

**COUNTY OF ONEIDA,  
NEW YORK**

*Basic Financial Statements, Required  
Supplementary Information, Supplemental  
Schedules, and Federal and New York  
State Department of Transportation  
Financial Assistance Schedules for the  
Year Ended December 31, 2012 and  
Independent Auditors' Reports*



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*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

Honorable County Executive and County Legislature  
County of Oneida, New York:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Oneida, New York (the "County") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oneida-Herkimer Solid Waste Management Authority which represent 51%, 74%, and 26%, respectively, of the assets, net position, and revenue of the discretely presented component units. We also did not audit the financial statements of the Mohawk Valley Community College which represent 49%, 26% and 74%, respectively, of the assets, net position and revenue of the discretely presented component units. We also did not audit the financial statements of the Oneida Tobacco Asset Securitization Corporation, which represent 31%, 38%, and 21%, respectively, of the assets, fund balance, and revenues of the non-major governmental funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for discretely presented component units and a blended component unit is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Oneida, New York, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General and Debt Service Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 4-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Combining Balance Sheet – Non-Major Governmental Funds and Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds are presented for purpose of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of New York State Department of Transportation assistance is presented for the purpose of additional analysis as required by the New York State Department of Transportation and Draft Part 43 of the New York State Codification of Rules and Regulations, and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Dreacher & Malecki LLP*

July 11, 2013

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**COUNTY OF ONEIDA, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2012**

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As management of the County of Oneida (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information contained in the financial statements and notes to the financial statements. All amounts, unless otherwise indicated, are expressed in dollars.

**Financial Highlights**

- ◆ The assets of the County, excluding discretely presented component units (the Oneida-Herkimer Solid Waste Authority and the Mohawk Valley Community College), exceeded total liabilities and at the close of the most recent fiscal year by \$110,836,818 (*net position*). The County has an unrestricted net position of \$18,287,268 at December 31, 2012.
- ◆ The primary government's total net position increased by \$5,401,189 during the current fiscal year. The increase mainly represents an increase in governmental activities net position of \$5,728,083 due to increasing revenues from real property and sales taxes that outpaced expenses.
- ◆ As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$46,457,328, an increase of \$6,148,811 in comparison with the prior year. This increase is mainly attributed to operating revenues exceeding expenditures.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14,153,073 or 4.6 percent of total General Fund expenditures.
- ◆ Net positions for the discretely presented component units, the Oneida-Herkimer Solid Waste Authority and the Mohawk Valley Community College, were \$29,053,764 at December 31, 2012 and \$10,252,534 at August 31, 2012, respectively.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) governmental-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets and liabilities of the County's primary government, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to remove all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government support, education, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services. The business-type activities of the County include the Sewer Fund and the Workers Compensation Fund.

The government-wide financial statements include, not only the County itself (known as the *primary government*), but also a legally separate college (Mohawk Valley Community College) and a legally separate agency (Oneida-Herkimer Solid Waste Authority) for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15-16 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and the fiduciary fund.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and Debt Service Funds, which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregate presentation.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-22 of this report.

**Proprietary funds.** The County maintains two individual enterprise funds. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its sewer operations and to account for the operation of the workers' compensation public entity risk pool.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Sewer Fund and Workers' Compensation Fund which are considered to be major funds of the County.

The basic proprietary fund financial statements can be found on pages 23-26 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the County's own programs. The accounting used for the fiduciary funds are much like that used for proprietary funds. The County maintains one fiduciary fund, the Agency Fund.

The basic fiduciary fund financial statement can be found on page 27 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-55 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* and other information.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$110,836,818 at the close of the most recent fiscal year.

**THE COUNTY OF ONEIDA'S NET POSITION**

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 127,904,033	\$ 118,662,375	\$ 19,817,298	\$ 23,815,616	\$ 147,721,331	\$ 142,477,991
Capital assets	<u>246,618,748</u>	<u>246,150,312</u>	<u>29,087,105</u>	<u>29,254,714</u>	<u>275,705,853</u>	<u>275,405,026</u>
Total assets	<u>374,522,781</u>	<u>364,812,687</u>	<u>48,904,403</u>	<u>53,070,330</u>	<u>423,427,184</u>	<u>417,883,017</u>
Current liabilities	57,894,040	56,462,485	11,146,199	16,767,060	69,040,239	73,229,545
Non-current liabilities	<u>225,830,301</u>	<u>223,279,845</u>	<u>17,719,826</u>	<u>15,937,998</u>	<u>243,550,127</u>	<u>239,217,843</u>
Total liabilities	<u>283,724,341</u>	<u>279,742,330</u>	<u>28,866,025</u>	<u>32,705,058</u>	<u>312,590,366</u>	<u>312,447,388</u>
Net position:						
Net investment in						
capital assets	59,798,674	50,547,245	11,367,279	14,022,882	71,165,953	64,570,127
Restricted	21,383,597	15,689,614	-	-	21,383,597	15,689,614
Unrestricted	<u>9,616,169</u>	<u>18,833,498</u>	<u>8,671,099</u>	<u>6,342,390</u>	<u>18,287,268</u>	<u>25,175,888</u>
Total net position	<u>\$ 90,798,440</u>	<u>\$ 85,070,357</u>	<u>\$ 20,038,378</u>	<u>\$ 20,365,272</u>	<u>\$ 110,836,818</u>	<u>\$ 105,435,629</u>

At the end of the current fiscal year, the County's governmental activities is able to report positive balances in all three categories of net position; net investment in capital assets, restricted net position and unrestricted net position.

The business-type activity reports positive balances in both unrestricted net position and net investment in capital assets.

An additional portion of the County's net position represents resources that are subject to external restrictions on how they may be used.

The County's total net position increased \$5,401,189 during the current fiscal year. Key elements of this increase are as follows:

**THE COUNTY OF ONEIDA'S CHANGES IN NET POSITION**

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 43,706,419	\$ 38,286,084	\$ 17,942,880	\$ 16,507,520	\$ 61,649,299	\$ 54,793,604
Operating grants and contributions	106,020,820	111,677,643	-	-	106,020,820	111,677,643
Capital grants and contributions	1,449,714	5,438,676	-	-	1,449,714	5,438,676
General revenues:						
Real property taxes and tax items	73,314,654	72,236,112	-	-	73,314,654	72,236,112
Non-property taxes	129,508,401	125,751,087	-	-	129,508,401	125,751,087
Use of money and property	2,121,832	2,088,807	-	-	2,121,832	2,088,807
Other	3,148,948	3,743,541	-	-	3,148,948	3,743,541
Total revenues	<u>359,270,788</u>	<u>359,221,950</u>	<u>17,942,880</u>	<u>16,507,520</u>	<u>377,213,668</u>	<u>375,729,470</u>
Expenses:						
General government support	64,375,918	65,530,838	-	-	64,375,918	65,530,838
Education	22,818,115	22,687,685	-	-	22,818,115	22,687,685
Public safety	45,011,764	40,805,086	-	-	45,011,764	40,805,086
Health	19,445,523	19,444,118	-	-	19,445,523	19,444,118
Transportation	27,597,689	32,848,464	-	-	27,597,689	32,848,464
Economic opportunity and development	160,336,672	153,098,671	-	-	160,336,672	153,098,671
Culture and recreation	1,011,702	1,645,211	-	-	1,011,702	1,645,211
Home and community services	2,932,377	2,919,087	17,690,216	13,450,710	20,622,593	16,369,797
Interest and fiscal charges	10,012,945	10,578,877	579,558	606,140	10,592,503	11,185,017
Unallocated depreciation	-	7,479,185	-	-	-	7,479,185
Total expenses	<u>353,542,705</u>	<u>357,037,222</u>	<u>18,269,774</u>	<u>14,056,850</u>	<u>371,812,479</u>	<u>371,094,072</u>
Change in net position	5,728,083	2,184,728	(326,894)	2,450,670	5,401,189	4,635,398
Net position—beginning	<u>85,070,357</u>	<u>82,885,629</u>	<u>20,365,272</u>	<u>17,914,602</u>	<u>105,435,629</u>	<u>100,800,231</u>
Net position—ending	<u>\$ 90,798,440</u>	<u>\$ 85,070,357</u>	<u>\$ 20,038,378</u>	<u>\$ 20,365,272</u>	<u>\$ 110,836,818</u>	<u>\$ 105,435,629</u>

**Governmental activities.** Governmental activities increased the County's net position by \$5,728,083. A summary of revenues for governmental activities for the years ended December 31, 2012 and 2011 is presented on the following page.

**SUMMARY OF REVENUES — GOVERNMENTAL ACTIVITIES**

	Year Ended December 31,		Increase/(Decrease)	
	2012	2011	\$	%
Charges for services	\$ 43,706,419	\$ 38,286,084	\$ 5,420,335	14.2
Operating and capital grants	107,470,534	117,116,319	(9,645,785)	(8.2)
Property taxes and tax items	73,314,654	72,236,112	1,078,542	1.5
Non-property taxes	129,508,401	125,751,087	3,757,314	3.0
Use of money and property	2,121,832	2,088,807	33,025	1.6
Other	3,148,948	3,743,541	(594,593)	(15.9)
Total revenues	<u>\$ 359,270,788</u>	<u>\$ 359,221,950</u>	<u>\$ 48,838</u>	0.0

- ◆ Property taxes and tax items increased by \$1,078,542, or 1.5 percent from the prior year, which is the result of a property tax increase from the prior year.
- ◆ Charges for services increased by \$5,420,335, or 14.2 percent from 2011. This total includes increases in public safety revenues for boarding prisoners, and charges to other governments for community college expenses.
- ◆ Non-property taxes (primarily sales tax) increased by \$3,757,314, or 3.0 percent from the prior year, which is a result of favorable sales within the County as compared to the prior year.

The most significant sources of revenues for governmental activities are non-property taxes, which account for 36.0 percent of total revenue; operating and capital grants, which account for 29.9 percent of total revenues; and property taxes and tax items, which account for 20.4 percent of total revenues for the year ended December 31, 2012.

A summary of program expenses of governmental activities for the years ended December 31, 2012 and 2011 is presented below.

**SUMMARY OF PROGRAM EXPENSES — GOVERNMENTAL ACTIVITIES**

	Year Ended December 31,		Increase/(Decrease)	
	2012	2011	Dollars	Percent
General government support	\$ 64,375,918	\$ 65,530,838	\$ (1,154,920)	(1.8)
Education	22,818,115	22,687,685	130,430	0.6
Public safety	45,011,764	40,805,086	4,206,678	10.3
Health	19,445,523	19,444,118	1,405	0.0
Transportation	27,597,689	32,848,464	(5,250,775)	(16.0)
Economic assistance and opportunity	160,336,672	153,098,671	7,238,001	4.7
Culture and recreation	1,011,702	1,645,211	(633,509)	(38.5)
Home and community services	2,932,377	2,919,087	13,290	0.5
Interest and fiscal charges	10,012,945	10,578,877	(565,932)	(5.3)
Unallocated depreciation	-	7,479,185	(7,479,185)	(100.0)
Total program expenses	<u>\$ 353,542,705</u>	<u>\$ 357,037,222</u>	<u>\$ (3,494,517)</u>	(1.0)

The County saw the largest decrease in the transportation category, which decreased \$5,250,775 or 16.0 percent, from the prior year due to fewer funds received in the form of State and Federal aid. The County also saw an increase of \$4,206,678, or 10.3 percent, in the public safety category, mainly due to increased

employee benefits expenses and depreciation on the jail facilities. In 2012, the County allocated the previously reported unallocated depreciation expense across the various governmental activities.

The County’s most significant expense categories for governmental activities are economic assistance and opportunity (primarily composed of social service costs), which accounts for approximately 45.4 percent of program expenses; general government support expenses, which accounts for approximately 18.2 percent of program expenses; and public safety expenses which are approximately 12.7 percent of program expenses.

**Business-type activities.** Business-type activities (Sewer and Workers’ Compensation Funds) decreased the County’s total net position by \$326,894. Operating revenues and expenses for the year ended December 31, 2012 increased 8.7 percent and 31.5 percent, respectively, from the year ended December 31, 2011.

A summary of operating revenues and operating expenses for the County’s business-type activities for the years ended December 31, 2012 and 2011 is presented as follows:

**SUMMARY OF OPERATING REVENUES AND EXPENSES — BUSINESS-TYPE ACTIVITIES**

	Year Ended December 31,		Increase/(Decrease)	
	2012	2011	\$	%
Operating revenues:				
Charges for services	\$ 17,942,880	\$ 16,507,520	\$ 1,435,360	8.7
Total operating revenues	<u>\$ 17,942,880</u>	<u>\$ 16,507,520</u>	<u>\$ 1,435,360</u>	8.7
Operating expenses:				
Salary and wages	\$ 2,492,684	\$ 2,471,371	\$ 21,313	0.9
Employee benefits	1,033,296	989,196	44,100	4.5
Contractual expenses	13,537,813	9,367,203	4,170,610	44.5
Depreciation	626,423	622,940	3,483	0.6
Total operating expenses	<u>\$ 17,690,216</u>	<u>\$ 13,450,710</u>	<u>\$ 4,239,506</u>	31.5

The most significant source of revenues relating to the County’s business-type activities is charges for services, which increased by 8.7 percent during 2012. This was primarily due to an increase in both sewer rates and Workers’ Compensation premiums charged to participants.

Operating expenses increased by \$4,239,506 or 31.5%. This increase is due to expenses for sewer system repairs undertaken to comply with a New York State Department of Environmental Conservation Consent Order.

**Financial Analysis of the Government’s Funds**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental funds.** The focus of the County’s *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the County’s financing requirements. In particular, *unassigned fund balance and fund balance assigned to the special revenue funds* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the County’s Legislature.

As of the end of the current fiscal year, the County governmental funds reported combined ending fund balances of \$46,457,328, an increase of \$6,148,811 in comparison with the prior year. This is the net result of the \$8,248,694 operating surplus achieved in the general fund, and operating deficit of \$2,099,883 in the County's remaining funds. This deficit reflects timing differences between capital projects' expenditures and the subsequent receipt of federal and state reimbursements.

The total unassigned fund balance of the County is \$14,153,073. The County also reports certain nonspendables, restrictions, and assignments to indicate that fund balance is not available for new spending because it has already been committed for 1) prepaid items and inventory, 2) tax certiorari, 3) economic development, 2) payment of debt, 3) tax stabilization, 4) handicapped parking, 5) retirement contributions 6) DWI Fees, 7) fiscal stability, 8) sheriff forfeiture, 9) capital projects, 10) liquidation of contracts and purchase orders of the prior period, 8) subsequent year's expenditures, or 9) specific purpose.

