

COUNTY OF ONEIDA,
NEW YORK

MANAGEMENT
DISCUSSION AND
ANALYSIS AND BASIC
FINANCIAL STATEMENTS

December 31, 2001

Independent Auditor's Report

Chairman and Members of the County Legislature
County of Oneida, New York

We have audited the accompanying basic financial statements of the County of Oneida, New York, as of and for the year ended December 31, 2001, as listed in the table of contents. These basic financial statements are the responsibility of County of Oneida, New York's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of County of Oneida, New York, as of December 31, 2001, and the results of operations and cash flows of its proprietary funds for the year then ended, in conformity with U.S. generally accepted accounting principles.

As described in Note I to the basic financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions; Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, as of January 1, 2001. This results in a change to the County's method of accounting for certain nonexchange revenues and a change in the format and content of the basic financial statements.

The management's discussion and analysis on pages A1-A6, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplementary information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of County of Oneida, New York. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

May 1, 2002

Utica, New York

COUNTY OF ONEIDA, NEW YORK

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Section A

Management's Discussion and Analysis

COUNTY OF ONEIDA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Year Ended December 31, 2001

Our discussion and analysis of the County of Oneida, New York's financial performance provides an overview of the County's financial activities for the year ended December 31, 2001. This document should be read in conjunction with the County's financial statements which begins in Section B.

FINANCIAL HIGHLIGHTS

- The County's net assets increased \$4.5 million as a result of this year's activity. The primary factor contributing to this increase was the capitalization of several of the major projects.
- During the year, the County had net expenses of \$95.2 million, which was \$4.5 million less than the \$99.7 million generated in tax and other revenues for governmental programs.
- The General Fund reported an operating deficit this year of \$5.1 million due to the increased County share of social service expenses.
- The General Fund did report a \$.9 million dollar budgetary surplus as illustrated on Page B5.

December 31, 2001, is the first year the County's financial statements have been prepared in accordance with Government Accounting and Standards Board Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments" (GASB No. 34). As such, only one year of data is presented. However, in future years, the Management's Discussion and Analysis will include comparative analysis of County-wide data.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on Page B3. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE COUNTY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

Our analysis of the County as a whole begins on Page B1. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's *net assets* and changes in them. You can think of the County's net assets – the difference between assets and liabilities – as one way to measure the County's financial health, or *financial position*. Over time, *increases* or *decreases* in the County's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the County's property tax base and the condition of the County's roads and infrastructure, to assess the *overall health* of the County.

In the statement of net assets and the statement of activities, we divide the County into three types of activities:

- **Governmental activities** – Most of the County's basic services are reported here, including public safety, public works, economic assistance, health, nursing services, and general administration. Property taxes, sales taxes, franchise fees, and State and Federal grants finance most of these activities.
- **Business-type activities** – The County charges a fee to other municipalities to help it support the Worker's Compensation Self-Insurance Program and Sewer Fund.
- **Component units** – The County includes the Solid Waste Authority, the Tobacco Asset Securitization Corporation, and the Community College. Although legally separate, these "component units" are included as required by GASB Statement No. 39.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Our analysis of the County's major funds begins on Page B3 and provides detailed information about the most significant funds – not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County Legislature may establish other funds to help it control and manage money for particular purposes. The County's two types of funds – *Governmental* and *Proprietary* – use different accounting approaches.

- **Governmental Funds** – Most of the County's basic services are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (of differences) between governmental activities (reported in the statement of net assets and the statement of activities) and Governmental Funds in a reconciliation on Page B6.
- **Proprietary Funds** – When the County charges customers for the services it provides - whether to outside customers or to other units of the County – these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact, the County's Enterprise Funds (a component of Proprietary Funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for Proprietary Funds.

THE COUNTY AS TRUSTEE

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or *fiduciary*, for its employees' deferred compensation plan. It is also responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the County's fiduciary activities are reported in separate statements of fiduciary net assets on Page B10. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE COUNTY AS A WHOLE

The County's *combined* net assets increased from \$69.9 million to \$70.9 million. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the County's governmental activities.

	<u>Table 1 Net Assets (In Millions)</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	<u>Primary</u>
			<u>Government</u>
Current and Other Assets	89.7	15.7	105.4
Capital Assets	<u>76.8</u>	<u>25.7</u>	<u>102.5</u>
Total Assets	<u>166.5</u>	<u>41.4</u>	<u>207.9</u>
Long-Term Debt Outstanding	64.7	5.0	69.7
Other Liabilities	<u>53.8</u>	<u>13.5</u>	<u>67.3</u>
Total Liabilities	<u>118.5</u>	<u>18.5</u>	<u>137.0</u>
Net Assets			
Invested in Capital Assets, Net of Debt	12.1	20.7	32.8
Restricted	16.9	0.0	16.9
Unrestricted	<u>19.0</u>	<u>2.2</u>	<u>21.2</u>
Total Net Assets	<u>48.0</u>	<u>22.9</u>	<u>70.9</u>

Table 2 Changes In			
Net Assets (In Millions)			
	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues			
Program Revenues			
Charges for Services	37.8	12.1	49.9
Operating Grants and Contributions	92.5	0.0	92.5
Capital Grants and Contributions	4.0	0.0	4.0
General Revenues			
Property Taxes	45.8	0.0	45.8
Other Taxes	<u>53.9</u>	<u>0.0</u>	<u>53.9</u>
Total Revenues	<u>234.0</u>	<u>12.1</u>	<u>246.1</u>
Program Expenses			
General Government	22.1	0.0	22.1
Education	11.9	0.0	11.9
Public Safety	25.2	0.0	25.2
Public Health	18.1	0.0	18.1
Transportation	21.0	0.0	21.0
Economic Assistance and Opportunity	121.4	0.0	121.4
Culture and Recreation	3.1	0.0	3.1
Home and Community Services	2.4	10.1	12.5
Interest on Long-Term Debt	2.7	0.0	2.7
Unallocated Depreciation	1.6	0.0	1.6
Worker's Compensation Benefits	<u>0.0</u>	<u>5.5</u>	<u>5.5</u>
Total Expenses	<u>229.5</u>	<u>15.6</u>	<u>245.1</u>
Increase (Decrease) in Net Assets	<u>4.5</u>	<u>(3.5)</u>	<u>1.0</u>

Table 3 presents the cost of each of the County's four largest governmental programs: public health, public safety, transportation, economic assistance and opportunity, as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

Table 3 Governmental Activities (In Millions)		
	Total Cost of Services	Net Cost of Services
Public Health	18.1	2.4
Public Safety	25.2	18.4
Transportation	21.0	7.8
Economic Assistance and Opportunity	<u>121.4</u>	<u>41.4</u>
Totals	<u>185.7</u>	<u>70.0</u>

THE COUNTY'S FUNDS

General Governmental Functions

As the County completed the year, its governmental funds (as presented in the balance sheet on Page B3) reported a *combined* fund balance of \$35.9 million, which was decreased by \$13.7 million over last year's total of \$49.6 million. Included in this year's total change in fund balance, is a deficit of (\$5.1) million in the County's General Fund.

Business-Type Funds

The County's Proprietary Funds consist of the Sewer Fund and the Workers' Compensation Fund. The basic financial statements for the funds are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Table 4, which demonstrates return on ending assets and return on ending net assets.

	Table 4 Business-Type (In Millions)	
	<u>Sewer</u>	<u>WCF</u>
Total Assets	29.8	12.4
Net Assets	22.9	0.0
Change in Net Assets	(3.5)	0.0

GENERAL FUND BUDGETARY HIGHLIGHTS

The significant variances between the originally adopted budget for the year 2001 and the final budget were caused as follows:

Original Budget	\$ 218,406,293
<u>2001 Additional Appropriations</u>	
Encumbrance Carryovers	577,218
Appropriations from Fund Balance	2,280,000
State and Federal Funded Programs	<u>15,382,021</u>
Final Budget	\$ <u>236,645,532</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2001, the County had \$102.5 million invested in a broad range of capital assets including equipment, a jail, buildings, roads, bridges, and sewer lines.

	Table 5 Capital Assets at Year-End (Net of Depreciation, In Millions)		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Land	1.7		1.7
Land Improvements	5.3		5.3
Construction	42.8	11.0	53.8
Licensed Vehicles	1.9	0.1	2.0
Machinery and Equipment	5.1	9.5	14.6
Infrastructure	<u>20.0</u>	<u>5.1</u>	<u>25.1</u>
Totals	<u>76.8</u>	<u>25.7</u>	<u>102.5</u>

The County's 2002 capital budget anticipates a spending level of \$11.3 million for capital projects.

Debt

At year-end, the County had \$63.3 million in bonds and notes outstanding (see Note II(B) on Page B38 for additional detail).

Table 6 Outstanding Debt,
at Year-End (In Millions)
Governmental Business-Type
Activities Activities

General Obligation Bonds (Backed by the County)	<u>58.4</u>	<u>0.0</u>
General Obligation Revenue Bonds (Backed by Specific Revenues)	<u>0.0</u>	<u>4.9</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2001 budget, tax rates, and fees that will be charged for the business-type activities. One of these factors is the economy. Unemployment in the County now stands at 4.9 percent versus 4.3 percent a year ago. This compares with the State's unemployment rate of 5.8 percent and the national rate of 5.9 percent.

Inflation in the area continues to be somewhat lower than the national Consumer Price Index (CPI) increase. The regional CPI increase was 2.5 percent for fiscal year 2001 compared with the average U.S. national rate of 2.8 percent. Inflation has been lower here due in part to an affordable housing market and relatively lower energy prices in 2000-2001.

These indicators were taken into account when adopting the General Fund budget for 2002. Amounts available for appropriation in the General Fund budget are \$225 million, an increase of 3.7 percent over the adopted 2001 budget of \$217 million. The County will use increases in State Aid (\$3 million) and dip into undesignated fund reserve (\$5 million) to finance the increase in services and programs. Of the \$8 million increase in 2002 appropriation, \$5 million are attributed in Human Service program. Increased wage and cost-of-living adjustments, based on agreements reached with the County's four unions, totaled \$3.2 million. In addition, the County has budgeted for a 15% increase in health insurance costs as well as an increase in retirement contributions. The County has added no major new programs or initiatives to the 2002 budget.

If these estimates are realized, the County's General Fund balance is expected to decrease by the close of 2002. Even though this would be the second consecutive year of deficits and use of the fund balance to balance the budget, management does not anticipate cash flow problems in 2002 and 2003. The 2003 budget document begins to take shape in September 2002 and it is the consensus of County management that a 2003 tax increase will be certainty.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joseph J. Timpano, County Comptroller, 800 Park Avenue, Utica, New York 13501.

