

**FINANCIAL STATEMENTS**

**ONONDAGA COUNTY SOIL AND  
WATER CONSERVATION DISTRICT**

**DECEMBER 31, 2014 AND 2013**

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 years ended December 31, 2014 and 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 opinions, the 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, 2014 and 2013, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

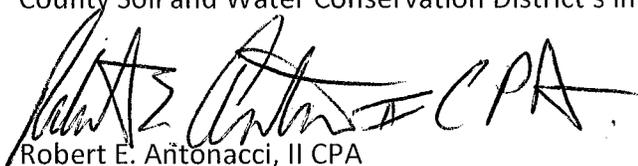
### ***Other Matters***

#### *Required Supplementary Information*

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 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 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 DATE 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

July 10, 2015

Syracuse, New York

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
**Management's Discussion and Analysis**  
**Years Ended December 31, 2014 and 2013 (Unaudited)**

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**Introduction**

The Management's Discussion and Analysis of Onondaga County Soil and Water Conservation District for the fiscal years ending December 31, 2014 and 2013, 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 2014 and 2013 financial statements, which follows this discussion and analysis.

**District Highlights for 2014**

The staff of the Onondaga County Soil and Water Conservation District (District) has continued to have strong success in securing the grants necessary to sustain the work of the District. In 2014, the District staff was awarded 4 out of the 5 NYS Environmental Protection Fund (EPF) Round 20 grants that were applied for. The \$929,752.34 in EPF funding provided by the grants will enable the staff to implement 30 projects on 19 farms. The \$12,000 in match funding (cash basis) provided by the Onondaga County Ag Council also helped the District to secure these grants.

The District Hydroseeding program will continue through 2018 thanks to another grant secured by a District staff member. This grant of \$198,000 will enable the District to continue to provide revegetation services to 120 acres of disturbed soil on municipal projects for the next three years (primarily focused on road ditch cleaning projects). This seeding service is one way the District helps municipalities maintain compliance with the NYS DEC erosion and sediment control standards as well as the Total Maximum Daily Load requirements in the Onondaga Lake and Chesapeake Bay portions of Onondaga County. This grant will also enable the District to purchase a new hydroseeder; the 2008 unit will be able to be sold outright and the funds generated can be utilized in the District budget, where needed.

A District staff member also secured a \$6,000 grant through the Finger Lakes – Partnership for Regional Invasive Species Management (PRISM). This grant enabled the District to hire a contractor to remove an additional 25 ash trees that had been targeted for removal on the inventory due to health concerns of the trees as they were located in the epicenter of the Emerald Ash Borer outbreak in the Town of Dewitt. This was especially beneficial to the County as the County had not released any new funding for ash tree removals at that time.

As you can see from the summary of grants secured and the work that is accomplished with this funding, the strength of the District is its staff. The District has a tremendous staff that is very capable of many tasks due to the breadth of the knowledge, skills, and abilities. Retention of this staff has been a key factor to the District's success. Although it has been two years since there was any departure of key staff members, each employee was carefully selected during the hiring process to ensure that they were a good fit for the District. And, with each grant a staff member authors, and secures, they have "skin in the game" and have helped to generate long-term funding to help keep themselves gainfully employed.

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
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**District Highlights for 2014 (Cont'd)**

The move of the District into County space 4 years ago was one of the best decisions ever made by the District. This move opened up an entirely new opportunity for the District to provide service and support to the County. This move came at a time when the District was facing a serious financial crisis with the loss of the federal funding provided by Congressman Walsh. At the same time, the County had been offering the District the opportunity for County space for many years. Once the District moved in under the County roof, the District appeared to more resemble other County departments and it was easier for other County departments to get to know the District. The latest project to come from this new relationship was the introduction of the District into the County stormwater outfall inspection program. Involvement in this project was detailed out in 2014. This District would provide assistance to County Water Environment Protection (WEP) with: annual reporting, field review of a minimum of 400 stormwater outfalls per year, review of stormwater pollution prevention plans, and other duties (as needed). The funds generated by this project also helped the District to replace workload and lost funding created by the exit of the federal funding and the projects that funding supported.