**THE COUNTY OF ONEIDA'S GOVERNMENTAL FUNDS' FUND BALANCES**

	General	Debt Service Fund	Other Governmental Funds
Net change in fund balances	\$ 8,248,694	\$ (222,285)	\$ (1,877,598)
Nonspendable	5,667		180
Unassigned or assigned to specific use	16,342,238	-	629,113
Committed	1,000,000	-	-
Restricted	16,390,652	308,039	11,781,439
Total fund balances	33,738,557	308,039	12,410,732
Percentage unassigned or assigned to specific use	48.4%	100.0%	5.1%

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$14,153,073, while total fund balance was \$33,738,557. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 4.6 percent of total General Fund expenditures, while total fund balance represents approximately 10.9 percent of that same amount. The fund balance of the General Fund increased by \$8,248,694 during the current fiscal year namely due to increased sales tax receipts and expenditure containment.

The fund balance in the Debt Service Fund decreased from \$530,324 at December 31, 2011 to \$308,039 at December 31, 2012. The decrease is the result of a budgeted appropriation used toward debt principal and interest payments.

**Proprietary funds.** The County's proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail.

The unrestricted net position of Sewer Fund at December 31, 2012, amounted to \$8,671,099 and the total net position was \$20,038,378. During 2012, this total net position decreased from the prior year by \$326,894. The operating activities of the Sewer Fund from 2012 showed an operating income of \$252,664 and the nonoperating revenues and expenses (interest expense of \$579,558) resulted in a total reduction of the net position.



## **General Fund Budgetary Highlights**

The *Statements of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual* for the County's major funds which adopt an annual budget provide the reader of the statements detailed information about how the County's budgets were amended throughout the year. In addition, "budget to actual" variances are displayed.

The County's adopted budget assumed that the General Fund would require the use of \$2,054,670 of appropriated fund balance to meet operational needs; additionally outstanding encumbrances from the prior year resulted in the appropriation of \$231,578 of fund balance.

Throughout the year, the County's budget is modified, usually to reflect the acceptance of new state and federal grants and other supplemental appropriations. These explain the majority of the increases in appropriations and revenue from the adopted to modified budget scenarios. Significant amendments during 2012 were for various health program grants as well as appropriations of increased jail revenues transferred to the capital fund for jail repairs and improvements. The largest supplemental appropriation was to account for the gross sales taxes proceeds received from New York State that are then paid by the County to the towns and villages. These pass through amounts are not included in the adopted budget totals. This adjustment in 2012 was for \$36.6 million and increases the non-property tax items revenue and the general government support expenditures. Overall, the General Fund's budgeted appropriations increased by approximately 13.4 percent during the year.

For the General Fund, actual revenues were less than budgeted by \$7,573,205. This significant variance in budgeted revenues is attributable to state and federal aid, which consisted primarily of aid for social service programs. These program revenues are based on reimbursement expenditures which were significantly lower than budgeted for in 2012.

The General Fund had a favorable variance from final budgetary appropriations of \$18,396,107. The primary positive variances were realized in economic assistance and opportunity, public safety, and general government support. The County achieved savings in several other budgeted areas, with the most significant being education.

## **Capital Asset and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2012 amounts to \$275,705,853 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, infrastructure, and machinery and equipment.

A summary of the County's capital assets is as follows:

**THE COUNTY OF ONEIDA'S CAPITAL ASSETS  
(Net of Depreciation)**

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 11,783,969	\$ 11,783,969	\$ -	\$ -	\$ 11,783,969	\$ 11,783,969
Construction in progress	108,432,422	101,911,208	18,953,794	18,501,151	127,386,216	120,412,359
Land improvements	1,038,901	1,466,875	-	-	1,038,901	1,466,875
Buildings and building improvements	55,670,249	58,893,517	6,383,772	6,802,911	62,054,021	65,696,428
Equipment	12,580,769	14,099,399	261,807	283,041	12,842,576	14,382,440
Licensed vehicles	-	-	65,082	96,359	65,082	96,359
Infrastructure	57,112,438	57,995,344	3,422,650	3,571,252	60,535,088	61,566,596
<b>Total</b>	<b>\$ 246,618,748</b>	<b>\$ 246,150,312</b>	<b>\$ 29,087,105</b>	<b>\$ 29,254,714</b>	<b>\$ 275,705,853</b>	<b>\$ 275,405,026</b>

Total government activities capital asset additions for 2012 were \$12,197,570, with major additions being infrastructure and construction in process, which represented \$10,744,327 during the year ended December 31, 2012. Governmental activities depreciation for 2012 was \$11,458,343.

Business-type activities had capital asset acquisitions of \$458,814 for 2012, which represents construction in process and new equipment purchases. Business-type activities depreciation for 2012 was \$626,423.

The County's infrastructure assets are recorded at historical cost in the government-wide financials statements. The County has elected to depreciate its infrastructure assets. Additional information on County's capital assets can be found in Note 4 of this report.

**Long-term debt.** The County currently has approximately \$194 million in total bonded debt for functions considered governmental activities. This includes serial bonds (and accreted interest on capital appreciation bonds) and bonds issued by the Oneida Tobacco Asset Securitization Corporation (the "OTASC").

As previously discussed, the OTASC is considered a component unit of the County and its long-term debt is included within the non-current liabilities of the County. The long-term debt of OTASC at December 31, 2012 is \$85,804,455. OTASC was created by the County in 2001 for the purpose of issuing bonds backed by the County's interests in the national tobacco Master Settlement Agreement ("MSA") in exchange for the County's future rights to a portion of this revenue stream. The County was entitled to the proceeds of this sale as compensation.

The County's business-type activity, Sewer Fund, also has long-term debt issued and recorded as a liability. The amount outstanding primarily consists of serial bonds. The outstanding principal totals \$16,685,595 as of December 31, 2012.

The County also has recorded debt for deferred pension liabilities and compensated absences.

The County has an "A1" rating from Moody's Investors Service and an A+ rating from Standard & Poor's.

For additional information on the County's long-term debt, refer to Note 11 of this report.

### **Economic Factors and Next Year's Budgets**

New York State requires that counties expend significant local resources for unfunded mandates. In recent years, rapid growth in some of these programs has placed fiscal stress on many counties, including Oneida.

In particular, the expansion of the state run Medicaid program has caused the County to experience expenditure increases despite a "cap" in the percentage of annual growth. The actual increase from 2011 to 2012 was \$1,424,196 and the budget for 2013 was increased by an additional \$948,000.

The current national economic conditions will also place stress on New York State counties over the foreseeable future. As a result of the difficult economy, the County may need to fund increases in mandated economic assistance programs, particularly the Safety Net program which is largely county funded. This program covers recipients that have exceeded the maximum coverage allowed under the Temporary Assistance to Needy Families Program. Expenditures for Safety Net increased by \$1,673,650 from 2011 to 2012 and are budgeted for 2013 at \$13,000,000.

Other significant risks include:

- ◆ Rising employee benefit costs in the form of increased contributions to the New York State Local Retirement System, and for rising health insurance premiums for both active employees and retirees.
- ◆ Increasing home and community expenses, due to an aging sewer system and other capital assets requiring significant future investments in infrastructure.

Despite these factors, Oneida County was able to develop a budget for 2013 which did not rely heavily upon fund balance or a significant property tax increase to fund its operations. The County's economic development efforts have been successful in attracting new technology jobs and adding additional retail business. The County's property tax base has remained stable despite the overall national housing market.

### **Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Joseph J. Timpano, County Comptroller, 800 Park Avenue, Utica, New York 13501.

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# BASIC FINANCIAL STATEMENTS



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**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Net Position**  
**December 31, 2012**

	<b>Primary Government</b>			<b>Component Units</b>	
	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>	<b>Oneida-Herkimer</b>	<b>Mohawk Valley</b>
	<b>Activities</b>	<b>Activities</b>		<b>Solid Waste</b>	<b>Community</b>
				<b>College</b>	<b>August 31, 2012</b>
				<b>Management</b>	
				<b>Authority</b>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 993,450	\$ 11,292,748	\$ 12,286,198	\$ 8,239,159	\$ 22,123,794
Restricted cash	21,027,030	-	21,027,030	-	-
Deposits with trustees	4,720,878	-	4,720,878	-	1,269,342
Investments	-	-	-	5,335,721	3,572,014
Property taxes receivable (net of allowance)	33,679,269	-	33,679,269	-	-
Other receivables (net of allowance)	3,902,428	4,552,168	8,454,596	2,806,824	1,817,696
Sudent loan receivable, net of all	-	-	-	-	1,257,410
State and federal receivables	55,356,042	-	55,356,042	-	-
Internal balances	106,053	(106,053)	-	-	-
Due from agency fund	2,083	-	2,083	-	-
Due from other governments	6,152,001	4,078,435	10,230,436	-	4,184,554
Other assets	1,958,952	-	1,958,952	716,537	277,372
Inventories	-	-	-	-	554,407
Prepays	5,847	-	5,847	285,809	466,486
Other assets	-	-	-	-	50,544
Restricted assets	-	-	-	19,114,775	150,050
Capital assets not being depreciated	120,216,391	18,953,794	139,170,185	-	-
Capital assets, net of accumulated depreciation	<u>126,402,357</u>	<u>10,133,311</u>	<u>136,535,668</u>	<u>46,913,563</u>	<u>45,363,482</u>
Total assets	<u>374,522,781</u>	<u>48,904,403</u>	<u>423,427,184</u>	<u>83,412,388</u>	<u>81,087,151</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	11,301,975	653,576	11,955,551	1,238,371	5,223,812
Accrued liabilities	35,539,956	10,492,623	46,032,579	463,651	-
Due to other governments	10,747,721	-	10,747,721	-	-
Due to related organizations	-	-	-	-	634,811
Unearned revenue	304,388	-	304,388	647,211	5,080,967
Other liabilities	-	-	-	-	1,412,679
Noncurrent liabilities:					
Due within one year	13,213,177	1,276,385	14,489,562	5,505,000	2,058,485
Due within more than one year	212,617,124	16,443,441	229,060,565	46,504,391	56,423,863
Total liabilities	<u>283,724,341</u>	<u>28,866,025</u>	<u>312,590,366</u>	<u>54,358,624</u>	<u>70,834,617</u>
<b>NET POSITION</b>					
Net investment in capital assets	59,798,674	11,367,279	71,165,953	415,968	5,437,076
Restricted for:				15,751,992	5,841,147
Tax Certiorari	575,000	-	575,000	-	-
Economic development	1,250,000	-	1,250,000	-	-
Handicap parking	5,668	-	5,668	-	-
Retirement contributions	2,000,000	-	2,000,000	-	-
DWI fees	231,087	-	231,087	-	-
Fiscal stability	12,000,000	-	12,000,000	-	-
Sheriff forfeiture	14,415	-	14,415	-	-
Debt	4,992,945	-	4,992,945	-	-
Capital projects	314,482	-	314,482	-	-
Unrestricted	9,616,169	8,671,099	18,287,268	12,885,804	(1,025,689)
Total net position	<u>\$ 90,798,440</u>	<u>\$ 20,038,378</u>	<u>\$ 110,836,818</u>	<u>\$ 29,053,764</u>	<u>\$ 10,252,534</u>

The notes to the financial statements are an integral part of this statement.



**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Activities**  
**Year Ended December 31, 2012**

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Oneida-Herkimer Solid Waste Management Authority	Mohawk Valley Community College August 31, 2012	
					Governmental Activities	Business-type Activities			Total
Primary government:									
Governmental activities:									
General government support	\$ 64,375,918	\$ 13,514,559	\$ 4,229,285	\$ 61,669	\$ (46,570,405)	\$ -	\$ (46,570,405)	\$ -	\$ -
Education	22,818,115	4,017,889	7,257,703	-	(11,542,523)	-	(11,542,523)	-	-
Public safety	45,011,764	7,806,143	2,071,271	519,221	(34,615,129)	-	(34,615,129)	-	-
Health	19,445,523	3,462,286	14,623,700	-	(1,359,537)	-	(1,359,537)	-	-
Transportation	27,597,689	7,096,196	3,742,092	830,830	(15,928,571)	-	(15,928,571)	-	-
Economic assistance and opportunity	160,336,672	6,327,111	73,132,621	-	(80,876,940)	-	(80,876,940)	-	-
Culture and recreation	1,011,702	89,176	191,842	-	(730,684)	-	(730,684)	-	-
Home and community services	2,932,377	1,393,059	772,306	37,994	(729,018)	-	(729,018)	-	-
Interest and fiscal charges	10,012,945	-	-	-	(10,012,945)	-	(10,012,945)	-	-
Total governmental activities	<u>353,542,705</u>	<u>43,706,419</u>	<u>106,020,820</u>	<u>1,449,714</u>	<u>(202,365,752)</u>	<u>-</u>	<u>(202,365,752)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Sewer Fund	13,140,443	12,813,549	-	-	-	(326,894)	(326,894)	-	-
Workers' Compensation Fund	5,129,331	5,129,331	-	-	-	-	-	-	-
Total primary government	<u>\$ 371,812,479</u>	<u>\$ 61,649,299</u>	<u>\$ 106,020,820</u>	<u>\$ 1,449,714</u>	<u>(202,365,752)</u>	<u>(326,894)</u>	<u>(202,692,646)</u>	<u>-</u>	<u>-</u>
Component units:									
Solid Waste Management Authority	\$ 20,353,114	\$ 24,563,662	\$ 64,891	\$ -	-	-	-	4,275,439	-
Mohawk Valley Community College	72,788,772	46,081,943	23,320,527	-	-	-	-	-	(3,386,302)
Total component units	<u>\$ 93,141,886</u>	<u>\$ 70,645,605</u>	<u>\$ 23,385,418</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,275,439</u>	<u>(3,386,302)</u>
General revenues:									
Real property taxes and tax items					73,314,654	-	73,314,654	-	-
Non-property taxes					129,508,401	-	129,508,401	-	-
Use of money and property					2,121,832	-	2,121,832	464,855	-
Fines and forfeitures					673,368	-	673,368	-	-
Sale of property and compensation for loss					556,424	-	556,424	-	-
Miscellaneous					1,919,156	-	1,919,156	-	-
Total general revenues					<u>208,093,835</u>	<u>-</u>	<u>208,093,835</u>	<u>464,855</u>	<u>-</u>
Change in net position					5,728,083	(326,894)	5,401,189	4,740,294	(3,386,302)
Net position—beginning					<u>85,070,357</u>	<u>20,365,272</u>	<u>105,435,629</u>	<u>24,313,470</u>	<u>13,638,836</u>
Net position—ending					<u>\$ 90,798,440</u>	<u>\$ 20,038,378</u>	<u>\$ 110,836,818</u>	<u>\$ 29,053,764</u>	<u>\$ 10,252,534</u>

The notes to the financial statements are an integral part of this statement.