Section B

Basic Financial Statements

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF NET ASSETS
Decemeber 31, 2001

	<u>Governmental Activities</u>	<u>Business Type</u>	<u>Primary Government Total</u>	<u>Component Units</u>
Assets				
Cash and Cash Equivalents	\$ 29,259,967	\$ 4,019,594	\$ 33,279,561	\$ 8,762,096
Deposits With Trustees				20,330,206
Investments				2,009,618
Receivables				
Taxes Receivable (Net of Allowance for Uncollectibles of \$84,777)	20,177,232		20,177,232	
Student Loans and Fees Receivable (Net of Allowance for Uncollectibles of \$896,450)				8,235,749
Other Receivables	6,348,804	2,697,072	9,045,876	47,634,775
Due From				
State and Federal Governments	32,194,164		32,194,164	
Other Governments	750,809	9,019,350	9,770,159	3,196,916
Business Type Entity	913,800		913,800	
Fiduciary Funds	10,783	4,240	15,023	
Inventory				431,182
Other Assets	1,941		1,941	5,305,199
Capital Assets (Net)	<u>76,796,501</u>	<u>25,682,767</u>	<u>102,479,268</u>	<u>45,822,279</u>
Total Assets	<u>\$ 166,454,001</u>	<u>\$ 41,423,023</u>	<u>\$ 207,877,024</u>	<u>\$ 141,728,020</u>
Liabilities				
Accounts Payable	\$ 12,014,005	\$ 506,311	\$ 12,520,316	\$ 3,794,855
Accrued Liabilities	16,933,782	12,088,983	29,022,765	2,368,973
Due To				
Other Governments	7,294,469		7,294,469	153,104
Retirement Systems				52,099
Other Funds		913,800	913,800	
Fiduciary Funds	577		577	
Accrued Compensated Absences				2,020,626
Overpayments and Collections in Advance	3,551,040		3,551,040	
Accrued Closure Costs				904,475
Other Liabilities				1,272,875
Deferred Revenue	13,997,455		13,997,455	7,030,891
Noncurrent Liabilities				
Due Within One Year	5,751,216	544,534	6,295,750	2,604,758
Due in More Than One Year	<u>58,950,321</u>	<u>4,434,540</u>	<u>63,384,861</u>	<u>120,990,694</u>
Total Liabilities	<u>118,492,865</u>	<u>18,488,168</u>	<u>136,981,033</u>	<u>141,193,350</u>
Net Assets				
Invested in Capital Assets (Net of Related Debt)	12,094,964	20,703,693	32,798,657	9,059,573
Restricted For				
Special Purposes	362,301		362,301	148,740
Loan Funds				3,342,474
Capital Projects	16,467,545		16,467,545	
Permanently Restricted				399,192
Unrestricted (Deficit)	<u>19,036,326</u>	<u>2,231,162</u>	<u>21,267,488</u>	<u>(12,415,309)</u>
Total Net Assets	<u>47,961,136</u>	<u>22,934,855</u>	<u>70,895,991</u>	<u>534,670</u>
Total Liabilities and Net Assets	<u>\$ 166,454,001</u>	<u>\$ 41,423,023</u>	<u>\$ 207,877,024</u>	<u>\$ 141,728,020</u>

See Notes to Basic Financial Statements
and Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2001

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating	Capital	Primary Government			Component Units
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental Activities								
Primary Government								
General Government Support	\$ 22,075,516	\$ 10,775,390	\$ 645,372	\$ 1,681,939	\$ (8,972,815)	\$	\$ (8,972,815)	\$
Education	11,937,669	1,815,135	1,685,360		(8,437,174)		(8,437,174)	
Public Safety	25,222,425	5,209,714	1,522,856	49,000	(18,440,855)		(18,440,855)	
Public Health	18,139,626	3,301,433	12,464,180		(2,374,013)		(2,374,013)	
Transportation	21,030,511	6,921,018	4,043,378	2,244,778	(7,821,337)		(7,821,337)	
Economic Assistance and Opportunity	121,381,178	8,473,447	71,458,471		(41,449,260)		(41,449,260)	
Culture and Recreation	3,054,061	175,852	222,857		(2,655,352)		(2,655,352)	
Home and Community Services	2,391,007	1,195,611	480,448		(714,948)		(714,948)	
Interest on Long-Term Debt (Excludes Direct Interest Expenses of the Various Programs)	2,739,847				(2,739,847)		(2,739,847)	
Unallocated Depreciation (Excludes Direct Depreciation Expenses of the Various Programs)	1,558,374				(1,558,374)		(1,558,374)	
Total Governmental Activities	<u>229,530,214</u>	<u>37,867,600</u>	<u>92,522,922</u>	<u>3,975,717</u>	<u>(95,163,975)</u>		<u>(95,163,975)</u>	
Business-Type Activities								
Sewer Fund	10,074,281	6,615,295				(3,458,986)	(3,458,986)	
Workers' Compensation Fund	5,458,169	5,457,599				570	570	
Total Primary Government	<u>\$ 245,062,664</u>	<u>\$ 49,940,494</u>	<u>\$ 92,522,922</u>	<u>\$ 3,975,717</u>	<u>\$ (95,163,975)</u>	<u>\$ (3,458,416)</u>	<u>\$ (98,622,391)</u>	<u>\$</u>
Component Units								
Solid Waste Authority	\$ 20,949,804	\$ 21,697,336	\$ 175,192	\$	\$	\$	\$	\$ 922,724
Community College	41,752,970	14,140,854	23,484,550	3,093,639				(1,033,927)
Oneida TASC	4,082,306	419,354						(3,662,952)
Total Component Units	<u>\$ 66,785,080</u>	<u>\$ 36,257,544</u>	<u>\$ 23,659,742</u>	<u>\$ 3,093,639</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (3,774,155)</u>
General Revenues								
Property Taxes, Levied for General Purposes					\$ 45,761,273	\$	\$ 45,761,273	\$
Real Property Tax Items					2,296,057		2,296,057	
Nonproperty Tax Items (Sales Tax and PILOTs)					51,560,764		51,560,764	
Special Items, Sale of Tobacco Receivable								4,933,292
Total General Revenue and Special Items					<u>99,618,094</u>		<u>99,618,094</u>	<u>4,933,292</u>
Change in Net Assets					4,454,119	(3,458,416)	995,703	1,159,137
Net Assets (Deficit), Beginning of Year					<u>43,507,017</u>	<u>26,393,271</u>	<u>69,900,288</u>	<u>(624,467)</u>
Net Assets, End of Year					<u>\$ 47,961,136</u>	<u>\$ 22,934,855</u>	<u>\$ 70,895,991</u>	<u>\$ 534,670</u>

COUNTY OF ONEIDA, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
(INCLUDING THE RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES)
December 31, 2001

	General	Debt Service	Other Governmental Funds	Totals
Assets				
Cash and Cash Equivalents	\$ 16,143,863	\$ (1,477,886)	\$ 14,593,990	\$ 29,259,967
Taxes Receivable (Net of Allowance for Uncollectibles of \$84,777)	20,177,232			20,177,232
Other Receivables	4,166,178	1,134,338	1,048,288	6,348,804
Due From				
State and Federal Governments	31,612,796		581,368	32,194,164
Other Governments	750,809			750,809
Other Funds	2,529,479	3,766,314	8,371,185	14,666,978
Other Assets	<u>1,941</u>			<u>1,941</u>
Total Assets	<u>\$ 75,382,298</u>	<u>\$ 3,422,766</u>	<u>\$ 24,594,831</u>	<u>\$ 103,399,895</u>
Liabilities				
Accounts Payable	\$ 10,382,180	\$ 2,204	\$ 1,629,621	\$ 12,014,005
Accrued Liabilities	16,705,797		227,985	16,933,782
Due To				
Other Governments	7,150,303		144,166	7,294,469
Other Funds	7,795,808	1,149,997	4,797,167	13,742,972
Overpayments and Collections in Advance	3,551,040			3,551,040
Deferred Revenue	<u>12,070,989</u>	<u>841,711</u>	<u>1,084,755</u>	<u>13,997,455</u>
Total Liabilities	<u>57,656,117</u>	<u>1,993,912</u>	<u>7,883,694</u>	<u>67,533,723</u>
Fund Balances				
Fund Balance - Reserved				
Special Reserves	1,705,023			1,705,023
Reserve for Encumbrances	640,832		10,516,349	11,157,181
Fund Balance - Unreserved				
Designated for Subsequent Year's Expenditures	5,275,000	1,071,261		6,346,261
Designated for Fiscal Stability	8,000,000			8,000,000
Special Revenue Funds	<u>2,105,326</u>	<u>357,593</u>	<u>6,194,788</u>	<u>8,657,707</u>
Total Fund Equity	<u>17,726,181</u>	<u>1,428,854</u>	<u>16,711,137</u>	35,866,172
Total Liabilities and Fund Equity	<u>\$ 75,382,298</u>	<u>\$ 3,422,766</u>	<u>\$ 24,594,831</u>	
Amounts reported for governmental activities in the statement of net assets are different due to the following:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				76,796,501
Long-term liabilities, including bonds payable, are not due and payable in the current-period and therefore are not reported in the funds.				<u>(64,701,537)</u>
Net Assets of Governmental Activities				<u>\$ 47,961,136</u>

See Notes to Basic Financial Statements
and Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2001

	General	Debt Service	Other Governmental Funds	Total
Revenues				
Real Property Taxes	\$ 45,703,894	\$	\$	\$ 45,703,894
Real Property Tax Items	3,141,414			3,141,414
Nonproperty Tax Items	51,873,180			51,873,180
Departmental Income	13,585,504		27,476	13,612,980
Intergovernmental Charges	10,988,904	701,417	2,006,933	13,697,254
Use of Money and Property	1,757,816	1,158,276	16,115	2,932,207
Licenses and Permits	11,710		9,290	21,000
Fines and Forfeitures	863,100			863,100
Sale of Property and Compensation for Loss	222,519		20,952	243,471
Miscellaneous Local Sources	628,518		162,601	791,119
Interfund Revenues	52,549	101,730	3,550,526	3,704,805
State Aid	43,385,499		4,051,893	47,437,392
Federal Aid	<u>45,541,020</u>		<u>4,421,497</u>	<u>49,962,517</u>
Total Revenues	<u>217,755,627</u>	<u>1,961,423</u>	<u>14,267,283</u>	<u>233,984,333</u>
Other Financing Sources				
Transfers from Other Funds		<u>3,721,537</u>	<u>5,996,581</u>	<u>9,718,118</u>
Total Revenues and Other Financing Sources	<u>217,755,627</u>	<u>5,682,960</u>	<u>20,263,864</u>	<u>243,702,451</u>
Expenditures				
General Governmental Support	17,615,720	7,916	5,558,132	23,181,768
Education	13,301,178			13,301,178
Public Safety	25,833,407		663,152	26,496,559
Public Health	19,335,554			19,335,554
Transportation	4,740,029		18,968,200	23,708,229
Economic Assistance and Opportunity	126,312,604		3,214,378	129,526,982
Culture and Recreation	3,084,738		170,419	3,255,157
Home and Community Services	2,785,882			2,785,882
Debt Service				
Principal		2,689,425		2,689,425
Interest	<u>700,864</u>	<u>2,739,848</u>		<u>3,440,712</u>
Total Expenditures	<u>213,709,976</u>	<u>5,437,189</u>	<u>28,574,281</u>	<u>247,721,446</u>
Other Financing (Uses)				
Transfers to Other Funds	<u>9,143,552</u>		<u>574,566</u>	<u>9,718,118</u>
Total Expenditures and Other Financing (Uses)	<u>222,853,528</u>	<u>5,437,189</u>	<u>29,148,847</u>	<u>257,439,564</u>
Excess (Deficit) Revenues and Other Financing Sources				
Over Expenditures and Other Financing (Uses)	(5,097,901)	245,771	(8,884,983)	(13,737,113)
Fund Balance, Beginning of Year	<u>22,824,082</u>	<u>1,183,083</u>	<u>25,596,120</u>	<u>49,603,285</u>
Fund Balance, End of Year	<u>\$ 17,726,181</u>	<u>\$ 1,428,854</u>	<u>\$ 16,711,137</u>	<u>\$ 35,866,172</u>

