Emerald Ash Borer and Water Chestnut on the Seneca River. The District's goal is to provide extremely useful technical assistance to the County so when the current employee retires from County Health Department, the District is in line to assist and hopefully administer the County's appropriation from FL-LOWPA. For 2013, the contract is worth \$49,920.

The District changed to a high deductible health care plan for all employees, except management. This change, although still within the United Health Care system, reduced the company's costs of providing health care by a projected \$12,479. To help achieve this cost savings, the District contributes up to \$5,000 to cover the cost of the deductible. (Management stayed on the previously offered health care plan to ensure medical benefits would continue to be provided at current levels.)

Tree Sale advertising was doubled and marketing of the tree sale started in November instead of January. Results of these changes have seen the number of orders and total sales increase for 2012. The District is now looking at all earned income programs in this manner.

The District has a volunteer that assists with programming on a weekly basis. This volunteer is very efficient and effective and has enabled the District to move programming forward while cutting cost.

Using this Annual Report

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide information about the District's overall financial status.
- The remaining statements are governmental fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements. The fund financial statements concentrate on the District's most significant funds.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012 (Unaudited)

Using this Annual Report (Cont'd)

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Figure A-1		
Major Features of the District-Wide and Fund Financial Statements		
	District-Wide	Governmental Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary.
Required financial statements	<ul style="list-style-type: none"> •Statement of Net Position •Statement of Activities 	<ul style="list-style-type: none"> •Balance Sheet •Statement of revenues, expenditures and changes in fund balance
Accounting basis and measurement focus	Accrual basis of accounting	Modified accrual basis of accounting
Type of asset/liability Information	Generally, assets consist of cash and cash equivalents and fixed assets. Liabilities would be limited to various payroll withholdings.	Generally, assets consist only of cash and cash equivalents. Liabilities would be limited to various payroll withholdings.
Type of inflow/outflow Information	All revenues and expenses when cash is earned or incurred. In addition, expenses include depreciation.	All revenues and expenses when cash is earned or incurred.

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues realized and expenses incurred are accounted for in the statement of activities.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012 (Unaudited)

The two District-wide statements report the District's net position and how they have changed. Net position is one way to measure the District's financial health or position. Over time increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

Governmental Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The District establishes other funds to control and to manage money for particular purposes or to show it is properly using certain revenues (such as federal grants).
- Governmental Funds: The District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds reconciliation statements explains the relationship (or differences) between them.

The District as a Whole

The following analysis focuses on the net position (Tables 1 and 2) and changes in net position (Tables 3 and 4) of the District's governmental activities.

In Table 1, total assets decreased from \$1,862,973 to \$1,755,394. The decrease resulted from less cash available at current year-end.

At the end of 2013, the District had \$91,005 invested in capital assets, including equipment, vehicles and fixtures (see Table 6). This amount represents a net decrease (including additions, disposals, and accumulated depreciation) of \$6,517 from last year. This is primarily due to the disposal of assets in 2013 and depreciation expense.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012 (Unaudited)

The District as a Whole (Cont'd)

Table 1				
	Governmental Activities			Total Percent Change
	2013		2012	2013-2012
Current and other assets	\$ 1,664,389		\$ 1,765,451	(5.7%)
Capital assets	91,005		97,522	(6.7%)
Total Assets	1,755,394		1,862,973	
Liabilities:				
Current liabilities	573,928		725,795	(20.9%)
Other postemployment benefits payable	598,991		535,205	11.9%
Total Liabilities	1,172,919		1,261,000	
Net Position:				
Net investment in capital assets	91,005		97,522	(6.7%)
Unrestricted	491,470		504,451	(2.6%)
Total Net Position	\$ 582,475		\$ 601,973	

In Table 2, total assets increased from \$1,660,686 to \$1,862,973. The increase resulted from additional cash and accounts receivable at current year end.

At the end of 2012, the District had \$97,522 invested in capital assets, including equipment, vehicles, and fixtures (see Table 6). This amount represents a net decrease (including additions, disposals, and accumulated depreciation) of \$22,428 from last year. This is primarily due to the disposal of assets in 2012 and depreciation expense.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012 (Unaudited)

The District as a Whole (Cont'd)

Table 2				
	Governmental Activities			Total Percent Change
	2012		2011	2012-2011
Current and other assets	\$ 1,765,451		\$ 1,540,736	14.60%
Capital assets	97,522		119,950	(18.7%)
Total Assets	1,862,973		1,660,686	
Liabilities:				
Current liabilities	725,795		582,176	24.70%
Other postemployment benefits payable	535,205		462,913	15.60%
Total Liabilities	1,261,000		1,045,089	
Net Position:				
Net investment in capital assets	97,522		119,950	(18.7%)
Unrestricted	504,451		495,647	1.80%
Total Net Position	\$ 601,973		\$ 615,597	

In Table 3, the District's total revenue decreased by \$799,501 due to a decrease in operating grant funds earned by the District.

During the year, the District had expenses from projects and programs of \$1,528,087, a decrease of \$793,627 from 2012, which is primarily due to a decrease in the amount of grant funding from all sources.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012 (Unaudited)

The District as a Whole (Cont'd)

Table 3				
Changes in Net Position				
	Governmental Activities			Total Percent Change
	2013		2012	2013-2012
Revenues				
Program revenues:				
Charges for services	\$ 88,474		\$ 152,189	(41.9%)
Operating grants	1,418,774		2,154,441	(34.1%)
General revenue:				
Interest income	1,341		1,460	(8.2%)
Total Revenues	1,508,589		2,308,090	(34.6%)
Program Expenses				
Departmental	1,261,358		1,986,052	(36.5%)
Grant project	266,729		335,662	(20.5%)
Total Program Expenses	1,528,087		2,321,714	(34.2%)
Decrease in Net Position	\$ (19,498)		\$ (13,624)	(43.1%)

In Table 4, the District's total revenue increased by \$404,439 due to an increase in operating grant funds earned by the District.