**COUNTY OF ONEIDA, NEW YORK**  
**Balance Sheet—Governmental Funds**  
**December 31, 2012**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 993,450	\$ 993,450
Restricted cash	13,474,936	-	7,552,094	21,027,030
Deposits with trustees	-	75,870	4,645,008	4,720,878
Property taxes receivable (net of allowance for uncollectibles)	196,277,047	-	-	196,277,047
Other receivables	2,865,740	392,849	643,839	3,902,428
State and federal receivables	55,356,042	-	-	55,356,042
Due from other funds	388,131	46,281	1,385,971	1,820,383
Due from other governments	6,152,001	-	-	6,152,001
Prepaid items	5,667	-	180	5,847
Total assets	<u>\$ 274,519,564</u>	<u>\$ 515,000</u>	<u>\$ 15,220,542</u>	<u>\$ 290,255,106</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 10,146,121	\$ -	\$ 1,155,854	\$ 11,301,975
Accrued liabilities	33,066,920	-	1,059,887	34,126,807
Due to other funds	1,019,360	121,631	571,256	1,712,247
Due to other governments	10,724,908	-	22,813	10,747,721
Total liabilities	<u>54,957,309</u>	<u>121,631</u>	<u>2,809,810</u>	<u>57,888,750</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue—property taxes	185,823,698	-	-	185,823,698
Unavailable revenue—outside agency debt	-	85,330	-	85,330
Total deferred inflows of resources	<u>185,823,698</u>	<u>85,330</u>	<u>-</u>	<u>185,909,028</u>
<b>FUND BALANCES</b>				
Nonspendable	5,667	-	180	5,847
Restricted	16,390,652	308,039	11,781,439	28,480,130
Committed	1,000,000	-	-	1,000,000
Assigned	2,189,165	-	629,113	2,818,278
Unassigned	14,153,073	-	-	14,153,073
Total fund balances	<u>33,738,557</u>	<u>308,039</u>	<u>12,410,732</u>	<u>46,457,328</u>
Total liabilities, deferred infows of resources and fund balances	<u>\$ 274,519,564</u>	<u>\$ 515,000</u>	<u>\$ 15,220,542</u>	<u>\$ 290,255,106</u>

The notes to the financial statements are an integral part of this statement.

**COUNTY OF ONEIDA, NEW YORK**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**December 31, 2012**

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Amounts reported for governmental activities in the statement of net position (page 15) are different because:

Total fund balances—governmental funds (page 17) \$ 46,457,328

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$383,407,111 and the accumulated depreciation is \$136,788,363. 246,618,748

To recognize interest accrual on long term debt. Accrued interest for general obligation bonds is \$1,141,295 and accrued interest on OTASC bonds is \$271,854 at year end. (1,413,149)

Uncollected property taxes are not available to pay for current period expenditures and therefore are deferred in the funds. 23,006,862

Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds, as follows:

Bonds payable	\$ (108,567,713)	
OTASC bonds and accreted interest	(85,804,455)	
Workers' compensation	(5,328,046)	
Compensated absences	(2,626,975)	
Retirement obligations	(4,162,027)	
Judgments and claims	(406,001)	
Other post-employment benefits	<u>(18,935,084)</u>	(225,830,301)

Bond issuance costs have been recognized as an expenditure within the fund statements, but are amortized over the life of the debt issuance for the government-wide statements. The balance of these deferred costs, net of amortization is \$288,517. 1,958,952

Total net position—governmental activities \$ 90,798,440

The notes to the financial statements are an integral part of this statement.

**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds**  
**For the Year Ended December 31, 2012**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Real property taxes	\$ 66,284,585	\$ -	\$ -	\$ 66,284,585
Real property tax items	5,435,582	-	-	5,435,582
Non-property tax items	129,508,401	-	-	129,508,401
Departmental income	14,544,936	-	1,347,844	15,892,780
Intergovernmental charges	17,560,676	480,989	2,030,737	20,072,402
Use of money and property	2,071,686	49,332	814	2,121,832
Licenses and permits	47,471	-	6,830	54,301
Fines and forfeitures	673,368	-	-	673,368
Sale of property and compensation for loss	548,706	-	7,718	556,424
Miscellaneous	1,771,024	-	148,132	1,919,156
Interfund revenues	72,528	-	3,796,680	3,869,208
State aid	49,935,935	157,280	4,895,455	54,988,670
Federal aid	50,245,807	395,045	1,841,012	52,481,864
Tobacco settlement revenue	-	-	3,817,728	3,817,728
Total revenues	<u>338,700,705</u>	<u>1,082,646</u>	<u>17,892,950</u>	<u>357,676,301</u>
<b>EXPENDITURES</b>				
General government support	61,487,745	4,222	4,133,659	65,625,626
Education	21,910,626	920,416	-	22,831,042
Public safety	41,762,908	-	815,516	42,578,424
Health	19,239,893	-	-	19,239,893
Transportation	4,134,748	-	23,015,032	27,149,780
Economic assistance and opportunity	156,072,524	-	3,129,475	159,201,999
Culture and recreation	1,002,520	-	3,926	1,006,446
Home and community services	2,583,631	-	-	2,583,631
Debt service:				
Principal	-	11,800,384	115,000	11,915,384
Interest	-	4,797,865	3,647,400	8,445,265
Total expenditures	<u>308,194,595</u>	<u>17,522,887</u>	<u>34,860,008</u>	<u>360,577,490</u>
Excess (deficiency) of revenues over expenditures	<u>30,506,110</u>	<u>(16,440,241)</u>	<u>(16,967,058)</u>	<u>(2,901,189)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	16,217,956	6,039,460	22,257,416
Transfers out	(22,257,416)	-	-	(22,257,416)
Proceeds from issuance of debt	-	-	9,050,000	9,050,000
Total other financing sources (uses)	<u>(22,257,416)</u>	<u>16,217,956</u>	<u>15,089,460</u>	<u>9,050,000</u>
Net change in fund balances	8,248,694	(222,285)	(1,877,598)	6,148,811
Fund balances—beginning	25,489,863	530,324	14,288,330	40,308,517
Fund balances—ending	<u>\$ 33,738,557</u>	<u>\$ 308,039</u>	<u>\$ 12,410,732</u>	<u>\$ 46,457,328</u>

The notes to the financial statements are an integral part of this statement.

**COUNTY OF ONEIDA, NEW YORK**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2012**

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Amounts reported for governmental activities in the statement of activities (page 16) are different because:

Net change in fund balances—total governmental funds (page 19) \$ 6,148,811

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$1,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

This is the amount by which capital outlays exceeded depreciation and capital disposals in

Capital asset additions	\$ (12,197,569)	
Capital asset disposals, net of depreciation	270,790	
Depreciation expense	<u>11,458,343</u>	468,436

The issuance of long-term debt (e.g., bonds, capital leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of serial bonds	\$ (9,050,000)	
Principal payments on serial bonds	11,800,384	
Increase in OTASC bonds	(1,519,485)	
OTASC bond issuance costs	<u>(61,576)</u>	1,169,323

Governmental funds report interest expenditures on long-term debt when such interest is paid. However, in the statement of activities interest on long-term debt is reported as an expense as it accrues. 128,381

In the statement of activities, certain operating expenses: compensated absences (vacation & sick leave), amounts due to retirement systems, judgments and claims, and other post-employment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences is as follows:

Compensated absences	\$ (205,039)	
Judgments and claims	(42,001)	
Retirement obligations	407,013	
Other post-employment benefits	(3,931,987)	
Workers' compensation	<u>(9,341)</u>	(3,781,355)

Property tax and other revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,594,487

Change in net position of governmental activities \$ 5,728,083

The notes to the financial statements are an integral part of this statement.

The notes to the financial statements are an integral part of this statement.

**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—General Fund**  
**For the Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property taxes	\$ 65,643,479	\$ 65,643,479	\$ 66,284,585	\$ 641,106
Real property tax items	5,435,000	5,435,000	5,435,582	582
Nonproperty tax items	90,765,750	127,447,803	129,508,401	2,060,598
Departmental income	15,769,290	16,225,489	14,544,936	(1,680,553)
Intergovernmental charges	18,557,547	19,187,957	17,560,676	(1,627,281)
Use of money and property	2,424,367	2,424,367	2,071,686	(352,681)
Licenses and permits	24,100	32,100	47,471	15,371
Fines and forfeitures	831,800	831,800	673,368	(158,432)
Sale of property and compensation for loss	497,713	509,055	548,706	39,651
Miscellaneous	1,454,172	1,602,864	1,771,024	168,160
Interfund revenues	92,886	92,886	72,528	(20,358)
State aid	50,564,721	51,377,923	49,935,935	(1,441,988)
Federal aid	54,958,442	55,463,187	50,245,807	(5,217,380)
Total revenues	<u>307,019,267</u>	<u>346,273,910</u>	<u>338,700,705</u>	<u>(7,573,205)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	26,996,848	66,852,716	61,487,745	5,364,971
Education	23,650,725	23,675,125	21,910,626	1,764,499
Public safety	43,871,673	43,029,478	41,762,908	1,266,570
Health	19,099,345	20,376,671	19,239,893	1,136,778
Transportation	4,775,557	4,680,393	4,134,748	545,645
Economic assistance and opportunity	165,223,974	164,182,623	156,072,524	8,110,099
Culture and recreation	1,035,689	1,020,972	1,002,520	18,452
Home and community services	2,793,210	2,772,724	2,583,631	189,093
Total expenditures	<u>287,447,021</u>	<u>326,590,702</u>	<u>308,194,595</u>	<u>18,396,107</u>
Excess (deficiency) of revenues over expenditures	<u>19,572,246</u>	<u>19,683,208</u>	<u>30,506,110</u>	<u>10,822,902</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(21,626,916)</u>	<u>(22,257,416)</u>	<u>(22,257,416)</u>	<u>-</u>
Total other financing sources	<u>(21,626,916)</u>	<u>(22,257,416)</u>	<u>(22,257,416)</u>	<u>-</u>
Net change in fund balances	(2,054,670)	(2,574,208)	8,248,694	10,822,902
Fund balances—beginning	<u>25,489,863</u>	<u>25,489,863</u>	<u>25,489,863</u>	<u>-</u>
Fund balances—ending	<u>\$ 23,435,193</u>	<u>\$ 22,915,655</u>	<u>\$ 33,738,557</u>	<u>\$ 10,822,902</u>

The notes to the financial statements are an integral part of this statement.

**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual— Debt Service Fund**  
**For the Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental charges	\$ 429,618	\$ 429,618	\$ 480,989	\$ 51,371
Use of money and property	53,000	53,000	49,332	(3,668)
State aid	157,282	157,282	157,280	(2)
Federal aid	453,334	453,334	395,045	(58,289)
Total revenues	<u>1,093,234</u>	<u>1,093,234</u>	<u>1,082,646</u>	<u>(10,588)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	16,000	16,000	4,222	11,778
Education	920,416	920,416	920,416	-
Debt service:				
Principal	13,024,584	13,024,584	11,800,384	1,224,200
Interest	5,389,895	5,389,895	4,797,865	592,030
Total expenditures	<u>19,350,895</u>	<u>19,350,895</u>	<u>17,522,887</u>	<u>1,828,008</u>
Excess (deficiency) of revenues over expenditures	<u>(18,257,661)</u>	<u>(18,257,661)</u>	<u>(16,440,241)</u>	<u>1,817,420</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	17,981,661	17,981,661	16,217,956	(1,763,705)
Total other financing sources	<u>17,981,661</u>	<u>17,981,661</u>	<u>16,217,956</u>	<u>(1,763,705)</u>
Net change in fund balances	(276,000)	(276,000)	(222,285)	53,715
Fund balances—beginning	530,324	530,324	530,324	-
Fund balances—ending	<u>\$ 254,324</u>	<u>\$ 254,324</u>	<u>\$ 308,039</u>	<u>\$ 53,715</u>

The notes to the financial statements are an integral part of this statement.

**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Net Position—Proprietary Funds**  
**December 31, 2012**

	<b>Business-type Activities</b>	
	<b>Enterprise Fund</b>	<b>Enterprise Fund</b>
	<b>Sewer Fund</b>	<b>Workers' Compensation</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,235,872	\$ 6,056,876
Other receivable	4,552,168	-
Due from other governments	-	4,078,435
Total current assets	<u>9,788,040</u>	<u>10,135,311</u>
Noncurrent assets:		
Capital assets not being depreciated	18,953,794	-
Capital assets, net of accumulated depreciation	10,133,311	-
Total noncurrent assets	<u>29,087,105</u>	<u>-</u>
Total assets	<u>38,875,145</u>	<u>10,135,311</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	473,132	180,444
Accrued liabilities	384,635	9,954,289
Accrued interest	153,699	-
Due to other funds	105,475	578
Long-term debt-current	1,276,385	-
Total current liabilities	<u>2,393,326</u>	<u>10,135,311</u>
Noncurrent liabilities:		
Long-term debt—excluding current portion	16,443,441	-
Total noncurrent liabilities	<u>16,443,441</u>	<u>-</u>
Total liabilities	<u>18,836,767</u>	<u>10,135,311</u>
<b>NET POSITION</b>		
Net investment in capital assets	11,367,279	-
Unrestricted	8,671,099	-
Total net position	<u>\$ 20,038,378</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.



**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds**  
**For the Year Ended December 31, 2012**

	<b>Business-type Activities</b>	
	<b>Enterprise Fund</b>	<b>Enterprise Fund</b>
	<b>Sewer Fund</b>	<b>Workers' Compensation</b>
Operating revenues:		
Departmental income	\$ 12,813,549	\$ -
Charges for services—intergovernmental	-	4,977,863
Other operating revenues	-	139,153
Total operating revenues	<u>12,813,549</u>	<u>5,117,016</u>
Operating expenses:		
Salaries and wages	2,185,818	306,866
Employee benefits	1,033,296	-
Contractual expenses	8,715,348	4,822,465
Depreciation	626,423	-
Total operating expenses	<u>12,560,885</u>	<u>5,129,331</u>
Operating income (loss)	<u>252,664</u>	<u>(12,315)</u>
Nonoperating revenues (expenses):		
Use of money and property	-	12,315
Financing interest expense	<u>(579,558)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>(579,558)</u>	<u>12,315</u>
Change in net position	(326,894)	-
Total net position—beginning	<u>20,365,272</u>	<u>-</u>
Total net position—ending	<u>\$ 20,038,378</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Cash Flows—Proprietary Funds**  
**For the Year Ended December 31, 2012**

	<b>Business-type Activities</b>	
	<b>Enterprise Fund</b>	<b>Enterprise Fund</b>
	<b>Sewer Fund</b>	<b>Workers' Compensation</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from charges for services	\$ 12,472,004	\$ 10,117,390
Cash payments contractual expenses	(8,422,375)	(10,640,526)
Cash payments personal services and benefits	(2,809,060)	(306,866)
Other operating revenue	-	139,153
Internal activity—payment made from County	-	(62,027)
Net cash provided by (used for) operating activities	1,240,569	(752,876)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interest earned on bank accounts	-	12,315
Net cash provided by non-capital financing activities	-	12,315
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital expenditures	(458,814)	-
Proceeds from bond anticipation notes	2,677,963	-
Principal payments on long-term debt	(1,224,200)	-
Interest paid on long term debt	(589,240)	-
Net cash used for capital and related financing activities	405,709	-
Net (decrease) increase in cash and cash equivalents	1,646,278	(740,561)
Cash and cash equivalents—beginning	3,589,594	6,797,437
Cash and cash equivalents—ending	\$ 5,235,872	\$ 6,056,876

(continued)

**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Cash Flows—Proprietary Funds**  
**For the Year Ended December 31, 2012**

	<b>Business-type Activities</b>	
	<b>Enterprise Fund</b>	<b>Enterprise Fund</b>
	<b>Sewer Fund</b>	<b>Workers' Compensation</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ 252,664	\$ (12,315)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	626,423	-
(Increase) decrease in other receivable	(341,545)	27,409
Increase in due from other governments	-	5,112,118
Increase in accrued liabilities	115,098	-
Increase in accounts payable	212,389	30,374
Increase (decrease) in due to other funds	47,475	(62,027)
Increase in workers' compensation liability	175,770	-
Increase in retirement obligation	15,131	-
Increase in other post-employment liability	129,715	-
Increase in compensated absences liability	7,449	(5,848,435)
Total adjustments	<u>987,905</u>	<u>(740,561)</u>
Net cash provided by (used for) operating activities	<u>\$ 1,240,569</u>	<u>\$ (752,876)</u> (concluded)

The notes to the financial statements are an integral part of this statement.