See Notes to Basic Financial Statements
and Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
COMBINED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
AND EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2001

	General			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Real Property Taxes	\$ 45,965,583	\$ 45,965,583	\$ 45,703,894	\$ (261,689)
Real Property Tax Items	3,285,000	3,285,000	3,141,414	(143,586)
Nonproperty Tax Items	53,050,751	53,050,751	51,873,180	(1,177,571)
Departmental Income	12,520,486	13,015,810	13,585,504	569,694
Intergovernmental Charges	13,502,610	14,082,703	10,988,904	(3,093,799)
Use of Money and Property	2,601,112	2,601,112	1,757,816	(843,296)
Licenses and Permits	12,350	12,350	11,710	(640)
Fines and Forfeitures	729,296	756,340	863,100	106,760
Sale of Property and Compensation for Loss	203,157	234,202	222,519	(11,683)
Miscellaneous Local Sources	569,749	610,449	628,518	18,069
Interfund Revenues	48,500	48,500	52,549	4,049
State Aid	41,555,335	45,433,190	43,385,499	(2,047,691)
Federal Aid	41,201,117	51,530,711	45,541,020	(5,989,691)
Total Revenues	<u>215,245,046</u>	<u>230,626,701</u>	<u>217,755,627</u>	<u>(12,871,074)</u>
Expenditures				
General Governmental Support	18,827,142	18,490,549	17,615,720	874,829
Education	13,292,252	13,516,252	13,301,178	215,074
Public Safety	27,104,416	27,832,374	25,833,407	1,998,967
Public Health	18,764,023	21,277,280	19,335,554	1,941,726
Transportation	4,892,485	5,171,191	4,740,029	431,162
Economic Assistance and Opportunity	120,357,254	133,678,658	126,312,604	7,366,054
Culture and Recreation	3,032,505	3,141,161	3,084,738	56,423
Home and Community Services	3,069,963	3,684,367	2,785,882	898,485
Debt Service				
Interest	698,917	700,864	700,864	
Total Expenditures	<u>210,038,957</u>	<u>227,492,696</u>	<u>213,709,976</u>	<u>13,782,720</u>
Surplus Revenues Over Expenditures				
Before Other Financing Sources (Uses)	<u>5,206,089</u>	<u>3,134,005</u>	<u>4,045,651</u>	<u>911,646</u>
Other Financing Sources (Uses)				
Appropriation of Prior Year's Fund Balance	3,161,247	6,018,831		(6,018,831)
Transfers to Other Funds	<u>(8,367,336)</u>	<u>(9,152,836)</u>	<u>(9,143,552)</u>	<u>9,284</u>
Total Other Financing (Uses)	<u>(5,206,089)</u>	<u>(3,134,005)</u>	<u>(9,143,552)</u>	<u>(6,009,547)</u>
(Deficit) Revenues and Financing Sources				
Over Expenditures and Other Financing (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (5,097,901)</u>	<u>\$ (5,097,901)</u>

See Notes to Basic Financial Statements
and Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2001

Net Changes in Fund Balance - Total Governmental Funds		\$ (13,737,113)
<p>Capital Outlays to purchase or build capital assets are reported in Governmental Funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their useful lives as depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds Capital Outlays in the period.</p>		
	Depreciation Expense \$ 3,330,812	
	Capital OutLays <u>(18,563,830)</u>	15,233,018
<p>Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.</p>		
	Bond Proceeds	
	Repayment Bond Principal <u>(2,689,424)</u>	2,689,424
<p>Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.</p>		
		<u>268,790</u>
Change in Net Assets Governmental Activities		<u>\$ 4,454,119</u>

See Notes to Basic Financial Statements
and Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
December 31, 2001

	<u>Enterprise Sewer Fund</u>	<u>Workers' Compensation Fund</u>
Assets		
Cash and Cash Equivalents	\$ 668,216	\$ 3,351,378
Other Receivables	2,696,948	124
Due From		
State and Federal Governments		9,019,350
Fiduciary Funds	785,238	
Capital Assets (Net)	<u>25,681,402</u>	<u>1,365</u>
Total Assets	<u>\$ 29,831,804</u>	<u>\$ 12,372,217</u>
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 186,630	\$ 319,681
Accrued Liabilities	108,798	11,980,185
Due to Other Funds	1,623,812	70,986
Noncurrent Liabilities		
Due Within One Year	548,734	
Due in More Than One Year	<u>4,430,340</u>	
Total Liabilities	<u>6,898,314</u>	<u>12,370,852</u>
Net Assets		
Invested in Capital Assets (Net)	20,702,327	1,365
Unrestricted	<u>2,231,163</u>	
Total Net Assets	<u>22,933,490</u>	<u>1,365</u>
Total Liabilities and Net Assets	<u>\$ 29,831,804</u>	<u>\$ 12,372,217</u>

See Notes to Basic Financial Statements
and Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2001

	<u>Enterprise Sewer Fund</u>	<u>Workers' Compensation Fund</u>
Operating Revenues		
Departmental Charges	\$ 6,596,078	\$
Intergovernmental Charges		4,189,737
Miscellaneous	<u>13,851</u>	<u>721,750</u>
Total Operating Revenues	<u>6,609,929</u>	<u>4,911,487</u>
Operating Expenses		
Personnel Services		311,818
Contractual Expenses		4,731,910
Personal Services	2,480,809	
Operations and Maintenance	3,875,600	
Depreciation	<u>3,717,872</u>	<u>6,423</u>
Total Operating Expenses	<u>10,074,281</u>	<u>5,050,151</u>
Net Operating (Loss)	<u>(3,464,352)</u>	<u>(138,664)</u>
Nonoperating Revenue		
Use of Money and Property	<u>5,366</u>	<u>139,234</u>
Total Nonoperating Revenue	<u>5,366</u>	<u>139,234</u>
Net Income (Loss)	(3,458,986)	570
Net Assets, Beginning of Year	<u>26,392,476</u>	<u>795</u>
Net Assets, End of Year	<u>\$ 22,933,490</u>	<u>\$ 1,365</u>

See Notes to Basic Financial Statements
and Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES
For the Year Ended December 31, 2001

	Enterprise Sewer Fund	Workers' Compensation Fund
Cash Flows from (Used by) Operating Activities		
Cash Flows from Providing Services	\$ 6,517,036	\$ 2,767,423
Cash Payments Contractual Expenses	(4,000,451)	(3,813,261)
Cash Payments Personal Services and Benefits	(2,464,089)	(311,818)
Other Operating Revenues	<u>13,851</u>	<u>721,750</u>
Net Cash Flows from (Used by) Operating Activities	<u>66,347</u>	<u>(635,906)</u>
 Cash Flows from (Used by) Capital and Related Financing Activities		
Proceeds from Debt	1,004,548	
Principal Payments on Debt	(530,575)	
Interest Expense	(240,948)	
Payments to Contractors	(142,323)	(570)
Transfers to/from Other Funds	<u>392,832</u>	<u> </u>
Net Cash Flows from (Used by) Capital and Related Financing Activities	<u>483,534</u>	<u>(570)</u>
 Cash Flows from Investing Activities		
Interest Income	<u>5,366</u>	<u>139,235</u>
Net Cash Flows from Investing Activities	<u>5,366</u>	<u>139,235</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	555,247	(497,241)
 <u>Cash and Cash Equivalents, Beginning of Year</u>	<u>112,969</u>	<u>3,848,619</u>
 <u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 668,216</u>	<u>\$ 3,351,378</u>
Reconciliation of Operating Income to Net Cash Flows from (Used by) Operating Activities		
Operating (Loss)	\$ (3,464,352)	\$ (138,664)
Adjustment to Reconcile Operating Income to Net Cash		
Flows from (Used by) Operating Activities		
Depreciation	3,717,872	6,423
(Increase) Decrease in Assets Other Than Cash		
Receivables	(843,307)	(1,427,928)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	(59,301)	925,073
Due Other Funds	474,487	
Nonoperating Activities		
Debt Interest	<u>240,948</u>	<u> </u>
 Net Cash Flows from (Used by) Operating Activities	<u>\$ 66,347</u>	<u>\$ (635,096)</u>

See Notes to Basic Financial Statements
and Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
December 31, 2001

	<u>Deferred Compensation</u>	<u>Agency</u>
Assets		
Cash and Cash Equivalents	\$	\$ 8,106,143
Investments	10,237,389	
Due from Other Funds		<u>577</u>
Total Assets	<u>\$ 10,237,389</u>	<u>\$ 8,106,720</u>
Liabilities		
Accrued Liabilities	\$	\$ 8,091,697
Due to Other Funds		15,023
Deferred Compensation Plan	<u>10,237,389</u>	
Total Liabilities	<u>10,237,389</u>	<u>8,106,720</u>
Total Net Assets	<u>\$ 0</u>	<u>\$ 0</u>

See Notes to Basic Financial Statements
and Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2001

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BACKGROUND

The County of Oneida, New York, (the County) is governed by the Charter of the County of Oneida, the County Law, other general laws of the State of New York, and various local laws and ordinances. The present County Charter provides for a County Executive form of government.

The County Legislature, which is the legislative body responsible for the overall operation of the County, consists of 29 legislators, one from each of the County's legislative districts. The County Executive is the Chief Executive of the County. The County Comptroller is the Chief Fiscal Accounting and Auditing Officer of the County. The County Executive and County Comptroller are elected for a four-year term.

The County provides the following basic services: maintenance of County roads, economic assistance, parks and waterways, police and law enforcement, health and nursing services, waste water management facilities, and education through Mohawk Valley Community College.

B. FINANCIAL REPORTING ENTITY

The accompanying basic financial statements of the County have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

The basic financial statements have been prepared primarily from accounts maintained by the County. Additional data has been derived from reports prescribed by the County Comptroller and prepared by component units based on independent or subsidiary accounting systems maintained by them.

The County's financial statements are prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for State and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB

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COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2001

pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. The more significant accounting policies established in U.S. GAAP and used by the County are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the statement include the following:

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the County's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the County's activities, including infrastructure (roads, bridges, etc.).
 - A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying basic financial statements (including notes to financial statements). The County has elected to implement the general provisions of the statement in the current year.

1. REPORTING ENTITY

The basic financial statements present the County as well as the component units determined to be included in the County's financial reporting entity in accordance with GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units."

The decision to include a potential component unit in the County's reporting entity is based on several criteria set forth in GASB Statement No. 39 including legal standing, fiscal dependency, and financial accountability. Statement No. 39 defines financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

Based on the application of these criteria, the following is a brief review of certain entities considered in determining the County's reporting entity as a whole. These activities are included as discretely presented component units of the primary government.

