

**COUNTY OF ONEIDA,
NEW YORK**

*Basic Financial Statements, Required
Supplementary Information, Supplementary Information
and Federal Awards Information
for the Year Ended December 31, 2015 and
Independent Auditors' Reports*

COUNTY OF ONEIDA, NEW YORK
Table of Contents
Year Ended December 31, 2015

	<u>Page</u>
Independent Auditors’ Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet—Governmental Funds	18
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position.....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds to the Government-wide Statement of Activities	21
Statement of Net Position—Proprietary Funds.....	22
Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Funds	23
Statement of Cash Flows—Proprietary Funds.....	24
Statement of Net Position—Agency Fund.....	26
Notes to the Financial Statements	27
Required Supplementary Information:	
Schedule of Funding Progress—Other Post-Employment Benefits Plan	71
Schedule of the Local Government’s Proportionate Share of the Net Pension Liability/(Asset)—Teacher’s Retirement System	72
Schedule of the Local Government’s Contributions—Teacher’s Retirement System.....	73
Schedule of the Local Government’s Proportionate Share of the Net Pension Liability—Employees’ Retirement System	74

(continued)

COUNTY OF ONEIDA, NEW YORK
Table of Contents
Year Ended December 31, 2015

(concluded)

Schedule of the Local Government’s Contributions—Employees’ Retirement System.....	75
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—General Fund.....	76
Note to the Required Supplementary Information	77

Supplementary Information:

Combining Balance Sheet—Non-Major Governmental Funds	78
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit)—Non-Major Governmental Funds	79
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—Debt Service Fund	80

Federal Awards Information:

Schedule of Expenditures of Federal Awards.....	81
Notes to the Schedule of Expenditures of Federal Awards	84
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 <i>Government Auditing Standards</i>	85
Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance	87
Schedule of Findings and Questioned Costs	89
Summary Schedule of Prior Year Audit Findings and Corrective Action Plan	90

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, 2015, 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

The County's 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 ("OHSWMA") and the Mohawk Valley Community College ("MVCC"), which are shown as discretely presented component units. We also did not audit the financial statements of the Oneida Tobacco Asset Securitization Corporation ("OTASC"), which represent 22.6 percent and 12.4 percent, respectively, of the assets and revenues of the total nonmajor governmental funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for OHSWMA, MVCC and OTASC. 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. The financial statements of the Oneida Tobacco Asset Securitization Corporation were not audited in accordance with *Government Auditing Standards*.

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, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the County has restated net position of business-type activities as of December 31, 2014 to adjust for capital assets. In addition, during the year ended December 31, 2015, the County implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to 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 Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), are presented for the purpose of additional analysis are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 by us and other auditors. In our opinion, the Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards are 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 September 15, 2016 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.

Drescher & Malecki LLP

September 15, 2016

COUNTY OF ONEIDA, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2015

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 year ended December 31, 2015. Certain amounts have been reclassified to conform to the current year's presentation. This document should be read in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the primary government of the County, which exclude the Oneida-Herkimer Solid Waste Management Authority and the Mohawk Valley Community College, exceeded total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$120,762,229 (*net position*). The County has an unrestricted net position of \$11,666,292 at December 31, 2015.
- The primary government's total net position decreased by \$5,025,258 during the current fiscal year. This was a result of a decrease in governmental activities of \$12,512,057 partially offset by an increase in business-type activities of \$7,486,799.
- At December 31, 2015, the County's governmental funds reported combined ending fund balances of \$34,183,315, a decrease of \$13,456,977 in comparison with the prior year.
- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned and unassigned fund balances) for the General Fund was \$24,926,989 or 6.8 percent of total General Fund expenditures and transfers out.
- Net position of the discretely presented component units, the Oneida-Herkimer Solid Waste Management Authority and the Mohawk Valley Community College, were \$44,119,242 at December 31, 2015 and \$39,924,662 at August 31, 2015, respectively.
- The County's governmental activities' total bonded debt increased \$9,423,235 due to the issuance of serial bonds, offset by scheduled principal payments. The County's business-type activities' total bonded debt and EFC notes payable increased \$4,472,816 due to the issuance of serial bonds and conversion of EFC notes payable to serial bonds, offset by scheduled principal payments.

