

COUNTY OF ONEIDA,
NEW YORK

MANAGEMENT'S
DISCUSSION AND
ANALYSIS AND BASIC
FINANCIAL STATEMENTS

December 31, 2002

COUNTY OF ONEIDA, NEW YORK

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, certain aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Oneida, New York, as of and for the year ended December 31, 2002, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of County of Oneida, New York's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Oneida-Herkimer Solid Waste Management Authority and the Oneida Tobacco Asset Securitization Corporation which represent 62% and 51%, respectively, of the assets and revenues of the discretely presented component units. These financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the Oneida-Herkimer Solid Waste Management Authority and the Oneida Tobacco Asset Securitization Corporation, is based solely upon the reports of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Oneida, New York, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages A1-9, is not a required part of the basic financial statements but is supplementary information required by U.S. Generally Accepted Accounting Principles. 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 opinions on the financial statements that collectively comprise the County of Oneida, New York's basic financial statements. The 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 23, 2003

Utica, New York

Section A

Management's Discussion and Analysis

COUNTY OF ONEIDA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2002

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, 2002. This document should be read in conjunction with the County's financial statements which follow this narrative in Section B.

FINANCIAL HIGHLIGHTS

(These items will be explained in more detail in subsequent sections of the narrative.)

Governmental Activities

- The assets of Oneida County's Governmental Activities exceeded its liabilities at December 31, 2002, by \$50,159,229, which is illustrated in the statements as "net assets"(pages B1 and B2).
- The total net assets attributable to Governmental Activities increased by \$2,198,093 primarily due to additional investments in capital assets (page B2).
- At December 31, 2002, Oneida County's governmental funds reported combined ending fund balances of \$28,578,837, a decrease of \$7,287,335 from the prior year (pages B3 and B4).
- The modified 2002 budget anticipated a reduction in the General Fund balance of \$6,276,509; however, the actual operating deficit was only \$1,075,225, resulting in a budget surplus of \$5,201,284 (page B5).
- At the end of 2002, the unreserved fund balance for the General Fund was \$14,663,044. Of this total, \$8,000,000 was designated for Fiscal Stability, \$3,750,000 was appropriated for the 2003 budget, and \$2,913,044 was undesignated (page B3).
- Oneida County reaffirmed its "A" bond rating with all three major rating agencies in 2002 and 2003.

Business Type Activities

- The assets of Oneida County's Business-Type Activities exceeded its liabilities at December 31, 2002, by \$20,853,679, which is illustrated in the statements as "net assets" (pages B1 and B2).
- The total net assets attributable to Business-Type activities decreased by \$2,081,176 primarily due to current year depreciation which exceeded current year capital asset additions. Current year depreciation on capital assets was \$3,747,001 while capital additions were \$1,228,640.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to Oneida County's basic financial statements. These statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. Each view will be explained in more detail to follow in this narrative. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Oneida County.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole, and can be found on pages B1 and B2.

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, economic assistance and opportunity, and general government support. Property taxes, sales tax, and State and Federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include sewer and workers' compensation services offered by Oneida County. The final category is the component units. The County includes the Oneida Herkimer Solid Waste Authority, the Oneida Tobacco Asset Securitization Corporation, and Mohawk Valley Community College in this report. Although legally separate, these "component units" are included as required by GASB Statement No.39. Separately issued financial statements are available for the component units. See notes to basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 – Oneida County's
Net Assets (In Millions)

	Governmental Activities		Business-Type Activities	
	2002	2001	2002	2001
Current and Other Assets	75.1	89.7	17.9	15.7
Capital Assets, Net of Accumulated Depreciation	90.8	76.8	23.1	25.7
Total Assets	<u>165.9</u>	<u>166.5</u>	<u>41.0</u>	<u>41.4</u>
Long-Term Debt Outstanding	69.3	64.7	4.4	13.5
Other Liabilities	46.4	53.8	15.8	5.0
Total Liabilities	<u>115.7</u>	<u>118.5</u>	<u>20.2</u>	<u>18.5</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	21.6	12.1	18.7	20.7
Restricted	11.9	16.9		
Unrestricted	16.7	19.0	2.1	2.2
Total Net Assets	<u>50.2</u>	<u>48.0</u>	<u>20.8</u>	<u>22.9</u>

Table 2 – Oneida County's
Net Assets (In Millions)

	Governmental Activities		Business-Type Activities	
	2002	2001	2002	2001
Revenues				
Program Revenues				
Charges for Services	36.8	37.8	11.3	12.1
Operating Grants and Contributions	98.5	92.5	0.0	0.0
Capital Grants and Contributions	5.3	4.0	0.0	0.0
General Revenues				
Property Taxes	46.3	45.8	0.0	0.0
Other Taxes	58.9	53.9	0.0	0.0
Total Revenues	<u>246.0</u>	<u>234.0</u>	<u>11.3</u>	<u>12.1</u>
Program Expenses				
General Government	26.4	22.1	0.0	0.0
Education	14.0	11.9	0.0	0.0
Public Safety	25.2	25.2	0.0	0.0
Public Health	18.4	18.1	0.0	0.0
Transportation	21.6	21.0	0.0	0.0
Economic Assistance and Opportunity	126.6	121.4	0.0	0.0
Culture and Recreation	2.5	3.1	0.0	0.0
Home and Community Services	2.8	2.4	8.5	10.1
Interest on Long-Term Debt	3.4	2.7	0.0	0.0
Unallocated Depreciation	2.9	1.6	4.9	5.5
Total Expenses	<u>243.8</u>	<u>229.5</u>	<u>13.4</u>	<u>15.6</u>
Increase in Net Assets	<u>2.2</u>	<u>4.5</u>	<u>(2.1)</u>	<u>(3.5)</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Oneida County's Governmental Activities exceeded its liabilities at December 31, 2002, by \$50.2 million. This reflects a \$2.2 million increase over the 2001 net assets amount. This increase reflects the County's current-year investment in capital assets (e.g. land, buildings, machinery, and equipment) in excess of current-year depreciation and related outstanding debt. In the government-wide statements, these investments are not shown as expenses in the current year; instead the focus is on the long-term usefulness of these assets. Oneida County uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although Oneida County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

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)

	2002		2001	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Public Health	18.4	1.0	18.1	2.4
Public Safety	25.2	18.8	25.2	18.4
Transportation	21.6	7.3	21.0	7.8
Economic Assistance and Opportunity	<u>126.6</u>	<u>44.4</u>	<u>121.4</u>	<u>41.4</u>
Totals	<u><u>191.8</u></u>	<u><u>71.5</u></u>	<u><u>185.7</u></u>	<u><u>70.0</u></u>

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 assets, net assets, and changes in net assets.

Table 4 - Business-Type
(In Millions)

	2002		2001	
	<u>Sewer</u>	<u>WCF</u>	<u>Sewer</u>	<u>WCF</u>
Total Assets	26.7	14.3	29.8	12.4
Net Assets	20.8	0.0	22.9	0.0
Changes in Net Assets	(2.1)	0.0	(3.5)	0.0

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; 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. These statements begin on page B7.

Fund Financial Analysis

As the County completed the year, its governmental funds (as presented in the balance sheet on Page B3) reported a *combined* fund balance of \$28.6 million, which was decreased by \$7.3 million from last year's total of \$35.9 million. Included in this year's total change in fund balance are operating deficits of \$1.1 million in the County's General Fund, \$1.3 million in the Debt Service Fund, and \$4.9 million in the County's Other Governmental Funds. The Other Governmental Funds deficit (which includes the County Road, Capital Projects, Special Grant, and County Road Machinery funds) highlights the expensing of current year capital expenditures, which is opposite of the focus used for the government-wide statements.

A comparative overview of the Governmental Funds results for 2001 and 2002 follows. This includes more detailed information about sources and uses of funds in each year.