**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Net Position—Fiduciary Fund**  
**December 31, 2012**

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 7,851,847
Total assets	<u>\$ 7,851,847</u>
<b>LIABILITIES</b>	
Agency liabilities	\$ 7,849,764
Due to other funds	<u>2,083</u>
Total liabilities	<u>\$ 7,851,847</u>

The notes to the financial statements are an integral part of this statement

**COUNTY OF ONEIDA, NEW YORK**  
**Notes to the Financial Statements**  
**December 31, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of Government-Wide Financial Statements***

The government-wide financial statements (i.e., the statements of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The basic financial statements of the County of Oneida, New York (the "County") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

***Financial Reporting Entity***

The County is governed by the County Charter, County Law, other general laws of the State of New York and various local laws.

The 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.

Independently elected officials of the County include:

- County Executive
- County Legislators (29)
- County Comptroller
- District Attorney
- County Clerk
- Sheriff

The County provides mandated social service programs such as Medicaid, Temporary Assistance for Needy Families and Safety Net. The County also provides services and facilities in the areas of culture, recreation, education, police, youth, health, senior services, roads, and sanitary sewerage. These general government programs and services are financed by various taxes, state and federal aid and departmental revenue (which is primarily comprised of service fees and various types of program-related charges).

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented

component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

***Discretely Presented Component Units***—The component unit columns in the basic financial statements include the financial data of the County’s two discretely presented component units. These units are reported in a separate column to emphasize that they are legally separate from the County.

**Oneida-Herkimer Solid Waste Management Authority**— The Oneida-Herkimer Solid Waste Management Authority (the “Authority” or “OHSWMA”) was established in 1988 as a public benefit corporation under New York State Public Authorities 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 currently owns and operates nine operational solid waste management facilities and one closed facility. These facilities are as follows: an administration facility, a recycling center, three solid waste transfer stations, a green waste composting facility, a land clearing debris facility, a household hazardous waste facility, a regional landfill, and a closed ash landfill.

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 10.

Based upon the financial obligations which 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 1600 Genesee Street, Utica, New York 13502.

**Mohawk Valley Community College**—The Mohawk Valley Community College (“MVCC”) was founded in 1946 with the County as the local sponsor under provisions of Article 126 of the New York State Education Law. MVCC 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 Community College's 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. MVCC is included based on its August 31, 2012 fiscal year end. The annual financial report can be obtained from the Vice President for Administrative Service at MVCC's campus located at 1101 Sherman Drive, Utica, New York 13502.

The financial statements of MVCC have been prepared on the accrual basis.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as: (1) expenditures, in the case of normal replacement of moveable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and (3) transfers of a non-mandatory nature for all other cases.

The financial statements of MVCC include three discretely presented component units; the Auxiliary Services Corporation of Mohawk Community College, Inc., the Mohawk Valley Community College Dormitory Corporation and the Mohawk Valley Community College Foundation, Inc.

**Blended Component Unit**—The following blended component unit is a legally separate entity from the County, but is, in substance, part of the County’s operations and therefore data from this unit is combined with data of the primary government.

**Oneida Tobacco Asset Securitization Corporation**—The Oneida Tobacco Asset Securitization Corporation (“OTASC”) is a special purpose, bankruptcy remote, local development corporation organized under the Not-for-Profit Corporation Law of the State of New York and is an instrumentality of, but separate and apart from, the County. Although legally separate and independent of the County, OTASC is considered an affiliated organization and, therefore, is reported as a blended component unit of the County. The annual financial report may be obtained by writing the Comptroller's Office, Oneida County, 800 Park Avenue, Utica, New York 13501.

***Basis of Presentation—Government-wide Financial Statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the County’s sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

***Basis of Presentation—Fund Financial Statements***

The fund financial statements provide information about the government’s funds, including its fiduciary and blended component unit. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The County considers the following governmental funds as major funds:

- ◆ *General Fund*—This fund is the principal operating fund of the County and is used to account for all financial resources except those required to be accounted for in other funds.
- ◆ *Debt Service Fund*—The debt service fund is used to account for and report the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs (except those presented in the discretely presented component units).

The County reports two major proprietary funds as follows:

- ◆ *Sewer Fund*—This fund is used to account for operations and capital improvements of the County’s sewer district.

- ◆ *Workers' Compensation Fund*—The County uses this fund to account for workers' compensation insurance services for the County and communities within the County for which participants are charged fees to participate.

The County reports the following fiduciary fund type that is used to account for assets held by the County in a custodial capacity:

*Fiduciary Fund*—The Agency Fund is used to account for assets held by the County as an agent for other governments or other funds, such as payroll withholdings.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfer in the business-type activities column.

### ***Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal



period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 180 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and use the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

***Budgets and Budgetary Accounting***—Annual budgets for all governmental funds, except the Capital Projects Fund, are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that encumbrances are treated as budgeted expenditures in the year of incurrence and the commitment to purchase. All unencumbered appropriations lapse at the end of the fiscal year. On January 1, encumbrance assignments outstanding at year-end are reappropriated to the ensuing year's budget. Budgetary comparisons presented in this report are on the budgetary basis and represent the budget as modified.

The Capital Projects Fund appropriations are not included in the County's annual budget. Instead, appropriations are approved through a County Legislature resolution at the grant/project's inception and lapse upon completion/termination of the grant/project.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to set aside that portion of the applicable appropriation, is employed as an extension of budgetary control in all governmental funds.

#### ***Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance***

***Cash, Cash Equivalents and Investments***—Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity date within three months of the date acquired by the County. State statutes and various resolutions of the County Legislature govern the County's investment policies. Permissible investments include obligations of the U.S. Treasury and U.S. Government agencies, repurchase agreements and obligations of New York State or its localities. Investments are stated at fair value based on quoted market prices.

Restricted cash represents cash that is restricted to use for a particular purpose or debt proceeds held by the County and trustee banks to be drawn down as the County and/or College incurs eligible project costs.

***Inventories***—All inventories, which are comprised of general supplies, prescription drugs, and medical and other supplies, are valued at the lower of cost using the first-in/first out (FIFO) method or market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

***Prepaid items***—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***Capital Assets***—Capital assets include property, buildings, equipment and infrastructure assets (e.g. roads, bridges, drainage systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such

assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are incurred.

The County depreciates capital assets using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15-20
Infrastructure	10-65
Licensed vehicles	8
Machinery and equipment	5-25
Land improvements	20

***Deferred Outflows of Resources***—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

***Deferred Inflows of Resources***—In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has one type, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, this item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and reimbursements from outside agencies. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***Net Position Flow Assumption***—Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County’s policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

***Fund Balance Flow Assumptions***—Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Fund Balance Policies***—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The County Legislature is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The Legislature may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

### ***Revenues and Expenditures***

***Program Revenues***—Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

***Property Taxes***—Real property tax levies are fully accrued at the beginning of the fiscal year and are received and accounted for in the General Fund. Accruals for "due to other funds" are recorded in the General Fund for the portion of the tax revenue allocated to other funds. The current year's property taxes are levied and the prior year's unpaid school taxes are re-levied on a warrant to collect taxes by December 31 based on the fully assessed value of real property within the County. The twenty-six towns are responsible for collection of the tax warrant until March 31. At that time, settlement proceedings take place whereby the County becomes the collecting agent and the towns receive full credit for their entire levy. The County becomes the enforcement agent for tax liens on all County real property except property within the cities of Utica and Rome. The County has entered into agreements with these cities whereby the cities assess and collect all City and County taxes on property within each City and serve as enforcement agent for tax liens on such property. County taxes collected by the cities are remitted to the County periodically.

Uncollected property taxes assumed by the County as a result of the settlement proceedings are reported as receivables in the General Fund to maintain central control and provide for tax settlement and enforcement proceedings. The portion of the receivable \$10,093,005 and \$566,570 that represents taxes re-levied for schools and villages respectively is recognized as a liability and is included in due to other governments. Another portion of the receivable, \$23,006,862, that is not considered available under the modified accrual basis of accounting, i.e. not collected within sixty days, is included in unearned revenue.

Tax rates are calculated using assessments prepared by individual town and city assessors as adjusted by the New York State Board of Equalization and Assessment for the purpose of comparability. The total taxable assessed value of real property included in the tax levy of 2012 is approximately \$10.4 billion. The total County levy, including all charge backs, for 2012 was \$69.2 million. County tax rates vary by each assessing unit due to differences in equalization rates. The statutory maximum tax rate is 1.5% of the 5-year average of the equalized assessment. The 2012 levy represents approximately 46.2% of the maximum statutory levy.

Effective September 1, 1994, the countywide sales tax was increased from seven percent to eight percent. The County received authorization to impose an additional 1.5% sales tax, with all proceeds to be retained by the County effective March 1, 2005. This rate was reduced to 1% on September 1, 2006, and in 2009 was further reduced to ¾%. During the fiscal year ended December 31, 2011 the County received authorization to continue the 1% and ¾% extension on its local share of sales tax for the period commencing December 1, 2011 and ending on November 30, 2013. The County allocates a percentage of the sales tax to the cities, towns and villages within the County. The agreements with cities relating to calculation and distribution of their proportional share of sales tax are negotiated through November 30, 2013.

**Compensated Absences**—According to various union contracts, County employees are entitled to personal leave, sick leave, compensatory time, and vacations annually as follows:

Personal leave	0-4 days
Sick leave	12 days
Compensatory time	10 days
Vacation	5-20 days

Vacation time vests for both union and non-union employees to a maximum of 21 days. Accordingly, liabilities for vacation time of \$2,008,554 are reported as long-term debt for the governmental funds in the government-wide financial statements. These payments are also budgeted annually without accrual and expenditure will be recorded when paid. Similar liabilities related to services rendered to the Sewer Fund are included in accrued liabilities of the enterprise fund in the amount of \$72,630.

Additional accrued liabilities of \$83,887 and \$534,534 are reported within long-term debt for the governmental activities in the government-wide financial statements for the value of sick leave and compensatory time, respectively, which will eventually be paid the employee upon retirement. Likewise, liabilities of \$2,655 and \$25,879 for sick leave and compensatory time, respectively, are reported in the Sewer Fund.

Payment of compensated absences recorded as long-term debt in the government-wide financial statements is dependent upon many factors; therefore, timing of future payment is not readily determinable. However, management believes that sufficient resources will be made available for the future payment of compensated absences when such payments become due.

***Proprietary Funds Operating and Nonoperating Revenues and Expenses***

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Sewer and Workers’ Compensation Funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Sewer Fund recognizes revenue as services are provided.

**Interfund Revenues**—The County allocates General Fund costs incurred in the general administration of the County to other funds based on their proportionate benefit of the total costs allocated. In 2012, the County has reported interfund revenues in the General Fund of \$72,528 representing an allocation of costs to various special revenue funds and the enterprise fund. The amounts are reported as general government support expenditures in the General Fund as well as in the benefiting funds.

**Long-term obligations**—In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Debt issuance costs are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

#### **Other**

**Insurance**—The County assumes liability for some risk including, but not limited to workers' compensation and unemployment claims. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonable estimated. Such recording is consistent with the requirements of GASB.

Governmental fund type estimated current contingent liabilities (i.e., those to be liquidated with available financial resources in the ensuing year) for property damage and personal injury liabilities are recorded in the General Fund. The long-term portion (i.e., liabilities to be paid from future resources) is recorded within long-term debt in the government-wide financial statements.

**Encumbrances**—Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of budgetary control in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

**Medicaid Services**—The New York State Department of Health processes payments for Medicaid services through a third-party contractor. The County is subsequently billed for its share of expenditures as established by State laws and regulations. Chapter 58 of Laws of 2006 capped County Medicaid costs at calendar 2006 levels and an annual growth rate of 3.0 percent, based on each County's local share of expenditures in 2005. In 2012, the state legislature amended the law (Part F) to reduce the counties increase to 2.0 percent in 2013, 1.0 percent in 2014 and 0 percent thereafter.

**Pensions**—Nearly all County employees are members of various New York State retirement systems. The County is invoiced annually by the systems for its share of the costs.

**Estimates**—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates.

**Adoption of New Accounting Pronouncements**—During the year ended December 31, 2012, the County implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement amends the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB No. 63 did not have a material impact on the County's financial position or results from operations.

Additionally, during the year ended December 31, 2012, the County completed the process of evaluating the impact that will result from adopting GASB Statements No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and No. 64, *Derivative Employer Plans; Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. GASB Statements No. 57, 60, 62 and 64 did not have a material impact on the County's financial position or results from operations.

***Future Impacts of Accounting Pronouncements***—The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 15 and No. 34*; No. 65, *Items Previously Reported as Assets and Liabilities*; and No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*, effective for the year ending December 31, 2013; No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*; No. 69, *Government Combinations and Disposals of Government Operations*; No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for the year ending December 31, 2014; and No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, effective for the year ending December 31, 2015. The County is therefore unable to disclose the impact that adopting GASB Statements No. 61, 65, 66, 67, 68, 69 and 70 will have on its financial position and results of operations.

#### ***Stewardship, Compliance and Accountability***

***Budgets and Budgetary Accounting***—The County's annual procedures in establishing the budgetary data reflected in the basic financial statements are as follows:

- ◆ Prior to October 5th, the County Executive, submits to the County Legislature a tentative budget for the following fiscal year to commence on January 1.
- ◆ The tentative budget includes expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers' comments.
- ◆ The Legislature acts on the tentative budget no later than the date of the second Board of Legislators' meeting in November.
- ◆ The County Executive is authorized to approve budget transfers within departments and/or individual funds. However, revisions in excess of \$5,000 must be approved by the Legislature.
- ◆ Formal annual budgetary accounts are adopted and employed for control of all governmental funds except the Capital Projects Fund. Budgetary control over individual capital projects is provided by Legislative approval or bond authorizations and provision of bond indebtedness.
- ◆ Total expenditures for each object may not legally exceed the total appropriations for that object. Encumbrances outstanding at year-end are accounted for by an assignment of fund balance. During the year ended December 31, 2012, supplemental appropriations in the amount of \$39,774,181 were approved in the General Fund. These additional appropriations were partially funded by increases to estimated revenues.