During the year, the District had expenses from projects and programs of \$2,321,714, an increase of \$370,526 from 2011, which is primarily due to an increase in the amount of grant funding for Departmental programs.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012 (Unaudited)

The District as a Whole (Cont'd)

Table 4				
Changes in Net Position				
	Governmental Activities			Total Percent Change
	2012		2011	2012-2011
Revenues				
Program revenues:				
Charges for services	\$ 152,189		\$ 112,674	35.1%
Operating grants	2,154,441		1,788,303	20.5%
General revenue:				
Interest income	1,460		2,674	45.4%
Total Revenues	2,308,090		1,903,651	21.2%
Program Expenses				
Departmental	1,986,052		1,328,690	49.5%
Grant project	335,662		622,498	(46.10%)
Total Program Expenses	2,321,714		1,951,188	19.0%
Decrease in Net Position	\$ (13,624)		\$ (47,537)	71.3%

Table 5 presents the cost of each of the District's departmental programs and grant projects as well as the net cost (benefit) of each (total cost less revenues generated by the activities).

Table 5						
Governmental Activities						
	Total Cost of Service			Net Cost (Benefit) of Services		
	2013	2012	2011	2013	2012	2011
Departmental	\$ 1,261,358	\$ 1,986,052	\$ 1,328,690	\$ 42,443	\$ 4,063	\$(22,644)
Grant projects	266,729	335,662	622,498	(63,282)	(19,147)	(27,567)
	\$ 1,528,087	\$ 2,321,714	\$ 1,951,188	\$ (20,839)	\$ (15,084)	\$ (50,211)

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012 (Unaudited)

The District's Funds

As the District completed the year, its governmental funds (as presented in the balance sheet on page 20) reported a combined fund balance of \$1,090,461, which is an increase of \$50,805 from last year's total. The increase results from a decrease in expenditures.

General Fund Budgetary Highlights

There were no budget transfers made during or at the end of 2013. A budget compared to actual schedule has been prepared and can be found on page 40 of the financial statements.

Capital Assets

At the end of 2013, the District had \$91,005 invested in a broad range of capital assets, including equipment, vehicles and fixtures (see Table 6 below). This amount represents a net decrease (including additions, deductions and accumulated depreciation) of \$6,517 from last year.

Table 6				
Capital Assets at Year End				
(Net of Depreciation)				
		Governmental Activities		Total Percent
		2013	2012	Change
Vehicles	\$	147,384	\$ 143,320	2.8%
Furniture and fixtures		3,380	4,880	(30.7%)
Computer equipment		50,761	70,452	(27.9%)
Field equipment		158,298	162,249	(2.4%)
Accumulated depreciation		(268,818)	(283,379)	(5.1%)
	\$	91,005	\$ 97,522	(6.7%)

Economic Factors and 2014 Outlook

The District continues to be vigilant about diversifying and finding new sources of funding and different types of projects and services to provide in 2014 and beyond. To that end, the District has made many changes to help ensure a strong future. These changes have been consistent with the Mission of the District: "Providing excellence in the wise use of our rural and urban natural resources".

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012 (Unaudited)

Economic Factors and 2014 Outlook (Cont'd)

The District received a \$45,000 cash increase in the County Appropriation in 2014 budget. This brings the total unrestricted cash contribution to \$75,000 for the District. These funds will be used to cover base expenses (fuel, rent, copier, office supplies and other fixed costs that the majority of the District grants do not fund). Some of this funding will also be used to cover salary benefit cost that District grants do not fund for the Account Clerk II position and the Administrative Assistant position.

With the County's \$45,000 cash increase to the County Appropriation, and the \$37,500 of earned project funding from County Water Environment Protection, the District now has a County Appropriation of \$112,500. This ranks the District 26th out of 58 Districts in terms of County appropriations. Still, Cortland, Madison, and Cayuga SWCD's receive higher appropriations than the Onondaga District. It is important to note that the District is grateful for the increase it did receive as the District was the 14th lowest funded District (44 out of 58) in the State of NY.

The District is in its second year of the new partnership with the Onondaga County Water Authority (OCWA). This partnership has proven to be mutually beneficial to both organizations. The District is assisting OCWA by working directly with the farmers in the Otisco Lake watershed. This work with the farmers provides OCWA with a more comprehensive understanding of agriculture in their watershed (the drinking water supply for the County). The District has also been a lead agency to investigate and address manure runoff events in the watershed in 2014. The new funding source provided by OCWA has helped the District to maintain staff levels to provide support to constituents in the watershed. OCWA has also offered the ability to increase funding levels in 2014, if necessary.

Since the District has agreed to move into County space, the District has been frequently contacted by the County regarding new project opportunities. Currently the District is waiting to receive a \$15 million contract from the County to: 1) manage cutting of approximately 2,400 ash trees per year on County-owned property, 2) inject pesticides into ~800 ash trees in key park locations to help the ash trees to continue to provide high functions and values (for instance, the mature ash trees that shade the picnic areas of Willow Bay in Onondaga Lake Park), and 3) oversee the replanting of ~4,400 trees in key County locations. The key to the District's success in the future with the County is to continue to provide a high quality service that is on-time and on-budget. To date, the District appears to have satisfied that goal.