In Onondaga County, we have a very active Board of Directors, which is a tremendous asset to the District. They have been very involved in the happenings of the District locally (County Ag Council, Legislative Lunches), State-wide (Lobby Days, Regional Managers Meetings, Annual Association Meetings), and on a national scale (National Association of Conservation Districts North East Regional meeting). This has enabled the District BOD to have a better understanding and comparison of the District and the work that we do as it ties into the soil and water world across the State and Northeast region.

In 2014, the District switched health insurance plans from United to Excellus. The Affordable Care Act gave us the confidence to make these changes as we no longer had to be concerned about coverage for employees with pre-existing medical conditions. Not only did this change save the District \$14,000 in 2014, it enabled the District to put all employees onto one plan, reduce employee cost of co-pays, and for the employees to receive broader medical coverage.

Senior staff members provided five NYS DEC stormwater training classes to 131 students. The District earned \$10,875 for teaching the classes and expended \$3,499 on personnel and associated expenses to teach the classes. This provided a profit of \$7,376 which was used to help fund other District programs. In 2013, the District provided 14 trainings to 373 students and earned \$21,095 worth of profit. Accordingly, the District will need to do all in its power to teach a lot of classes and to keep attendance up. The two District instructors teaching the class have the highest hourly rates of all the District employees. This is the best earned income program for the District as it receives \$75/hour (Syracuse Builders Exchange) and \$100/hour when teaching directly at contractor's offices.

The District's agricultural equipment rental program remained strong in 2014. Overall, gross revenue increased to \$12,145 / 815 acres (2014) from \$10,778 / 675 acres (2013). This was primarily due to an increase in rental acreage.

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
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**Years Ended December 31, 2014 and 2013 (Unaudited)**

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**District Highlights for 2014 (Cont'd)**

The City of Syracuse continued its contract with the District for the on-going implementation of the Skaneateles Lake Watershed Agricultural Program for 2014. The total contact with the City for the City's 2014/2015 fiscal year was \$388,423.

The District continues to have a volunteer that assist with programming on a weekly basis. This volunteer is very efficient and effective and has enabled the District to move programming forward without increasing cost.

Through a partnership with Onondaga Community College, the District supports one to two 40-hour internships per year. This has also enabled the District to move programming forward without increasing cost.

**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, 2014 and 2013 (Unaudited)**

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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 Tioughnioga 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.

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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.

### **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.

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.

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**Management's Discussion and Analysis**  
**Years Ended December 31, 2014 and 2013 (Unaudited)**

<b>Figure A-1</b>		
<b>Major Features of the District-Wide and Fund Financial Statements</b>		
	<b>District-Wide</b>	<b>Governmental Funds</b>
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"> <li>•Statement of Net Position</li> <li>•Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>•Balance Sheet</li> <li>•Statement of revenues, expenditures and changes in fund balance</li> </ul>
Accounting basis and measurement focus	Accrual basis of accounting	Modified accrual basis of accounting
Type of asset/liability Information	Generally, assets consist of cash, accounts receivable and fixed assets. Liabilities would include various payroll accruals and withholdings and deferred revenue, as well as postemployment benefit accruals.	Generally, assets consist only of cash and accounts receivable. Liabilities would be limited to various payroll accruals and withholdings and deferred revenue.
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.

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:

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- 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 \$1,755,394 to \$1,632,417. The decrease resulted from a significant decrease in accounts receivable due to a large number of grants being closed out in 2014.

At the end of 2014, the District had \$103,941 invested in capital assets, including equipment, vehicles and fixtures (see Table 6). This amount represents a net increase (including additions, disposals, and accumulated depreciation) of \$12,936 from last year. This is primarily due to the acquisition of two vehicles in 2014.