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 intended to furnish additional detail to support 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, liabilities, and deferred inflows/outflows of resources, with the differences 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 County'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 authority (Oneida-Herkimer Solid Waste Management 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 16-17 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 funds' balance sheet and the governmental funds' 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 six individual governmental funds. Additionally, the County reports the activities of its blended component unit, the Oneida Tobacco Asset Securitization Corporation as a governmental fund. General and Debt Service Fund information is presented separately in the

governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund, Debt Service Fund, Special Grant Fund, County Road Fund, and Road Machinery Fund. A budgetary comparison schedule has been provided for the General Fund within the required supplementary information to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds—The County maintains two individual proprietary 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 22-25 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 County maintains one fiduciary fund, the Agency Fund.

The Agency Fund reports resources held by the County in a custodial capacity for individuals, private organizations and other governments.

The fiduciary fund financial statement can be found on page 26 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 27-70 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the County's progress in funding its obligation to provide post-employment benefits to its employees, the County's net pension liability, and the County's budgetary comparison schedule for the General Fund. Required Supplementary Information can be found on pages 71-77 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and budgetary comparison schedule for the Debt Service Fund are presented immediately following the Required Supplementary Information on pages 78-80.

The Federal Awards Information can be found on pages 81-91 of this report.

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's primary government, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$120,762,229 at the close of the most recent fiscal year, as compared to \$125,787,487 (as restated) at the close of the fiscal year ended December 31, 2014.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2015	2014 (as restated)	2015	2014 (as restated)	2015	2014 (as restated)
Current assets	\$ 156,831,475	\$ 164,022,045	\$ 34,328,514	\$ 31,924,837	\$ 191,159,989	\$ 195,946,882
Noncurrent assets	<u>283,039,392</u>	<u>273,159,448</u>	<u>46,917,198</u>	<u>37,677,494</u>	<u>329,956,590</u>	<u>310,836,942</u>
Total assets	<u>439,870,867</u>	<u>437,181,493</u>	<u>81,245,712</u>	<u>69,602,331</u>	<u>521,116,579</u>	<u>506,783,824</u>
Deferred outflows of resources	<u>11,668,505</u>	<u>10,091,133</u>	<u>508,907</u>	<u>495,577</u>	<u>12,177,412</u>	<u>10,586,710</u>
Current liabilities	70,962,826	62,312,095	2,077,704	1,717,875	73,040,530	64,029,970
Noncurrent liabilities	<u>287,936,303</u>	<u>280,478,092</u>	<u>50,781,705</u>	<u>46,991,948</u>	<u>338,718,008</u>	<u>327,470,040</u>
Total liabilities	<u>358,899,129</u>	<u>342,790,187</u>	<u>52,859,409</u>	<u>48,709,823</u>	<u>411,758,538</u>	<u>391,500,010</u>
Deferred inflows of resources	<u>752,898</u>	<u>83,037</u>	<u>20,326</u>	<u>-</u>	<u>773,224</u>	<u>83,037</u>
Net position:						
Net investment in capital assets	94,974,840	82,307,028	9,394,405	9,470,325	104,369,245	91,777,353
Restricted	4,726,692	16,787,291	-	-	4,726,692	16,787,291
Unrestricted	<u>(7,814,187)</u>	<u>5,305,083</u>	<u>19,480,479</u>	<u>11,917,760</u>	<u>11,666,292</u>	<u>17,222,843</u>
Total net position	<u>\$ 91,887,345</u>	<u>\$ 104,399,402</u>	<u>\$ 28,874,884</u>	<u>\$ 21,388,085</u>	<u>\$ 120,762,229</u>	<u>\$ 125,787,487</u>

The largest portion of the County's net position, \$104,369,245, reflects its investment in capital assets (e.g. land, buildings, infrastructure, and machinery and equipment) net of any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$4,726,692, represents resources subject to external restrictions on how they may be used and are reported as restricted net position. The remaining category of total net position, \$11,666,292, is considered to be unrestricted net position.

Table 2, as presented on the following page, shows the changes in net position for the years ended December 31, 2015 and December 31, 2014.