In 2012, the District requested a 40% cost share for farmer participation in NYS Environmental Protection Fund grants. (This was an increase from the maximum 25% that the District used to request). We have continued this in 2014. The 40% cost share rate for farmer participation in grants will continue to be used in 2015. The strategy has worked very well to help the District and the farmers to secure the majority of the grants that the District applied for in 2013. These grant funds are important for the District and the farmers because these funds 1) pay the District staff to survey, design, and build conservation projects and 2) the funds are used to reduce cost of implementation of Best Management Practices to provide non-point source pollution control on the participating farms.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012 (Unaudited)

Economic Factors and 2014 Outlook (Cont'd)

The District will continue to work diligently to secure new contracts to provide new programs and services. This approach will ultimately increase earned income to the District. Contracts currently being targeted include:

- Environmental Benefits Project (EBP) with the NYS DEC for damage mitigation to wetlands in lieu of fines. One project in the Tully Valley may have an estimated contract value of \$70,000 over a 10 year period.
- Continue to develop a Forest Management Services program for municipalities. Although there is not a significant amount of work for municipalities, a program of this magnitude helps the District to develop its portfolio of value-added services offered.
- The District should continue working to initiate a "Snag and Drag" program over the next three years. This program is needed within the County to keep streams free of debris so that damage from flooding events is minimized. A challenge will be to secure funding that will support such a program. Multiple grant sources are being investigated.

In the future, if grant funds continue to dry up, the District may need to charge residents and businesses of Onondaga County a fee for technical assistance for such tasks as pond and drainage/flooding assessments. The District does not currently charge businesses and residents for these services, but has been reviewing fee structures charged by other County SWCDs. This will be a last-resort effort to maintain sufficient funding levels within the District.

The District will propose the purchase one vehicle in 2015. The new vehicle will replace a 10-year old Ford Ranger pickup truck that has 3" holes in the bed of the truck. Funding for the vehicles will come from earned income from various projects and grants. The District Manager and Board of Directors will continue to search out funding sources to update the fleet in coming years. It must be noted that the District's goal will be to turn over any new vehicles purchased every two years. The goal is achievable because the District can purchase the vehicles from NYS Bid at a reduced rate. Therefore, the District should be able to operate the vehicles for two years, and then sell them at or close to the original purchase price. Ideally, all repairs made to the vehicles in the two-year period will be under warranty.

It appears that the District has stabilized with an appropriate staff size for the amount of funding and project workload that exists within the office. Support for this statement is that many staff members are consistently billable to grants and the staff members have a "to do" list of projects and deliverables for the immediate future. Looking at this from a private business perspective, it appears that many staff members are at or close to 100% billable. In 2013, this strategy has been most helpful when the NYS Environmental Protection Fund (EPF) took a four-month break from paying project invoices. The Executive Director rolled employees funded by the NYS EPF into other District projects that had deliverables and funding to support the positions.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012 (Unaudited)

Economic Factors and 2014 Outlook (Cont'd)

Developing mutually beneficial partnerships for the future has been and will continue to be another key to District success. In today's economy, it is the maintenance and cultivation of true mutually beneficial partnerships that will be imperative to moving projects and programs forward. These partnerships have the potential to offer increased access to new projects and grant funds. Organizations to partner with include, but should not be limited to: FL-LOWPA, National Fish & Wildlife Foundation, Towns and Villages in Onondaga County and the City of Syracuse, Cornell Cooperative Extension, USDA NRCS, NYS DEC, and neighboring Soil and Water Conservation Districts. *It will be important that participants are equal partners where each entity strives to bring an equal contribution to the table.*

The balanced budget for 2014 is proposed at \$2,028,102 in revenues and expenses.

Request for Information

This report is presented as a broad overview of the financial condition of the Onondaga County Soil and Water Conservation District. Questions related to the report or the District in general should be sent to the Executive Director, Onondaga County Soil and Water Conservation District, 6680 Onondaga Lake Parkway, Liverpool, New York 13088. Questions can also be directed to the Executive Director via the District's web site at www.ocswcd.org.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Unrestricted cash	\$ 620,906	\$ 941,211
Restricted cash	219,062	295,299
Accounts receivable	822,758	526,662
Prepaid expense	1,663	2,279
Capital assets, net	91,005	97,522
Total assets	<u>1,755,394</u>	<u>1,862,973</u>
LIABILITIES		
Accounts payable	156,405	224,992
Accrued vacation	29,198	31,239
Accrued payroll	3,559	1,664
Payroll withholdings	10,305	2,970
Deferred revenue	374,461	464,930
Other postemployment benefits payable	598,991	535,205
Total liabilities	<u>1,172,919</u>	<u>1,261,000</u>
NET POSITION		
Net investment in capital assets	91,005	97,522
Unrestricted	491,470	504,451
Total net position	<u>\$ 582,475</u>	<u>\$ 601,973</u>

See Notes to Financial Statements

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>
Functions and Programs				
Departmental	\$ (1,261,358)	\$ 81,232	\$ 1,171,161	\$ (8,965)
Grant projects	(266,729)	7,242	247,613	\$ (11,874)
Total functions and programs	<u>\$ (1,528,087)</u>	<u>\$ 88,474</u>	<u>\$ 1,418,774</u>	<u>\$ (20,839)</u>
General Revenues				
Interest income				<u>1,341</u>
Change in net position				(19,498)
Net position - January 1, 2013				<u>601,973</u>
Net position - December 31, 2013				<u>\$ 582,475</u>