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
**Management's Discussion and Analysis**  
**Years Ended December 31, 2014 and 2013 (Unaudited)**

**The District as a Whole (Cont'd)**

<b>Table 1</b>				
	Governmental Activities			Total Percent Change
	2014	2013	2014-2013	
Current and other assets	\$ 1,528,476	\$ 1,664,389	(8.2%)	
Capital assets	103,941	91,005	14.2%	
<b>Total Assets</b>	<b>1,632,417</b>	<b>1,755,394</b>		
<b>Liabilities:</b>				
Current liabilities	405,727	573,928	(29.3%)	
Other postemployment benefits payable	665,694	598,991	11.1%	
<b>Total Liabilities</b>	<b>1,071,421</b>	<b>1,172,919</b>		
<b>Net Position:</b>				
Net investment in capital assets	103,941	91,005	14.2%	
Unrestricted	457,055	491,470	(7.0%)	
<b>Total Net Position</b>	<b>\$ 560,996</b>	<b>\$ 582,475</b>		

In Table 2, 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**  
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**Years Ended December 31, 2014 and 2013 (Unaudited)**

**The District as a Whole (Cont'd)**

<b>Table 2</b>			
	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%)
<b>Total Assets</b>	<b>1,755,394</b>	<b>1,862,973</b>	
<b>Liabilities:</b>			
Current liabilities	573,928	725,795	(20.9%)
Other postemployment benefits payable	598,991	535,205	11.90%
<b>Total Liabilities</b>	<b>1,172,919</b>	<b>1,261,000</b>	
<b>Net Position:</b>			
Net investment in capital assets	91,005	97,522	(6.7%)
Unrestricted	491,470	504,451	(2.6%)
<b>Total Net Position</b>	<b>\$ 582,475</b>	<b>\$ 601,973</b>	

In Table 3, the District's total revenue increased by \$559,894 due to an increase in operating grant funds earned by the District.

During the year, the District had expenses from projects and programs of \$2,089,962, an increase of \$561,875 from 2013, which is primarily due to an increase in the amount of grant funding from all sources.

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
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**The District as a Whole (Cont'd)**

<b>Table 3</b>				
<b>Changes in Net Position</b>				
	Governmental Activities			Total Percent Change
	2014		2013	2014-2013
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 124,807		\$ 88,474	41.1%
Operating grants	1,942,874		1,418,774	36.9%
General revenue:				
Interest income	802		1,341	(40.2%)
<b>Total Revenues</b>	<b>2,068,483</b>		<b>1,508,589</b>	<b>37.1%</b>
<b>Program Expenses</b>				
Departmental	1,641,539		1,261,358	30.1%
Grant project	448,423		266,729	68.1%
<b>Total Program Expenses</b>	<b>2,089,962</b>		<b>1,528,087</b>	<b>36.8%</b>
<b>Decrease in Net Position</b>	<b>\$ (21,479)</b>		<b>\$ (19,498)</b>	<b>(10.2%)</b>

In Table 4, 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**  
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**Years Ended December 31, 2014 and 2013 (Unaudited)**

**The District as a Whole (Cont'd)**

<b>Table 4</b>				
<b>Changes in Net Position</b>				
	Governmental Activities			Total Percent Change
	2013		2012	2013-2012
<b>Revenues</b>				
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%)
<b>Total Revenues</b>	<b>1,508,589</b>		<b>2,308,090</b>	<b>(34.6%)</b>
<b>Program Expenses</b>				
Departmental	1,261,358		1,986,052	(36.5%)
Grant project	266,729		335,662	(20.5%)
<b>Total Program Expenses</b>	<b>1,528,087</b>		<b>2,321,714</b>	<b>(34.2%)</b>
<b>Decrease in Net Position</b>	<b>\$ (19,498)</b>		<b>\$ (13,624)</b>	<b>(43.1%)</b>

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).

<b>Table 5</b>						
<b>Governmental Activities</b>						
	Total Cost of Service			Net (Cost) Benefit of Services		
	2014	2013	2012	2014	2013	2012
Departmental	\$ 1,641,539	\$ 1,261,358	\$ 1,986,052	\$ (24,664)	\$ (8,965)	\$ 4,063
Grant projects	448,423	266,729	335,662	2,383	(11,874)	(19,147)
	<b>\$ 2,089,962</b>	<b>\$ 1,528,087</b>	<b>\$ 2,321,714</b>	<b>\$ (22,281)</b>	<b>\$ (20,839)</b>	<b>\$ (15,084)</b>

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
**Management's Discussion and Analysis**  
**Years Ended December 31, 2014 and 2013 (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 \$1,122,749, which is an increase of \$32,288 from last year's total. The increase results from an increase in grant funding from all sources.