Table 2—Condensed Statements of Changes in Net Position—Primary Government

	Governmental activities		Business-type activities		Total	
	Years Ended December 31,		Years Ended December 31,		Years Ended December 31,	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues	\$ 168,811,084	\$ 174,477,041	\$ 33,523,465	\$ 24,148,249	202,334,549	198,625,290
General revenues	208,272,050	210,727,254	20,359	18,920	208,292,409	210,746,174
Total revenues	<u>377,083,134</u>	<u>385,204,295</u>	<u>33,543,824</u>	<u>24,167,169</u>	<u>410,626,958</u>	<u>409,371,464</u>
Total expenses	<u>389,595,191</u>	<u>384,302,030</u>	<u>26,057,025</u>	<u>26,454,582</u>	<u>415,652,216</u>	<u>410,756,612</u>
Special items	-	31,625,000	-	-	-	31,625,000
Change in net position	(12,512,057)	32,527,265	7,486,799	(2,287,413)	(5,025,258)	30,239,852
Net position—beginning	104,399,402	74,820,819	21,388,085	20,401,927	125,787,487	95,222,746
Restatement (see Note 2)	-	(2,948,682)	-	3,273,571	-	324,889
Net position—ending	<u>\$ 91,887,345</u>	<u>\$ 104,399,402</u>	<u>\$ 28,874,884</u>	<u>\$ 21,388,085</u>	<u>\$ 120,762,229</u>	<u>\$ 125,787,487</u>

Governmental activities—Governmental activities decreased the County’s net position by \$12,512,057. This is primarily the result of both a decrease in revenues and an increase in expenses. During the year ended December 31, 2015, total revenues decreased by 2.1 percent, mainly due to a decrease in operating and capital grants as a result of lower than anticipated grants related to Social Service and Homeland Security couple with a decrease in non-property tax revenue, primarily sales tax revenue. In addition, expenses increased 1.4 percent. The biggest increase was in education expenses, which reflect \$7,500,000 in serial bonds issued by the County in 2015 to fund construction progress at the MVCC Rome Campus.

A summary of revenues for governmental activities for the years ended December 31, 2015 and 2014 is presented below.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2015	2014	Dollars	Percent
Charges for services	\$ 41,322,526	\$ 43,230,724	\$ (1,908,198)	(4.4)
Operating and capital grants	127,488,558	131,246,317	(3,757,759)	(2.9)
Property taxes and tax items	71,177,321	72,634,594	(1,457,273)	(2.0)
Non-property taxes	130,148,468	132,946,678	(2,798,210)	(2.1)
Use of money and property	1,907,258	1,994,982	(87,724)	(4.4)
Other	5,039,003	3,151,000	1,888,003	59.9
Total revenues	<u>\$ 377,083,134</u>	<u>\$ 385,204,295</u>	<u>\$ (8,121,161)</u>	(2.1)

For the year ended December 31, 2015, the most significant sources of revenues for governmental activities were non-property taxes of \$130,148,468, or 34.5 percent of total revenue; operating and capital grants of \$127,488,558, or 33.8 percent of total revenue; and property taxes and tax items of \$71,177,321, or 18.9 percent of total revenue. Comparatively, for the year ended December 31, 2014, the most significant sources of revenues were non-property taxes of \$132,946,678, or 34.5 percent of total revenue; operating and capital grants of \$131,246,317, or 34.1 percent of total revenue; and property taxes and tax items of \$72,634,594, or 18.9 percent of total revenue.

A summary of program expenses of governmental activities for the years ended December 31, 2015 and 2014 is presented in Table 4 below.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2015	2014	Dollars	Percent
General government support	\$ 73,948,978	\$ 73,324,836	\$ 624,142	0.9
Education	26,727,614	19,272,200	7,455,414	38.7
Public safety	50,908,538	51,729,512	(820,974)	(1.6)
Health	19,713,166	19,572,699	140,467	0.7
Transportation	33,206,335	35,369,187	(2,162,852)	(6.1)
Economic assistance and opportunity	165,514,814	169,731,678	(4,216,864)	(2.5)
Culture and recreation	1,321,791	1,034,302	287,489	27.8
Home and community services	7,400,862	3,451,563	3,949,299	114.4
Interest and fiscal charges	10,853,093	10,816,053	37,040	0.3
Total program expenses	<u>\$ 389,595,191</u>	<u>\$ 384,302,030</u>	<u>\$ 5,293,161</u>	1.4