See Notes to Financial Statements

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants</u>	<u>Revenue and Change in Net Position</u>
				<u>Governmental Activities</u>
Functions and Programs				
Departmental	\$ (1,986,052)	\$ 132,835	\$ 1,857,280	\$ 4,063
Grant projects	(335,662)	19,354	297,161	(19,147)
Total functions and programs	<u>\$ (2,321,714)</u>	<u>\$ 152,189</u>	<u>\$ 2,154,441</u>	<u>\$ (15,084)</u>
General Revenues				
Interest income				<u>1,460</u>
Change in net position				<u>(13,624)</u>
Net position - January 1, 2013				<u>615,597</u>
Net position - December 31, 2013				<u>\$ 601,973</u>

See Notes to Financial Statements

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Total</u>
ASSETS			
Unrestricted cash	\$ 620,906	\$ -	\$ 620,906
Restricted cash	-	219,062	219,062
Accounts receivable	755,737	67,021	822,758
Prepaid expense	-	1,663	1,663
Total assets	<u><u>\$ 1,376,643</u></u>	<u><u>\$ 287,746</u></u>	<u><u>\$ 1,664,389</u></u>
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 155,806	\$ 599	\$ 156,405
Accrued vacation	24,082	5,116	29,198
Accrued payroll	2,859	700	3,559
Deferred revenue	155,528	218,933	374,461
Payroll withholdings	10,305	-	10,305
Total liabilities	<u><u>348,580</u></u>	<u><u>225,348</u></u>	<u><u>573,928</u></u>
Unassigned	1,028,063	-	1,028,063
Assigned for special projects	-	62,398	62,398
Total fund balances	<u><u>1,028,063</u></u>	<u><u>62,398</u></u>	<u><u>1,090,461</u></u>
Total liabilities and fund balances	<u><u>\$ 1,376,643</u></u>	<u><u>\$ 287,746</u></u>	<u><u>\$ 1,664,389</u></u>

See Notes to Financial Statements

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Total</u>
ASSETS			
Unrestricted cash	\$ 941,211	\$ -	\$ 941,211
Restricted cash	-	295,299	\$ 295,299
Accounts receivable	480,018	46,644	\$ 526,662
Prepaid expense	170	2,109	\$ 2,279
Total assets	<u><u>\$ 1,421,399</u></u>	<u><u>\$ 344,052</u></u>	<u><u>\$ 1,765,451</u></u>
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 218,012	\$ 6,980	\$ 224,992
Accrued vacation	25,219	6,020	\$ 31,239
Accrued payroll	1,324	340	\$ 1,664
Deferred revenue	190,772	274,158	\$ 464,930
Payroll withholdings	2,970	-	\$ 2,970
Total liabilities	<u><u>438,297</u></u>	<u><u>287,498</u></u>	<u><u>\$ 725,795</u></u>
Unassigned	983,102	-	983,102
Assigned for special projects	-	56,554	56,554
Total fund balances	<u><u>983,102</u></u>	<u><u>56,554</u></u>	<u><u>1,039,656</u></u>
Total liabilities and fund balances	<u><u>\$ 1,421,399</u></u>	<u><u>\$ 344,052</u></u>	<u><u>\$ 1,765,451</u></u>

See Notes to Financial Statements

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General	Special Revenue Fund	Total
Revenues			
Service income	\$ 3,200	\$ -	\$ 3,200
Sales	45,337	-	45,337
State sources	524,089	11,252	535,341
Federal sources	92,742	5,763	98,505
Local sources	554,330	230,598	784,928
Interest income	872	469	1,341
Miscellaneous sources	32,695	7,242	39,937
Total revenues	<u>1,253,265</u>	<u>255,324</u>	<u>1,508,589</u>
Expenditures			
Bad debt	\$ 8,604	\$ -	\$ 8,604
Personnel	386,422	89,672	476,094
Equipment	25,020	1,371	26,391
Contractual	611,220	115,439	726,659
Employee benefits	171,297	42,998	214,295
Miscellaneous	5,741	-	5,741
Total expenditures	<u>1,208,304</u>	<u>249,480</u>	<u>1,457,784</u>
Changes in fund balance	44,961	5,844	50,805
Fund balances - January 1, 2013	<u>983,102</u>	<u>56,554</u>	<u>1,039,656</u>
Fund balances - December 31, 2013	<u>\$ 1,028,063</u>	<u>\$ 62,398</u>	<u>\$ 1,090,461</u>

See Notes to Financial Statements

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Revenues			
Service income	\$ 5,080	\$ -	\$ 5,080
Sales	62,882	-	62,882
State sources	877,743	6,045	883,788
Federal sources	250,201	15,050	265,251
Local sources	729,336	276,066	1,005,402
Interest income	915	545	1,460
Miscellaneous sources	64,873	19,354	84,227
Total revenues	<u>1,991,030</u>	<u>317,060</u>	<u>2,308,090</u>
Expenditures			
Bad debt	\$ 16,598	\$ -	\$ 16,598
Personnel	391,987	104,827	496,814
Equipment	17,413	3,700	21,113
Contractual	1,326,901	142,976	1,469,877
Employee benefits	163,948	54,440	218,388
Miscellaneous	4,204	-	4,204
Total expenditures	<u>1,921,051</u>	<u>305,943</u>	<u>2,226,994</u>
Changes in fund balance	69,979	11,117	81,096
Fund balances - January 1, 2012	<u>913,123</u>	<u>45,437</u>	<u>958,560</u>
Fund balances - December 31, 2012	<u>\$ 983,102</u>	<u>\$ 56,554</u>	<u>\$ 1,039,656</u>

See Notes to Financial Statements

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
31-Dec-13**

Total Governmental Fund Balances \$ 1,090,461

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. The cost of the assets is \$359,822, and the accumulated depreciation is \$268,817. 91,005

Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Other postemployment benefits liability (598,991)

Net Position of Governmental Activities \$ 582,475

See Notes to Financial Statements

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012**

Total Governmental Fund Balances \$ 1,039,656

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. The cost of the assets is \$380,901, and the accumulated depreciation is \$283,379. 97,522

Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Other postemployment benefits liability (535,205)

Net Position of Governmental Activities \$ 601,973

See Notes to Financial Statements

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Excess of Revenues Over Expenditures - Total Governmental Funds \$ 50,805

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Depreciation expense	\$	(32,632)	
Capital outlays and disposals		26,115	
			(6,517)

Other postemployment benefits that are reflected on the Statement of Net Position, but are not considered a current expenditure on the government funds	
	(63,786)

Change in Net Position of Governmental Activities	\$ <u>(19,498)</u>
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**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Excess of Revenues Over Expenditures - Total Governmental Funds \$ 81,096

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Depreciation expense	\$	(33,131)	
Capital outlays and disposals		10,703	
			(22,428)

Other postemployment benefits that are reflected on the Statement of Net Position, but are not considered a current expenditure on the government funds	
	(72,292)

Change in Net Position of Governmental Activities	\$ <u>(13,624)</u>
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See Notes to Financial Statements

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Onondaga County Soil and Water Conservation District (the "District") is dedicated to the promotion of soil and water conservation practices and the development of natural resources, and extends its services to all landowners and land users in Onondaga County. All governmental activities and functions performed for the District are its direct responsibility.

The District is governed by the laws of the State of New York and various local laws and ordinances. The District is a municipal corporation governed by the District board, which consists of seven members. Two board members are part of the County Legislature. The other five members are recommended to the board and fill the roles of farming representative, grange representative, farm bureau representative, at-large agricultural representative, and non-agricultural representative.

Basis of Presentation

The financial statements of the District have been prepared in accordance with generally accepted accounting principles as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board ("GASB"), which is the accepted standard setting body for establishing governmental accounting and financial report principles. The District's accounting policies conform to those principles. The more significant of the District's accounting policies are described below.

A. District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety. Governmental activities generally are financed through state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with, and are clearly identifiable to, a particular function. Program revenues include charges paid for the recipients of goods or services offered by the programs, and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The District-Wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenditures are recognized when incurred. Under this basis of accounting, fixed assets are capitalized and depreciated, instead of being expensed when incurred.

The basis of accounting determines when revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. Measurement focus is the determination of what is measured, such as expenditures or expenses.

B. Governmental Funds

Governmental funds are those funds through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

The following are the District's governmental fund types:

1. General Fund

The general fund is the District's principal operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

2. Special Revenue Fund

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted for expenditure for specified purposes. The special revenue fund includes revenues restricted for the Skaneateles Lake Watershed Agricultural Program ("SLWAP").

Assets, Liabilities, and Fund Balance

A. Cash

For financial statement purposes, cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. At December 31, 2013 and 2012, there were no cash equivalents.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The District provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the District's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. At December 31, 2013 and 2012, all receivables were considered fully collectible; accordingly, no allowance for doubtful accounts was established.

C. Capital Assets

Capital assets are reported at actual cost and added to the net investment in capital assets fund balance. Capital assets are depreciated using the straight-line method over their estimated useful lives. The capital asset accounts are reduced when assets are disposed of or retired.

D. Deferred Revenue

Funds received in advance from federal, state, and local sources are considered deferred revenue and are recognized over the periods to which the related funds are expended.

E. Fund Balance

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental fund balances are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance* – Amounts that are not in a spendable form or are legally or contractually required to be maintained intact.
- *Restricted fund balance* – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance* – Amounts constrained to specific purposes by the District itself, by vote of the Board of Directors, the District's highest level of decision-making authority. The Board of Directors must approve the establishment (or modification) of any fund balance commitment.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- *Assigned fund balance* – Amounts the District intends to use for a specific purpose; intent must be expressed by the Board of Directors or management.
- *Unassigned fund balance* – amounts that are available for general use by the District.

The District's governmental fund assigned fund balance represents amounts segregated for future use or special projects by the District. These amounts are therefore not available for appropriation or general expenditure. Designation of unassigned fund balances in governmental funds indicates the use of these resources in the ensuing year's budget or tentative plans for future use.

Budgetary Procedures and Budgetary Accounting

Calendar year annual budgets of the District are based on the appropriations in the budget of Onondaga County. Budgets are adopted on a modified accrual basis for all governmental funds except the special revenue fund, which adopts a project-length budget. All calendar year annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund and function. Appropriations established by adoption of the budget constitute a limitation on expenditures which may be incurred. Transfers of appropriations require the approval of the Board of Directors. Supplemental budgetary appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The Board made no supplemental budgetary appropriations throughout the years ended December 31, 2013 and 2012.

Budget Basis

The budget and actual comparison for governmental funds, included in the combined statements of revenues, expenditures and changes in fund balance – budget and actual, general and special revenue fund reflects budgeted and actual amounts for funds with legally authorized budgets.

Subsequent Events

District management has evaluated subsequent events through DATE which is the date the financial statements were available to be issued.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, the modified accrual basis of accounting and the accrual basis of accounting require 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. Actual results could differ from those estimates.

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the Governmental Fund statements and the District-Wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

A. Total Fund Balances of Governmental Funds Versus Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus on the Statement of Net Position versus the solely current financial resources focus on the Governmental Fund Balance Sheets.