**General Fund Budgetary Highlights**

There were no budget transfers made during or at the end of 2014. A budget compared to actual schedule has been prepared and can be found on page 39 of the financial statements.

**Capital Assets**

At the end of 2014, the District had \$103,941 invested in a broad range of capital assets, including equipment, vehicles and fixtures (see Table 6 below). This amount represents a net increase (including additions, deductions and accumulated depreciation) of \$12,936 from last year.

<b>Table 6</b>				
<b>Capital Assets at Year End</b>				
<b>(Net of Depreciation)</b>				
	<b>Governmental Activities</b>			<b>Total Percent</b>
	<b>2014</b>	<b>2013</b>		<b>Change</b>
Vehicles	\$ 156,172	\$ 147,384		6.0%
Furniture and fixtures	2,550	3,380		(24.6%)
Computer equipment	27,948	50,761		(44.9%)
Field equipment	152,837	158,298		(3.4%)
Accumulated depreciation	(235,566)	(268,818)		(12.4%)
	<b>\$ 103,941</b>	<b>\$ 91,005</b>		<b>14.2%</b>

**Economic Factors and 2015 Outlook**

The Overall Economic Position of the District is strong! The Executive Director truly believes that this is largely due in part to Onondaga County offering us space in their building at an affordable rental rate and to the District Board of Directors (BOD) for accepting the recommendation to move District offices into County space. This move has been paramount to the on-going success of the District.

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
**Management's Discussion and Analysis**  
**Years Ended December 31, 2014 and 2013 (Unaudited)**

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**Economic Factors and 2015 Outlook (Cont'd)**

The District staff is experienced grant writers and was awarded seven of the nine grant applications that they applied for in 2014. This enables the District to provide a diverse range of services that allows staff to perform many new types of work so that "our eggs are not all in one basket" as they were when the District primarily only did Agricultural Environmental Management.

The Executive Director truly believes that the focus and vision of the District is looking well into future. A strength of this District is to never say "NO" to new work and opportunities. This model has enabled the District to replace lost federal funding with new, large projects such as the ash tree inventory (2011 and 2012), ash tree removal (2013), ash tree injections (2014), and assistance to WEP with the County stormwater program (developed in 2014 and went to contract 2015).

With help of our auditors, both past and present, we have a clear vision of what we need to do "financially" to survive and we have made the necessary changes to do so. For instance, the District knows its financial position and is invoicing every grant for the full hourly expense, including the cost of benefits that the District encumbers. This was not done in the past as the federal funding that the District formerly received would pay for a multitude of expenses such as employee health care and retirement benefits. Essentially, the District is set up and operating according to a small business model similar to that of a private environmental consulting firm. To that end, the Program Manager and the Executive Director strive for as much accuracy as possible when estimating the cost of jobs (including how much personnel/fixed costs to be included) and try not to come up "short" of funds for personnel on these grant projects. In past years when federal funding existed, this was not as much of a concern as the federal grants would cover shortfalls. Without that "safety net", the District needed to improve its game, and did. Testament to this is that the recent years' NYS Environmental Protection Fund grants have adequate personnel hours to cover the District labor on projects.

Good Customer Service at the District is a must! All staff has been making sure to treat each funding source with careful attention. This also includes the local funding sources such as the: City of Syracuse, Onondaga County Water Authority, and County Water Environment Protection. To provide the best service possible to our clients, staff is making sure that these grant sources receive the best, most comprehensive monthly/annual reports that we can provide so that the client sees value of the work we are doing for them with the funding they are providing us.

One of the biggest challenges for the Executive Director is finding funding to continue updating the fleet of 7 to 11 year old vehicles. Many of these vehicles have more than 80,000 "hard" miles on them. On the average, a replacement vehicle costs \$24,000 and the average outright resale value of our vehicles ranges from \$4,000 to \$5,000.