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COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2001

2. DISCRETELY PRESENTED COMPONENT UNITS

Based on the foregoing criteria and the significant factors presented below, the following organizations are includable in the reporting entity:

- a. MOHAWK VALLEY COMMUNITY COLLEGE - Mohawk Valley Community College (Community College) was founded in 1946 with the County of Oneida as the local sponsor under provisions of Article 126 of the New York State Education Law. The College is administered by a Board of Trustees consisting of ten voting members'. Five are appointed by the County Executive and confirmed by the Legislature, four by the Governor, and one student is elected by the student body. The College budget is subject to the approval of the County Executive and the County Legislature, with the County providing substantial funding for the operation of the College. Title to the real property of the College rests with the County. Bonds and notes for College capital costs are issued by the County and are the County debt.

The Community College accounts for resources received and used in its own financial system which is independent of the County's centralized financial system. A fiscal year ending August 31 is mandated by State law for the Community College. For this reason, and also because of differences between U.S. generally accepted accounting principles for colleges and those of counties, the general purpose financial statements of the Community College are presented in a separate column in the basic financial statements of the County. The Community College's current unrestricted and restricted loan funds and plant funds are included. All of the financial data for the Community College has been derived from the independently audited financial statements. Certain amounts have been reclassified to conform with the County's presentation.

The Community College maintains a dormitory corporation known as the Mohawk Valley Community College Dormitory Corporation (Dormitory Corporation). The purpose of the Dormitory Corporation is to provide student resident facilities on the campus of the Community College. Although the Dormitory Corporation is a separate, legal entity, it shares the same Board of Trustees with the Community College and carries out operations which are integrally related to the Community College and is,

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COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2001

therefore, blended in the financial reporting entity of the Community College pursuant to Statement Number 14. The Dormitory Corporation uses a fiscal year end of July 31. All of the financial data for the Dormitory Corporation was derived from the Mohawk Valley Community College Dormitory Corporation independently audited financial statements.

The Community College maintains an auxiliary service corporation known as the Auxiliary Services Corporation of Mohawk Valley Community College (Auxiliary Corporation). This Auxiliary Corporation is a campus-based not-for-profit corporation which, as an independent contractor, operates, manages, and promotes educationally related services for the benefit of the campus community. Although the Auxiliary Corporation is a separate legal entity, it carries out operations which are integrally related to the Community College and is, therefore, blended in the financial reporting entity of the Community College. The Auxiliary Corporation uses a fiscal year end of June 30. All of the financial data for the Auxiliary Corporation was derived from the Auxiliary Services Corporation independently audited financial statements.

Financial statements of the Community College and related entities can be obtained from the Vice President for Administrative Service at MVCC's campus located at 1101 Sherman Drive, Utica, New York 13502.

- b. ONEIDA-HERKIMER SOLID WASTE MANAGEMENT AUTHORITY - The Oneida-Herkimer Solid Waste Management Authority (the Authority) was established in 1988 as a public benefit corporation under New York State law to provide solid waste management services and to plan and implement a modern integrated solid waste management system for the benefit of Oneida and Herkimer Counties (the Counties). The Authority's initial capitalization for the facilities as well as short-term funding of administrative and operating costs were provided from the issuance of approximately \$50 million of Solid Waste System Revenue Bonds. The Authority owns and/or operates seven facilities, the Western Transfer Station (formerly the ERF), the Eastern Transfer Station, the Materials Recovery Facility (MRF), the Oneida County Ash Landfill (ALF), Green Waste Composting Site (GWC), Household Hazardous Waste Facility (HHW), and the Webb Transfer Station.

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COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2001

As part of its operating plans, the Authority has generated net losses during its initial years of operation. These losses resulted primarily from interest on long-term debt and landfill siting costs incurred prior to 1995. These costs were funded from bond proceeds. The Authority generated a net income during 2001. The Authority continues to cover all operating cash requirements from its operations and cash reserves. In addition, the Authority's ability to meet its cash flow needs is supported by a Solid Waste Management Agreement between the Authority and the Counties which calls for a service fee to be paid to the Authority under certain circumstances.

The Authority's ten-member board, which consists of four members appointed by the County Executive and confirmed by the County Legislature, three members by the County Legislature, and three by Herkimer County, has complete responsibility for its management and financial operations. County officials do not exercise oversight responsibility for the Authority operations, and the County does not provide assistance to the Authority. However, the County is obligated to finance deficits, if necessary, and the County is a joint guarantor with Herkimer County on the revenue bonds disclosed in Note II(B).

Based upon the financial obligation the County assumes and because the County appoints the voting majority to the Authority's board, the Authority is included as a discretely presented component unit within the County's basic financial statements. All of the financial data for the Authority was derived from the independently audited financial statements. Certain amounts have been reclassified to conform with the County's presentation.

The financial statements of the Authority can be obtained at its administrative offices located at 311 Turner Road, Utica, New York 13501.

c. **ONEIDA TOBACCO ASSET SECURITIZATION CORPORATION**

Oneida Tobacco Asset Securitization Corporation (OTASC) is a not-for-profit corporation formed during 2000 exclusively for the purpose of acquiring from the County of Oneida, New York (County) all or any of the rights, titles, and interest of the County under the Master Settlement Agreement with respect to tobacco related litigation among various settling states and participating manufacturers. OTASC is an instrumentality of, but separate and apart from, the County.

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COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2001

In lieu of receiving the Tobacco Settlement Rights (TSR), OTASC, in conjunction with the New York Counties Tobacco Trust I, issued Tobacco Settlement Pass-Through Bonds, Series 2000. The bonds have been issued to the Trust pursuant to an indenture between OTASC and Manufacturers and Traders Trust Company (the Trustee).

OTASC is primarily dependent on the future proceeds from the TSR to meet future obligations under the indenture agreement. The required future obligations under the Series 2000 bonds are the sole responsibility of the OTASC.

C. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The County's police, maintenance of County roads, public works, health and nursing services, educational activities, and general administrative services are classified as governmental activities. The County's Sewer Fund and Workers' Compensation Fund are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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COUNTY OF ONEIDA, NEW YORK
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The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

D. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the County:

1. FUND TYPES

- a. **GOVERNMENTAL FUND TYPES** - Governmental fund types are those 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 fund types. The measurement focus of the governmental fund types is upon determination of financial position and changes in financial position, rather than upon the flow of economic resources. The following are the County's governmental fund types:

General Fund - includes the general (operating) account and the joint venture account (Herkimer-Oneida Comprehensive Planning Program). The joint venture fund was established in 1963 whereas Oneida and Herkimer County participate jointly. The Oneida County Board of Legislators adopts the budget of the joint venture; the Oneida County Executive appoints the Board's Commissioner; and, the Oneida County Comptroller serves as the joint venture's fiscal officer and performs all necessary accounting services. The joint venture is not authorized to issue its own debt and both counties have an ongoing financial responsibility to the joint venture as its existence depends upon the funding from each county as well as State and Federal grants. The General Fund is presented as a major fund and is used to account for all financial resources except those required to be accounted for in another fund.

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Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains the following special revenue funds.

- Special Grant Fund - to account for the use of Federal monies received under the Workforce Investment Act.
- County Road Fund - to account for the repairs and maintenance of County roads in accordance with New York State laws.
- Road Machinery Fund - to account for the purchase of highway machinery and equipment in accordance with New York State laws.

Debt Service Fund - used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Fund - used to account for the acquisition, construction, and/or reconstruction of major capital assets.

- b. PROPRIETARY FUNDS – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The U.S. generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating and nonoperating revenues are defined based on how individual transactions are categorized for purposes of preparing a statement of cash flows using GASBS No. 9. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally would not be reported as components of operating income. The following is a description of the proprietary funds of the County:

Enterprise Sewer Fund – used to account for the operations of the Sewer District. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity; (a) is financed with debt that is solely secured by a pledge of the net revenues; (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or; (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

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Workers' Compensation Fund - accounts for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The Internal Service Fund is used to account for the operations of the workers' compensation self-insurance program.

- c. **FIDUCIARY FUNDS** – Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore, are not available to support County programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34, sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The County's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, deferred compensation participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

- d. **BASIS OF ACCOUNTING** – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual – both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. In addition, the Solid Waste Authority and Oneida Tobacco

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Asset Securitization Corporation are accounted for on the accrual basis of accounting. Financial statements for the Community College have been prepared in accordance with the principles of fund accounting for colleges and universities on the accrual basis. The Statement of Current Fund Revenues, Expenditures, and Other Changes is a statement of financial activities of current funds related to the current reporting period for the college.

The cost of the land and certain buildings and improvements used by the Community College was borne by the County (who also holds title to the assets) and the State University of New York. As such, any related debt obligations have been excluded from the Community College's financial statements and are recognized in the general long-term obligations account group. Although the Community College is not obligated under any debt service arrangements related to these assets, certain tuition revenues of the Community College have been pledged as collateral. The cost of the assets utilized by the Community College (including the Dormitory Corporation) is recognized in the plant funds of the Community College.

Modified Accrual – the governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

2. DISCRETELY PRESENTED COMPONENT UNITS

Presented in the County's basic financial statements include Mohawk Valley Community College, the Oneida-Herkimer Solid Waste Management Authority, and Oneida Tobacco Asset Securitization Corporation. These units are more fully described in the reporting section of the notes to the basic financial statements.

- a. **COMMUNITY COLLEGE** - accounts for the operations of MVCC. The accounts of the Community College Funds are derived from the annual financial statements of MVCC for the fiscal year ended August 31, 2001.

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In order to ensure observance of limitations and restrictions placed on the use of resources available to the Community College, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds which are in accordance with specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying combined financial statements, funds which have similar characteristics have been combined into fund groups.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the Board of Trustees retains full control to use in achieving any of its institutional purposes.

Transactions reported by MVCC are displayed in the funds described below:

Current Funds - include those assets which can be expended for any purpose in performing the primary objectives of the Community College. Resources restricted by donors or other outside agencies for specific operating purposes are accounted for as Restricted Current Funds.

Loan Funds - include gifts and grants which are limited by the terms of the donors for the purpose of making loans to students. Loan funds include the Perkins Loan Program and the Federal Nursing Loan Program grants.

Plant Funds - include resources which have been or are to be invested in fixed assets and funds reserved to retire debt incurred to finance facilities.

Student revenues are recognized in the accounting period earned. Included in nonmandatory transfers from State appropriations are transfers from the State used to support operating expenditures. County appropriation transfers are recognized as the revenues are received.