For the year ended December 31, 2015, the County's most significant expense categories for governmental activities were economic assistance and opportunity (primarily composed of social service costs) of \$165,514,814, or 42.5 percent of program expenses; general government support of \$73,948,978, or 19.0 percent of program expenses; and public safety of \$50,908,538, or 13.1 percent of program expenses. For the year ended December 31, 2014, the most significant expense category for governmental activities were economic assistance and opportunity (primarily composed of social service costs) of \$169,731,678, or 44.2 percent of program expenses; general government support of \$73,324,836, or 19.1 percent of program expenses; and public safety of \$51,729,699, or 13.5 percent of program expenses.

Business-type activities—Business-type activities (Sewer Fund and Workers' Compensation Fund) increased the County's total net position by \$7,486,799. Table 5, as presented on the following page shows the changes in net position.

Table 5—Condensed Statements of Changes in Net Position—Business-type Activities

	Year Ended December 31,		Increase/(decrease)	
	2015	2014	Dollars	Percent
Revenues:				
Program revenues	\$ 33,523,465	\$ 24,148,249	\$ 9,375,216	38.8
General revenues	20,359	18,920	1,439	7.6
Total revenues	<u>33,543,824</u>	<u>24,167,169</u>	<u>9,376,655</u>	38.8
Total expenses	<u>26,057,025</u>	<u>26,454,582</u>	<u>(397,557)</u>	(1.5)
Change in net position	7,486,799	(2,287,413)	9,774,212	n/a
Net position—beginning	21,388,085	20,401,927	986,158	4.8
Restatement (see Note 2)	-	3,273,571	(3,273,571)	(100.0)
Net position—ending	<u>\$ 28,874,884</u>	<u>\$ 21,388,085</u>	<u>\$ 7,486,799</u>	35.0

At December 31, 2015, the most significant source of revenues relating to the County’s business-type activities is program revenues, including Sewer departmental income and Workers’ Compensation charges for services. Total revenue relating to the County’s business-type activities increased 38.8 percent from the year ended December 31, 2014, primarily due to the County receiving \$4,000,000 in principal forgiveness on EFC notes payable, as well the reimbursement of \$2,433,885 from Mohawk Valley Economic Development Growth Enterprises Corporation (“EDGE”) for a share of the North Utica Parallel Interceptor Project costs.

Total expenses decreased by \$397,557, or 1.5 percent. This decrease is primarily related to a decrease in contractual expenses in the Sewer Fund related to certain improvements and repair and maintenance cost and was partially offset by an increase in Workers’ Compensation claims and contractual expenses.

A summary of sources of revenues and expenses for the County’s business-type activities for the years ended December 31, 2015 and December 31, 2014 is presented below in Table 6.

Table 6—Summary of Sources of Revenues and Expenses—Business-type Activities

	Year Ended December 31,		Increase/(decrease)	
	2015	2014	Dollars	Percent
Charges for services—Sewer Fund	\$ 13,756,807	\$ 12,934,574	\$ 822,233	6.4
Charges for services—Workers' Compensation Fund	12,901,149	11,161,265	1,739,884	15.6
Operating grants and contributions—Sewer Fund	6,865,509	52,410	6,813,099	> 100
Use of money and property	20,359	18,920	1,439	7.6
Total revenues	<u>\$ 33,543,824</u>	<u>\$ 24,167,169</u>	<u>\$ 9,376,655</u>	38.8
Sewer Fund expenses	\$ 13,137,106	\$ 15,274,397	\$ (2,137,291)	(14.0)
Workers' Compensation Fund expenses	12,919,919	11,180,185	1,739,734	15.6
Total expenses	<u>\$ 26,057,025</u>	<u>\$ 26,454,582</u>	<u>\$ (397,557)</u>	(1.5)

Financial Analysis of the Governmental 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* may serve as a useful measure of a government’s net resources available for discretionary use as it represents 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.