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
**Management's Discussion and Analysis**  
**Years Ended December 31, 2014 and 2013 (Unaudited)**

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**Economic Factors and 2015 Outlook (Cont'd)**

A unique challenge that the District is facing is that there are many organizations out there that do work similar to that of the District (Cornell Cooperative Extension, Onondaga Environmental Institute, USDA Natural Resources Conservation Service, etc.). It takes a lot of dedication and focus to make sure that all of these agencies are not tripping over each other, or directly competing with each other, with the services that are provided. All of these agencies are basically targeting the same customer and the same funding sources. It becomes most challenging to make certain that the District is receiving the credit/recognition that we deserve for the work we do. This is especially important as this credit/recognition is usually tied to the same local, State, and federal funding sources from elected government officials.

Looking to the future, the Executive Director will ensure that the District takes on only work that makes financial sense. We will need to make sure that the District and its staff has the bandwidth to do this work and that the financial reward of taking on this work is worth it. The District shall not take on any work that does not pay enough to cover the hourly rates of the employees and/or the District's expenses. (One exception to this is the annual tree sale. It is an excellent community outreach tool to the public and is a very popular event. The public would miss the event if we did not do it.)

If the District is to maintain a strong Agricultural Environmental Management program into the future, the District staff will need to find new farmers to participate in the program. For 20-plus years, the efforts of the District have been in the southern half of the County. Most of the work has been completed and there are only a limited number of revision projects on the existing farms. Typically, these revisions do not provide the breadth of the workload that is common with new farm/new projects. To this end, the farmers in the northern half of the County are still an untapped potential as they have not historically received as much service/support from District. The District needs to focus its efforts on these new farmers, although the effort might take time to build/cultivate the trust and relationships with these people. District staff will also need to find a way to get these new farms/new projects to rank well in the existing grant application programs as most of these farms are not in high-ranking watersheds with public drinking water supplies, Total Maximum Daily Load's, etc.

The balanced budget for 2015 is proposed at \$2,026,000 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](http://www.ocswcd.org).

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>ASSETS</b>		
Unrestricted cash	\$ 879,805	\$ 620,906
Restricted cash	194,670	219,062
Accounts receivable	447,790	822,758
Prepaid expense	6,211	1,663
Capital assets, net	103,941	91,005
Total assets	1,632,417	1,755,394
<b>LIABILITIES</b>		
Accounts payable	5,944	156,405
Accrued vacation	26,173	29,198
Accrued payroll	5,510	3,559
Payroll withholdings	952	10,305
Deferred revenue	367,148	374,461
Other postemployment benefits payable	665,694	598,991
Total liabilities	1,071,421	1,172,919
<b>NET POSITION</b>		
Net investment in capital assets	103,941	91,005
Unrestricted	457,055	491,470
Total net position	\$ 560,996	\$ 582,475

See Notes to Financial Statements

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<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>
<b>Functions and Programs</b>				
Departmental	\$ (1,641,539)	\$ 112,967	\$ 1,503,908	\$ (24,664)
Grant projects	(448,423)	11,840	438,966	2,383
Total functions and programs	<u>\$ (2,089,962)</u>	<u>\$ 124,807</u>	<u>\$ 1,942,874</u>	<u>\$ (22,281)</u>
<b>General Revenues</b>				
Interest income				<u>802</u>
<b>Change in net position</b>				<u>(21,479)</u>
<b>Net position - January 1, 2014</b>				<u>582,475</u>
<b>Net position - December 31, 2014</b>				<u>\$ 560,996</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)</u>
		<u>Charges for</u> <u>Services and</u> <u>Sales</u>	<u>Operating</u> <u>Grants</u>	<u>Revenue and</u> <u>Change in Net</u> <u>Position</u>
				<u>Governmental</u> <u>Activities</u>
<b>Functions and Programs</b>				
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>
<b>General Revenues</b>				
Interest income				<u>1,341</u>
<b>Change in net position</b>				<u>(19,498)</u>
<b>Net position - January 1, 2013</b>				<u>601,973</u>
<b>Net position - December 31, 2013</b>				<u>\$ 582,475</u>