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The Community College is considered to be a major component unit due to its significance relative to other component units and the nature and significance of its relationship to the primary government as described by GASB No. 39. The following are condensed financial statements for the Community College:

STATEMENT OF NET ASSETS

Assets	
Other Assets	\$ 18,594,276
Due from Primary Government	3,196,916
Capital Assets, Net	<u>30,701,567</u>
Total Assets	<u>\$ 52,492,759</u>
Liabilities	
Other Liabilities	\$ 12,989,559
Noncurrent Liabilities	<u>24,690,091</u>
Total Liabilities	<u>37,679,650</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	9,059,573
Net Assets – Restricted	3,890,406
Net Assets – Unrestricted	<u>1,863,130</u>
Total Net Assets	<u>14,813,109</u>
Total Liabilities and Net Assets	<u>\$ 52,492,759</u>

STATEMENT OF ACTIVITY

Revenue and Other Sources	
Tuition and Fees	\$ 12,740,698
County Appropriation	4,980,061
State and Federal Aid	18,877,412
Defeasance of Debt	4,933,292
Other Sources	<u>4,120,872</u>
	<u>45,652,335</u>
Expenditures and Other Uses	
Educational and General	38,658,669
Debt Services	1,083,547
Depreciation and Disposal of Assets	<u>2,010,754</u>
	<u>41,752,970</u>
Increase in Net Assets	3,899,365
Net Assets, Beginning of Year	<u>10,913,744</u>
Net Assets, End of Year	<u>\$ 14,813,109</u>

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- b. ONEIDA HERKIMER SOLID WASTE MANAGEMENT AUTHORITY - The Authority's financial statements have been prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.
- c. ONEIDA TOBACCO ASSET SECURITIZATION CORPORATION - The financial statements of the OTASC have been prepared in conformity with U.S. generally accepted accounting principles and follows the guidance set forth by the Governmental Accounting Standards Board Statement No. 29.

E. BUDGETARY DATA

- 1. BUDGET POLICIES - The budget policies are as follows:
 - a. Budgets are adopted annually on a basis consistent with U.S. generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.
 - b. No later than October 5, the County Executive submits a tentative budget to the County Legislature for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing them.
 - c. Public hearings are conducted to obtain taxpayer comments.
 - d. Prior to October 31, the budget is legally enacted through passage of legislative resolution or by provisions in the County Charter.
 - e. The County Executive is authorized to transfer budgeted amounts within departments and/or individual funds. However, revisions in excess of \$5,000 must be approved by the County Legislature.
- 2. LEGALLY ADOPTED BUDGETS – The General, Special Revenue and Debt Service have legally adopted budgets. Appropriations for all budgets lapse at fiscal year-end. The General Fund's budget is adopted on a departmental and object level of expenditure basis in which expenditures may not legally exceed appropriations on a departmental and object of expenditure level. The Debt Service Fund's budget consists primarily of transfers from the General and the Special Revenue Fund budgets for its debt service requirements under related County debt obligations.

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Individual governmental fund comparisons of budget and actual data at the legal level of control established by the adopted budget (i.e., minimally at the department and object level) are not presented in this report for those funds with annual adopted budgets due to the excessive detail involved. However, a separate budgetary comparison report is available which contains this information.

3. BUDGET BASIS OF ACCOUNTING - Budgets are adopted annually on a basis generally consistent with U.S. GAAP. However, the budget treats certain encumbrances as expenditures, while U.S. GAAP treats them as reservations of fund balances. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. The budget is amended by the Legislature for increased grants or State aid received during the year.

F. INTERFUND ACTIVITY

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

G. FUND BALANCE RESERVES

Portions of fund equity are segregated for future use and are, therefore, not available for appropriation or expenditure. Designation of unreserved fund balances in governmental funds indicates the use of these resources in the ensuing year's budget or tentative plans for future use. (See Note IV for further detail.)

H. INVENTORIES - COMMUNITY COLLEGE

The College's inventory is comprised primarily of merchandise of the Auxiliary Corporation and is stated at the lower of cost or market value determined by the retail method of accounting.

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I. COMPENSATED ABSENCES

Under terms of personnel policies and union contracts, County employees, other than elected officials, are granted sick, personal, and vacation credits (compensated absences) and may accumulate these credits as follows:

Sick Leave - Employees are granted sick leave credits of one day per month, and they are allowed to accumulate up to 180 days of sick leave credits depending on contract coverage. Sick leave must be used prior to leaving County employment or it is forfeited.

Personal Leave - Employees are granted up to four days personal leave each year depending on their contracts, coverage, and hiring date. At December 31 of each year, all unused personal leave is converted to sick leave not to exceed the maximum of 180 working days. Employees are not paid for the value of their unused personal leave credits upon termination.

Vacation Leave - Employees are granted vacation leave credits of 5 to 20 days per year depending on their contract and years of service. Up to three weeks of such leave can be carried over to the next year. Upon resignation or retirement, employees are paid for all unused vacation leave.

It is the County's policy to accrue all costs associated with earned, but not yet paid, compensated absences of all employees involved in the operations of the County's reporting entity. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide statements. The total accrued liability for compensated absences relating to the governmental and proprietary funds at December 31, 2001, are \$1,974,959 and \$84,000, respectively.

Employees of the Community College accrue vacation leave in varying amounts and are subject to various maximum accruals based on contract group. The recorded liability for vacation leave, including the Community College's share of fringe benefits, is \$639,230. The recorded liability for vacation leave for ASC

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and MVCCDC amounted to \$25,339. Employees also earn sick leave each month subject to a maximum of 225 or 180 days, depending on contract group. Only Association of Mohawk Valley College Administrators (AMVA) members and excluded administrators are entitled to receive a benefit for sick leave accumulated upon retirement. The accumulated sick leave for these employees is used to pay for postretirement health insurance costs. A liability of \$1,356,057 has been recognized representing the present value of these payments at August 31, 2001.

J. STATEMENTS OF CASH FLOWS

For purposes of the Statements of Cash Flows, the County considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include all unrestricted as well as restricted assets with the exception of those held by trustees.

K. CASH, CASH EQUIVALENTS, AND INVESTMENTS

State statutes require that collateral be pledged at 100 percent of all deposits not covered by Federal Deposit Insurance Corporation insurance for demand deposits, time deposits, repurchase agreements, and certificates of deposit. Obligations of the United States Treasury and its agencies as well as obligations of the State and its municipalities and school districts may be pledged. The County has established a pooled cash account in which interest earned is allocated to participating funds based on their pro-rata shares of the pool.

Investments are carried at market value.

L. CAPITAL ASSETS/PROPERTY, PLANT, AND EQUIPMENT

1. PRIMARY GOVERNMENT – Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Infrastructure	10-65 Years
Licensed Vehicles	8 Years
Machinery and Equipment	5-30 Years
Land Improvements	20 Years
Construction	20-50 Years

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2. COMPONENT UNITS – Property, plant, and equipment of the Community College and the Authority are recorded at cost and are depreciated over their estimated useful lives using the straight-line method.

For the Authority, estimated useful lives are as follows (in years): 20 for building, 5-20 for equipment and machinery, 5 for motor vehicles, and 15 for land improvements.

For the Community College, estimated useful lives are as follows (in years): 40 for buildings and building improvements, and 5-7 for equipment.

M. REVENUES

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB No. 33. In applying GASB No. 33, to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

N. EXPENDITURES

Expenditures are recognized when the related fund liability is incurred.

O. MEDICAID CLAIMS

Physicians, hospitals, pharmacists, and others who provide services to public assistance recipients and other individuals enrolled in the Medical Assistance Program are entitled to reimbursement of the defined cost of such services through the Federal, State, and locally funded Medicaid programs. The County participates in a State-wide system to process and pay such claims. The County is subsequently billed by the system for its share of paid claims. At any point in time, unpaid claims for services rendered by providers are either being processed by the system or are still to be reported by the providers. The County's share of both the claims being processed by the system at December 31, 2001, which will be paid to providers in 2001 and claims for services incurred but not reported by providers amounted to \$3,891,035 and is reflected in the accompanying general purpose financial statements as an offset to State and Federal receivables.

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P. PUBLIC ENTITY RISK POOL

The County's Workers' Compensation Fund was created pursuant to Article 5 of Workers' Compensation Law and is recognized by the State of New York as a public entity risk pool. The Workers' Compensation Fund consists of a cooperative group of county-wide cities, towns, and villages as well as the County itself participating in the fund to finance the cost of providing workers' compensation benefits for employees of its participating members. The County is considered the predominant participant in this fund.

Q. ACCRUED AND POST-CLOSURE MONITORING CLOSURE COSTS

The Authority maintains an ash landfill which has reached full capacity. In accordance with New York State Department of Environmental Conservation (NYSDEC) Regulations, the Authority has implemented certain landfill closure and post-closure requirements. At December 31, 2001, management has accrued \$904,475 for estimated closure costs including costs to cap the landfill and costs for monitoring the landfill subsequent to closure. Due to inflation, changes in technology, or changes in regulations, actual costs may be different from the current accrual. Based on NYSDEC requirements, \$965,225 has been restricted for this purpose at December 31, 2001, in the Authority's financial statements.

R. OTHER SIGNIFICANT ACCOUNTING POLICIES

Other significant accounting policies are set forth in the following notes.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. ASSETS

1. CASH

The County's investment policies are governed by State statutes. County monies must be deposited in commercial banks or trust companies insured by the Federal Deposit Insurance Corporation (FDIC) and located within the State.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC coverage. Section 10 of General Municipal Law and the County's investment policy detail the security options that are allowable to be pledged against deposits. Note I(K) briefly outlines these options.

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The carrying amount of cash and cash equivalents for the primary reporting entity types of the County aggregated \$33,694,544 at December 31, 2001. The corresponding bank balances for this cash totaled \$45,418,100. Two of the County's nine financial institutions were undercollateralized at December 31, 2001, by \$128,937 and \$630,445, respectively. The remaining deposits with financial institutions were entirely covered by Federal Deposit Insurance Corporation insurance or by collateral held in the pledging banks' trust department or agent in the County's name.

The carrying amount of cash and cash equivalents for the Community College aggregated \$5,356,061 at August 31, 2001, and is comprised of bank accounts \$3,346,443 and certificates of deposits \$2,009,618. The corresponding bank balances for this cash was \$2,727,883 and was entirely covered by Federal Deposit Insurance Corporation insurance or by collateral held in the pledging banks' trust department.

The carrying amount of unrestricted cash and cash equivalents for the Authority aggregated \$5,338,394 at December 31, 2001, and is comprised entirely of bank accounts and Certificates of Deposit. The corresponding bank balances for the unrestricted and restricted cash were entirely covered by Federal Deposit Insurance Corporation insurance, collateral held in the pledging banks' trust department, or U.S. Government and/or Federal agency securities held by the Trustee.

2. **PROPERTY TAXES AND COLLECTION**

County real property taxes are levied annually no later than December 31 and become a lien on January 1. Collection of real property taxes starts January 1 and continues until tax sale. Taxes for County purposes apportioned to the areas of the County outside the Cities of Utica and Rome are levied together with taxes for town and special district purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County assumes enforcement responsibility for all taxes levied in the towns and special districts and for unpaid County taxes in the Cities of Rome and Utica.

The recognition of revenue from real property taxes is considered available to finance current operations if collected within 60 days after the end of the year. The net receivables collected during 2001 and within the first sixty days of 2002 are recognized as revenues in 2001. Net receivables estimated to be collectible subsequent to the first sixty days of 2001 are reflected as deferred revenues.