Table 5 - Oneida County Governmental Funds
Summary of Revenues and Expenditures
2002 and 2001 (In Millions)

	<u>2002</u>	<u>2002</u>	<u>2001</u>	<u>2001</u>
	<u>Revenues</u>	<u>% of Total</u>	<u>Revenues</u>	<u>% of Total</u>
Sales Tax	\$ 56.4	21.43%	\$ 51.9	21.29%
Real Property Tax	48.9	18.53%	48.8	20.04%
Departmental Income, Fees, and Interest	33.0	12.53%	31.4	12.87%
State Aid	51.3	19.49%	47.4	19.47%
Federal Aid	52.5	19.96%	50.0	20.50%
All Other Sources	<u>21.2</u>	<u>8.06%</u>	<u>14.2</u>	<u>5.83%</u>
Total Revenues	<u>\$ 263.3</u>	<u>100.00%</u>	<u>\$ 243.7</u>	<u>100.00%</u>
	<u>2002</u>	<u>2002</u>	<u>2001</u>	<u>2001</u>
	<u>Expenditures</u>	<u>% of Total</u>	<u>Expenditures</u>	<u>% of Total</u>
General Governmental Support	\$ 28.5	10.54%	\$ 23.2	9.01%
Education	14.5	5.37%	13.3	5.17%
Public Safety	26.6	9.83%	26.5	10.30%
Public Health	19.8	7.30%	19.3	7.51%
Transportation	23.2	8.58%	23.7	9.21%
Economic Assistance and Opportunity	135.7	50.17%	129.5	50.31%
Culture and Recreation	2.7	1.00%	3.3	1.26%
Home and Community Services	3.0	1.10%	2.8	1.08%
Debt Service	7.2	2.68%	6.1	2.38%
Transfers to Other Funds	<u>9.3</u>	<u>3.43%</u>	<u>9.7</u>	<u>3.77%</u>
Total Expenditures	<u>\$ 270.5</u>	<u>100.00%</u>	<u>\$ 257.4</u>	<u>100.00%</u>

GENERAL FUND BUDGET HIGHLIGHTS

The statement on page B5 shows both adopted and final modified budget totals compared with actual results for the General Fund in 2002. The significant variances between the adopted and the final budget for 2002 were as follows:

Original Budget	\$ 226,110,518
2002 Additional Appropriations	
Encumbrance Carryovers	582,509
Appropriations from Fund Balance	69,000
Supplemental Appropriations from Additional Revenue	<u>14,297,827</u>
Final Budget	<u>\$ 241,059,854</u>

A significant budget variance to note is that the modified 2002 budget anticipated an operating deficit of \$6,276,509; however, the actual operating deficit was only \$1,075,225. On the expense side, management instituted cost cutting measures throughout 2002 in response to drastic increases in the State mandated local share of Medicaid expenses and Health Insurance cost increases. The total cost savings realized in 2002 from this initiative were \$1.8 million. Medicaid costs increased \$5.2 million dollars (14.5%) over the 2001 level. Health Insurance costs also increased by \$1.4 million over the 2001 amount. On the revenue side, sales tax receipts were substantially higher than expected and increased over the 2001 total by \$3.7 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2002 and 2001, the County had \$113.9 million and \$102.5 million, respectively, invested in a broad range of capital assets including equipment, a jail, buildings, roads, bridges, and sewer lines and plant (see pages B32 and B33).

Table 6 – Capital Assets at Year End
(Net of Depreciation, In Millions)

	2002		
	Governmental Activities	Business-Type Activities	Totals
Land	\$ 1.7	\$ 0.0	\$ 1.7
Land Improvements	4.8	0.0	4.8
Construction	52.6	11.8	64.4
Licensed Vehicles	1.4	0.0	1.4
Machinery and Equipment	5.3	6.4	11.7
Infrastructure	25.0	4.9	29.9
Totals	<u>\$ 90.8</u>	<u>\$ 23.1</u>	<u>\$ 113.9</u>

Table 6 – Capital Assets at Year End
(Net of Depreciation, In Millions)

	2001		
	Governmental Activities	Business-Type Activities	Totals
Land	\$ 1.7	\$ 0.0	\$ 1.7
Land Improvements	5.3	0.0	5.3
Construction	42.8	11.0	2.0
Licensed Vehicles	1.9	0.1	14.6
Machinery and Equipment	5.1	9.5	25.1
Infrastructure	20.0	5.1	25.1
Totals	<u>\$ 76.8</u>	<u>\$ 25.7</u>	<u>\$ 102.5</u>

The County's 2003 capital budget anticipates a spending level of \$13.4 million for capital projects.

Bonds

At year end, the County had \$67.4 million in bonds outstanding (see Note IIB3 on page B39 for additional detail).

Table 7 - Outstanding Bonds at Year End
(In Millions)

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Totals</u>
General Obligation Bonds (Backed by the County)	\$ 63.0	\$	\$ 63.0
General Obligation Revenue Bonds (Backed by Specific Revenues)	<u> </u>	<u>4.4</u>	<u>4.4</u>
Totals	<u>\$ 63.0</u>	<u>\$ 4.4</u>	<u>\$ 67.4</u>

ECONOMIC FACTORS AND 2003 BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2003 budget, tax levy, and fees that will be charged for the business-type activities. One of these factors is the economy. Unemployment in the county at the end of July 2003 stood at 4.6% versus 5.1% a year ago. This compares with the July 2003 State unemployment rate of 6.1 %, and the national rate of 6.3%.

The regional annual average CPI increase was 2.6 % for calendar year 2002 compared with the US National rate of 1.6% for that same year. For the period June 2002 through June 2003, the regional average CPI increase was 2.1%. At this time, management believes that inflation is not a serious regional economic threat.

Sales tax is expected to increase 3% in 2003 (over the previous year), primarily due to the effect of near record low interest rates on the housing and durable good markets. This has enhanced retail sales in general, most notably in home improvement products and vehicles. This was evidenced by the \$3.7 million increase in sales tax receipts in 2002 and is continuing in 2003.

Medicaid continues to be a challenge for County management. Even with the positive effect of new Federal legislation allocating more funds to defray some of the County share of Medicaid expenses, costs are still growing at a rate of 11% in 2003. Because of this and the expected 17% increase in Health Insurance costs, management continues to impose the cost cutting measures that were adopted in 2002. These measures primarily consist of hiring restrictions, close scrutiny of new purchases, and restricting supplemental budget appropriations. In addition to the Medicaid and Health Insurance issues, the NYS Retirement System has experienced a significant devaluation in their pension fund. This has directly resulted in dramatically increased charges to the County's contribution for retirement costs. The 2003 charge will exceed 2002 by at least \$2.2 million. The 2004 increase has been estimated to be an additional \$3 million over the 2003 figure. Management is seriously considering bonding for a portion of the 2004 retirement contribution.

Oneida County's nonmanagement employees are represented by four labor unions. All contracts are current as of August 2003, with only one due to expire at December 31, 2003.

The 2003 budget anticipates an operating deficit of \$4 million. Even though this would be the third consecutive year of operating deficits, management does not anticipate cash flow problems in 2003. This is primarily due to the \$8 million fiscal stability fund established by the County Legislature.

The 2004 budget begins to take shape in September 2003, and it is the consensus of County Management that a 2004 tax increase will be a certainty, although much less than the 16% tax increase enacted in 2003.