See Notes to Financial Statements

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Unrestricted cash	\$ 879,805	\$ -	\$ 879,805
Restricted cash	-	194,670	194,670
Accounts receivable	359,001	88,789	447,790
Prepaid expense	-	6,211	6,211
Total assets	<u>\$ 1,238,806</u>	<u>\$ 289,670</u>	<u>\$ 1,528,476</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable	\$ 2,836	\$ 3,108	\$ 5,944
Accrued vacation	20,654	5,519	26,173
Accrued payroll	4,434	1,076	5,510
Deferred revenue	160,159	206,989	367,148
Payroll withholdings	952	-	952
Total liabilities	<u>189,035</u>	<u>216,692</u>	<u>405,727</u>
Unassigned	1,049,771	-	1,049,771
Assigned for special projects	-	72,978	72,978
Total fund balances	<u>1,049,771</u>	<u>72,978</u>	<u>1,122,749</u>
Total liabilities and fund balances	<u>\$ 1,238,806</u>	<u>\$ 289,670</u>	<u>\$ 1,528,476</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>
<b>ASSETS</b>			
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
<b>Total assets</b>	<u><u>\$ 1,376,643</u></u>	<u><u>\$ 287,746</u></u>	<u><u>\$ 1,664,389</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
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
<b>Total liabilities</b>	<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
<b>Total fund balances</b>	<u><u>1,028,063</u></u>	<u><u>62,398</u></u>	<u><u>1,090,461</u></u>
<b>Total liabilities and fund balances</b>	<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  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b>Revenues</b>			
Service income	\$ 4,600	\$ -	\$ 4,600
Sales	46,761	-	46,761
State sources	742,822	126,775	869,597
Federal sources	171,731	40,616	212,347
Local sources	589,355	271,575	860,930
Interest income	513	289	802
Miscellaneous sources	61,606	11,840	73,446
<b>Total revenues</b>	<u>1,617,388</u>	<u>451,095</u>	<u>2,068,483</u>
 <b>Expenditures</b>			
Personnel	\$ 400,614	\$ 92,124	\$ 492,738
Equipment	27,904	20,307	48,211
Contractual	991,818	275,997	1,267,815
Employee benefits	175,344	52,087	227,431
<b>Total expenditures</b>	<u>1,595,680</u>	<u>440,515</u>	<u>2,036,195</u>
 <b>Changes in fund balance</b>	 21,708	 10,580	 32,288
 <b>Fund balances - January 1, 2014</b>	 <u>1,028,063</u>	 <u>62,398</u>	 <u>1,090,461</u>
 <b>Fund balances - December 31, 2014</b>	 <u>\$ 1,049,771</u>	 <u>\$ 72,978</u>	 <u>\$ 1,122,749</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**

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b>Revenues</b>			
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
<b>Total revenues</b>	<u>1,253,265</u>	<u>255,324</u>	<u>1,508,589</u>
 <b>Expenditures</b>			
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
<b>Total expenditures</b>	<u>1,208,304</u>	<u>249,480</u>	<u>1,457,784</u>
 <b>Changes in fund balance</b>	44,961	5,844	50,805
 <b>Fund balances - January 1, 2013</b>	<u>983,102</u>	<u>56,554</u>	<u>1,039,656</u>
 <b>Fund balances - December 31, 2013</b>	<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  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2014**

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**Total Governmental Fund Balances** \$ 1,122,749

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 \$339,507, and the accumulated depreciation is \$235,566. 103,941

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 (665,694)

**Net Position of Governmental Activities** \$ 560,996

See Notes to Financial Statements

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2013**

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**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 REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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**Excess of Revenues Over Expenditures - Total Governmental Funds** \$ 32,288

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	\$	(35,275)	
Capital outlays and disposals		<u>48,211</u>	
			12,936

Other postemployment benefits that are reflected on the Statement of Net Position, but are not considered a current expenditure on the government funds		<u>(66,703)</u>
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<b>Change in Net Position of Governmental Activities</b>		<u><u>\$ (21,479)</u></u>
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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**

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**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		<u>26,115</u>	
			(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	<u>(63,786)</u>
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<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ (19,498)</u></u>
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**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2014 and 2013**

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**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. The District is considered to be a component unit of Onondaga County government, but is considered immaterial to be included in the financial statements of Onondaga County as of December 31, 2014 and 2013.

**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, 2014 and 2013**

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**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, 2014 and 2013, there were no cash equivalents.