## 2. CASH AND CASH EQUIVALENTS

County monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Total cash and cash equivalents (including restricted cash) reported by the County at December 31, 2012 is as follows:

Governmental Funds	\$ 22,020,480
Enterprise Funds	11,292,748
Agency Fund	<u>7,851,847</u>
Total	<u>\$ 41,165,075</u>

The County's cash and cash equivalents were comprised of the following at December 31, 2012:

	Fair Value at December 31, <u>2012</u>
Petty cash (uncollateralized)	\$ 7,912
Deposits with financial institutions	<u>41,157,163</u>
Total	<u>\$ 41,165,075</u>

**Deposits with financial institutions**—All deposits are carried at fair value, and are classified by credit risk category as follows:

	<u>December 31, 2012</u>	
	Carrying <u>Amount</u>	Bank <u>Balance</u>
Credit risk category:		
Insured (FDIC)	\$ 11,348,665	\$ 13,752,536
Uninsured:		
Collateral held by bank's agent in County's name	<u>29,808,498</u>	<u>30,309,156</u>
Total deposits	<u>\$ 41,157,163</u>	<u>\$ 44,061,692</u>

**Cash equivalents**—Cash equivalents, in the case of OTASC, include money market accounts and U.S. Treasury obligations. These cash equivalents are carried at fair value as displayed below:

	Carrying <u>Amount</u>	Bank <u>Balance</u>
Money market and U.S. Treasury obligations	<u>\$ 47,380</u>	<u>\$ 47,380</u>

**Deposits with trustees**—Under terms of OTASC's bond indenture agreements, \$4,720,878 is being held at December 31, 2012 by a trust company to provide for various functions of bond repayments.

**Custodial credit risk—deposits**—Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2012, all of the County’s deposits were insured or collateralized.

**Restricted cash**—Total governmental activities restricted cash of \$21,027,030 represents \$7,552,094 restricted for County capital projects and \$13,474,936 to support restricted fund balance. These deposits were fully covered by FDIC insurance or collateral held by escrow agents in the name of the County.

**Oneida-Herkimer Solid Waste Authority Component Unit**—Deposits totaled \$32,615,206 (includes restricted cash and investments of \$6,296,089 and \$12,744,237, respectively) and were fully collateralized at December 31, 2012.

**MVCC Component Unit**—At August 31, 2012, the College and its component units had unrestricted deposits of \$14,914,852 and \$7,208,942, respectively. The College’s deposits were insured or collateralized by securities held by pledging financial institutions in the College’s name with a carrying value of \$3,912,494. The College and its component units had deposits with trustees of \$469,812 and \$799,530, respectively. These deposits represent bond proceeds not yet expended for new construction, and required reserves for debt service. The College’s component units held \$150,050 of restricted cash, and investments of \$3,572,014 at August 31, 2012.

**3. RECEIVABLES**

Revenues accrued by the County consist of the following:

**A. Other receivables**—Represent amounts due from various sources. Amounts accrued at December 31, 2012 are:

<u>Fund</u>	
General Fund	\$ 2,865,740
Debt Service Fund	392,849
Other governmental funds	643,839
Sewer Fund	<u>4,552,168</u>
Total	<u>\$ 8,454,596</u>

**B. State and federal receivables**—Primarily represent claims for reimbursement of expenditures in administering various mental health and social service programs. Amounts are net of related advances from New York State. Amounts accrued at December 31, 2012 are:

<u>Fund</u>	
General Fund	<u>\$ 55,356,042</u>
Total	<u>\$ 55,356,042</u>



**C. Due from other governments**—Represents amounts due primarily from other local municipalities for chargebacks, future workers compensation claims and other miscellaneous items. Amounts accrued at December 31, 2012 are:

<u>Fund</u>	
General Fund	\$ 6,152,001
Workers' Compensation Fund	<u>4,078,435</u>
Total	<u>\$ 10,230,436</u>

#### 4. CAPITAL ASSETS

**Governmental activities**—Capital asset activity for the primary government's governmental activities, for fiscal year ending December 31, 2012, was as follows:

	<u>Primary Government—Governmental Activities</u>			
	<u>Balance 1/1/2012</u>	<u>Increases/ Reclassifications</u>	<u>Decreases/ Reclassifications</u>	<u>Balance 12/31/2012</u>
Capital assets, not being depreciated:				
Land	\$ 11,783,969	\$ -	\$ -	\$ 11,783,969
Construction in progress	<u>101,911,208</u>	<u>6,521,214</u>	<u>-</u>	<u>108,432,422</u>
Total capital assets not being depreciated	<u>113,695,177</u>	<u>6,521,214</u>	<u>-</u>	<u>120,216,391</u>
Capital assets, being depreciated:				
Land improvements	8,641,102	-	-	8,641,102
Buildings and building improvements	102,810,215	1,653	-	102,811,868
Infrastructure	113,304,780	4,223,113	-	117,527,893
Equipment	<u>33,724,511</u>	<u>1,451,589</u>	<u>(966,243)</u>	<u>34,209,857</u>
Total capital assets being depreciated	<u>258,480,608</u>	<u>5,676,355</u>	<u>(966,243)</u>	<u>263,190,720</u>
Less accumulated depreciation for:				
Land improvements	(7,174,227)	(427,974)	-	(7,602,201)
Buildings and building improvements	(43,916,698)	(3,224,921)	-	(47,141,619)
Infrastructure	(55,309,436)	(5,106,019)	-	(60,415,455)
Equipment	<u>(19,625,112)</u>	<u>(2,699,429)</u>	<u>695,453</u>	<u>(21,629,088)</u>
Total accumulated depreciation	<u>(126,025,473)</u>	<u>(11,458,343)</u>	<u>695,453</u>	<u>(136,788,363)</u>
Total capital assets, being depreciated, net	<u>132,455,135</u>	<u>(5,781,988)</u>	<u>(270,790)</u>	<u>126,402,357</u>
Governmental activities capital assets, net	<u>\$ 246,150,312</u>	<u>\$ 739,226</u>	<u>\$ (270,790)</u>	<u>\$ 246,618,748</u>

Depreciation expense, for governmental activities, was charged to functions and programs of the primary government as follows on the next page:

Governmental activities:	
General government support	\$ 1,110,216
Public safety	1,279,362
Health	94,786
Transportation	8,612,382
Economic assistance and opportunity	69,832
Home and community service	<u>291,765</u>
Total depreciation expense—governmental activities	<u>\$ 11,458,343</u>

**Business-type activities**—Capital asset activity for the primary government’s business-type activities (Enterprise Fund), for fiscal year ending December 31, 2012, as presented below:

	Primary Government - Business-type Activities			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 18,501,151	\$ 452,643	\$ -	\$ 18,953,794
Total capital assets not being depreciated	<u>18,501,151</u>	<u>452,643</u>	<u>-</u>	<u>18,953,794</u>
Capital assets, being depreciated:				
Land improvements	53,682			53,682
Buildings and improvements	20,956,994	-	-	20,956,994
Infrastructure	9,659,254	-	-	9,659,254
Machinery and equipment	47,400,753	6,171		47,406,924
Licensed vehicles	436,364	-	-	436,364
Total capital assets being depreciated	<u>78,507,047</u>	<u>6,171</u>	<u>-</u>	<u>78,513,218</u>
Less accumulated depreciation for:				
Land improvements	(53,682)	-	-	(53,682)
Buildings and improvements	(14,154,083)	(419,139)	-	(14,573,222)
Infrastructure	(6,088,002)	(148,602)	-	(6,236,604)
Machinery and equipment	(47,117,712)	(27,405)	-	(47,145,117)
Licensed vehicles	(340,005)	(31,277)	-	(371,282)
Total accumulated depreciation	<u>(67,753,484)</u>	<u>(626,423)</u>	<u>-</u>	<u>(68,379,907)</u>
Total capital assets, being depreciated, net	<u>10,753,563</u>	<u>(620,252)</u>	<u>-</u>	<u>10,133,311</u>
Business-type activities capital assets, net	<u>\$ 29,254,714</u>	<u>\$ (167,609)</u>	<u>\$ -</u>	<u>\$ 29,087,105</u>

**Discretely presented component units**

A summary of the discretely presented component units’ capital assets by major classification follows on the next page:

**i) Oneida-Herkimer Solid Waste Management Authority**

	Balance 12/31/2012
Construction in progress	\$ 4,927
Land	3,177,447
Land improvements	37,215,992
Buildings and improvements	21,615,509
Equipment and machinery	9,365,327
Vehicles	6,979,556
Office equipment	266,606
Total capital assets	78,625,364
Less: accumulated depreciation	(31,711,801)
Total capital assets, net	<u>\$ 46,913,563</u>

**ii) Mohawk Valley Community College**

	Balance 8/31/2012
Buildings and building improvements	\$ 97,120,436
Vehicles, equipment and library books	13,787,834
Total capital assets	110,908,270
Less: accumulated depreciation	(74,064,909)
Total primary institution, capital assets, net	36,843,361
Add: component unit capital assets, net	8,520,121
Total Mohawk Valley Community College	<u>\$ 45,363,482</u>

**5. ACCRUED LIABILITIES**

Accrued liabilities reported by the governmental funds at December 31, 2012, were as follows:

	General Fund	Nonmajor Funds	Total Governmental Funds
Salary and employee benefits	\$ 9,627,131	\$ 663,931	\$ 10,291,062
Sales tax	9,047,067	-	9,047,067
Social services accruals	7,264,657	-	7,264,657
Due MVCC	1,820,025	-	1,820,025
Retainages	-	296,690	296,690
Other liabilities	5,308,040	99,266	5,407,306
Total	<u>\$ 33,066,920</u>	<u>\$ 1,059,887</u>	<u>\$ 34,126,807</u>

**6. PENSION OBLIGATIONS**

**Plan Description**—The County participates in the New York and Local Employees' Retirement System (ERS) and the Public Employees' Group Life Insurance Plan (System). These are cost-sharing multiple-employer retirement systems. The systems provide retirement benefits as well as death and disability benefits.

The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute and benefits to employees. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for custody and control of its funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

**Funding Policy**—The Systems are noncontributory except for employees who joined the New York State and Local Employees’ Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of membership and employees who join on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3% of their salary for their entire length of service. Those joining after April 1, 2012 (Tier 6) are required to contribute three and one-half percent (3.5%) of their annual salary until March 31, 2013, after which the contribution percentage will be based on salary. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employer’s contributions based on salaries paid during the New York State Local Retirement System’s fiscal year ending March 31.

The County is required to contribute at an actuarially determined rate on or before February 1 of each year for the period April 1 through March 31. The required contributions for the regular retirement payment (excluding group term life insurance and amortized amounts paid for early retirements, etc.) were as follows:

<u>Year</u>	<u>Contribution</u>
2012	\$ 15,520,450
2011	11,737,403
2010	8,812,141

Legislation requires participating employers to make payments on a current basis. The County’s contributions made to the Systems were equal to 100 percent of the contributions required for each year.

**7. OTHER POSTEMPLOYMENT BENEFITS**

The County sponsors and administers a single employer defined benefit plan to all employees who retire from the County at age 55 with 5 years of service in accordance with Article 2, Section 75-g, Article 14, and Article 15 of the New York State Retirement and Social Security Law. Employees are covered under a choice of three plans (RMSCO Traditional, RMSCO PPO and MVP POS). Substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the County. Benefit provisions are established and may be amended by the County Legislators. The County does not issue a publicly available report.

The County’s contributions towards participant premiums are subject to the following contribution schedule:

<u>Retirement Group</u>	<u>Employer Contributions</u>		
	<u>Retiree</u>	<u>Spouse</u>	<u>Surviving Spouse</u>
Pre 1/1/1994	50%	35%	0%
Post 1/1/1994 Retirees	50%	0%	0%
2005 Incentive	80%	0%	0%

The County recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The County governmental activities and business-type activities contributed \$1,826,655 and \$59,995, respectively, for the fiscal year ended December 31, 2012.

The County's annual other postemployment benefit ("OPEB") cost is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The table on the following page shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

	Governmental Activities	Business-type Activities
Annual required contribution	\$ 5,997,267	\$ 196,977
Interest on net OPEB obligation	703,797	23,116
Adjustment to annual required contribution	<u>(942,453)</u>	<u>(30,352)</u>
Annual OPEB costs (expense)	5,758,611	189,741
Contributions made	<u>(1,826,655)</u>	<u>(59,995)</u>
Increase in net OPEB obligation	3,931,956	129,746
Net OPEB obligation—beginning of year	<u>15,003,128</u>	<u>492,770</u>
Net OPEB obligation—end of year	<u>\$ 18,935,084</u>	<u>\$ 622,516</u>

As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. Since there were no assets, the unfunded actuarial accrued liability for benefits for the County was \$61,232,659.

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

As of December 31, 2012, the County had an actuarial valuation performed with a valuation date of December 31, 2012. Accordingly, information from this study is presented in the County's Schedule of Funding Progress and the Schedule of Contributions.

The County's schedule of funding progress is presented below:

Valuation Date	Value of Assets	Liability ("AAL")	AAL ("UAAL")	Funded Ratio	Covered Payroll	Covered Payroll
As of 12/31/2012	\$ -	\$ 61,232,529	\$ 61,232,529	0.0%	\$ 64,973,982	94.2%
As of 12/31/2011	-	60,206,917	60,206,917	0.0%	64,050,659	94.0%
As of 12/31/2010	-	59,603,862	59,603,862	0.0%	69,249,131	86.1%

The County's schedule of contributions for the County is shown on the following page.

Year Ended <u>December 31,</u>	Annual Required <u>Contribution</u>	Contribution <u>Made</u>	Percentage <u>Contributed</u>
2012	\$ 6,194,244	\$ 1,886,650	30.5%
2011	5,621,526	2,637,660	46.9%
2010	5,611,540	2,530,288	45.1%

Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the December 31, 2012 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a valuation date and measurement date of December 31, 2012. The expected investment rate of return on employer's assets is 4.691%. The RP-2000 Mortality Table for males and females is used for mortality rates. Effective December 31, 2012, results reflect revised health care trend rates and updated mortality rates to the RP-2000 Mortality Table for annuitants and non-annuitants with projected mortality improvements using Scale AA; specifically as outlined in IRC Regulation 1.430(h)(3)-1 for 2013 valuations.

## 8. RISK MANAGEMENT

**Grant and Aid Programs**—The County receives significant financial assistance from numerous federal and state agencies. The receipt of such funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the County. The amount of disallowance, if any, cannot be determined at this time, although the County expects any such amounts to be immaterial.

**Pending Litigation**—The County is also involved in litigation arising in the ordinary course of its operations. The County has recorded a liability of \$406,001 as of December 31, 2012 for such claims.