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

December 31, 2002

	<u>Governmental Activities</u>	<u>Business Type</u>	<u>Primary Government Total</u>	<u>Component Units</u>
Assets				
Cash and Cash Equivalents	\$ 14,384,502	\$ 4,199,802	\$ 18,584,304	\$ 7,883,166
Deposits With Trustees				18,918,332
Investments				1,571,609
Receivables				
Taxes Receivable	7,471,567		7,471,567	
Student Loans and Fees Receivable				3,340,829
Other Receivables	5,707,322	2,672,942	8,380,264	42,962,066
Due From				
State and Federal Governments	35,940,080		35,940,080	
Other Governments	704,021	9,523,313	10,227,334	2,918,205
Governmental Funds		1,477,825	1,477,825	
Business-Type Activities	1,826,007		1,826,007	
Fiduciary Funds	8,991,924		8,991,924	
Inventory				488,862
Other Assets	15,378		15,378	4,454,755
Capital Assets (Net of Accumulated Depreciation)	<u>90,849,110</u>	<u>23,145,224</u>	<u>113,994,334</u>	<u>48,942,255</u>
Total Assets	<u>\$ 165,889,911</u>	<u>\$ 41,019,106</u>	<u>\$ 206,909,017</u>	<u>\$ 131,480,079</u>
Liabilities				
Accounts Payable	\$ 11,866,544	\$ 837,530	\$ 12,704,074	\$ 6,081,633
Accrued Liabilities	17,703,629	13,070,090	30,773,719	
Due To				
Other Governments	7,283,509		7,283,509	
Governmental Funds		1,826,007	1,826,007	
Business-Type Activities	1,477,825		1,477,825	
Fiduciary Funds	7,146,385		7,146,385	
Overpayments and Collections in Advance	33,211		33,211	
Accrued Closure Costs				848,515
Other Liabilities				998,948
Deferred Revenue	950,861		950,861	2,753,554
Noncurrent Liabilities				
Due Within One Year	7,050,985	654,900	7,705,885	3,964,261
Due in More Than One Year	<u>62,217,733</u>	<u>3,776,900</u>	<u>65,994,633</u>	<u>117,302,029</u>
Total Liabilities	<u>115,730,682</u>	<u>20,165,427</u>	<u>135,896,109</u>	<u>131,948,940</u>
Net Assets				
Invested in Capital Assets (Net of Related Debt)	21,580,392	18,713,424	40,293,816	11,202,067
Accumulated (Deficit)				(9,560,688)
Restricted				
Expendable	423,347		423,347	
Loan Funds				3,630,241
Capital Projects	11,511,396		11,511,396	
Nonexpendable				462,950
Unrestricted (Deficit)	<u>16,644,094</u>	<u>2,140,255</u>	<u>18,784,349</u>	<u>(6,203,431)</u>
Total Net Assets	<u>50,159,229</u>	<u>20,853,679</u>	<u>71,012,908</u>	<u>(468,861)</u>
Total Liabilities and Net Assets	<u>\$ 165,889,911</u>	<u>\$ 41,019,106</u>	<u>\$ 206,909,017</u>	<u>\$ 131,480,079</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, 2002

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating	Capital	Primary Government		Total	
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities		
Governmental Activities								
Primary Government								
General Government Support	\$ 26,389,944	\$ 8,975,847	\$ 1,377,701	\$ 2,151,067	\$ (13,885,329)		\$ (13,885,329)	
Education	13,966,416	1,795,776	4,081,833		(8,088,807)		(8,088,807)	
Public Safety	25,227,722	5,173,268	1,277,886		(18,776,568)		(18,776,568)	
Public Health	18,420,845	4,210,024	13,181,641		(1,029,180)		(1,029,180)	
Transportation	21,553,804	6,830,747	4,266,459	3,167,604	(7,288,994)		(7,288,994)	
Economic Assistance and Opportunity	126,571,177	8,473,447	73,720,622		(44,377,108)		(44,377,108)	
Culture and Recreation	2,526,540	176,813	239,862		(2,109,865)		(2,109,865)	
Home and Community Services	2,781,306	1,195,837	384,713		(1,200,756)		(1,200,756)	
Interest on Long-Term Debt (Excludes Direct Expenses of the Various Programs)	3,416,737				(3,416,737)			
Unallocated Depreciation (Excludes Direct Depreciation Expenses of the Various Programs)	<u>2,852,876</u>				<u>(2,852,876)</u>			
Total Governmental Activities	<u>243,707,367</u>	<u>36,831,759</u>	<u>98,530,717</u>	<u>5,318,671</u>	<u>(103,026,220)</u>		<u>(96,756,607)</u>	
Business-Type Activities								
Sewer Fund	8,519,338	6,438,779				(2,080,559)	(2,080,559)	
Internal Service Fund	<u>4,849,882</u>	<u>4,849,265</u>				<u>(617)</u>	<u>(617)</u>	
Total Primary Government	<u>\$ 257,076,587</u>	<u>\$ 48,119,803</u>	<u>\$ 98,530,717</u>	<u>\$ 5,318,671</u>	<u>(103,026,220)</u>	<u>(2,081,176)</u>	<u>(98,837,783)</u>	
Component Units								
Solid Waste Authority	\$ 21,221,297	\$ 22,144,271	\$ 116,267	\$				\$ 1,039,241
Community College	39,739,459	11,926,436	25,671,672	2,364,545				223,194
Oneida TASC	<u>4,383,656</u>	<u>305,319</u>						<u>(4,078,337)</u>
Total Component Units	<u>\$ 65,344,412</u>	<u>\$ 34,376,026</u>	<u>\$ 25,787,939</u>	<u>\$ 2,364,545</u>				<u>\$ (2,815,902)</u>
General Revenues								
Real Property Taxes, Levied for General Purposes					\$ 46,327,182	\$	\$ 46,327,182	\$
Real Property Tax Items					2,451,401		2,451,401	
Nonproperty Tax Items (Sales Tax and PILOTs)					<u>56,445,730</u>		<u>56,445,730</u>	
Total General Revenues					<u>105,224,313</u>		<u>105,224,313</u>	
Change in Net Assets					2,198,093	(2,081,176)	6,386,530	(2,815,902)
Net Assets, Beginning of Year					<u>47,961,136</u>	<u>22,934,855</u>	<u>70,895,991</u>	<u>2,347,041</u>
Net Assets, End of Year					<u>\$ 50,159,229</u>	<u>\$ 20,853,679</u>	<u>\$ 77,282,521</u>	<u>\$ (468,861)</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, 2002

	General	Debt Service	Other Governmental Funds	Totals
Assets				
Cash and Cash Equivalents	\$	\$	\$ 14,384,502	\$ 14,384,502
Taxes Receivable (Net of Allowance for Uncollectibles of \$176,949)	19,793,189			19,793,189
Other Receivables	2,932,492	907,897	1,866,933	5,707,322
Due From				
State and Federal Governments	35,754,471		185,609	35,940,080
Other Governments	704,021			704,021
Other Funds	12,034,178	934,100	1,295,641	14,263,919
Other Assets	<u>15,378</u>			<u>15,378</u>
Total Assets	<u>\$ 71,233,729</u>	<u>\$ 1,841,997</u>	<u>\$ 17,732,685</u>	<u>\$ 90,808,411</u>
Liabilities and Fund Equity				
Accounts Payable	\$ 9,838,161	\$	\$ 2,028,383	\$ 11,866,544
Accrued Liabilities	17,437,855		265,774	17,703,629
Due To				
Other Governments	7,139,343		144,166	7,283,509
Other Funds	7,603,061	940,773	3,526,364	12,070,198
Overpayments and Collections in Advance	33,211			33,211
Deferred Revenue	<u>12,531,142</u>	<u>741,341</u>		<u>13,272,483</u>
Total Liabilities	<u>54,582,773</u>	<u>1,682,114</u>	<u>5,964,687</u>	<u>62,229,574</u>
Fund Equity				
Fund Equity - Reserved				
Special Reserves	1,389,218			1,389,218
Reserve for Encumbrances	598,694		5,925,365	6,524,059
Fund Equity - Unreserved				
Designated for Subsequent Year's Expenditures	3,750,000			3,750,000
Designated for Fiscal Stability	8,000,000			8,000,000
Undesignated - Major Funds	2,913,044	159,883		3,072,927
Undesignated - Nonmajor Funds				
Special Grant			39,069	39,069
County Road			173,470	173,470
Road Machinery			24,683	24,683
Capital			<u>5,605,411</u>	<u>5,605,411</u>
Total Fund Equity	<u>16,650,956</u>	<u>159,883</u>	<u>11,767,998</u>	<u>28,578,837</u>
Total Liabilities and Fund Equity	<u>\$ 71,233,729</u>	<u>\$ 1,841,997</u>	<u>\$ 17,732,685</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.				90,849,110
Long-term liabilities, including bonds payable, are not due and payable in the current-period and therefore are not reported in the funds.				<u>(69,268,718)</u>
Net Assets of Governmental Activities				<u>\$ 50,159,229</u>