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2014 and 2013**

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**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, 2014 and 2013, 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, 2014 and 2013**

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**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 \$294,500 and \$0, of supplemental budgetary appropriations throughout the years ended December 31, 2014 and 2013, respectively.

**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 July 10, 2015 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, 2014 and 2013**

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**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, 2014 and 2013**

**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, 2014 and 2013 were \$1,115,526 and \$951,197, respectively.

These deposits and investments are categorized as follows:

December 31,	1	2	3
2014	\$ 252,865	\$ 738,948	\$ -
2013	\$ 254,835	\$ 538,529	\$ -

At December 31, 2014 and 2013, the carrying value of cash deposits was \$1,074,475 and \$839,968, respectively.

**4. CAPITAL ASSETS**

Capital asset balances and activity consist of the following for the year ended December 31, 2014:

	January 1	Additions	Disposals	December 31
<b>Capital assets being depreciated:</b>				
Vehicles	\$ 147,384	\$ 44,500	\$ (35,712)	\$ 156,172
Furniture and fixtures	3,380	-	(830)	2,550
Computer and field equipment	209,058	3,711	(31,984)	180,785
<b>Total being depreciated</b>	<b>359,822</b>	<b>48,211</b>	<b>(68,526)</b>	<b>339,507</b>
<b>Accumulated depreciation:</b>				
Vehicles	(125,310)	(10,284)	35,710	(99,884)
Furniture and fixtures	(1,394)	(364)	830	(928)
Computer and field equipment	(142,113)	(23,684)	31,043	(134,754)
<b>Total accumulated depreciation</b>	<b>(268,817)</b>	<b>(34,332)</b>	<b>67,583</b>	<b>(235,566)</b>
<b>Capital assets, net</b>	<b>\$ 91,005</b>	<b>\$ 13,879</b>	<b>\$ (943)</b>	<b>\$ 103,941</b>

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2014 and 2013**

**4. CAPITAL ASSETS (cont'd)**

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

**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, 2014 and 2013**

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

The District accounts for its postemployment (health insurance) benefits in accordance with 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, 2014 and 2013, the District recognized \$10,436 and \$8,864, respectively, for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of December 31, 2014, which indicates the annual required contribution for other postemployment benefits for 2014 and later years is \$90,105, 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 \$83,494. 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, 2014 and 2013, the amounts actually contributed to the plan, and changes in the District's net OPEB obligation:

	December 31, 2014	December 31, 2013
Annual required contribution	\$ 90,105	\$ 83,494
Interest in net OPEB obligation	24,066	21,515
Adjustment to annual required contribution	(37,032)	(32,359)
Annual OPEB cost	77,139	72,650
Contributions made	(10,436)	(8,864)
Increase in net OPEB obligation	66,703	63,786
Net OPEB obligation, beginning of year	598,991	535,205
Net OPEB obligation, end of year	\$ 665,694	\$ 598,991

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2014 and 2013**

**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 2014, 2013 and 2012 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
December 31, 2014	\$ 90,105	11.6%	\$ 665,694
December 31, 2013	\$ 83,494	10.6%	\$ 598,991
December 31, 2012	\$ 77,366	13.3%	\$ 535,205

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, 2014 was 23 years.

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2014 and 2013**

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**8. LINES OF CREDIT**

At December 31, 2014, the District has \$3,500 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 \$2,000, 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 \$600 and \$1,200, respectively, is owed on the credit cards and is included in accounts payable at December 31, 2014 and 2013.

**9. RETIREMENT BENEFITS**

The District participates in the New York State and Local Employees' Retirement System ("ERS"), a defined benefit, cost sharing multiple-employer retirement plan. The ERS provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York ("the Comptroller") serves as sole trustee and administrative head of the ERS. The Comptroller shall adopt and may amend rules and regulations for the control of the funds. The ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244. The report can also be accessed on the Comptroller's website at [www.osc.state.ny.us/pension/cafr.htm](http://www.osc.state.ny.us/pension/cafr.htm). The ERS is noncontributory except for employees who joined the ERS after July 27, 1976. Employees hired before January 1, 2010 contribute 3% of their salary and after ten years of service, the ERS becomes non-contributory for those employees as well. Those employees hired after January 1, 2010 and before April 1, 2012, contribute 3% of their salary for all of their years of public service. Those employees hired on or after April 1, 2012 are required to contribute between 3% and 6%, dependent on salary, for their entire working career. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The District is required to contribute an actuarially determined rate. The required contributions at December 15 for the years 2014, 2013, and 2012 were \$82,149, \$90,271, and \$83,265, respectively. The District's contributions made to the ERS were equal to 100% of the contributions required for each year.