B. Statements of Revenue, Expenditures and Changes in Fund Balance Versus Statements of Activities

The excess revenue and other sources over expenditures and other uses of the District's governmental funds differ from the "change in net position" of governmental activities reported on the Statement of Activities. This difference results primarily from the economic focus on the Statement of Activities, compared with the current financial resources focus on the governmental funds.

3. DEPOSITS AND INVESTMENTS

The District's investment policies are governed by state statutes. The District monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include: obligations of the U.S. Treasury and U.S. Agencies, and repurchase agreements and obligations of New York State or its localities.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT

Notes to Financial Statements

For the Years Ended December 31, 2013 and 2012

3. DEPOSITS AND INVESTMENTS (cont'd)

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities.

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, and for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. Total financial institutions (bank) balances at December 31, 2013 and 2012 were \$951,197 and \$1,304,347, respectively.

These deposits and investments are categorized as follows:

December 31,	1	2	3
2013	\$ 254,835	\$ 538,529	\$ -
2012	378,693	925,654	-

At December 31, 2013 and 2012, the carrying value of cash deposits was \$839,968 and \$1,236,510, respectively.

4. CAPITAL ASSETS

Capital asset balances and activity consist of the following for the year ended December 31, 2013:

	January 1	Additions	Disposals	December 31
Capital assets being depreciated:				
Vehicles	\$ 143,320	\$ 23,764	\$ (19,700)	\$ 147,384
Furniture and fixtures	4,880	-	(1,500)	3,380
Computer and field equipment	232,701	2,351	(25,994)	209,058
Total being depreciated	380,901	26,115	(47,194)	359,822
Accumulated depreciation:				
Vehicles	(138,012)	(6,998)	19,700	(125,310)
Furniture and fixtures	(2,530)	(364)	1,500	(1,394)
Computer and field equipment	(142,837)	(25,270)	25,994	(142,113)
Total accumulated depreciation	(283,379)	(32,632)	47,194	(268,817)
Capital assets, net	\$ 97,522	\$ (6,517)	\$ -	\$ 91,005

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012

4. CAPITAL ASSETS (cont'd)

Capital asset balances and activity consist of the following for the year ended December 31, 2012:

	January 1	Additions	Disposals	December 31
Capital assets being depreciated:				
Vehicles	\$ 143,320	\$ -	\$ -	\$ 143,320
Furniture and fixtures	2,330	2,550		4,880
Computer and field equipment	258,852	17,684	(43,835)	232,701
Total being depreciated	404,502	20,234	(43,835)	380,901
Accumulated depreciation:				
Vehicles	(131,833)	(6,179)	-	(138,012)
Furniture and fixtures	(2,330)	(200)	-	(2,530)
Computer and field equipment	(150,389)	(26,752)	34,304	(142,837)
Total accumulated depreciation	(284,552)	(33,131)	34,304	(283,379)
Capital assets, net	\$ 119,950	\$ (12,897)	\$ (9,531)	\$ 97,522

5. LICENSE AGREEMENT

During 2012, the District entered into a license agreement with the County of Onondaga, New York, for the use of approximately 2,200 square feet of office space. The County of Onondaga utilized a license agreement because the premises is located in dedicated park land that is forever green, and the County Executive has only the ability to enter into short term license agreements that benefit users of the facility. Under this agreement, the District pays to Onondaga County \$1,667 per month. The license can be revoked at any time with 30 days notice.

6. ECONOMIC DEPENDENCY

A large portion of District support is funded by federal, state and local governments. Large program budget cuts by these governments could have an impact on the funding of program services.

7. POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS

The District provides postemployment (health insurance) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. All current and future retirees and their spouses may participate in the District's postemployment medical plan by contributing 30% of the applicable premium for either individual or family coverage.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012

7. POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS (cont'd)

During the year ended December 31, 2009, the District adopted the provisions of Statement of governmental Accounting standards No. 45 ("GASB 45"). This required the District to calculate and record a net other postemployment benefit obligation at year-end. The net other postemployment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District recognizes the cost of providing health insurance annually as expenditures in the financial statements as payments are made. For the years ended December 31, 2013 and 2012, the District recognized \$8,864 and \$10,282 respectively, for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of December 31, 2013, which indicates the annual required contribution for other postemployment benefits for 2013 and later years is \$83,494, which is reflected in the Statements of Net Position. The District's prior actuarial valuation report indicated that the annual required contribution for other postemployment benefits was \$77,366. Demographic changes, assumption changes, plan provision changes, and changes to health cost trends all contributed to this difference.

Annual OPEB cost and net OPEB obligation: the District's annual other postemployment OPEB cost (expense) is calculated based on the Annual Required Contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of time not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the years ended December 31, 2013 and 2012, the amounts actually contributed to the plan, and changes in the District's net OPEB obligation:

	December 31, 2013	December 31, 2012
Annual required contribution	\$ 83,494	\$ 77,366
Interest in net OPEB obligation	21,515	19,085
Adjustment to annual required contribution		
annual OPEB cost (expense)	(32,359)	(13,877)
Annual OPEB cost	72,650	82,574
Contributions made	(8,864)	(10,282)
Increase in net OPEB obligation	63,786	72,292
Net OPEB obligation, beginning of year	535,205	462,913
Net OPEB obligation, end of year	\$ 598,991	\$ 535,205

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012

7. POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS (cont'd)

The District's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2012 and 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
December 31, 2013	\$ 83,494	10.6%	\$ 598,991
December 31, 2012	\$ 77,366	13.3%	\$ 535,205
December 31, 2011	\$ 171,120	9.8%	\$ 462,913

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used reflect a long-term perspective and include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the Projected Unit Credit Method was used. The actuarial assumptions included a 4% discount rate. Projected annual healthcare costs are expected to increase between 5.2% and 6.5% per year through 2042. Rates for the short-term (four years) are based on the District's recent premium history. All long-term rates include a 2.9% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30-year period. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2013 was 25 years.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012

8. LINES OF CREDIT

At December 31, 2013, the District has \$15,000 of available lines of credit through the usage of four credit cards with a financial institution. Each of the credit cards is the possession of four separate District employees, who can only utilize the cards for District-related projects or meetings in order to expedite the payment process for certain materials and supplies. One of the credit cards, with a credit limit of \$13,500, is in the possession of the Executive Director of the District. The District intends to pay off each of the credit cards in full on a monthly basis. Approximately \$1,200 total is owed on the credit cards and is included in accounts payable at December 31, 2013.