At December 31, 2015, the County governmental funds reported combined ending fund balances of \$34,183,315, a decrease of \$13,456,977 in comparison with the prior year. Of this amount, \$10,647, constitutes *unassigned fund balance*, which is available for spending at the County’s discretion. The remainder of fund balance is either *nonspendable*, *restricted*, *committed* or *assigned* to indicate that it is: (1) not in spendable form, \$5,793, (2) restricted for particular purposes, \$8,233,176, (3) committed for particular purposes, \$17,050,000 or (3) assigned for particular purposes, \$8,883,699.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned and unassigned fund balances) of the General Fund was \$24,926,989, while total fund balance was \$24,935,051. The General Fund fund balance decreased \$15,537,675 from the prior year. As a measure of the General Fund’s liquidity, it may be useful to compare both *unrestricted fund balance* and total fund balance to total fund expenditures and transfers out. Both *unrestricted fund balance* and total fund balance represent approximately 6.8 percent of total General Fund expenditures and transfers out.

The fund balance of the Debt Service Fund decreased \$198,799 as a result of normal operations.

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, 2015, amounted to \$19,480,479 and the total net position was \$28,874,884. During the year ended December 31, 2015, this total net position increased \$7,486,799 consisting of \$1,599,596 in operating income and net non-operating revenues totaling \$5,885,614. The expenses of the Workers’ Compensation Fund increased \$1,739,734 compared to the year ended December 31, 2014, primarily due to an updated actuary valuation. The increase in expenses is almost completely offset by an increase in charges to participants.

General Fund Budgetary Highlights

The County’s General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year’s encumbrances since the funds were allocated under the previous year’s budget, and the County has appropriately assigned an equal amount of fund balance at year-end for this purpose. Furthermore, the budget is allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues. A budgetary comparison schedule within the required supplementary information section of this report has been provided to demonstrate compliance with the budget.

A summary of the General Fund results of operations for the year ended December 31, 2015 is presented below in Table 7:

Table 7—Summary of General Fund Results of Operations

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and other financing sources	\$ 329,432,224	\$ 369,118,679	\$ 348,520,381	\$ (20,598,298)
Expenditures and other financing uses	<u>334,432,575</u>	<u>389,499,579</u>	<u>364,058,056</u>	<u>25,441,523</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (5,000,351)</u>	<u>\$ (20,380,900)</u>	<u>\$ (15,537,675)</u>	<u>\$ 4,843,225</u>

Original budget compared to final budget—During the year, the budget is modified. The largest supplemental appropriation was to account for the gross sales tax proceeds received from New York State that are then paid by the County to the towns and villages. This 2015 adjustment was for \$36,878,946 and increased non-property tax items revenue and the general government support expenditures. In addition, the budget was amended upward by a total of \$9,569,464, funded partially through appropriated reserves, across numerous functions to account for the payment of outstanding retirement liabilities, and \$5,538,545 to account for additional capital project funding.

Final budget compared to actual results—The General Fund had a favorable variance from final budgetary appropriations of \$25,441,523. Positive variances were realized in all functional expenses, the largest variance was in economic assistance and opportunity.

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, 2015 amounts to \$329,956,590 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, infrastructure, and equipment.

Capital assets, net of depreciation, for the governmental activities and business-type activities at the years ended December 31, 2015 and 2014 are presented in Table 8 on the following page.

Table 8—Summary of Capital Assets (Net of Depreciation)

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2015	2014	2015	2014 (as restated)	2015	2014 (as restated)
Land	\$ 12,483,163	\$ 12,483,163	\$ -	\$ -	\$ 12,483,163	\$ 12,483,163
Construction in progress	12,033,851	16,243,890	27,459,397	17,084,608	39,493,248	33,328,498
Land improvements	234,636	260,919	-	-	234,636	260,919
Buildings and building improvements	145,269,795	139,812,396	15,036,699	16,006,414	160,306,494	155,818,810
Infrastructure	95,600,731	90,346,064	3,095,400	3,250,591	98,696,131	93,596,655
Equipment	17,417,216	14,013,016	1,325,702	1,335,881	18,742,918	15,348,897
Total	<u>\$ 283,039,392</u>	<u>\$ 273,159,448</u>	<u>\$ 46,917,198</u>	<u>\$ 37,677,494</u>	<u>\$ 329,956,590</u>	<u>\$ 310,836,942</u>

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements. The County has elected to depreciate its infrastructure assets. Additional information on County's capital assets can be found in Note 5 of this report.