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2014 and 2013**

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**10. UPCOMING PRONOUNCEMENTS**

In June 2012, the GASB issued Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. In addition, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. The objective of Statement No. 67 is to improve financial reporting by state and local governmental pension plans. Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 68, as well as for non-employer governments that have a legal obligation to contribute to those plans. The District is required to adopt the provisions of Statement No. 68 for the year ending December 31, 2015.

In November 2013, the GASB issued Statement No. 71, Pension Transitions for Contributions Made Subsequent to the Transition Date – an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The District is required to adopt the provisions of this Statement in conjunction with GASB Statement No. 68.

The District has not yet assessed the impact of these statements on its future 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, 2014**

	Governmental Fund Types					
	General Fund			Special Revenue Fund		
	Budget (Modified)	Actual	Variance Favorable (Unfavorable)	Budget (Modified)	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Service income	\$ 4,000	\$ 4,600	\$ 600	\$ -	\$ -	\$ -
Sales	53,250	46,761	(6,489)	-	-	-
State sources	801,841	742,822	(59,019)	115,800	126,775	10,975
Federal sources	153,500	171,731	18,231	1,000	40,616	39,616
Local sources	550,345	589,355	39,010	290,822	271,575	(19,247)
Interest income	400	513	113	150	289	139
Miscellaneous income	21,050	61,606	40,556	7,000	11,840	4,840
Total revenues	<u>1,584,386</u>	<u>1,617,388</u>	<u>33,002</u>	<u>414,772</u>	<u>451,095</u>	<u>36,323</u>
<b>Expenditures</b>						
Personnel expenses	385,574	400,614	(15,040)	107,113	92,124	14,989
Equipment expenses	21,400	27,904	(6,504)	2,200	20,307	(18,107)
Contractual expenses	987,444	991,818	(4,374)	246,088	275,997	(29,909)
Employee benefits	189,968	175,344	14,624	59,371	52,087	7,284
Total expenditures	<u>1,584,386</u>	<u>1,595,680</u>	<u>(11,294)</u>	<u>414,772</u>	<u>440,515</u>	<u>(25,743)</u>
<b>Net changes in fund balances</b>	<u>\$ -</u>	<u>\$ 21,708</u>	<u>\$ 21,708</u>	<u>\$ -</u>	<u>\$ 10,580</u>	<u>\$ 10,580</u>
<b>Fund balances - January 1, 2014</b>		<u>1,028,063</u>			<u>62,398</u>	
<b>Fund balances - December 31, 2014</b>		<u>\$ 1,049,771</u>			<u>\$ 72,978</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, 2013**

	Governmental Fund Types					
	General Fund			Special Revenue Fund		
	Budget (Modified)	Actual	Variance Favorable (Unfavorable)	Budget (Modified)	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
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
<b>Total revenues</b>	<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>
<b>Expenditures</b>						
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	-	-	-
<b>Total expenditures</b>	<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>
<b>Net changes in fund balances</b>	<u>0</u>	<u>44,961</u>	<u>\$ 44,961</u>	<u>\$ 0</u>	<u>5,844</u>	<u>\$ 5,844</u>
<b>Fund balances - January 1, 2013</b>		<u>983,102</u>			<u>56,554</u>	
<b>Fund balances - December 31, 2013</b>		<u>\$ 1,028,063</u>			<u>\$ 62,398</u>	

See Notes to Financial Statements

**ONONDAGA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
OTHER POSTEMPLOYMENT BENEFIT PLAN SCHEDULE OF FUNDING PROGRESS  
DECEMBER 31, 2014 AND 2013**

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<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

**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***

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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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 10, 2015.

**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.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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*.

### **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.

July 10, 2015