**Other**—The County is exposed to various risks of loss related to damage and destruction of assets, vehicle liability, injuries to employees, health insurance, and unemployment insurance. One such risk is associated with its workers' compensation program. The County's program is self-insured and is accounted for in the Workers' Compensation 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 Workers' Compensation 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 \$15,458,105 reported in the Fund at December 31, 2012 are based upon the requirements of GASB, 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 statement and the amount of the loss can be reasonable 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, 2012. Changes in the Fund's accrued claims liabilities for the year ended December 31, 2012 are shown on the following page.

Year Ended December 31,	Beginning of Year Liability	Claims and Changes in Estimates	Claims Payments	Balance at Year End
2012	\$ 15,802,724	\$ 323,015	\$ 667,634	\$ 15,458,105
2011	15,737,826	4,496,375	4,431,477	15,802,724

The County's portion of their liability is recorded within the governmental and sewer funds. The County utilizes a third-party administrator who is responsible for processing claims and estimating liabilities under this coverage. Estimated liabilities include specific, incremental claim adjustment expenditures.

In addition to its workers' compensation program, the County is self-insured for the major medical portion of its health insurance. Under this program, the County accounts in the General Fund for claims in the General Fund with maximum exposure of \$100,000 per person per year and \$1,000,000 per person per lifetime. The County has \$846,398 accrued at December 31, 2012 in the General Fund for claims reported and those incurred, but not yet reported and are 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 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.

***Oneida Nation of Indians Litigation***—The County and the Oneida Nation of Indians (the "Nation") have been in litigation for over twenty years regarding real property taxes on land claimed by the Nation. As of December 31, 2012, the County has recorded \$162,597,778 in property taxes receivable; however, since the County does not anticipate the collection of such receivable within 60 days it has recorded an offsetting amount within deferred inflows of resources in the fund financial statements.

On May 16, 2013, the Governor of the State of New York ("the State") announced an agreement between the State, the Nation, the County and Madison County to settle land claims amounts due on real property taxes and provide future revenues to the State, the County and Madison County. The agreement requires New York State Legislative approval, approvals by Madison County and Oneida County, Department of Interior, the New York State Attorney General, as well as judicial approval. The agreement is not effective until these approvals are secured. If approved, the County would receive 25% of the State's payment (the State's payment from the Nation would be based upon 25% of its net gaming revenue from its slot machine at the Turning Stone Casino and Resort in Vernon, New York, which is operated by the Nation) and an additional annual payment from the State of \$2,500,000. Since the agreement has not received approval by all required entities and this settlement would represent a gain contingency to the County, the terms of the settlement agreement have not been reflected in these financial statements.

## 9. LEASE OBLIGATIONS

**Leases payable**—The College has entered into several capital lease agreements for copier equipment. The College will make 60 monthly payments, ranging from \$868 to \$4,726, including interest at approximately 3% per annum through 2015.

The following is a schedule of future minimum lease payments required under the above agreements and the present value of the net minimum lease payments at August 31, 2012:

December 31,	Principal	Interest	Total
2013	\$ 84,368	\$ 5,095	\$ 89,463
2014	86,935	2,529	89,464
2015	<u>37,000</u>	<u>278</u>	<u>37,278</u>
Total	<u>\$ 208,303</u>	<u>\$ 7,902</u>	<u>\$ 216,205</u>

Lease payment made for the fiscal year ended August 31, 2012 amounted to \$81,878 principal and \$7,586 in interest.

## 10. SHORT-TERM LIABILITIES

During 2010-2011, the College issued a Bond Anticipation Note (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

At August 31, 2012, the College had no outstanding short-term debt.

The following is a summary of changes in short-term debt for the year ended August 31, 2012:

	9/1/2011	Issued	Redeemed	8/31/2012
BAN	<u>\$ 2,200,000</u>	<u>\$ -</u>	<u>\$ (2,200,000)</u>	<u>\$ -</u>

## 11. LONG-TERM LIABILITIES

**Bond indebtedness**—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 represent 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 expenditure when such amounts are due.

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, 2012 are summarized as shown on the following page.



Description	Year Issue/ Maturity	Interest Rate	Issue Amount	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental funds:</b>							
General:							
Improvement, 1996	1996/2013	5.3/5.4	\$ 15,775,000	\$ 1,775,000	\$ -	\$ 875,000	\$ 900,000
Advance Refunding	1998/2012	4.0/5.5	19,972,000	890,000	-	890,000	-
Improvement, 1999	1999/2015	4.5/4.75	10,125,888	854,454	-	-	854,454
Improvement, 2000	2000/2014	5.0/5.375	9,964,055	3,605	-	1,800	1,805
Improvement, 2003	2003/2018	3.5/3.55	8,436,700	4,268,000	-	582,000	3,686,000
Improvement, 2005	2005/2020	3.5/4.1	14,150,000	7,910,000	-	980,000	6,930,000
Improvement, 2006	2006/2021	4.0/4.25	8,071,411	5,490,000	-	555,000	4,935,000
Improvement, 2008	2008/2022	3.0/5.7	18,583,200	15,153,000	-	1,227,000	13,926,000
Current Refunding, 2008	2008/2014	3.5/5.0	9,783,132	4,810,878	-	1,814,599	2,996,279
Bond, 2009	2009/2023	3.0/4.0	19,252,645	16,250,000	-	1,565,000	14,685,000
Bond, tax 2009	2009/2023	3.38/5.25	7,515,000	6,650,000	-	500,000	6,150,000
Bond, expempt 2009	2009/2014	0.95/3.0	4,441,667	2,722,000	-	892,000	1,830,000
Taxable BABS, 2009	2009/2024	4.409/5.587	9,975,000	9,975,000	-	-	9,975,000
Refunding, 2010	2010/2020	2.0/5.0	7,013,305	6,458,160	-	667,500	5,790,660
BANS 2011	2011/2012	1.17/1.75	10,440,000	10,440,000	-	10,440,000	-
Refunding, 2011	2011/2022	2.5/4.0	4,398,005	4,398,000	-	358,485	4,039,515
Build America Bonds	2010/2025	4.249/5.932	1,327,000	13,270,000	-	867,000	12,403,000
Bond 2012	2012/2027	2.0/3.25	19,465,000	-	19,465,000	-	19,465,000
Tobacco Settlement Bonds and Accreted Interest	2005/2060	0.0/0.7	80,314,111	84,284,970	1,634,485	115,000	85,804,455
<b>Total governmental activities bonded debt</b>				<u>\$ 195,603,067</u>	<u>\$ 21,099,485</u>	<u>\$ 22,330,384</u>	<u>\$ 194,372,168</u>
<b>Business-type activities:</b>							
Sewer Fund:							
Improvement, 1998	1998/2012	4.0/5.5	\$ 701,000	\$ 15,000	\$ -	\$ 15,000	\$ -
Sewer District, EFC	1999/2018	4.313	1,016,290	385,000	-	55,000	330,000
Improvement, 2000	2000/2014	5.0/5.375	225,000	39,595	-	13,200	26,395
Sewer District, EFC, 2001	2001/2015	3.43/4.83	1,004,584	300,000	-	70,000	230,000
Improvement, 2006	2006/2021	4.0/4.25	10,178,589	7,385,000	-	620,000	6,765,000
Improvement, 2008	2008/2022	3.0/5.7	16,000,000	1,300,000	-	100,000	1,200,000
Bond, 2009	2009/2023	3.0/4.0	1,891,667	1,655,000	-	125,000	1,530,000
Bond, 2009 (exempt)	2009/2023	3.38/5.25	1,058,333	663,000	-	208,000	455,000
Improvement, 2009	2009/2014	0.95/3.0	2,685,000	2,685,000	-	-	2,685,000
Refunding, 2010	2010/2020	2.0/5.0	34,940	64,940	-	-	64,940
Build America Bonds	2010/2025	4.25/5.93	300,000	300,000	-	18,000	282,000
EFC BAN 2011	1995/2014	0.0/0.7	439,297	439,297	2,677,963	-	3,117,260
<b>Total business-type activities bonded debt</b>				<u>\$ 15,231,832</u>	<u>\$ 2,677,963</u>	<u>\$ 1,224,200</u>	<u>\$ 16,685,595</u>

The County generally borrows funds on a long-term basis for the purpose of financing acquisitions of equipment and construction of buildings and improvements on behalf of the College. The debt service payments for the serial bonds are funded by capital chargebacks from other counties and by contributions from the County.

<u>Description</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Component Unit—</b>						
<b>MVCC</b>						
Serial Bonds-County	2039	3.1/6.0	\$ 10,390,060	\$ 2,200,000	\$ 920,421	\$ 11,669,639
DASNY Bonds	2036	3.0	17,629,357	2,452,543	537,084	19,544,816
Serial Bonds-MVCCDC	2024	0.95/5.89	<u>7,785,000</u>	<u>-</u>	<u>190,000</u>	<u>7,595,000</u>
			<u>\$35,804,417</u>	<u>\$ 4,652,543</u>	<u>\$ 1,647,505</u>	<u>\$ 38,809,455</u>
<b>OHSWMA</b>						
Refunding Bonds	2014	4.2/5.5	10,410,000	-	3,710,000	\$ 6,700,000
Revenue Bonds 2007	2027	4.125/5.2	4,955,000	-	220,000	4,735,000
EFC Bonds	2026	3.63/4.77	27,080,000	-	1,330,000	25,750,000
Revenue Bonds 2011		4.0/5.0	<u>10,725,000</u>	<u>-</u>	<u>-</u>	<u>10,725,000</u>
			<u>\$53,170,000</u>	<u>\$ -</u>	<u>\$ 5,260,000</u>	<u>\$ 47,910,000</u>

The annual repayment of principal and interest on bonded debt are as follows:

Principal	Governmental Activities	Business-type Activities	Discretely-presented Component units	
			MVCC	OHSWMA
2013	\$ 12,456,848	\$ 1,251,195	\$ 1,774,115	\$ 5,505,000
2014	11,441,103	4,418,460	1,771,199	5,475,000
2015	10,957,487	1,403,290	2,074,567	2,380,000
2016	10,328,090	1,373,120	2,130,338	2,445,000
2017	10,483,650	1,362,955	2,185,345	2,520,000
2018-2023	41,732,539	6,050,575	15,410,938	13,910,000
2024-2027	14,258,000	826,000	6,453,115	15,675,000
Thereafter	82,714,451	-	7,009,838	-
Total principal	<u>\$ 194,372,168</u>	<u>\$ 16,685,595</u>	<u>\$ 38,809,455</u>	<u>\$ 47,910,000</u>
Interest	Governmental Activities	Business-type Activities	MVCC	OHSWMA
2013	\$ 4,562,405	\$ 547,747	\$ 2,362,104	\$ 2,091,261
2014	4,332,439	503,013	2,467,128	1,820,138
2015	3,978,068	456,797	2,411,873	1,639,868
2016	3,058,876	415,765	2,272,117	1,540,237
2017	2,659,616	344,632	2,218,677	1,436,066
2018-2023	7,480,034	868,195	11,454,412	5,351,087
2024-2027	1,102,479	61,657	7,154,174	1,714,616
Thereafter	170,992,129	-	9,542,640	-
Total interest	<u>\$ 198,166,046</u>	<u>\$ 3,197,805</u>	<u>\$ 39,883,125</u>	<u>\$ 15,593,273</u>

**Participation in the County's Debt Service**—The Central New York Regional Transit Authority (“Centro”) has a capital financing agreement with the County which covers County bonding on behalf of Centro for buses. The amount due from Centro under this agreement is \$85,330 at December 31, 2012, and is also included as receivable and deferred inflow in the Debt Service Fund.

**Oneida Tobacco Asset Securitization Corporation**—Changes in OTASC’s long-term debt for the year ended December 31, 2012 are as follows:

	Balance 1/1/2012	Increases	Decreases	Balance 12/31/2012	Within One Year
Tobacco Settlement Bonds:					
Series 2005	\$ 62,455,000	\$ -	\$ 115,000	\$ 62,340,000	\$ 410,000
Subordinate Turbo CABs:					
Series 2005 - Original Principal	14,684,111	-	-	14,684,111	-
Accreted Interest	7,145,859	1,634,485	-	8,780,344	-
Total Subordinated Turbo CABs	21,829,970	1,634,485	-	23,464,455	-
 Total OTASC	 <u>\$ 84,284,970</u>	 <u>\$ 1,634,485</u>	 <u>\$ 115,000</u>	 <u>\$ 85,804,455</u>	 <u>\$ 410,000</u>

**Series 2005**—In 2005, the OTASC refunded and defeased in substance its outstanding 2000 Series bonds of \$54,420,000, carrying variable interest rates of 5.25% to 6.625%, with new 2005A, 2005B, 2005C/2010A Series bonds of \$65,300,000 issued at rates varying from 4.25% to 6.25%. All series have varied maturities with the final payment due December 31, 2045.

All issuance costs of the transaction (\$1,394,824) were paid from bond proceeds. Reserve amounts required under the agreement (\$5,330,009) were also funded from the bond proceeds. The net proceeds of \$58,575,167 were used to redeem the 2000 bonds and cover expenses incurred in connection with the refunding.

Debt service requirements for the Series 2005 Series bonds are as follows:

Year ended December 31,	Principal	Interest
2013	\$ 410,000	\$ 3,786,750
2014	435,000	3,761,400
2015	475,000	3,734,100
2016	450,000	3,706,350
2017	455,000	3,679,200
Thereafter	60,115,000	63,415,225
2023-2027	<u>\$ 62,340,000</u>	<u>\$ 82,083,025</u>

**Issue NYCTT V**—In 2005, OTASC participated in the New York Counties Tobacco Trust V (“NYCTT V”), along with 23 other New York County Tobacco Corporations, and issued Subordinate Capital Appreciation Bonds (Subordinate Turbo CABs) in various series for the purpose of securitizing additional future tobacco settlement revenues. The par value of these bonds totals \$721,365,000.

**Current Year’s Issuance**—In the current year, the County issued \$21,665,000 in Serial Bonds; \$19,465,000 for governmental activities and \$2,200,000 for MVCC activities. Proceeds retired BANs in

the amount of \$10,440,000 and \$2,200,000 for governmental activities and MVCC, respectively and provided new monies for various governmental purposes. The interest on the bonds ranges from 2.0% to 3.35%. Additionally, the County issued \$2,677,963 of bond anticipation notes for sewer district improvements; interest rates range from 0% to 0.7% and are due in 2014.

**Retirement Obligations**—As explained in Note 1, the County records the value of government fund type pension obligations in the governmental activities. The annual budgets of the operating funds provide for these benefits as they become due.

**Other Long-Term Liabilities**—Consists of liabilities relating to compensated absences, post-employment obligations, judgments and claims, and workers' compensation. As explained in Note 1, the County records the value of governmental fund and enterprise fund type compensated absences in governmental activities and enterprise fund type funds respectively. The payment of compensated absences, post-employment obligations, and judgments and claims is dependent on many factors and, therefore, cannot be reasonable estimated as to future timing of payment. The annual budgets of the operating funds provide for such as amounts become payable.