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2002

	General	Debt Service	Other Governmental Funds	Total
Revenues				
Real Property Taxes	\$ 46,327,182	\$	\$	\$ 46,327,182
Real Property Tax Items	2,451,401			2,451,401
Nonproperty Tax Items	56,445,730			56,445,730
Departmental Income	15,111,691		76,112	15,187,803
Intergovernmental Charges	11,858,007	916,902	2,687,158	15,462,067
Use of Money and Property	967,854	267,561	11,780	1,247,195
Licenses and Permits	10,695		9,350	20,045
Fines and Forfeitures	876,272			876,272
Sale of Property and Compensation for Loss	179,883		19,818	199,701
Miscellaneous Local Sources	1,173,012		19,416	1,192,428
Interfund Revenues	72,525		2,591,106	2,663,631
State and Federal Aid	<u>93,459,485</u>		<u>10,372,519</u>	<u>103,832,004</u>
Total Revenues	<u>228,933,737</u>	<u>1,184,463</u>	<u>15,787,259</u>	<u>245,905,459</u>
Other Financing Sources				
Transfers from Other Funds		4,798,631	4,480,309	9,278,940
Proceeds of Obligations - Serial Bonds			<u>8,073,566</u>	<u>8,073,566</u>
Total Revenues and Other Financing Sources	<u>228,933,737</u>	<u>5,983,094</u>	<u>28,341,134</u>	<u>263,257,965</u>
Expenditures				
General Governmental Support	17,893,148	9,228	10,619,340	28,521,716
Education	14,529,298			14,529,298
Public Safety	25,941,963		613,182	26,555,145
Public Health	19,688,437		70,678	19,759,115
Transportation	4,983,580		18,242,102	23,225,682
Economic Assistance and Opportunity	132,046,114		3,694,054	135,740,168
Culture and Recreation	2,707,075		4,849	2,711,924
Home and Community Services	2,980,475			2,980,475
Debt Service				
Principal		3,826,100		3,826,100
Interest		<u>3,416,737</u>		<u>3,416,737</u>
Total Expenditures	<u>220,770,090</u>	<u>7,252,065</u>	<u>33,244,205</u>	<u>261,266,360</u>
Other Financing Uses				
Transfers to Other Funds	<u>9,238,872</u>		<u>40,068</u>	<u>9,278,940</u>
Total Expenditures and Other Financing Uses	<u>230,008,962</u>	<u>7,252,065</u>	<u>33,284,273</u>	<u>270,545,300</u>
(Deficit) Revenues and Other Financing Sources				
Over Expenditures and Other Financing Uses	(1,075,225)	(1,268,971)	(4,943,139)	(7,287,335)
Fund Balance, Beginning of Year	<u>17,726,181</u>	<u>1,428,854</u>	<u>16,711,137</u>	<u>35,866,172</u>
Fund Balance, End of Year	<u>\$ 16,650,956</u>	<u>\$ 159,883</u>	<u>\$ 11,767,998</u>	<u>\$ 28,578,837</u>

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, 2002

	General			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Real Property Taxes	\$ 45,965,583	\$ 45,965,583	\$ 46,327,182	\$ 361,599
Real Property Tax Items	3,339,000	3,339,000	3,338,529	(471)
Nonproperty Tax Items	52,834,024	52,834,024	55,558,602	2,724,578
Departmental Income	13,665,776	15,120,589	15,111,691	(8,898)
Intergovernmental Charges	12,962,188	13,549,841	11,858,007	(1,691,834)
Use of Money and Property	1,836,743	1,836,743	967,854	(868,889)
Licenses and Permits	12,350	12,350	10,695	(1,655)
Fines and Forfeitures	860,486	869,381	876,272	6,891
Sale of Property and Compensation for Loss	193,167	214,086	179,883	(34,203)
Miscellaneous Local Sources	423,540	601,665	1,173,012	571,347
Interfund Revenues	61,700	61,700	72,525	10,825
State and Federal Aid	<u>88,330,961</u>	<u>100,378,383</u>	<u>93,459,485</u>	<u>(6,918,898)</u>
Total Revenues	<u>220,485,518</u>	<u>234,783,345</u>	<u>228,933,737</u>	<u>(5,849,608)</u>
Expenditures				
General Governmental Support	19,675,519	19,610,123	17,893,148	1,716,975
Education	15,847,930	15,841,138	14,529,298	1,311,840
Public Safety	26,375,442	27,559,558	25,941,963	1,617,595
Public Health	20,930,493	22,215,144	19,688,437	2,526,707
Transportation	5,021,881	5,269,823	4,983,580	286,243
Economic Assistance and Opportunity	122,792,999	134,938,966	132,046,114	2,892,852
Culture and Recreation	2,720,851	2,767,920	2,707,075	60,845
Home and Community Services	<u>3,219,436</u>	<u>3,331,215</u>	<u>2,980,475</u>	<u>350,740</u>
Total Expenditures	<u>216,584,551</u>	<u>231,533,887</u>	<u>220,770,090</u>	<u>10,763,797</u>
Surplus Revenues Over Expenditures				
Before Other Financing Sources (Uses)	<u>3,900,967</u>	<u>3,249,458</u>	<u>8,163,647</u>	<u>4,914,189</u>
Other Financing Sources (Uses)				
Appropriation of Prior Year's Fund Balance	5,625,000	6,276,509		(6,276,509)
Transfers to Other Funds	<u>(9,525,967)</u>	<u>(9,525,967)</u>	<u>(9,238,872)</u>	<u>287,095</u>
Total Other Financing (Uses)	<u>(3,900,967)</u>	<u>(3,249,458)</u>	<u>(9,238,872)</u>	<u>(5,989,414)</u>
(Deficit) Revenues and Financing Sources				
Over Expenditures and Other Financing (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,075,225)</u>	<u>\$ (1,075,225)</u>

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, 2002

Net Changes in Fund Balance - Total Governmental Funds \$ (7,287,335)

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 expense in the statement of activities. This is the amount by which depreciation exceeds Capital Outlays in the period.

	Depreciation Expense	\$ 4,923,559	
	Capital OutLays	<u>(19,173,828)</u>	14,250,269

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.

	Bond Proceeds	8,073,566	
	Repayment Bond Principal	<u>(3,401,342)</u>	(4,672,224)

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.

105,043

In the statement of activities, only the loss on the disposal of certain assets is reported, whereas in the governmental funds, the loss is not recorded as a decrease in financial resources.

(197,660)

Change in Net Assets Governmental Activities

\$ 2,198,093

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2002

	Enterprise Sewer Fund	Workers' Compensation Fund	Total
Assets			
Cash and Cash Equivalents	\$ 430,943	\$ 3,768,859	\$ 4,199,802
Other Receivables	2,651,047	21,895	2,672,942
Due From			
Other Governments		9,523,313	9,523,313
Governmental Funds	479,445	\$ 998,380	1,477,825
Capital Assets (Net)	23,144,476	748	23,145,224
Total Assets	\$ 26,705,911	\$ 14,313,195	\$ 41,019,106
Liabilities and Net Assets			
Liabilities			
Accounts Payable	\$ 484,742	\$ 352,788	\$ 837,530
Accrued Liabilities	110,431	12,959,659	13,070,090
Due to Governmental Funds	826,007	1,000,000	1,826,007
Due Within One Year	654,900		654,900
Due in More Than One Year	3,776,900		3,776,900
Total Liabilities	5,852,980	14,312,447	20,165,427
Net Assets			
Invested in Capital Assets (Net)	18,712,676	748	18,713,424
Unrestricted	2,140,255		2,140,255
Total Net Assets	20,852,931	748	20,853,679
Total Liabilities and Net Assets	\$ 26,705,911	\$ 14,313,195	\$ 41,019,106