Long-term debt—The County currently has approximately \$225 million in total bonded debt for functions considered governmental activities. This includes serial bonds issued on behalf of Mohawk Valley Community College and serial bonds (and accreted interest on capital appreciation bonds) issued by the Oneida Tobacco Asset Securitization Corporation (the "OTASC").

A summary of the County's long-term liabilities at December 31, 2015 and 2014 is presented in Table 9 below.

Table 9—Debt and Long-Term Liabilities

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2015	2014 (as restated)	2015	2014 (as restated)	2015	2014 (as restated)
Serial bonds	\$ 134,064,435	\$ 124,641,200	\$ 37,335,695	\$ 32,862,879	\$ 171,400,130	\$ 157,504,079
Bond premium	884,327	1,052,770	359,010	427,393	1,243,337	1,480,163
Net OTASC bonds and accreted interest	90,205,450	88,200,274	-	-	90,205,450	88,200,274
Workers' compensation	7,573,441	6,760,765	11,346,622	11,859,234	18,920,063	18,619,999
Compensated absences	2,756,134	2,867,644	80,683	93,878	2,836,817	2,961,522
Other postemployment benefits	36,227,783	30,029,207	1,190,485	986,896	37,418,268	31,016,103
Retirement obligation	6,740,867	14,031,589	217,219	424,512	6,958,086	14,456,101
Claims and judgements	147,510	406,001	-	-	147,510	406,001
Net pension liability	9,336,356	12,488,642	252,054	337,156	9,588,410	12,825,798
Total	<u>\$ 287,936,303</u>	<u>\$ 280,478,092</u>	<u>\$ 50,781,768</u>	<u>\$ 46,991,948</u>	<u>\$ 338,718,071</u>	<u>\$ 327,470,040</u>

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

Economic Factors and Next Year's Budgets

From 1970 until March 2014, the County was involved in extensive litigation against the Oneida Indians. This included land claims brought by three Oneida tribes which were both resolved, the smaller case by payment of \$8,360 plus interest made with state funds and the larger one by judgment in the County's favor in 2011. Additionally, in the years 2005-2008, three more suits were commenced between the County and the local Oneida tribe, known as the Oneida Indian Nation of New York. This litigation included a dispute over taxability of Nation-owned real property, the assessments of those parcels, and the United States government's decision to accept some Nation-owned parcels into trust. Settlement of all pending litigation was reached between the County, Madison County, the Oneida Indian Nation and New York State in 2013, and became effective upon approval of Federal District Court Judge Kahn on March 4, 2014. There remains no pending litigation between the County and the Oneida Indians. The settlement exempts Oneida Indian Nation-owned parcels from property taxes, but on balance is expected to provide significant financial benefit to the County. Specifically, its terms are summarized as follows:

Tribal Revenue Sharing with State and Local Governments and Gaming Exclusivity—Under the agreement, the Oneida Nation will receive exclusive rights to casino gaming in a ten county region of Central New York. In exchange, the Nation will devote 25% of its net gaming revenue from its slot machines to the State of New York. Based on current Oneida gaming revenues, that would be approximately \$50 million annually to the State. From the State share there would be distributed to the County, as the host county, 25% of the State's payment annually and, in addition, the County will receive \$2.5 million annually for nineteen and one-quarter (19.25) years from the State share to settle back property tax claims. Quarterly payments to the County commenced in May 2014. A total of \$12,873,565 was received for 2014, and \$16,513,746 was received for 2015.

Settling Land into Trust—Under the settlement, the Oneida Indian Nation will agree to a permanent cap of approximately 25,000 acres of land which may be taken into trust by the Department of Interior as Nation land. New York State, Oneida County and Madison County withdrew their case challenging land into trust. The Nation expressly waives its rights of sovereignty over any land over the cap amount.

Ending Unfair Competition—The settlement requires the Oneida Indian Nation (the "Nation") to impose a Nation sales tax that equals or exceeds the combined the State and county sales, use and occupancy taxes. Under the agreement:

- The Nation sales tax would apply to all cigarettes, motor fuel, and all other sales by Indian retailers to non-Indians.
- The Nation must adhere to minimum pricing standards for cigarette products.
- The Nation must use sales tax revenues only for the same types of governmental programs to which the State and Counties devote their tax revenues.