The following is a summary of changes in the County's long-term liabilities for the year ended December 31, 2012:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds and accreted interest	\$ 195,603,067	\$ 21,099,485	\$ 22,330,384	\$ 194,372,168	\$ 12,456,848
Workers compensation	5,318,705	871,394	862,053	5,328,046	266,402
Compensated absences	2,421,936	5,116,946	4,911,907	2,626,975	131,349
Retirement obligations	4,569,040	2,977,565	3,384,578	4,162,027	358,578
Judgments and claims	364,000	42,001	-	406,001	-
Other post-employment benefits	15,003,097	5,758,642	1,826,655	18,935,084	-
Total governmental activities	<u>\$ 223,279,845</u>	<u>\$ 35,866,033</u>	<u>\$ 33,315,577</u>	<u>\$ 225,830,301</u>	<u>\$ 13,213,177</u>
<b>Business type activities:</b>					
Serial bonds	\$ 15,231,832	\$ 2,677,963	\$ 1,224,200	\$ 16,685,595	\$ 1,251,195
Workers compensation	-	175,770	-	175,770	8,789
Compensated absences	93,715	7,449	-	101,164	5,058
Retirement obligations	119,650	95,648	80,517	134,781	11,343
Other post-employment benefits	492,801	189,710	59,995	622,516	-
Total business-type activities	<u>\$ 15,937,998</u>	<u>\$ 3,146,540</u>	<u>\$ 1,364,712</u>	<u>\$ 17,719,826</u>	<u>\$ 1,276,385</u>

	Discretely Presented Component Units				
	Balance January 1, 2012	Increases	Decreases	Balance December 31, 2012	Due Within One Year
<b>OHSWMA</b>					
Long term debt	\$ 53,170,000	\$ -	\$ 5,260,000	\$ 47,910,000	\$ 5,505,000
Premium on bonds	142,829	-	36,796	106,033	-
Postemployment benefits	442,561	188,014	-	630,575	-
Closure and post closure costs	3,072,763	290,020	-	3,362,783	-
Total IDA	<u>\$ 56,828,153</u>	<u>\$ 478,034</u>	<u>\$ 5,296,796</u>	<u>\$ 52,009,391</u>	<u>\$ 5,505,000</u>
	Balance September 1, 2011	Increases	Decreases	Balance August 31, 2012	Due Within One Year
<b>MVCC:</b>					
Long term debt	\$ 35,804,417	\$ 4,652,543	\$ 1,647,505	\$ 38,809,455	\$ 1,774,117
Compensated absences	1,172,779	22,499	-	1,195,278	200,000
Other post-employment benefits	13,080,647	3,450,628	881,553	15,649,722	-
Capital leases	290,181	-	81,878	208,303	84,368
Other long-term liabilities	168,337	2,451,253	-	2,619,590	-
Total MVCC	<u>\$ 50,516,361</u>	<u>\$ 10,576,923</u>	<u>\$ 2,610,936</u>	<u>\$ 58,482,348</u>	<u>\$ 2,058,485</u>

**Sewer District Consent Order**—The County, as the permit holder for the part-County Sewer District, was served with a Complaint by the New York State Department of Environmental Conservation (“NYSDEC”) on February 26, 2007, alleging violations of environmental statutes and regulations stemming from wet weather overflows at the Sauquoit Creek Pump Station. The County served an Answer to the Complaint on April 25, 2007. On July 11, 2007, the County and the State executed a Consent Order resolving the issues rose in the Complaint. The Consent Order required the payment of a fine of One Hundred Fifty Thousand Dollars (\$150,000), \$120,000 of which was paid on July 13, 2007 and the DEC is allowing the remaining \$30,000 to be applied by the County to an Environmental Benefit Project for the Sauquoit Creek Basin. The Consent Order contains a compliance schedule which calls for the completion of a study of the system within three years and the implementation of any repairs called for in the study by October 31, 2014. The County is in compliance with the deadlines in the compliance schedule. Bond anticipation notes were issued in April 2008 to pay a portion of this Sewer System & Plant Evaluation study in the amount of \$1,266,667. In 2009 the County borrowed an additional \$3,533,333 for this study.

On July 7, 2010, the County submitted the Plan of Study called for in the Consent Order. The Plan of Study proposed a project completion date of December 31, 2020. A formal request to extend this date was submitted to NYSDEC on August 12, 2010. On October 27, 2010 the NYSDEC responded to the Plan of Study submitted on July 7. Two (2) meetings were held in November 2010 to discuss the comments and questions from NYSDEC. On December 23, 2010 a formal response to NYSDEC comments was sent to them.

During 2011, the County negotiated a new consent order with NYSDEC to replace the consent order that was issued in 2007. This order was approved by the Oneida County Board of Legislators on November 30, 2011, Signed by the County Executive on December 7, 2011 and issued by NYSDEC on December 12, 2011. This order reflected the results on the plan of Study conducted in 2010 and extended the completion date of the order to December 31, 2021. As of December 31, 2012 the County is unable to determine the range of the potential liability to the County.

The County issued additional bond anticipation notes in the amounts of \$1,280,171 and \$1,397,792 to finance phases I and IIA of the repairs to the sewers.

## 12. NET POSITION AND FUND BALANCE

**A. Net Position**—The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- ◆ **Net investment in capital assets**—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- ◆ **Restricted amounts**—This category represents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- ◆ **Unrestricted amounts**—This category represents net investment in assets of the County not restricted for any project or other purpose.

**B. GASB Statement No. 54**—The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires fund balance to be properly reported within one of the fund balance categories listed below:

**Nonspendable**—Amount of assets that cannot be spent in the current period because of their form or because they must be maintained intact. As of December 31, 2012, the County had \$5,847 of prepaid items inventories that were classified as nonspendable funds.

**Restricted**—Amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. As of December 31, 2012, the County had the following restricted funds, as presented on the following page.

	General Fund	Debt Service Fund	Non-Major Funds	Total
Tax Certiorari	\$ 575,000	\$ -	\$ -	\$ 575,000
Economic development	1,250,000	-	-	1,250,000
Handicapped parking fees	5,668	-	-	5,668
Retirement costs	2,000,000	-	-	2,000,000
DWI fees	231,087	-	-	231,087
Fiscal stability	12,000,000	-	-	12,000,000
Debt service	-	308,039	4,684,906	4,992,945
Sheriff forfeiture	14,415	-	-	14,415
Capital Projects	314,482	-	7,096,533	7,411,015
Total restricted fund balance	<u>\$ 16,390,652</u>	<u>\$ 308,039</u>	<u>\$ 11,781,439</u>	<u>\$ 28,480,130</u>

**Committed**—Amounts that are subject to a purpose constraint imposed by a formal action of the County’s highest level of decision-making authority, or by its designated body or official. As of December 31, 2012, the County Legislature has committed \$1,000,000 to GASB 45 Post-employment benefits.

**Assigned**—Amounts that are subject to a purpose constraint that represents an intended use established by the County’s Legislature, or by its designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

As of December 31, 2012, the following balances were considered to be assigned.

	General Fund	Special Grant	County Road	Road Machinery	Total
Encumbrances	\$ 291,705	\$ -	\$ 67,862	\$ 2,780	\$ 362,347
Subsequent year's expenditures	1,897,460	-	-	-	1,897,460
Specific use	-	118,797	88,832	350,842	558,471
Total assigned fund balance	<u>\$ 2,189,165</u>	<u>\$ 118,797</u>	<u>\$ 156,694</u>	<u>\$ 353,622</u>	<u>\$ 2,818,278</u>

Significant encumbrances are amounts encumbered in excess of \$100,000. As of December 31, 2012, the County did not have any encumbrances that were considered to be significant.

**Unassigned**—Represents the residual classification of the government’s General Fund, and could report surplus or deficit. As of December 31, 2012, the unassigned fund balance was \$14,153,073.

### 13. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables are short term in nature and exist because of temporary advances or payments made on behalf of other funds. All interfund balances are expected to be collected/paid within the subsequent year. Interfund transfers are routine annual events for both the budget and accounting process and are necessary to present funds in their proper fund classification.

Interfund receivables, payables, and transfers of the County as of, and for the year ended December 31, 2012 are presented on the following page.

Fund	Interfund			
	Receivables	Payables	Transfers In	Transfers Out
General Fund	\$ 388,131	\$ 1,019,360	\$ -	\$ 22,257,416
Debt Service Fund	46,281	121,631	16,217,956	-
Other governmental funds	1,385,971	571,256	6,039,460	-
Sewer Fund	-	105,475	-	-
Workers' Compensation	-	578	-	-
Agency Fund	-	2,083	-	-
Total	<u>\$ 1,820,383</u>	<u>\$ 1,820,383</u>	<u>\$ 22,257,416</u>	<u>\$ 22,257,416</u>

#### 14. AGENCY FUNDS

An agency fund exists for employee withholding and temporary deposits funds. The following is a summary of changes in assets and liabilities for the fiscal year ended December 31, 2012.

	Beginning Balance	Increases	Decreases	Ending Balances
<b>ASSETS</b>				
Cash and equivalents	\$ 6,588,308	\$ 1,263,539	\$ -	\$ 7,851,847
Due from other funds	3,053	-	3,053	-
Total assets	<u>\$ 6,591,361</u>	<u>\$ 1,263,539</u>	<u>\$ 3,053</u>	<u>\$ 7,851,847</u>
<b>LIABILITIES</b>				
Agency liabilities	\$ 6,591,361	\$ 1,258,403	\$ -	\$ 7,849,764
Due to other funds	-	2,083	-	2,083
Total liabilities	<u>\$ 6,591,361</u>	<u>\$ 1,260,486</u>	<u>\$ -</u>	<u>\$ 7,851,847</u>

#### 15. LABOR CONTRACTS

**Labor Relations**—Five bargaining units represent the unionized county employees. The County's largest bargaining units (UPSEU—Blue Collar and UPSEU—White Collar) have contracts settled through December 31, 2013; one other bargaining unit (CSEA) has a contract settled through December 31, 2012. Two other contracts (OC Sheriff Department Employee Local 1249 and Oneida County Police Benevolent Association) expired December 31, 2010 and remain unsettled.

#### 16. SUBSEQUENT EVENTS

On March 12, 2013, the County issued \$14,316,325 of Public Improvement Serial Bonds. The final bonds mature in 2028 and have interest rates from 2.0 percent through 3.125 percent.

On March 27, 2013, the County issued \$15,515,000 of refunding serial bonds. The bonds have interest rates range from 3.0 percent through 5.0 percent. The due dates of the bonds are from 2014 through 2021.

Management has evaluated subsequent events through July 11, 2013, which is the date the financial statements are available for issuance, and have determined, except as noted above, there are no other subsequent events that require disclosure under generally accepted accounting principles.



## SUPPLEMENTAL SCHEDULES



**COUNTY OF ONEIDA, NEW YORK**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**December 31, 2012**

	<u>Special Grant</u>	<u>County Road</u>	<u>Road Machinery</u>	<u>Capital Projects</u>	<u>OTASC</u>	<u>Total Non-Major Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 89,806	\$ 552,750	\$ 303,514	\$ -	\$ 47,380	\$ 993,450
Restricted cash	-	-	-	7,552,094	-	7,552,094
Deposits with trustees	-	-	482	-	4,644,526	4,645,008
Other receivables	190,561	453,278	-	-	-	643,839
Due from other funds	-	812,634	347,710	225,627	-	1,385,971
Prepaid expenditures	-	-	180	-	-	180
Total assets	<u>\$ 280,367</u>	<u>\$ 1,818,662</u>	<u>\$ 651,886</u>	<u>\$ 7,777,721</u>	<u>\$ 4,691,906</u>	<u>\$ 15,220,542</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 84,014	\$ 927,882	\$ 136,958	\$ -	\$ 7,000	\$ 1,155,854
Accrued liabilities	77,556	586,375	-	395,956	-	1,059,887
Due to other funds	-	147,711	161,126	262,419	-	571,256
Due to other governments	-	-	-	22,813	-	22,813
Total liabilities	<u>161,570</u>	<u>1,661,968</u>	<u>298,084</u>	<u>681,188</u>	<u>7,000</u>	<u>2,809,810</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	180	-	-	180.00
Restricted	-	-	-	7,096,533	4,684,906	11,781,439
Assigned	118,797	156,694	353,622	-	-	629,113
Total fund balances	<u>118,797</u>	<u>156,694</u>	<u>353,802</u>	<u>7,096,533</u>	<u>4,684,906</u>	<u>12,410,732</u>
Total liabilities and fund balances	<u>\$ 280,367</u>	<u>\$ 1,818,662</u>	<u>\$ 651,886</u>	<u>\$ 7,777,721</u>	<u>\$ 4,691,906</u>	<u>\$ 15,220,542</u>

**COUNTY OF ONEIDA, NEW YORK**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended December 31, 2012**

	<b>Special Grant</b>	<b>County Road</b>	<b>Road Machinery</b>	<b>Capital Projects</b>	<b>OTASC</b>	<b>Total Non-major Governmental Funds</b>
<b>REVENUES</b>						
Departmental income	\$ -	\$ 1,347,844	\$ -	\$ -	\$ -	\$ 1,347,844
Intergovernmental charges	-	2,030,737	-	-	-	2,030,737
Use of money and property	-	-	-	-	814	814
Licenses and permits	-	6,830	-	-	-	6,830
Sale of property and compensation for loss	-	4,320	3,398	-	-	7,718
Miscellaneous	144,147	3,985	-	-	-	148,132
Interfund revenues	916,868	757,039	2,122,773	-	-	3,796,680
Tobacco settlement revenue	-	-	-	-	3,817,728	3,817,728
State aid	533,562	3,412,284	-	949,609	-	4,895,455
Federal aid	1,339,764	1,143	-	500,105	-	1,841,012
Total revenues	<u>2,934,341</u>	<u>7,564,182</u>	<u>2,126,171</u>	<u>1,449,714</u>	<u>3,818,542</u>	<u>17,892,950</u>
<b>EXPENDITURES</b>						
General government support	-	-	-	4,102,102	31,557	4,133,659
Public safety	-	-	-	815,516	-	815,516
Transportation	-	13,158,864	2,159,769	7,696,399	-	23,015,032
Economic assistance and opportunity	3,129,475	-	-	-	-	3,129,475
Culture and recreation	-	-	-	3,926	-	3,926
Debt service:						
Principal	-	-	-	-	115,000	115,000
Interest	-	-	-	-	3,647,400	3,647,400
Total expenditures	<u>3,129,475</u>	<u>13,158,864</u>	<u>2,159,769</u>	<u>12,617,943</u>	<u>3,793,957</u>	<u>34,860,008</u>
Excess (deficiency) of revenues over expenditures	<u>(195,134)</u>	<u>(5,594,682)</u>	<u>(33,598)</u>	<u>(11,168,229)</u>	<u>24,585</u>	<u>(16,967,058)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	142,300	5,266,660	-	630,500	-	6,039,460
Proceeds of obligations	-	-	-	9,050,000	-	9,050,000
Total other financing sources (uses)	<u>142,300</u>	<u>5,266,660</u>	<u>-</u>	<u>9,680,500</u>	<u>-</u>	<u>15,089,460</u>
Net change in fund balances	(52,834)	(328,022)	(33,598)	(1,487,729)	24,585	(1,877,598)
Fund balances—beginning	171,631	484,716	387,400	8,584,262	4,660,321	14,288,330
Fund balances—ending	<u>\$ 118,797</u>	<u>\$ 156,694</u>	<u>\$ 353,802</u>	<u>\$ 7,096,533</u>	<u>\$ 4,684,906</u>	<u>\$ 12,410,732</u>