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, 2002

	Enterprise Sewer Fund	Workers' Compensation Fund	Total
Operating Revenues			
Departmental Income	\$ 6,435,821		\$ 6,435,821
Intergovernmental Charges		4,315,604	4,315,604
Miscellaneous	<u>2,958</u>	<u>504,587</u>	<u>507,545</u>
Total Operating Revenues	<u>6,438,779</u>	<u>4,820,191</u>	<u>11,258,970</u>
Operating Expenses			
Personnel Services	2,547,625	329,102	2,876,727
Contractual Expenses	2,225,329	4,520,163	6,745,492
Depreciation	<u>3,746,384</u>	<u>617</u>	<u>3,747,001</u>
Total Operating Expenses	<u>8,519,338</u>	<u>4,849,882</u>	<u>13,369,220</u>
Net Operating (Loss)	<u>(2,080,559)</u>	<u>(29,691)</u>	<u>(2,110,250)</u>
Nonoperating Revenue			
Use of Money and Property	<u></u>	<u>29,074</u>	<u>29,074</u>
Total Nonoperating Revenue	<u></u>	<u>29,074</u>	<u>29,074</u>
Net (Loss)	(2,080,559)	(617)	(2,081,176)
Net Assets, Beginning of Year	<u>22,933,490</u>	<u>1,365</u>	<u>22,934,855</u>
Net Assets, End of Year	<u>\$ 20,852,931</u>	<u>\$ 748</u>	<u>\$ 20,853,679</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, 2002

	Enterprise Sewer Fund	Workers' Compensation Fund	Total
Cash Flows from (Used by) Operating Activities			
Cash Flows from Providing Services	\$ 6,481,722	\$ 2,791,490	\$ 9,273,212
Cash Payments Contractual Expenses	(2,164,945)	(2,578,568)	(4,743,513)
Cash Payments Personal Services and Benefits	(2,548,742)	(329,102)	(2,877,844)
Other Operating Revenues	<u>2,958</u>	<u>504,587</u>	<u>507,545</u>
Net Cash Flows from (Used by) Operating Activities	<u>1,770,993</u>	<u>388,407</u>	<u>2,159,400</u>
 Cash Flows from (Used by) Capital and Related Financing Activities			
Principal Payments on Debt	(544,524)		(544,524)
Interest Expense	(254,283)		(254,283)
Payments to Contractors	<u>(1,209,459)</u>		<u>(1,209,459)</u>
Net Cash Flows from (Used by) Capital and Related Financing Activities	<u>(2,008,266)</u>		<u>(2,008,266)</u>
 Cash Flows from Investing Activities			
Interest Income		<u>29,074</u>	<u>29,074</u>
Net Cash Flows from Investing Activities		<u>29,074</u>	<u>29,074</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	(237,273)	417,481	180,208
 <u>Cash and Cash Equivalents, Beginning of Year</u>	<u>668,216</u>	<u>3,351,378</u>	<u>4,019,594</u>
 <u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 430,943</u>	<u>\$ 3,768,859</u>	<u>\$ 4,199,802</u>
 Reconciliation of Operating Income to Net Cash Flows from (Used by) Operating Activities			
Operating (Loss)	\$ (2,080,559)	\$ (29,691)	\$ (2,110,250)
Adjustment to Reconcile Operating Income to Net Cash			
Flows from (Used by) Operating Activities			
Depreciation	3,746,384	617	3,747,001
(Increase) Decrease in Assets Other Than Cash			
Receivables	45,901	(525,734)	(479,833)
Due From Governmental Funds	305,793	(998,380)	(692,587)
Increase (Decrease) in Liabilities			
Accounts Payable and Accrued Expenses	296,996	1,012,581	1,309,577
Due Other Funds	(797,805)	929,014	131,209
Capital and Related Financing Activities			0
Debt Interest	<u>254,283</u>		<u>254,283</u>
 Net Cash Flows from (Used by) Operating Activities	<u>\$ 1,770,993</u>	<u>\$ 388,407</u>	<u>\$ 2,159,400</u>

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
December 31, 2002

	<u>Deferred Compensation</u>	<u>Agency</u>
Assets		
Cash and Cash Equivalents	\$	\$ 15,546,192
Investments	10,508,138	
Due from Other Funds		<u>7,146,385</u>
Total Assets	<u>\$ 10,508,138</u>	<u>\$ 22,692,577</u>
Liabilities		
Accrued Liabilities	\$	\$ 13,700,653
Due to Other Funds		8,991,924
Deferred Compensation Plan	<u>10,508,138</u>	
Total Liabilities	<u>10,508,138</u>	<u>22,692,577</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
STATEMENT OF NET ASSETS
COMPONENT UNITS
December 31, 2002

	<u>Community College</u>	<u>Solid Waste Authority</u>	<u>Oneida TASC</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 4,331,181	\$ 3,439,086	\$ 112,899	\$ 7,883,166
Deposits With Trustees	2,386,612	10,661,617	5,870,103	18,918,332
Investments	1,571,609			1,571,609
Receivables				
Student Tuition and Fees Receivable, Net	1,780,509			1,780,509
Student Loans Receivable, Net	1,560,320			1,560,320
Other Receivables	173,377	2,701,904	40,086,785	42,962,066
Due From				
Other Governments	2,918,205			2,918,205
Inventory	488,862			488,862
Other Assets	146,850	2,265,971	2,041,934	4,454,755
Capital Assets, Net	<u>33,291,863</u>	<u>15,650,392</u>		<u>48,942,255</u>
Total Assets	<u>\$ 48,649,388</u>	<u>\$ 34,718,970</u>	<u>\$ 48,111,721</u>	<u>\$ 131,480,079</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 2,608,070	\$ 3,174,995	\$ 298,568	6,081,633
Accrued Closure Costs		848,515		848,515
Other Liabilities	548,822	450,126		998,948
Deferred Revenue	2,753,554			2,753,554
Noncurrent Liabilities				
Due Within One Year	1,184,922	2,414,339	365,000	3,964,261
Due in More Than One Year	<u>24,705,346</u>	<u>37,391,683</u>	<u>55,205,000</u>	<u>117,302,029</u>
Total Liabilities	<u>31,800,714</u>	<u>44,279,658</u>	<u>55,868,568</u>	<u>131,948,940</u>
Net Assets				
Accumulated (Deficit)		(9,560,688)		(9,560,688)
Invested in Capital Assets, Net of Related Debt	11,202,067			11,202,067
Restricted - Nonexpendable	462,950			462,950
Restricted - Expendable	3,630,241			3,630,241
Unrestricted (Deficit)	<u>1,553,416</u>		<u>(7,756,847)</u>	<u>(6,203,431)</u>
Total Net Assets (Deficit)	<u>16,848,674</u>	<u>(9,560,688)</u>	<u>(7,756,847)</u>	<u>(468,861)</u>
Total Liabilities and Net Assets	<u>\$ 48,649,388</u>	<u>\$ 34,718,970</u>	<u>\$ 48,111,721</u>	<u>\$ 131,480,079</u>

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
COMPONENT UNITS
For the Year Ended December 31, 2002