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Governmental Fund Types					
	General Fund			Special Revenue Fund		
	Budget (Modified)	Actual	Variance Favorable (Unfavorable)	Budget (Modified)	Actual	Variance Favorable (Unfavorable)
Revenues						
Service income	\$ 4,500	\$ 3,200	\$ (1,300)	\$ -	\$ -	\$ -
Sales	56,750	45,337	(11,413)	-	-	-
State sources	796,247	524,089	(272,158)	133,292	11,252	(122,040)
Federal sources	141,000	92,742	(48,258)	38,000	5,763	(32,237)
Local sources	448,480	554,330	105,850	343,335	230,598	(112,737)
Interest income	400	872	472	150	469	319
Miscellaneous income	11,325	32,695	21,370	7,000	7,242	242
Total revenues	<u>1,458,702</u>	<u>1,253,265</u>	<u>(205,437)</u>	<u>521,777</u>	<u>255,324</u>	<u>(266,453)</u>
Expenditures						
Bad debt expenses	\$ -	\$ 8,604	\$ (8,604)	\$ -	\$ -	\$ -
Personnel expenses	404,645	386,422	18,223	131,309	89,672	41,637
Equipment expenses	21,700	25,020	(3,320)	6,000	1,371	4,629
Contractual expenses	839,086	611,220	227,866	335,002	115,439	219,563
Employee benefits	186,771	171,297	15,474	49,466	42,998	6,468
Miscellaneous expenses	6,500	5,741	759	-	-	-
Total expenditures	<u>1,458,702</u>	<u>\$ 1,208,304</u>	<u>\$ 250,398</u>	<u>\$ 521,777</u>	<u>\$ 249,480</u>	<u>\$ 272,297</u>
Net changes in fund balances	<u>0</u>	<u>44,961</u>	<u>\$ 44,961</u>	<u>0</u>	<u>5,844</u>	<u>\$ 5,844</u>
Fund balances - January 1, 2013		<u>983,102</u>			<u>56,554</u>	
Fund balances - December 31, 2013		<u>\$ 1,028,063</u>			<u>\$ 62,398</u>	

See Notes to Financial Statements

ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Governmental Fund Types					
	General Fund			Special Revenue Fund		
	Budget (Modified)	Actual	Variance Favorable (Unfavorable)	Budget (Modified)	Actual	Variance Favorable (Unfavorable)
Revenues						
Service income	\$ 3,700	\$ 5,080	\$ 1,380	\$ -	\$ -	\$ -
Sales	58,263	62,882	4,619	-	-	-
State sources	788,929	877,743	88,814	93,000	6,045	(86,955)
Federal sources	79,500	250,201	170,701	40,000	15,050	(24,950)
Local sources	699,942	729,336	29,394	376,413	276,066	(100,347)
Interest income	1,500	915	(585)	1,200	545	(655)
Miscellaneous income	24,800	64,873	40,073	7,000	19,354	12,354
Total revenues	<u>1,656,634</u>	<u>1,991,030</u>	<u>334,396</u>	<u>517,613</u>	<u>317,060</u>	<u>(200,553)</u>
Expenditures						
Bad debt expenses	-	16,598	(16,598)	-	-	-
Personnel expenses	391,121	391,987	(866)	127,206	104,827	22,379
Equipment expenses	22,300	17,413	4,887	4,700	3,700	1,000
Contractual expenses	1,043,316	1,326,901	(283,585)	316,572	142,976	173,596
Employee benefits	182,897	163,948	18,949	69,135	54,440	14,695
Miscellaneous expenses	17,000	4,204	12,796	-	-	-
Total expenditures	<u>1,656,634</u>	<u>1,921,051</u>	<u>(264,417)</u>	<u>517,613</u>	<u>305,943</u>	<u>211,670</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ 69,979</u>	<u>\$ 69,979</u>	<u>\$ -</u>	<u>\$ 11,117</u>	<u>\$ 11,117</u>
Fund balances - January 1, 2012		<u>913,123</u>			<u>45,437</u>	
Fund balances - December 31, 2012		<u>\$ 983,102</u>			<u>\$ 56,554</u>	

See Notes to Financial Statements

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
OTHER POSTEMPLOYMENT BENEFIT PLAN SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2013 AND 2012**

<u>Actuarial Valuation Date</u>	<u>Acturaial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as Percentage of Covered Payroll</u>
1/1/2012	-	\$ 543,268	\$ 543,268	0%	\$ 496,814	109%
1/1/2009	-	\$ 1,059,278	\$ 1,059,278	0%	\$ 666,143	159%

See Notes to Financial Statements



Robert E. Antonacci II, CPA
Comptroller

COUNTY OF ONONDAGA

Office of the
County Comptroller

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**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
Onondaga County Soil and Water Conservation District
Liverpool, New York

We 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 of the governmental activities and each major fund of the Onondaga County Soil and Water Conservation District (the "District"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated .