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The County is permitted in accordance with Section 10 of Article VIII of the New York State Constitution to levy taxes: (a) up to 1.5% of the five-year average full assessed valuation of taxable real property, for general governmental services other than the payment of principal and interest on long-term debt, (b) in unlimited amounts for the payment of principal and interest on long-term debt, and (c) in unlimited amounts for capital appropriations (budgetary appropriations for objects or purpose for which a period of probable usefulness is provided by Section 11.00 of local finance law). At December 31, 2002, the County utilized 15% of its constitutional tax limit.

Uncollected school district and village taxes assumed by the County for enforcement through December 31, 2001, were \$440,219 and \$6,685,208, respectively. Such amounts will be paid to the school districts and villages by April 1, 2002, and are included in the amounts due to other governments in the accompanying basic financial statements. Any such taxes remaining unpaid at year end are relieved as County taxes on December 31.

3. SALES TAX

Prior to September 1, 1992, the County imposed a 3% sales tax with one-half of the sales tax collections within the cities of Utica and Rome and one-third of the collections within the city of Sherrill remitted directly to those cities by the State. Also, the County shares one-half of the sales tax collections in areas outside of the cities with the towns and villages in such areas and an additional one-fourth of the sales tax collected within the city of Sherrill with that city.

Effective September 1, 1992, the County imposed a 4% sales tax. The sharing formula for the first 3% of the sales tax remains the same as described above. For the additional 1% of sales tax the County shares half of the collections within the cities of Utica, Rome, and Sherrill with the cities. If in the period from September 1, 1994, to August 31, 1995, and continuing for any subsequent extension of the additional 1% sales tax, the gross collections related to the additional 1% sales tax shall be distributed to various towns and villages for each of the four quarters of this or any subsequent extension in an amount which shall be the greater of the following: (a) one dollar for every resident of the County residing within a town or an incorporated village located within a town according to the last

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decennial Federal census; or (b) in the event that the total collections within the County for the first four quarters of this period or for any subsequent four-quarter period shall exceed the sum of \$17.7 million, then a sum equivalent to one-half of the County's net share received after collection of such \$17.7 million; or (c) any such amount as shall otherwise be provided for by any statute of the State of New York. In the event of any extensions of the 1% sales tax for four consecutive quarters after August 31, 1995, and in the event that should the County's local share of Medicaid costs exceed \$30 million for such extended four consecutive quarter periods, then and in that event, the distribution as aforesaid to the towns shall be no greater than the previous four consecutive quarters. The additional 1% sales tax expires on November 30, 2003, unless otherwise extended. The Board of Legislators has passed a resolution to extend the additional 1% for two years. The Home Rule request is currently in the State Legislature.

Sales tax revenues are recorded on an accrual basis to the extent that such accrued amounts were received by New York State (the intermediary government) from vendors through December 31. The County also accrues its portion of such revenue attributable to the current year but remitted to the State (and ultimately the County) in the subsequent year.

The general funds' nonproperty tax item, which amounted to \$51,873,180 is comprised primarily of sales tax. At December 31, 2001, this amount included an accrual of approximately \$2,572,068 for sales tax collected by the State of New York in 2001 relating to 2001 vendor sales. At December 31, 2001, undistributed excess sales tax collections for towns, villages and cities amounted to \$3,229,053 and is included in accrued liabilities in the Agency Fund.

4. CAPITAL ASSETS

a. Capital asset activity of the Primary Government for the year ended December 31, 2001, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Government Activities				
Not Being Depreciated				
Land	\$ 1,721,253	\$ 3,751	\$ _____	\$ 1,725,004

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Other Capital Assets				
Land Improvements	8,262,872			8,262,872
Construction	54,745,022	8,346,291		63,091,313
Infrastructure	36,438,846	6,812,259		43,251,105
Machinery and Equipment	7,129,853	2,582,940	189,699	9,523,094
Licensed Vehicles	<u>5,577,896</u>	<u>766,928</u>	<u>315,837</u>	<u>6,028,987</u>
Subtotal	112,154,489	18,508,418	505,536	130,157,371
Accumulated Depreciation				
Land Improvements	2,602,612	409,161		3,011,773
Construction	19,249,812	1,016,336		20,266,148
Infrastructure	22,190,061	979,061		23,169,122
Machinery and Equipment	3,910,027	732,379	170,546	4,471,860
Licensed Vehicles	<u>4,278,433</u>	<u>193,875</u>	<u>305,337</u>	<u>4,166,971</u>
Total Accumulated Depreciation	<u>52,230,945</u>	<u>3,330,812</u>	<u>475,883</u>	<u>55,085,874</u>
Net Other Capital Assets	<u>59,923,544</u>	<u>15,177,606</u>	<u>29,653</u>	<u>75,071,497</u>
Net Capital Assets	<u>\$61,644,797</u>	<u>\$15,181,357</u>	<u>\$ 29,653</u>	<u>\$ 76,796,501</u>

Depreciation expense was charged to functions as follows:

Governmental Activities			
General Government Support	\$	138,219	
Public Safety		744,875	
Public Health		67,443	
Transportation		706,921	
Economic Assistance and Opportunity		102,655	
Culture and Recreation		1,194	
Home and Community Service		12,589	
Unallocated Depreciation		<u>1,556,916</u>	
Total Governmental Activities Expense		<u>\$ 3,330,812</u>	

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business Type Activities				
Land Improvements	\$ 53,682	\$	\$	\$ 53,682
Construction	20,956,993			20,956,993
Infrastructure	9,649,168	10,086		9,659,254
Machinery and Equipment	47,034,652	76,399		47,111,051
Licensed Vehicles	<u>43,901</u>	<u>56,933</u>		<u>100,834</u>
Subtotal	<u>77,738,396</u>	<u>143,418</u>		<u>77,881,814</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Accumulated Depreciation				
Land Improvements	53,682			53,682
Construction	9,543,543	419,140		9,962,683
Infrastructure	4,453,462	148,499		4,601,961
Machinery and Equipment	34,427,177	3,140,145		37,567,322
Licensed Vehicles	<u>2,786</u>	<u>10,613</u>		<u>13,399</u>
Subtotal	<u>48,480,650</u>	<u>3,718,397</u>		<u>52,199,047</u>
Net Capital Assets (Deficit)	<u>\$29,257,746</u>	<u>\$(3,574,979)</u>	<u>\$ 0</u>	<u>\$ 25,682,767</u>

Depreciation expense was charged to functions as follows:

Business Type Activities	
Enterprise Sewer Fund	\$ <u>3,718,397</u>

- b. A summary of the book value of property, plant, and equipment of the Component Units at December 31, 2001, is as follows:

	Component Units
Land and Land Improvements	\$ 824,334
Buildings and Building Improvements	70,434,527
Equipment and Machinery	4,331,303
Motor Vehicles	1,339,354
Office and Minor Equipment	237,612
Equipment and Library Books	12,578,802
Landfill Site	5,434,468
Land Purchase Contract	713,713
Construction in Progress	<u>20,361,365</u>
	116,255,478
Less Accumulated Depreciation and Amortization	<u>70,433,199</u>
Property, Plant, and Equipment, Net	<u>\$ 45,822,279</u>

Between 1995 and 1998, the Authority entered into contracts for access and testing and the contingent purchase of real estate in the Town of Ava. As of December 31, 2001, the Authority had purchased a total of 501.19 acres which comprises all the property necessary for construction of the landfill, support facilities, and access to New York State Route 294. The Authority

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also has exclusive purchase options on an additional 73.77 acres for a buffer. The property, provided it meets all permitting requirements required by the State of New York and the United States, will be used as a sanitary landfill. Although there is no assurance permitting will be obtained, the Authority believes, based on current test results, the site will comply with all respective regulatory requirements, and therefore, issuance of the construction and operation permits is likely. During 2001 and 2000, the Authority capitalized approximately \$270,000 and \$415,000, respectively, of costs associated with obtaining the required permitting.

5. RESTRICTED ASSETS HELD BY TRUSTEE

a. Authority

In accordance with the terms of bond indentures and NYSDEC, the use of certain County assets is restricted for specific purposes. These assets, principally cash and cash equivalents are administered by a trustee on behalf of the County and at December 31, 2001, include the following accounts:

Series 1992 - Administered by Trustee

Debt Service Reserve Fund - contingency fund to be utilized in case of default	\$ 5,894,450
Construction Projects Fund - for any additional capital expenditures which may be incurred by the Authority	899,295
Debt Service and Sinking Fund - to fund semi-annual debt service obligations	2,393,407

Restricted Assets for Post-Closure Monitoring Costs	<u>965,225</u>
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Total	<u>\$10,152,377</u>
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b. Community College

Bond proceeds not yet expended for new construction and used to establish debt service funds and related accumulated investment income are held on deposit with trustees. The Community College has entered into various financing agreements to finance construction projects and has deposited funds with trustees for such projects. Bond proceeds, including interest income in excess of construction costs, are restricted for future projects or debt service. Additionally, under the financing agreements with DASNY, deposits with trustees represent required reserves for debt service and building replacement, together with earnings on such funds.

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In accordance with Governmental Accounting Standards Series Statement No. 3, the College has categorized its investments which comprise deposits with trustees into two groups. Category A includes investments that are insured or registered in the College's name or held by an agent in the College's name. Category B includes investments that are uninsured but which were purchased through trustees acting as purchasing agents and are held in trust accounts in the College's name.

	<u>Total</u>	<u>DASNY</u>	<u>Other</u>
Cash and Cash			
Equivalents	\$ <u>628,181</u>	\$ <u>185,827</u>	\$ <u>442,354</u>
U.S. Government			
Obligations			
Category A	1,623,357	1,623,357	
Category B	1,715,522	1,715,522	
	<u>3,338,879</u>	<u>3,338,879</u>	<u> </u>
 Total	 <u>\$ 3,967,060</u>	 <u>\$ 3,524,706</u>	 <u>\$ 442,354</u>

- c. ONEIDA TOBACCO ASSET SECURITIZATION CORPORATION - Deposits with trustees represent a liquidity reserve that has been established pursuant to OTASC's indenture and initially funded from the proceeds of the Series 2000 Bonds. The reserve is required to be funded in an amount equal to the maximum annual debt service on the Series 2000 Bonds. Amounts exceeding the reserve requirements will be transferred to the debt service account and will be available to make flexible amortization payments.

Deposits with trustees at December 31, 2001, are comprised solely of investments in discount commercial paper. The fair value of the investment approximates cost.

B. LIABILITIES

1. PENSION PLAN

a. PLAN DESCRIPTIONS - The County contributes to the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). These systems are cost-sharing, multiple-employer defined benefit pension plans. Both systems offer retirement and disability benefits, annual cost of living

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increases, and death benefits to plan members and beneficiaries. The employees of Mohawk Valley Community College are also offered the optional Teachers' Insurance and Annuity College Retirement Equities Fund (TIAA/CREF) retirement plan.

The ERS is established pursuant to the New York State Retirement and Social Security Law to provide benefits for the State, local governments, and their employees. ERS plan benefits are guaranteed by the State constitution. The TRS is established pursuant to Article 11 of the Education Law to provide retirement allowances and other specified benefits for teachers employed by participating employers in the State of New York, excluding New York City.