	Community College	Solid Waste Authority	Oneida TASC	Total
Operating Revenues				
Student Tuition and Fees (Net)	\$ 8,549,147	\$	\$	\$ 8,549,147
Federal Grants and Contracts	6,145,699			6,145,699
State and Local Grants and Contracts	3,693,542			3,693,542
Nongovernmental Grants and Contracts	519,311			519,311
Auxiliary Enterprises				
Residential Life	930,280			930,280
Bookstore (Net of Cost of Goods Sold)	651,745			651,745
Auxiliary Services Corporation Service Fees	75,500			75,500
Tipping Fees		16,516,961		16,516,961
Solid Waste Service Charge		1,808,427		1,808,427
Blue Bag Sales		1,233,610		1,233,610
Recyclable Sales		1,576,328		1,576,328
Other Operating Revenues	79,420	437,732		517,152
Total Operating Revenues	<u>20,644,644</u>	<u>21,573,058</u>		<u>42,217,702</u>
Operating Expenses				
Educational and General Expenditures	29,250,703			29,250,703
Scholarships	6,091,904			6,091,904
Dormitory Operations	763,659			763,659
Auxiliary Services Enterprises	688,761			688,761
College Promotion and Development	261,090			261,090
Loan Cancellations and Allowance for Doubtful Loans	131,194			131,194
Landfill Tipping Fees		11,442,875		11,442,875
Personal Services		2,483,504		2,483,504
Contractual Services		1,963,480		1,963,480
Other Deductions	4,128	1,567,936	92,161	1,664,225
Depreciation	1,362,640	1,317,143		2,679,783
Total Operating Expenses	<u>38,554,079</u>	<u>18,774,938</u>	<u>92,161</u>	<u>57,421,178</u>
Operating Income (Loss)	<u>(17,909,435)</u>	<u>2,798,120</u>	<u>(92,161)</u>	<u>(15,203,476)</u>
Nonoperating Revenues (Expenses)				
State Operating Aid	8,961,950			8,961,950
County Chargebacks	1,640,344			1,640,344
Local Appropriations	5,315,060			5,315,060
Investment Income	542,434		305,319	847,753
Interest on Loans Receivable	21,560			21,560
Interest Income		571,213		571,213
Interest Expense		(2,165,456)	(3,566,820)	(5,732,276)
Gifts Received	426,689			426,689
Capital Contribution to Retire Debt	1,356,155			1,356,155
Interest on Capital Asset-Related Debt	(1,185,380)			(1,185,380)
State and Local Contribution for Plant Facilities	465,956			465,956
Other Nonoperating Revenues	587,861	116,267		704,128
Other Nonoperating Expenses		(280,903)	(724,675)	(1,005,578)
Net Nonoperating Revenues	<u>18,132,629</u>	<u>(1,758,879)</u>	<u>(3,986,176)</u>	<u>12,387,574</u>
Net Increase (Decrease) in Net Assets	223,194	1,039,241	(4,078,337)	(2,815,902)
Net Assets (Deficit), Beginning of Year (As Restated)	<u>16,625,480</u>	<u>(10,599,929)</u>	<u>(3,678,510)</u>	<u>2,347,041</u>
Net Assets (Deficit), End of Year	<u>\$ 16,848,674</u>	<u>\$ (9,560,688)</u>	<u>\$ (7,756,847)</u>	<u>\$ (468,861)</u>

See Notes to Basic Financial Statements
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COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
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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

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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 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.

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.

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

COUNTY OF ONEIDA, NEW YORK
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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, therefore, blended in the financial reporting entity of the Community College pursuant to Statement Number 39. 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

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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.

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 2002. The Authority continues to cover all operating

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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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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.

The financial statements of OTASC can be obtained at the Comptroller's Office of the County located at 800 Park Avenue, Utica, New York 13501.

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

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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. All direct expenses incurred are charged to the corresponding function. Capital asset additions that cannot be identified to a specific function are allocated based on total expenses by program.

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

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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.

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.

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

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.

- 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

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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.

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.

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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 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.

COUNTY OF ONEIDA, NEW YORK
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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, 2002.

In addition to adopting the same accounting pronouncements as the County, the Community College adopted the following:

GASB Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis for Public Colleges and Universities. This statement amends GASB No. 34 and establishes new accounting and external reporting standards for public colleges and universities within the financial guidelines of GASB No. 34. The objective of this statement is to enhance the understandability and usefulness of the external financial reports issued by public colleges and universities. As a result of this, the College restated its beginning net assets by an increase of \$1,812,371.

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.

- 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.

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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.

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. Appropriations authorized for the current year are increased by the amount of encumbrances carried
- 4.

COUNTY OF ONEIDA, NEW YORK
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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.

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.

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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 total accrued liability for compensated absences relating to the governmental and proprietary funds at December 31, 2002, are \$1,967,183 and \$81,250, 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 \$682,771. The recorded liability for vacation leave for ASC and MVCCDC amounted to \$26,648. 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 \$1,489,147 has been recognized representing the present value of these payments at August 31, 2002.

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.

COUNTY OF ONEIDA, NEW YORK
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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

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): 20-50 for buildings and improvements, and 5-20 for equipment and library books.

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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, 2002, which will be paid to providers in 2003 and claims for services incurred but not reported by providers amounted to \$3,473,424 and is reflected in the accompanying general purpose financial statements as an offset to State and Federal receivables.

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.

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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, 2002, management has accrued \$848,515 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, \$926,932 has been restricted for this purpose at December 31, 2002, 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.

The carrying amount of cash and cash equivalents for the primary reporting entity types of the County aggregated \$11,461,381 at December 31, 2002. The corresponding bank balances for this cash totaled \$35,794,808. One of the County's nine financial institutions was undercollateralized at December 31, 2002, by \$174,534. 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.

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The carrying amount of cash and cash equivalents for the Community College aggregated \$4,331,181 at August 31, 2002 And were 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 \$3,439,086 at December 31, 2002, 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 2002 and within the first sixty days of 2003 are recognized as revenues in 2002.

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.

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Uncollected school district and village taxes assumed by the County for enforcement through December 31, 2002, were \$451,068 and \$6,685,384, respectively. Such amounts will be paid to the school districts and villages by April 1, 2003, 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 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

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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 \$56,445,730 is comprised primarily of sales tax. At December 31, 2002, this amount included an accrual of approximately \$2,219,875 for sales tax collected by the State of New York in 2003 relating to 2002 vendor sales. At December 31, 2002, undistributed excess sales tax collections for towns, villages and cities amounted to \$6,739,376 and is included in accrued liabilities in the Agency Fund.

4. STUDENT LOANS AND FEES RECEIVABLE

Receivables are presented on the statement of net assets of an allowance for uncollectible accounts. The following is a summary of the receivables and their respective allowances:

<u>Account</u>	<u>Gross Receivable</u>	<u>Allowance</u>	<u>Receivable</u>
Tuition and Fees Receivable	\$ 1,992,509	\$ (212,000)	\$ 1,780,509
Student Loans Receivable	\$ 2,128,320	\$ (568,000)	\$ 1,560,320

5. CAPITAL ASSETS

- a. Capital asset activity of the Primary Government for the year ended December 31, 2002, was as follows:

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Not Being Depreciated				
Land	\$ 1,725,004	\$ _____	\$ _____	\$ 1,725,004
Other Capital Assets				
Land Improvements	8,262,872			8,262,872
Construction	63,091,313	10,657,370		73,748,683
Infrastructure	43,251,105	6,354,875		49,605,980
Machinery and Equipment	9,523,094	1,587,824	510,032	10,600,886
Licensed Vehicles	<u>6,028,987</u>	<u>573,759</u>	<u>608,974</u>	<u>5,993,772</u>
Subtotal	130,157,371	19,173,828	1,119,006	148,212,193
Accumulated Depreciation				
Land Improvements	3,011,773	410,275		3,422,048
Construction	20,266,148	905,799		21,171,947
Infrastructure	23,169,122	1,465,564		24,634,686
Machinery and Equipment	4,471,860	1,135,958	344,306	5,263,512
Licensed Vehicles	<u>4,166,971</u>	<u>1,005,963</u>	<u>577,040</u>	<u>4,595,894</u>
Total Accumulated Depreciation	<u>55,085,874</u>	<u>4,923,559</u>	<u>921,346</u>	<u>59,088,087</u>
Net Other Capital Assets	<u>75,071,497</u>	<u>14,250,269</u>	<u>197,660</u>	<u>89,124,106</u>
Net Capital Assets	<u>\$76,796,501</u>	<u>\$14,250,269</u>	<u>\$ 197,660</u>	<u>\$ 90,849,110</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government Support	\$ 132,289
Public Safety	823,163
Public Health	63,474
Transportation	937,557
Economic Assistance and Opportunity	101,178
Culture and Recreation	1,396
Home and Community Service	11,626
Unallocated Depreciation	<u>2,852,876</u>
Total Governmental Activities Expense	<u>\$ 4,923,559</u>

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	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Business Type Activities				
Land Improvements	\$ 53,682	\$	\$	\$ 53,682
Construction	20,956,993	1,192,289		22,149,282
Infrastructure	9,659,254			9,659,254
Machinery and Equipment	47,111,051	36,351	29,696	47,117,706
Licensed Vehicles	<u>100,834</u>			<u>100,834</u>
Subtotal	<u>77,881,814</u>	<u>1,228,640</u>	<u>29,696</u>	<u>79,080,758</u>
Accumulated Depreciation				
Land Improvements	53,682			53,682
Construction	9,962,683	419,140		10,381,823
Infrastructure	4,601,961	148,605		4,750,566
Machinery and Equipment	37,567,322	3,166,653	10,515	40,723,460
Licensed Vehicles	<u>13,399</u>	<u>12,604</u>		<u>26,003</u>
Subtotal	<u>52,199,047</u>	<u>3,747,002</u>	<u>10,515</u>	<u>55,935,534</u>
Net Capital Assets	<u>\$25,682,767</u>	<u>\$(2,518,362)</u>	<u>\$ 19,181</u>	<u>\$ 23,145,224</u>