It should be noted that a separate claim, brought by the Stockbridge-Munsee Tribe of Indians involving a much smaller amount of land in Oneida County, remains alive. The claim was dismissed in Federal District Court, for similar reasons as the Oneida claim dismissal, but an appeal is pending. The County is optimistic that the dismissal will be upheld.

Other significant budget considerations include:

- Continued high employee benefit costs, particularly for contributions to the New York State Local Retirement System and 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 2016 which did not rely heavily upon fund balance and contained a decrease in the tax levy of \$949,414 (or 1.4%). Revenue from the Oneida Indian Nation agreements was budgeted for \$15,000,000, of which \$1,124,463 is budgeted to be distributed to various towns and school districts within the County.

The County's economic development efforts have been successful in attracting new technology opportunities and jobs and adding additional retail business. Recent noteworthy developments include:

- In December of 2013 The Federal Aviation Administration ("FAA") designated Griffiss International Airport as one of six sites nationwide with authorization to test commercial unmanned aerial systems ("UAS"), commonly referred to as drones. In December 2014, Northeast UAS Airspace Integration Research Alliance ("NUAIR Alliance") and Griffiss International Airport announced they were awarded \$4 million in grant funding through the fourth round of Governor Cuomo's competitive Regional Economic Development Council ("REDC") process. The grant will support the installation of state-of-the-art instrumentation for tracking of UAS operations at Griffiss International Airport and at approved locations in Central and Northern New York, and the Mohawk Valley. This investment will allow NUAIR and its alliance partners to deploy state-of-the-art range instrumentation which can track UAS in the air and provide safety-enhancing sense and avoid capabilities. This testing capability is the first of its kind at any UAS test site in the country, making Griffiss International Airport a strategic location for the emerging UAS industry. The County currently has contracts with the FAA and NASA for additional testing activities.
- In October of 2013, New York State announced the "Nano Utica" Initiative, a \$1.5 billion public-private partnership that would begin with construction of the Computer Chip Commercialization Center (QUAD C) at the SUNY Polytechnic Institute campus in Marcy. In August of 2015, it was announced that GE Global Research will expand its New York global operations to Oneida County, serving as the anchor tenant of QUAD C. Nearly 500 jobs are expected to be created in the Mohawk Valley in the next five years from SUNY Polytechnic, GE, and affiliated corporations and another 350 in the subsequent five years.
- In August of 2015, New York State also announced that global technology leader ams AG, a multinational company that creates high performance sensor solutions and analog ICs, plans to generate more than 1,000 new jobs and initially invest over \$2 billion to support a cutting edge, 360,000 square foot wafer fabrication facility to be constructed at the Nano Utica site in Marcy. The groundbreaking for this facility was held on April 20, 2016.

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.

BASIC FINANCIAL STATEMENTS

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COUNTY OF ONEIDA, NEW YORK
Statement of Net Position
December 31, 2015