Both systems issue publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing or calling the systems at the following locations:

NYS and Local Employees' Retirement System
Governor Smith State Office Building
Albany, NY 12244
(518) 474-1101

NYS Teachers' Retirement System
Corporate Woods Drive
Albany, NY 12211
(518) 447-2666

- b. FUNDING POLICY - Members who joined on or after July 27, 1976, are required by the respective governing laws to contribute 3% of their annual covered salary to the systems. Members who joined prior to that date, may make member contributions under certain conditions.

The County is required to contribute to both systems on an annual basis. Contributions were made to the ERS for the period April 1, 2001, to March 31, 2002, based on estimated eligible employees' salaries. Contributions are adjusted in the following year based on actual salaries. Contributions are made to the TRS on eligible employees for the period July 1, 2000, to June 30, 2001.

Contributions to the systems are actuarially determined and are established and may be amended by each systems' Board of Trustees.

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The following represents information related to the County community college and authorities participation in each system's pension plans. All contributions are based on annual covered payroll:

	2001	2000	1999
<u>ERS</u>			
<u>County</u>			
Contribution Rate	.50-4.0%	.70-3.5%	.90-3.60%
Contributions	\$ <u>520,952</u>	\$ <u>215,364</u>	\$ <u>150,499</u>
 <u>Authority</u>			
Contribution Rate	.75%	0.27%	0.10%
Contributions	\$ <u>17,998</u>	\$ <u>8,030</u>	\$ <u>4,119</u>
 <u>Community College</u>			
Contribution Rate	.20%	.10%	0.60%
Contributions	\$ <u>9,023</u>	\$ <u>4,611</u>	\$ <u>28,114</u>
 <u>TRS (College Only)</u>			
Contribution Rate	.43%	1.43%	1.42%
Contributions	\$ <u>9,424</u>	\$ <u>31,433</u>	\$ <u>32,506</u>

- c. TIAA/CREF - is a defined contribution retirement plan which provides benefits through annuity contracts and provides retirement and death benefits to those employees that elected to participate in the optional retirement program. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service. TIAA/CREF is noncontributory except for employees who joined after July 27, 1976, who contribute from 3.00% to 3.75% of their salary. Employer contributions range from 9% to 15% depending upon when the employee was hired. Employee contributions are deducted from their salaries and are sent on a current basis to TIAA/CREF. Financial reports of the plan may be obtained by writing to: TIAA/CREF, 730 Third Avenue, New York, New York 10017. The College's pension contributions to TIAA/CREF for fiscal years 2001, 2000, and 1999 were \$1,084,638, \$1,013,579, and \$970,681, respectively.

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In accordance with State of New York Laws, the County has offered retirement incentives through the New York State Local Employees Retirement System. As of December 31, 2001, the County recorded \$96,516 in the general long-term debt account group. This amount will be paid during 2002.

2. POSTRETIREMENT HEALTH CARE BENEFITS

The County provides postretirement health care benefits to all employees who retire from the County in accordance with Article 2, Section 75-g, Article 14, and Article 15 of the New York State Retirement and Social Security Law. During 2001, 527 retirees participated in this program. When a retiree elects such coverage, the County pays 50% of the premium cost of the coverage. Certain premium savings are realized for employees who are eligible for Medicare coverage (i.e., over age 65). The entire amount of any savings realized is deducted from the employees' contribution. During 2001, the cost of this program was approximately \$1,305,049. The County records the cost of these benefits on a pay-as-you-go basis.

Additionally, the Community College provides health care and life insurance benefits for certain retired employees. Substantially all of the Community College's employees may become eligible for those benefits if they reach normal retirement age while employed. Postretirement health care benefits paid by the Community College for the year ended August 31, 2001, were \$384,195 for 151 retirees.

3. LONG-TERM DEBT

a. **GENERAL LONG-TERM DEBT** - The County borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment and construction of buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities for governmental funds are maintained separately and represents a reconciling item between the fund and government-wide statements except for those amounts which relate to and are, therefore, accounted for in the proprietary fund types and discretely presented component units. Interest associated with long-term debt is recorded as an expenditure when such amounts are due. Interest expense for governmental and business type activities for the year ended December 31, 2001, was \$2,739,847 and \$240,948. Business type activities interest expense was directly related to the Sewer Fund and has been included as a direct function expense.

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Details relating to general obligation (serial) bonds of the County outstanding at December 31, 2001, are summarized as follows:

<u>Description of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Governmental Activities			
Obligations Account Group:			
Improvement, 1985	2005	8.75	\$ 297,000
Improvement, 1986	2004	6.75	522,500
Improvement, 1987	2007	8.00	850,000
Improvement, 1988	2007	6.75	18,000
Improvement, 1990	2009	7.10	440,500
Pension Systems, 1993	2005	6.80	1,345,400
Improvement, 1995	2010	4.70-5.00	2,989,166
Improvement, 1996	2014	5.30-5.40	3,980,000
Advance Refunding, 1998	2012	4.00-5.50	14,582,000
Improvement, 1998	2014	4.875	8,967,883
Improvement, 1999	2016	4.50-4.75	7,458,980
Improvement, 2000	2019	5.00-5.375	4,918,605
Improvement, 2001	2020	4.25-5.00	<u>11,990,317</u>
			<u>58,360,351</u>
Business Type Activities			
Improvement, 1988	2007	6.75	2,262,000
Improvement, 1990	2002	7.10	10,000
Pension Systems, 1993	2005	6.80	54,600
Improvement, 1998	2014	4.00-5.50	522,000
Sewer District EFC, 1999	2018	4.313	881,290
Improvement, 2000	2019	5.00-5.375	215,600
Sewer District EFC, 2001	2015	3.43-4.83	<u>949,584</u>
			<u>4,895,074</u>
Community College:			
Series A, 1965	2003	3.75	145,000
Series B, 1965	2005	3.00	175,000
Bonds Issued by DASNY	2014-2028	4.00-6.13	14,439,816
Serial Bonds – County	2002-2019	4.00-8.75	<u>9,267,017</u>
			<u>24,026,833</u>
Authority:			
1992 Revenue Bonds - Refunding	2015	4.10-6.75	<u>41,270,000</u>
OTASC Tobacco Settlement Bonds	2042	5.00-6.625	<u>56,815,000</u>
Total Reporting Entity			<u>\$185,367,258</u>

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The following is a summary of long-term debt transactions of the County and Component Units. Debt transactions are for the year-ended December 31, 2001, for the County, Authority, and OTASC, and for the year ended August 31, 2001, for the Community College.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Bonds	\$ 48,923,459	\$ 11,990,317	\$ 2,553,425	\$ 58,360,351
Compensated Absences	1,988,056		13,097	1,974,959
Retirement	785,821		689,305	96,516
Accrued Workers' Compensation	3,709,843	2,358,655	2,127,387	3,941,111
Judgments and Claims	<u>140,491</u>	<u>328,600</u>	<u>140,491</u>	<u>328,600</u>
Total Governmental Activities	<u>\$ 55,547,670</u>	<u>\$ 14,677,572</u>	<u>\$ 5,523,705</u>	<u>\$ 64,701,537</u>
Business Type Activities				
Bonds	\$ 4,421,065	\$ 1,004,584	\$ 530,575	\$ 4,895,074
Compensated Absences	<u>84,000</u>			<u>84,000</u>
Total Business Type Activities	<u>\$ 4,505,065</u>	<u>\$ 1,004,584</u>	<u>\$ 530,575</u>	<u>\$ 4,979,074</u>
Component Units				
Bonds	\$ 129,895,437	\$ 3,809,821	\$ 11,593,425	\$ 122,111,833
Premium on Bonds	925,473		105,112	820,361
Leases	<u>595,503</u>	<u>305,399</u>	<u>237,644</u>	<u>663,258</u>
Total Component Units	<u>\$ 131,416,413</u>	<u>\$ 4,115,220</u>	<u>\$ 11,936,181</u>	<u>\$ 123,595,452</u>

Principal and interest payments due on serial bonds outstanding at December 31, 2001, for the Primary Government are as follows:

	Primary Government		Component Units	
	Principal	Interest	Principal	Interest
2002	\$ 3,945,866	\$ 3,672,701	\$ 3,498,832	\$ 7,199,247
2003	3,811,741	3,643,613	3,833,412	6,923,287
2004	3,637,741	3,244,293	3,491,773	6,725,929
2005	6,310,937	2,959,711	4,031,695	6,521,710
2006	5,552,170	2,621,936	6,627,738	6,298,590
2007-2011	24,278,879	8,893,951	22,260,289	27,791,394
2012-2016	12,861,297	4,471,187	18,200,306	21,926,304
2017-2021	2,856,794	681,507	11,782,729	17,825,817
2022-2026			11,952,519	14,379,554
2027-2031			11,641,159	10,657,926
2032-2036			10,960,000	7,090,078
2037-2041			12,910,000	3,199,544
2042-2046			<u>2,405,000</u>	<u>98,381</u>
Total	<u>\$ 63,255,425</u>	<u>\$ 30,188,899</u>	<u>\$ 123,595,452</u>	<u>\$ 136,637,761</u>

With the exception of the Revenue Bonds issued by the Authority, the debt service is anticipated to be financed through real property taxes, use charges, special assessments, State and Federal aid, or existing available resources for the retirement of debt.

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b. PARTICIPATION IN THE COUNTY'S DEBT SERVICE - The County also has a capital financing agreement between the County and the City of Rome. Under the terms of this agreement, the City is required to pay 37.5% of the principal on a portion of the June 1978 County bond issue, the proceeds of which were used to build a new wing for the Rome Hospital and Murphy Memorial Hospital in the City of Rome. The amount due from the City for future principal payments under this agreement is \$253,125 at December 31, 2001, and is included as a receivable and deferred revenue in the Debt Service Fund.

Additionally, the Utica Transit Authority has a capital financing agreement with the County which covers County bonding on behalf of the Transit Authority for Buses. The amount due from the Authority under this agreement is \$588,586 at December 31, 2001, and is also included as a receivable and deferred revenue in the Debt Service Fund. The total of deferred revenue as a result of agreements between the County and outside agencies is \$841,711.

c. DASNY FINANCING ARRANGEMENTS - The College has entered into financing agreements with DASNY to finance most of its educational facilities. The DASNY bonds for these facilities, which have a maximum 30 year life, will be repaid from the appropriations received from the State of New York. Final maturity dates for the College's DASNY debt issues range from 2014 to 2028. Interest rates on the DASNY bonds range from 4.00% to 6.00%.