Depreciation expense was charged to functions as follows:

Business Type Activities	
Enterprise Sewer Fund	\$ <u>3,747,002</u>

- b. A summary of the book value of property, plant, and equipment of the Component Units at December 31, 2002, is as follows:

	<u>Component</u> <u>Units</u>
Land and Land Improvements	\$ 852,732
Buildings and Building Improvements	81,481,617
Equipment and Machinery	5,139,212
Motor Vehicles	1,773,357
Office and Minor Equipment	271,444
Equipment and Library Books	11,848,077
Landfill Site	6,515,281
Land Purchase Contract	810,317
Construction in Progress	<u>12,984,291</u>
	121,676,328
Less Accumulated Depreciation and Amortization	<u>72,734,073</u>
Property, Plant, and Equipment, Net	<u>\$ 48,942,255</u>

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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, 2002, 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 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 2002, the Authority capitalized approximately \$1,081,000 of costs associated with obtaining the required permitting. The Authority also purchased additional land related to this site for approximately \$96,000 during 2002.

6. RESTRICTED ASSETS HELD BY TRUSTEE

a. Authority

In accordance with the terms of bond indentures and NYSDEC, the use of certain 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, 2002, include the following accounts:

Series 1992 - Administered by Trustee

Debt Service Reserve Fund - contingency fund to be utilized in case of default	\$ 6,079,575
Construction Projects Fund - for any additional capital expenditures which may be incurred by the Authority	892,627
Debt Service and Sinking Fund - to fund semi-annual debt service obligations	2,656,860
Interest earned required to be paid to the United States	41,003
Accrued interest on restricted assets	64,620
Restricted Assets for Post-Closure Monitoring Costs	<u>926,932</u>
Total	<u>\$10,661,617</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.

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>623,570</u>	\$ <u>156,070</u>	\$ <u>467,500</u>
U.S. Government			
Obligations			
Category A	265,246	265,246	
Category B	<u>1,497,796</u>	<u>1,497,796</u>	
	<u>1,763,042</u>	<u>1,763,042</u>	
 Total	 \$ <u>2,386,612</u>	 \$ <u>1,919,112</u>	 \$ <u>467,500</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.

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Deposits with trustees at December 31, 2002, in the amount of \$5,870,103, 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

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

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- 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, 2002, to March 31, 2003, 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, 2001, to June 30, 2002.

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

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:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
<u>ERS</u>			
<u>County</u>			
Contribution Rate	<u>.90-4.5%</u>	<u>.50-4.0%</u>	<u>.70-3.5%</u>
Contributions	\$ <u>651,234</u>	\$ <u>520,952</u>	\$ <u>215,364</u>
 <u>Authority</u>			
Contribution Rate	<u>1.21%</u>	<u>.75%</u>	<u>0.27%</u>
Contributions	\$ <u>29,993</u>	\$ <u>17,998</u>	\$ <u>8,030</u>
 <u>Community College</u>			
Contribution Rate	<u>.60%</u>	<u>.20%</u>	<u>.10%</u>
Contributions	\$ <u>23,914</u>	\$ <u>9,023</u>	\$ <u>4,611</u>
 <u>TRS (College Only)</u>			
Contribution Rate	<u>.36%</u>	<u>.43%</u>	<u>1.43%</u>
Contributions	\$ <u>8,275</u>	\$ <u>9,424</u>	\$ <u>31,433</u>

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- 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 5% 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 2002, 2001, and 2000 were \$1,114,778, \$1,084,638, and \$1,013,579, respectively.

In accordance with State of New York Laws, the County has offered retirement incentives through the New York State Local Employees Retirement System. During 2002, the County paid \$103,615 for incentives.

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 2002, 548 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 2002, the cost of this program was approximately \$1,283,022. 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, 2002, were \$345,939 for 110 retirees.

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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, 2002, was \$3,416,737 and \$213,764. Business type activities interest expense was directly related to the Sewer Fund and has been included as a direct function expense.

Details relating to general obligation (serial) bonds of the County outstanding at December 31, 2002, 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	\$ 215,000
Improvement, 1986	2004	6.75	326,000
Improvement, 1987	2007	8.00	725,000
Improvement, 1988	2007	6.75	14,000
Improvement, 1990	2009	7.10	440,500
Pension Systems, 1993	2005	6.80	1,009,050
Improvement, 1995	2010	4.70-5.00	2,969,166
Improvement, 1996	2014	5.30-5.40	3,980,000
Advance Refunding, 1998	2012	4.00-5.50	12,779,000
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	11,155,825
Improvement 2002	2022	4.25-4.75	8,073,566
			<u>63,032,575</u>

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Description of Issue	Final Maturity	Interest Rate	Balance
Business-Type Activities			
Improvement, 1988	2007	6.75	1,926,000
Pension Systems, 1993	2005	6.80	40,950
Improvement, 1998	2014	4.00-5.50	458,000
Sewer District EFC, 1999	2018	4.313	830,000
Improvement, 2000	2019	5.00-5.375	205,600
Sewer District EFC, 2001	2015	3.43-4.83	890,000
			<u>4,350,550</u>
Community College:			
Series A, 1965	2003	3.75	70,000
Series B, 1965	2005	3.00	175,000
Bonds Issued by DASNY	2014-2028	4.00-6.13	14,170,693
Serial Bonds – County	2002-2019	4.00-8.75	8,865,133
			<u>23,280,826</u>
Authority:			
1992 Revenue Bonds - Refunding	2015	4.10-6.75	39,090,000
OTASC			
Tobacco Settlement Bonds	2042	5.00-6.625	55,570,000
Total Reporting Entity			<u><u>\$185,323,951</u></u>

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, 2002, for the County, Authority, and OTASC, and for the year ended August 31, 2002, for the Community College.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds	\$ 58,360,351	\$ 8,073,566	\$ (3,401,342)	\$ 63,032,575	\$ 3,596,657
Compensated Absences	1,974,959	4,102,098	(4,109,874)	1,967,183	1,967,183
Retirement	96,516		(96,516)		
Accrued Workers' Compensation	3,941,111	210,849		4,151,960	1,370,145
Judgments and Claims	328,600	117,000	(328,600)	117,000	117,000
Total Governmental Activities	<u>\$ 64,701,537</u>	<u>\$ 12,503,513</u>	<u>\$ (7,936,332)</u>	<u>\$ 69,268,718</u>	<u>\$ 7,050,985</u>
Business Type Activities					
Bonds	\$ 4,895,074		\$ (544,524)	\$ 4,350,550	\$ 573,650
Compensated Absences	84,000	179,803	(182,553)	81,250	81,250
Total Business Type Activities	<u>\$ 4,979,074</u>	<u>\$ 179,803</u>	<u>\$ (727,077)</u>	<u>\$ 4,431,800</u>	<u>\$ 654,900</u>
Component Units					
Bonds	\$122,111,833		\$ 4,171,007	\$117,940,826	\$ 3,400,574
Premium on Bonds	820,361		104,339	716,022	104,339
Leases	663,258		252,382	410,876	259,348
Compensated Absences		2,198,566		2,198,566	200,000
Total Component Units	<u>\$123,595,452</u>	<u>\$ 2,198,566</u>	<u>\$ 4,527,728</u>	<u>\$121,266,290</u>	<u>\$ 3,964,261</u>

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NOTES TO BASIC FINANCIAL STATEMENTS
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Principal and interest payments due on serial bonds outstanding at December 31, 2002, for the Primary Government are as follows:

	<u>Primary Government</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 4,170,307	\$ 3,235,235	\$ 3,400,574	\$ 6,904,772
2004	4,012,741	2,851,384	3,222,039	6,720,249
2005	6,700,937	2,594,182	3,855,127	6,522,409
2006	5,952,170	2,287,388	6,462,567	6,298,502
2007	6,002,344	2,009,241	4,030,377	5,974,345
2008-2012	25,222,709	6,494,505	23,205,550	26,660,913
2013-2017	11,808,572	2,872,693	15,170,616	20,772,946
2018-2022	3,513,345	307,951	12,181,011	17,290,425
2023-2027			12,077,659	13,662,369
2028-2032			11,240,306	9,920,083
2033-2037			11,275,000	6,363,044
2038-2042			<u>11,820,000</u>	<u>2,324,878</u>
Total	<u>\$ 67,383,125</u>	<u>\$ 22,652,579</u>	<u>\$ 117,940,826</u>	<u>\$ 129,414,935</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.