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 opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control we consider to be material weaknesses.

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 a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as 13-01 and 13-02 to be material weaknesses.

Compliance and Other Matters

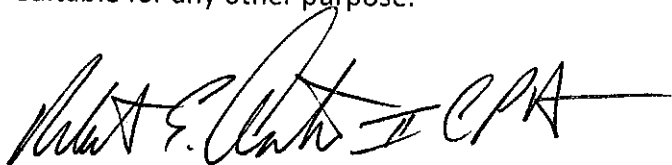
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which would have a direct and material 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 results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management's Response to the Findings

Onondaga County Soil and Water Conservation District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result 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.



Robert E. Antonacci II, CPA

August 7, 2014

Syracuse, New York

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Financial Statement Findings

Reference Number: 13-01

Condition and Criteria:

The District should have the ability to prepare and review its own financial statements in a manner consistent with U.S. Generally Accepted Accounting Principles ("U.S. GAAP").

Cause:

The District's accounting staff lack the training opportunities and are not given adequate time during normal business hours to properly prepare financial statements, including full footnote disclosures, in a matter consistent with U.S. GAAP.

Effect:

Internally prepared financial statements may not properly present the District's financial position or results of operations in conformity with U.S. GAAP. Also, there is too much reliance put on us to prepare the proper year-end financial statements and notes to the financial statements, as well as the year-end required supplementary information.

Recommendation:

We recommend the District continue to implement procedures and protocols to ensure accurate and complete financial reporting consistent with U.S. GAAP. Accounting personnel should be given every reasonable opportunity to obtain the necessary training to better perform their responsibilities. Also, other District administrative personnel should be given additional accounting responsibilities (ex: recording of billing invoices) that would allow the accounting staff more time to better carry out their financial reporting responsibilities while still preserving the segregation of duties structure in place amongst the District's accounting and administrative personnel.

Management's Response:

Five years ago, the District moved to accrual accounting. Prior to that, the District was on cash basis accounting, along with the majority of the other 58 Soil & Water Conservation Districts (SWCDs) in New York State. For the cash-based system, the role and responsibility of the Account Clerk I was adequate for the financial duties at the District for many decades. But, as we have seen over the last five years, the financial job at the District is much more than just "paying the bills".

According to the auditors of recent past and present, the District should be able to "internally prepare financial statements" and to "prepare the proper year-end financial statements and notes to the financial statements". This is far beyond the expectation of an Account Clerk I and what the current Account Clerk was hired to do. It is more in-line with the duties of "Accountant I or II".

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Management's Response (Cont'd):

District management realizes this situation and has been making strong progress towards building the capacity to "internally prepare financial statements" and to "prepare the proper year-end financial statements and notes to the financial statements". This has been with NO assistance from the New York State Association of Conservation Districts as most of the 58 SWCDs across the state are still on the cash basis. Furthermore, there are no established training opportunities to help resolve this matter. To this end, the Account Clerk will be participating in District-funded continuing education classes at local schools of higher education in the winter of 2014. Further on-the-job training opportunities will also be required to support the continued and demonstrated growth and development of the Account Clerk in her current role. (She is now Account Clerk II).

Additional changes in the internal management structure of the organization are being considered to help address the audit teams' concerns. These include: increasing the Administrative Assistant (AA) position from 30 to 40 hours per week (if this meets with the approval of County Civil Service due to complications with Civil Service examinations) and delegating additional duties to the AA in the additional 10 hour work week, such as: (1) paying bills (if this task meets with the approval of County Civil Service Department), (2) remove all non-essential duties of the AA, such as participation in Enviro-Thon and tree sale, and (3) addressing all incoming calls and customers so that the Account Clerk does not have to. The benefit of these changes would be to provide additional, uninterrupted time for the Account Clerk II to be able to perform all of the additional financial job duties identified as necessary by the audit team.

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Financial Statement Findings (Cont'd)

Reference Number: 13-02

Condition and Criteria:

In accordance with U.S. GAAP, all material expenses and revenues should be recorded in the applicable accounting period in which the particular expense and revenue transactions were incurred.

Cause:

The District did not properly record accounts payable and accounts receivable as of December 31, 2013. This required material adjustment to the year-end general ledger. This occurred because incorrect information was given to the accounting staff, resulting in an understatement of expenses and, because of the cost reimbursement basis of the District's grant revenue billing process, an understatement of revenues.

Effect:

At December 31, 2013, accounts receivable and accounts payable were understated by \$152,600.

Recommendation:

District management should ensure that all of the proper, appropriate records are given to accounting personnel so that all material transactions are timely recorded in the correct accounting periods. Also, all relevant billing information should be given to accounting personnel in order to properly record billed accounts receivable and revenue upon the issuance/ mailing of the invoice/bill, not when the cash is received by the District for the invoice/bill.

Management's Response:

In response to the "Cause" statement that "This occurred because incorrect information was given to the accounting staff...", it is understood that the accusation refers to the change of date on the Procurement Payment Form so that such date would correspond with the actual payment issued to the landowner. We acknowledge the accusation and will take proper precautions to insure that this does not happen on any and all future payments of Best Management Practice projects.

A journal entry should have been made in order to record the payable to the contractor and the receivable from the grants which were used to fund this project. This was not done as it was thought that a Form 1099 would be generated for the landowner as of 12/31/13 as a result. The landowner had requested that the Form 1099 be generated in 2014, when the check was cut, instead. In the future, a check will be cut when the payment request is approved, without regard to the timing of the Form 1099.