# FEDERAL AWARDS



**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2012**

<b>Federal Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor Number</b>	<b>Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Direct Grant:			
Farmers' Market Promotion Program	10.168	N/A	\$ 45,133
Passed through NYS Department of Family Assistance:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	2,556,612
Passed through NYS Department of Education:			
National School Lunch Program	10.555	N/A	38,651
Passed through NYS Division of Nutrition:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	C-025776	<u>1,128,376</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>3,768,772</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Direct Grant:			
Supportive Housing Program	14.235	N/A	98,241
Shelter Plus Care	14.238	N/A	20,254
Passed through NY State Homes and Community Renewal:			
Community Development Block Grant	14.228	846HR40-11	249,269
Community Development Block Grant	14.228	846ED727-10	216
Community Development Block Grant	14.228	846ED739-11	1,619
Community Development Block Grant	14.228	846IT163-11	<u>4,387</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>373,986</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Direct Grant:			
State Criminal Alien Assistance Program	16.606	N/A	17,239
Congressionally Recommended Awards	16.753	N/A	192,715
ARRA-Edward Byrne Memorial Justice Grant Program	16.803	N/A	<u>29,475</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<u>239,429</u>
<b>U.S. DEPARTMENT OF LABOR</b>			
Passed through NY State Office for the Aging:			
Senior Community Service Employment Program	17.235	N/A	67,146
Passed through Herkimer County:			
WIA—Adult Program	17.258	N/A	297,176
WIA—Youth Activities	17.259	N/A	357,108
WIA—Dislocated Workers	17.278	N/A	<u>374,817</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<u>1,096,247</u>

(continued)

**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2012**

<b>Federal Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor Number</b>	<b>Federal Expenditures</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Direct Grant:			
Airport Improvement Program	20.106	3.36.0119.21.09	6,085
Airport Improvement Program	20.106	3.36.0119.26.10	373,454
Airport Improvement Program	20.106	3.36.0119.28.12	41,079
Airport Improvement Program	20.106	3.36.0119.29.12	33,190
Airport Improvement Program	20.106	3.36.0119.30.12	3,326
Passed through NY State Department of Transportation:			
Highway Planning and Construction	20.205	C033459	290,989
Highway Planning and Construction	20.205	N/A	110,324
Unified Planning Work	20.505	C033459	40,723
Federal Transit Formula Grant	20.507	N/A	221,903
Job Access and Reserve Commute	20.516	2790.34.406	93,500
Job Access and Reserve Commute	20.516	2790.37.406	98,200
Passed through NY State Department of Education:			
Highway Planning and Construction	20.205	N/A	10,276
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u>1,323,049</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through NYS Department of Environmental Conservation:			
Water Quality Management Planning	66.454	C304490	89,422
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			<u>89,422</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through NY State Department of Health:			
Special Education—Grants for Infants and Families	84.181	C-021807	138,760
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>138,760</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through NY State Office for the Aging:			
Special Programs for Aging, Title III , Part D	93.043	N/A	19,635
Special Programs for Aging, Title III, Part B	93.044	N/A	301,913
Special Programs for Aging, Title III, Part C	93.045	N/A	809,172
Alzheimer's Disease Demonstration Grants to States	93.051	N/A	83,377
National Family Caregiver Support, Title III, Part E	93.052	N/A	165,891
Nutrition Services Incentive Program	93.053	N/A	139,856
Low Income Home Energy Assistance (WRAP)	93.568	N/A	37,757
Centers for Medicare and Medicaid Services	93.779	N/A	51,583
Passed through Herkimer County:			
Temporary Assistance to Needy Families	93.558	N/A	261,942
Passed through Health Research Inc.:			
Public Health Emergency Preparedness	93.069	1577-09/1577-10	122,696

(continued)



**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2012**

<b>Federal Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor Number</b>	<b>Federal Expenditures</b>
			(concluded)
Passed through NYS Office of Temporary and Disability Assistance:			
Temporary Assistance for Needy Families	93.558	N/A	23,544,644
ARRA—Temporary Assistance for Needy Families	93.714	N/A	5,110
Child Support Enforcement, Title IV-D	93.563	N/A	1,347,084
ARRA—Child Support Enforcement, Title IV-D	93.563	N/A	165,813
Low Income Home Energy Assistance (HEAP)	93.568	N/A	15,078,881
Passed through NYS Department of Health:			
Immunization Grant	93.268	C-023257	128,625
Medical Assistance Program	93.778	N/A	3,952,942
Passed through NYS Office of Children and Family Services:			
Child Care & Development Block Grant	93.575	N/A	5,134,196
Stphanie Tubbs Jones Child Welfare Services Program	93.645	N/A	609,000
Foster Care, title IV-E	93.658	N/A	3,698,282
ARRA- Foster Care, title IV-E	93.658	N/A	48,477
Adoption Assistance	93.659	N/A	1,339,537
ARRA- Adoption Assistance	93.659	N/A	28,967
Social Services Block Grant	93.667	N/A	534,818
Chafee Foster Care Independence Program	93.674	N/A	117,727
Passed through NY State:			
Refugee and Entrant Assistance-State Administered Programs	93.566	N/A	144,517
Passed through NYS Office of Alcoholism and Substance Abuse Services:			
Block Grants for Prevention & Treatment of Substance Abuse	93.959	N/A	1,517,851
Medical Assistance Program	93.778	N/A	15,000
Passed through NYS Office of Mental Health:			
Medical Assistance Program	93.778	N/A	163,207
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>59,568,500</u>
<b>U.S. DEPARTMENT OF SOCIAL SECURITY ADMINISTRATION</b>			
Direct Grant:			
Social Security Disability Insurance	96.001	N/A	47,800
<b>TOTAL U.S. DEPARTMENT OF SOCIAL SECURITY ADMINISTRATION</b>			<u>47,800</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through NY State Division of Homeland Security and Emergency Services:			
Homeland Security Grant Program	97.067	C-835094	29,018
Homeland Security Grant Program	97.067	WM08835082	550
Homeland Security Grant Program	97.067	WM09835082	35,421
Homeland Security Grant Program	97.067	WM10835082	23,075
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>88,064</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 66,734,029</u></u>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**COUNTY OF ONEIDA, NEW YORK**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2012**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of County of Oneida, New York (the "County") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. A reconciliation between the basic financial statements and the schedule of expenditures of federal awards exists.

**2. Reporting Entity**

The accompanying schedule of expenditures of federal awards presents the activity of federal financial assistance programs administered by the County of Oneida, New York, an entity as defined in the basic financial statements except that it does not include the federal financial assistance programs, if any, of Oneida-Herkimer Solid Waste Management Authority, Mohawk Valley Community College or Oneida tobacco Asset Securitization Corporation.

**3. Nonmonetary Federal Programs**

The County is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements, termed "nonmonetary programs." During the year ended December 31, 2012, \$201,047,720 of medical services and goods were received by County participants in the Medical Assistance Program (CFDA Number 93.778) and \$2,237,736 of food vouchers were distributed to eligible persons participating in the State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA Number 10.561).

New York State makes payments of benefits directly to vendors, primarily utility companies, on behalf of eligible persons receiving Low-Income Home Energy Assistance (CFDA Number 93.568). Included in the amount presented on the schedule of expenditures of federal awards is \$14,597,194 in direct payments.

**4. SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

<b>CFDA Number</b>	<b>Program Name</b>	<b>Amount Provided to Subrecipients</b>
14.228	Community Development Block Grant	\$ 255,490
14.235	Supportive Housing Program	49,418
20.507	Federal Transit Formulat Grants	221,903
20.516	Job Access and Reserve Commute	191,700
93.959	Block Grants for Prevention & Treatment of Substance Abuse	1,517,851

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*Certified Public Accountants*

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable County Executive and County Legislature  
County of Oneida, New York:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Oneida, New York (the "County"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 11, 2013. Our report includes a reference to other auditors who audited the financial statements of the Oneida Tobacco Asset Securitization Corporation, the Oneida-Herkimer Solid Waste Authority, and the Mohawk Valley Community College described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Drescher & Malecki LLP*

July 11, 2013

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*Certified Public Accountants*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM; AND REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY OMB  
CIRCULAR A-133**

Honorable County Executive and County Legislature  
County of Oneida, New York:

**Report on Compliance for Each Major Federal Program**

We have audited the County of Oneida, New York's, (the "County") compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Oneida Tobacco Asset Securitization Corporation, the Oneida-Herkimer Solid Waste Management Authority and the Mohawk Valley Community College, which received \$-0-, \$-0-, and \$36,623,898 in federal awards, respectively, which are not included in the County's schedule of expenditures of federal awards during the year ended December 31, 2012. Our audit, described below, did not include the operations of the Oneida Tobacco Asset Securitization Corporation, the Oneida-Herkimer Solid Waste Authority, and the Mohawk Valley Community College, because other auditors were engaged to perform such audits in accordance with OMB Circular A-133, as applicable.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

### **Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Drescher & Malecki LLP*

July 11, 2013

**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2012**

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**Part I. Summary of auditors' results**

**Financial Statements**

Type of auditors' report issued: Unmodified\*

\* (which report refers to other auditors)

Internal control over financial reporting:

1. Material weakness(es) identified?        Yes   ✓   No
2. Significant deficiency(ies) identified?        Yes   ✓   None reported
3. Noncompliance material to financial statements noted?        Yes   ✓   No

**Federal Awards:**

Internal control over major programs:

4. Material weakness(es) identified?        Yes   ✓   No
5. Significant deficiency (ies) identified?        Yes   ✓   None reported

Type of auditors' report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?        Yes   ✓   No
7. The County's major programs were:

<u><b>Name of Federal Program</b></u>	<u><b>CFDA Number</b></u>
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561
ARRA— Edward Byrne Memorial Justice Assistance Grant	16.803
Temporary Assistance Needy to Families	93.558
ARRA—Temporary Assistance to Needy Families	93.714
Medical Assistance Program	93.778

8. Dollar threshold used to distinguish between Type A and Type B programs?        \$ 2,002,021
9. Auditee qualified as low-risk auditee?   ✓   Yes        No

**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2012**

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**Part II. Financial statement findings section**

No findings were noted as reportable.

**Part III. Federal award findings and questioned costs section**

No findings were noted as reportable.



**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Prior Year Audit Findings**  
**Year Ended December 31, 2012**  
**(Follow Up on December 31, 2011 Findings)**

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No findings were noted as reportable.

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NEW YORK STATE  
DEPARTMENT OF TRANSPORTATION  
PART 43 OF NYCRR SCHEDULES AND REPORT



**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Expenditures of New York State Department of Transportation Assistance**  
**Year Ended December 31, 2012**

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<u>Program Title/Description</u>	<u>NYSDOT Contract/ Reference Number</u>	<u>NYSDOT Expenditures</u>
Consolidated Local Street and Highway Improvement Program (CHIPS)	M260000	\$ <u>3,412,284</u>
Marchiselli/Bond Match for Federal Aid Highway Projects (Highway and Bridge Reconstruction Projects): Middlesettlement Road	D032097	8,979
Airport Improvement Program	2905.22	160
	2905.27	9,828
	2905.29	2,282
	2905.30	1,844
	2905.31	<u>185</u>
Total Airport Improvement Program		<u>14,299</u>
 <b>Total New York State Department of Transportation Assistance Funds Expended</b>		 <b>\$ <u>3,435,562</u></b>

See note to the schedule of expenditures of New York State Department of Transportation assistance.

**COUNTY OF ONEIDA, NEW YORK**  
**Note to Schedule of Expenditures of New York State Department of Transportation Assistance**  
**Year Ended December 31, 2012**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of New York State Department of Transportation (the "NYSDOT") assistance includes the financial assistance provided by NYSDOT.

The accompanying schedule is presented on the modified accrual basis of accounting.

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*Certified Public Accountants*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND  
INTERNAL CONTROL OVER NEW YORK STATE TRANSPORTATION  
ASSISTANCE EXPENDED BASED ON AN AUDIT OF THE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Honorable County Executive and County Legislature  
County of Oneida, New York:

**Report on Compliance for New York State Transportation Assistance Programs**

We have audited the County of Oneida, New York's, (the "County") compliance with the types of compliance requirements described in Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that are applicable to each state transportation assistance program tested for the year ended December 31, 2012. The program tested is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the laws, regulations, contracts and grants applicable to the program tested.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the County's program based on our audit of the types of compliance requirements referred to above. We conducted our audit in compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Draft Part 43 of NYCRR. Those standards and Draft Part 43 of NYCRR require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a state transportation assistance programs tested has occurred. An audit includes examining, on a test basis, evidence about County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state transportation assistance program. However, our audit does not provide a legal determination on County's compliance.

***Opinion on Each State Transportation Assistance Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its state transportation assistance programs for the year ended December 31, 2012.

**Report on Internal Control Over Compliance**

Management of County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with requirements that could have a direct and material effect on state transportation assistance programs tested to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each state transportation assistance program and to test and report on internal control over compliance in accordance with

Draft 43 of NYCRR, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Purpose of this Report**

This report is intended solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over compliance. This report is for the information and use of the County Legislature, management, the New York State Department of Transportation, and the Office of the State Comptroller of the State of New York. Accordingly, this communication is not suitable for any other purpose.

*Drescher & Malecki LLP*

July 11, 2013



**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**New York State Department of Transportation Assistance**  
**For the Year Ended December 31, 2012**

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**Part I. SUMMARY OF AUDITORS' RESULTS**

**New York State Department of Transportation Assistance:**

Internal control over major programs:

- |   |           |         |               |
|---|-----------|---------|---------------|
| 1. Material weakness(es) identified?        | _____ Yes | _____ ✓ | No            |
| 2. Significant deficiency (ies) identified? | _____ Yes | _____ ✓ | None Reported |

Type of auditors' report issued on compliance for programs tested:

Unmodified

- |   |           |         |    |
|---|-----------|---------|----|
| 3. Any audit findings disclosed that are required to be reported in accordance with Draft Part 43 of NYCRR? | _____ Yes | _____ ✓ | No |
|---|-----------|---------|----|

4. The County's programs tested were:

**Name of Program**

Consolidated Highway Improvement Program (CHIPS)

**Part II. COMPLIANCE FINDINGS AND QUESTIONED COSTS**

No findings were noted as reportable.