- 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 \$168,750 at December 31, 2002, 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 \$572,591 at December 31, 2002, 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 \$741,341.

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COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2002

- 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, 2002, are summarized as follows:

	Due From					
	Total	General Fund	Debt Service	Other Governmental Funds	Business Type	Agency
Due to:						
General	\$ 12,034,178	\$	\$	\$ 1,922,465	\$ 1,138,082	\$ 8,973,631
Debt Service	934,100			248,807	685,293	
Other Governmental Funds	1,295,641	426,329	250,000	598,387	2,632	18,293
Business Type	1,477,825	1,477,623		202		
Agency	<u>7,146,385</u>	<u>5,699,109</u>	<u>690,773</u>	<u>756,503</u>		
Total	<u>\$ 22,888,129</u>	<u>\$ 7,603,061</u>	<u>\$ 940,773</u>	<u>\$ 3,526,364</u>	<u>\$ 1,826,007</u>	<u>\$ 8,991,924</u>

III. OPERATING TRANSFERS

The following is a summary of operating transfers for the year ended December 31, 2002:

Transfers To	Transfers From		
	Total	General	Other Governmental Funds
Debt Service	\$ 4,798,631	\$ 4,758,563	\$ 40,068
Other Governmental Funds	<u>4,480,309</u>	<u>4,480,309</u>	
Total	<u>\$ 9,278,940</u>	<u>\$ 9,238,872</u>	<u>\$ 40,068</u>

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COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2002

During the year ended December 31, 2002, the County received \$302,028 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, 2002, was \$335,382.

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, 2002, was \$44,549 and \$12,796, respectively.

The remaining General Fund special reserves balance represents PCAP Program of \$29,649 and handicapped parking fees of \$970.

Based on a memorandum of understanding in 1998 the County collected all rental proceeds less deductions for landlord obligations from the rental of the Mohawk Glen Club building. All proceeds of rent and the subsequent sale were designated towards economic development. The amount designated in the General Fund at December 31, 2002, was \$965,872.

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, 2002, 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, 2002, for the Community College:

See Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2002

Fiscal Year Ending <u>August 31,</u>	<u>Amount</u>
2003	\$ 279,200
2004	110,262
2005	39,490
2006	<u>15,482</u>
Total Minimum Lease Payments	444,434
Less: Amounts Representing Interest Present Value of Net Minimum Lease Payments	<u>33,558</u>
	<u>\$ 410,876</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, 2002, the County recorded a liability of \$117,000 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 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.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2002

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 \$12,959,659 reported in the fund at December 31, 2002, 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, 2002. Changes in the fund's accrued claims liabilities for the year ended December 31, 2002, are as follows:

	<u>Beginning of Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Year End</u>
2002	\$ 11,980,185	\$ 4,506,756	\$ 3,527,282	\$ 12,959,659

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.

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COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2002

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 \$348,770 accrued at December 31, 2002, 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 2001. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

See Independent Auditor's Report.

Section C

Supplemental Schedules

COUNTY OF ONEIDA, NEW YORK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2002

	Special Grant	County Road	Road Machinery	Capital	Total Current Year
Assets					
Cash and Cash Equivalents	\$	\$ 2,304,409	\$ 44,748	\$ 12,035,345	\$ 14,384,502
Other Receivables	1,106,645	755,868	4,420		1,866,933
Due From					
State and Federal Governments				185,609	185,609
Other Funds	<u>7,691</u>	<u>(21,554)</u>	<u>377,613</u>	<u>931,891</u>	<u>1,295,641</u>
Total Assets	<u>\$ 1,114,336</u>	<u>\$ 3,038,723</u>	<u>\$ 426,781</u>	<u>\$ 13,152,845</u>	<u>\$ 17,732,685</u>
Liabilities and Fund Equity					
Liabilities					
Accounts Payable	\$ 274,637	\$ 733,174	\$ 59,610	\$ 960,962	\$ 2,028,383
Accrued Liabilities	37,121	228,653			265,774
Due to Other Governments				144,166	144,166
Due to Other Funds	<u>756,503</u>	<u>1,893,221</u>	<u>340,319</u>	<u>536,321</u>	<u>3,526,364</u>
Total Liabilities	<u>1,068,261</u>	<u>2,855,048</u>	<u>399,929</u>	<u>1,641,449</u>	<u>5,964,687</u>
Fund Equity					
Fund Balance - Reserved					
Reserve for Encumbrances	7,006	10,205	2,169	5,905,985	5,925,365
Fund Balance - Unreserved					
Undesignated	<u>39,069</u>	<u>173,470</u>	<u>24,683</u>	<u>5,605,411</u>	<u>5,842,633</u>
Total Fund Equity	<u>46,075</u>	<u>183,675</u>	<u>26,852</u>	<u>11,511,396</u>	<u>11,767,998</u>
Total Liabilities and Fund Equity	<u>\$ 1,114,336</u>	<u>\$ 3,038,723</u>	<u>\$ 426,781</u>	<u>\$ 13,152,845</u>	<u>\$ 17,732,685</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, 2002

	Special Grant	County Road	Road Machinery	Capital	Total Current Year
Revenues					
Departmental Income	\$	\$ 65,457	\$	\$ 10,655	\$ 76,112
Intergovernmental Charges		2,687,158			2,687,158
Use of Money and Property		420	11,360		11,780
Licenses and Permits		9,350			9,350
Sale of Property and Compensation for Loss		455	19,363		19,818
Miscellaneous Local Sources	2,402	4,413		12,601	19,416
Interfund Revenues	456,759	776,208	1,358,139		2,591,106
State and Federal Aid	<u>2,953,878</u>	<u>2,099,970</u>	<u>1,388,862</u>	<u>5,318,671</u>	<u>10,372,519</u>
Total Revenues	<u>3,413,039</u>	<u>5,643,431</u>	<u>1,388,862</u>	<u>5,341,927</u>	<u>15,787,259</u>
Other Financing Sources					
Transfers from Other Funds	281,649	4,048,660		150,000	4,480,309
Proceeds of Obligations				<u>8,073,566</u>	<u>8,073,566</u>
Total Revenues and Other Financing Sources	<u>3,694,688</u>	<u>9,692,091</u>	<u>1,388,862</u>	<u>13,565,493</u>	<u>28,341,134</u>
Expenditures					
General Government Support				10,619,340	10,619,340
Public Safety				613,182	613,182
Public Health				70,678	70,678
Transportation		9,641,818	1,386,691	7,213,593	18,242,102
Economic Assistance and Opportunity	3,694,054				3,694,054
Culture and Recreation				<u>4,849</u>	<u>4,849</u>
Total Expenditures	<u>3,694,054</u>	<u>9,641,818</u>	<u>1,386,691</u>	<u>18,521,642</u>	<u>33,244,205</u>
Other Financing (Uses)					
Transfers to Other Funds		<u>40,068</u>			<u>40,068</u>
Total Expenditures and Other Financing (Uses)	<u>3,694,054</u>	<u>9,681,886</u>	<u>1,386,691</u>	<u>18,521,642</u>	<u>33,284,273</u>
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	634	10,205	2,171	(4,956,149)	(4,943,139)
Fund Balance, Beginning of Year	<u>45,441</u>	<u>173,470</u>	<u>24,681</u>	<u>16,467,545</u>	<u>16,711,137</u>
Fund Balance, End of Year	<u>\$ 46,075</u>	<u>\$ 183,675</u>	<u>\$ 26,852</u>	<u>\$ 11,511,396</u>	<u>\$ 11,767,998</u>