C. INTERFUND RECEIVABLES AND PAYABLES

Amounts due to/due from other funds at December 31, 2001, are summarized as follows:

	Due From							
	Total	General Fund	Special Revenue Funds	Debt Service Fund	Capital Fund	Enterprise Sewer	Internal Service	Trust and Agency
Due to:								
General	\$ 2,529,479	\$	\$ 929,177	\$ 1,149,997	\$ 14,319	\$ 365,000	\$ 70,986	\$
Special Revenue	2,684,685	1,377,165	954,019		342,293	425		10,783
Debt Service	3,766,315		81,603		2,477,429	1,207,283		
Capital	5,686,498	5,685,369				1,129		
Enterprise Sewer	735,263	731,023						4,240
Trust and Agency	577	2,250	(1,673)					
	<u>\$15,402,817</u>	<u>\$ 7,795,807</u>	<u>\$ 1,963,126</u>	<u>\$ 1,149,997</u>	<u>\$ 2,834,041</u>	<u>\$ 1,573,837</u>	<u>\$ 70,986</u>	<u>\$ 15,023</u>

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III. OPERATING TRANSFERS

The following is a summary of operating transfers for the year ended December 31, 2001:

	<u>Operating Transfers From</u>				<u>Sewer</u>
	<u>Special</u>	<u>Capital</u>	<u>General</u>	<u>Total</u>	
<u>Governmental Activities</u>					
Operating Transfers To					
Special Revenue					
Funds	\$	\$	\$	\$ 4,492,865	\$
Capital			1,503,716	1,503,716	
Debt Service Fund	39,807	534,759	3,146,971	3,721,537	
<u>Business Type Activities</u>					
Operating Transfers To					
Debt Service Fund					873,253
Total	<u>\$ 39,807</u>	<u>\$ 534,759</u>	<u>\$ 9,143,552</u>	<u>\$ 9,718,118</u>	<u>\$ 873,253</u>

During the year ended December 31, 2001, the County received \$282,977 from the Community College for its portion of the debt service associated with certain general obligation bonds of the County. Such transfers are not reflected in the Community College Fund financial statements as the amounts are charged to nonresident County students and are merely passed through to the County.

IV. FUND BALANCE – SPECIAL RESERVES

State statutes require the County to reserve excess revenues over expenditures under the STOP DWI Program for use in the program in the following fiscal year. The amount of excess STOP DWI Program funds reserved in the General Fund at December 31, 2001, was \$259,440.

The Civil Practice Law and Rules stipulates that the County's share of forfeitures (District Attorney and Sheriff) which are not used in the year received can only be used for law enforcement or protection purposes in the next succeeding year. The amount of forfeitures reserved for in the General Fund at December 31, 2001, was \$47,756 and \$11,677, respectively.

The remaining General Fund special reserves balance represents PCAP Program of \$43,428.

Based on a memorandum of understanding in 1998 the County collects all rental proceeds less deductions for landlord obligations from the rental of the Mohawk Glen Club building. All monies will be designated toward economic development. The amount designated in the General Fund at December 31, 2001, was \$1,342,722.

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Based on legislative decision in 1995, the County elected to designate fund reserves in the County's General Fund balance to preserve fiscal stability. The amount designated in the General Fund at December 31, 2001, was \$8,000,000.

V. OBLIGATIONS UNDER LEASES

The Community College leases certain equipment under capital lease agreements. The following is a schedule of future minimum lease payments under the capital lease agreements as of August 31, 2001, for the Community College:

Fiscal Year Ending <u>August 31,</u>	<u>Amount</u>
2002	\$ 288,790
2003	288,790
2004	119,852
2005	20,998
2006	<u>5,249</u>
Total Minimum Lease Payments	723,679
Less: Amounts Representing Interest	<u>60,422</u>
Present Value of Net Minimum Lease Payments	<u>\$ 663,258</u>

The County and discretely presented component units have also entered into numerous operating lease agreements which, in the opinion of management, are not considered material.

VI. SIGNIFICANT CLAIMS AND CONTINGENT LIABILITIES

A. JUDGEMENTS AND CLAIMS

The reporting entity of the County is subject to various claims and legal actions in the ordinary conduct of its affairs. Such claims and legal actions, in the opinion of management, are not expected to have a material effect on the financial condition of any of the components of the County's reporting entity. However, at December 31, 2001, the County recorded a liability of \$328,600 for potential losses.

B. FEDERAL AND STATE FUNDED PROGRAMS

The County participates in a number of Federal and New York State grant and assistance programs. These programs are subject to financial and compliance

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audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial. Expenditures disallowed by completed audits have generally been immaterial in nature and, accordingly, have been reflected as adjustments to revenues in the year the expenditure was determined to be unallowable.

VII. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. One such risk is associated with its workers' compensation program. The County's program is self-insured and is accounted for in the Internal Service Fund. The program provides for the participation of other municipalities within the County and is administered by the County's Workers' Compensation Board.

All funds of the County participate in the program and make payments to the Internal Service Fund. Payments from other funds and component units are determined by two methods. The first method reimburses the risk management fund by assessment against County organizations based upon actual claims history for the preceding five years (a rolling average). The second method results in charges to County organizations based upon pro-rata taxable base value.

The estimated accrued claims of \$11,980,185 reported in the fund at December 31, 2001, are based upon the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A receivable has been recorded for amounts due from other municipalities that participate in the program. All liabilities are recorded at their value as of December 31, 2001. Changes in the fund's accrued claims liabilities for the year ended December 31, 2001, are as follows:

	<u>Beginning of</u> <u>Year Liability</u>	<u>Current-Year</u> <u>Claims and</u> <u>Changes in</u> <u>Estimates</u>	<u>Payments</u>	<u>Claims</u> <u>Year End</u>	<u>Balance at</u>
2001	\$ 11,186,003	\$ 4,178,458	\$ (3,384,276)		\$ 11,980,185

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Included in the year-end liability are amounts payable for workers' compensation claims reported and those incurred but not yet reported. The County utilizes a third-party administrator who is responsible for processing claims and estimating liabilities under this coverage. Estimated liabilities include specific, incremental claim adjustment expenditures.

In addition to its workers' compensation program, the County is self-insured for the Major Medical portion of its health insurance. Under this program, the County accounts in the General Fund for claims in the General Fund with maximum exposure of \$25,000 per person per year and \$250,000 per person per lifetime. The County has \$337,060 accrued at December 31, 2001, in the General Fund for claims reported and those incurred but not yet reported and is included in accounts payable. Remaining health insurance and dental coverage is provided through commercial insurance.

County employees are entitled to coverage under the New York State Unemployment Insurance Law. The County has elected to discharge its liability to the New York State Unemployment Insurance Fund (the fund) by the benefit reimbursement method, a dollar-to-dollar reimbursement to the fund for benefits paid from the fund to former County employees and charged to the County's account.

The County purchases commercial insurance for all other risks of loss. Coverage includes policies for general liability, automobile, and police protection which has a maximum annual exposure limit of \$365,000. Other miscellaneous policies provide coverage with varying immaterial deductibles per individual claims.

There were no significant changes in insurance coverage from fiscal year 2000. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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Section C

Supplemental Schedules

**COUNTY OF ONEIDA, NEW YORK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2001**

	<u>Special Grant</u>	<u>County Road</u>	<u>Road Machinery</u>	<u>Capital</u>	<u>Total Current Year</u>
Assets					
Cash and Cash Equivalents	\$ (721,094)	\$ 1,316,415	\$ 28,415	\$ 13,970,254	\$ 14,593,990
Other Receivables	1,043,316	135	4,837		1,048,288
Due From					
State and Federal Governments				581,368	581,368
Other Funds		<u>1,719,883</u>	<u>964,803</u>	<u>5,686,499</u>	<u>8,371,185</u>
Total Assets	<u>\$ 322,222</u>	<u>\$ 3,036,433</u>	<u>\$ 998,055</u>	<u>\$ 20,238,121</u>	<u>\$ 24,594,831</u>
Liabilities and Fund Equity					
Liabilities					
Accounts Payable	\$ 243,211	\$ 545,726	\$ 48,315	\$ 792,369	\$ 1,629,621
Accrued Liabilities	31,126	196,859			227,985
Due to Other Governments				144,166	144,166
Due to Other Funds	2,444	1,035,623	925,059	2,834,041	4,797,167
Deferred Revenue		<u>1,084,755</u>			<u>1,084,755</u>
Total Liabilities	<u>276,781</u>	<u>2,862,963</u>	<u>973,374</u>	<u>3,770,576</u>	<u>7,883,694</u>
Fund Equity					
Fund Balance - Reserved					
Reserve for Encumbrances	10,806	48,385	4,313	10,452,845	10,516,349
Fund Balance - Unreserved					
Undesignated	<u>34,635</u>	<u>125,085</u>	<u>20,368</u>	<u>6,014,700</u>	<u>6,194,788</u>
Total Fund Equity	<u>45,441</u>	<u>173,470</u>	<u>24,681</u>	<u>16,467,545</u>	<u>16,711,137</u>
Total Liabilities and Fund Equity	<u>\$ 322,222</u>	<u>\$ 3,036,433</u>	<u>\$ 998,055</u>	<u>\$ 20,238,121</u>	<u>\$ 24,594,831</u>

See Notes to Basic Financial Statements
and Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
COMBINING STATEMENT OF REVENUES AND OTHER FINANCING SOURCES, EXPENDITURES
AND OTHER FINANCING USES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2001

	Special Grant	County Road	Road Machinery	Capital	Total Current Year
Revenues					
Departmental Income	\$	\$ 27,476	\$	\$	\$ 27,476
Intergovernmental Charges		2,006,933			2,006,933
Use of Money and Property		6,615	9,500		16,115
Licenses and Permits		9,290			9,290
Sale of Property and Compensation for Loss		447	20,505		20,952
Miscellaneous Local Sources		9,373		153,228	162,601
Interfund Revenues	550,381	1,624,435	1,375,710		3,550,526
State Aid	489,580	2,143,767		1,418,546	4,051,893
Federal Aid	<u>1,864,327</u>			<u>2,557,170</u>	<u>4,421,497</u>
Total Revenues	<u>2,904,288</u>	<u>5,828,336</u>	<u>1,405,715</u>	<u>4,128,944</u>	<u>14,267,283</u>
Other Financing Sources					
Transfers from Other Funds	<u>297,000</u>	<u>4,195,865</u>		<u>1,503,716</u>	<u>5,996,581</u>
Total Revenues and Other Financing Sources	<u>3,201,288</u>	<u>10,024,201</u>	<u>1,405,715</u>	<u>5,632,660</u>	<u>20,263,864</u>
Expenditures					
General Government Support				5,558,132	5,558,132
Education					
Public Safety				663,152	663,152
Transportation		10,218,447	1,743,444	7,006,309	18,968,200
Economic Assistance and Opportunity	3,214,378				3,214,378
Culture and Recreation				<u>170,419</u>	<u>170,419</u>
Total Expenditures	<u>3,214,378</u>	<u>10,218,447</u>	<u>1,743,444</u>	<u>13,398,012</u>	<u>28,574,281</u>
Other Financing (Uses)					
Transfers to Other Funds		<u>39,807</u>		<u>534,759</u>	<u>574,566</u>
Total Expenditures and Other Financing (Uses)	<u>3,214,378</u>	<u>10,258,254</u>	<u>1,743,444</u>	<u>13,932,771</u>	<u>29,148,847</u>
(Deficit) Revenues and Other Financing Sources					
Over Expenditures and Other Financing (Uses)	(13,090)	(234,053)	(337,729)	(8,300,111)	(8,884,983)
Fund Balance, Beginning of Year	<u>58,531</u>	<u>407,523</u>	<u>362,410</u>	<u>24,767,656</u>	<u>25,596,120</u>
Fund Balance, End of Year	<u>\$ 45,441</u>	<u>\$ 173,470</u>	<u>\$ 24,681</u>	<u>\$ 16,467,545</u>	<u>\$ 16,711,137</u>

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