	Primary Government			Component Units	
	Governmental	Business-type	Total	Oneida-Herkimer	Mohawk Valley
	Activities	Activities		Solid Waste	Community
				College	August 31, 2015
ASSETS					
Cash and cash equivalents	\$ 15,665,273	\$ 18,363,352	\$ 34,028,625	\$ 4,378,832	\$ 20,884,309
Restricted cash and cash equivalents	13,771,438	6,454,968	20,226,406	2,870,857	150,103
Deposits with trustees	4,638,757	-	4,638,757	-	491,806
Investments	-	-	-	20,955,837	4,542,352
Property taxes receivable (net of allowance)	21,109,390	-	21,109,390	-	-
Other receivables	6,191,499	5,402,059	11,593,558	2,711,793	2,835,113
Student loan receivable, net	-	-	-	-	1,467,903
Intergovernmental receivables	94,893,588	4,341,499	99,235,087	-	5,223,697
Internal balances	284,132	(284,132)	-	-	-
Due from Agency Fund	271,605	-	271,605	-	-
Other assets	-	-	-	42,721	44,226
Inventories	-	-	-	-	682,656
Prepaid items	5,793	50,768	56,561	151,422	569,003
Restricted assets	-	-	-	8,130,880	-
Noncurrent net pension asset	-	-	-	-	2,860,511
Capital assets not being depreciated	24,517,014	27,459,397	51,976,411	8,322,950	1,877,396
Capital assets, net of accumulated depreciation	258,522,378	19,457,801	277,980,179	36,788,957	42,865,334
Total assets	439,870,867	81,245,712	521,116,579	84,354,249	84,494,409
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	462,986	171,912	634,898	-	-
Deferred outflows of resources—pensions	11,205,519	336,995	11,542,514	659,614	1,186,334
Total deferred outflows of resources	11,668,505	508,907	12,177,412	659,614	1,186,334
LIABILITIES					
Accounts payable	11,155,689	485,363	11,641,052	1,147,482	5,480,421
Retainage payable	1,007,671	810,510	1,818,181	-	-
Accrued liabilities	33,290,760	581,831	33,872,591	242,584	-
Intergovernmental payables	19,162,436	-	19,162,436	-	-
Due to related organizations	-	-	-	-	394,956
Bond anticipation notes payable	6,082,504	-	6,082,504	-	-
Unearned revenue	263,766	200,000	463,766	-	2,054,461
Other liabilities	-	-	-	-	1,538,954
Noncurrent liabilities:					
Due within one year	15,300,783	2,782,597	18,083,380	2,445,000	420,000
Due within more than one year	272,635,520	47,999,108	320,634,628	36,335,311	32,403,207
Total liabilities	358,899,129	52,859,409	411,758,538	40,170,377	42,291,999
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue—advanced billings	-	-	-	724,244	-
Unavailable revenue—tuition and fees	-	-	-	-	2,308,078
Deferred inflows of resources—pensions	752,898	20,326	773,224	-	1,156,004
Total deferred inflows of resources	752,898	20,326	773,224	724,244	3,464,082
NET POSITION					
Net investment in capital assets	94,974,840	9,394,405	104,369,245	18,750,348	37,060,406
Restricted for:					
Handicap parking	5,523	-	5,523	-	-
Sheriff forfeiture	2,539	-	2,539	-	-
Debt	4,718,630	-	4,718,630	-	-
Grantor restrictions	-	-	-	1,158,104	6,195,183
Unrestricted	(7,814,187)	19,480,479	11,666,292	24,210,790	(3,330,927)
Total net position	\$ 91,887,345	\$ 28,874,884	\$ 120,762,229	\$ 44,119,242	\$ 39,924,662

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, 2015

Function/Program	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position				
					Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Oneida-Herkimer Solid Waste Management Authority	Mohawk Valley Community College August 31, 2015
Primary government:									
Governmental activities:									
General government support	\$ 73,948,978	\$ 12,887,230	\$ 19,887,586	\$ 6,500,539	\$ (34,673,623)	\$ -	\$ (34,673,623)	\$ -	\$ -
Education	26,727,614	4,609,274	4,706,801	-	(17,411,539)	-	(17,411,539)	-	-
Public safety	50,908,538	7,681,262	1,507,254	238,959	(41,481,063)	-	(41,481,063)	-	-
Health	19,713,166	1,016,204	14,858,972	-	(3,837,990)	-	(3,837,990)	-	-
Transportation	33,206,335	8,374,505	5,158,074	1,627,768	(18,045,988)	-	(18,045,988)	-	-
Economic assistance and opportunity	165,514,814	6,373,114	72,071,080	-	(87,070,620)	-	(87,070,620)	-	-
Culture and recreation	1,321,791	91,263	319,604	-	(910,924)	-	(910,924)	-	-
Home and community services	7,400,862	289,674	611,921	-	(6,499,267)	-	(6,499,267)	-	-
Interest and fiscal charges	10,853,093	-	-	-	(10,853,093)	-	(10,853,093)	-	-
Total governmental activities	<u>389,595,191</u>	<u>41,322,526</u>	<u>119,121,292</u>	<u>8,367,266</u>	<u>(220,784,107)</u>	<u>-</u>	<u>(220,784,107)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Sewer Fund	13,137,106	13,756,807	6,865,509	-	-	7,485,210	7,485,210	-	-
Workers' Compensation Fund	12,919,919	12,901,149	-	-	-	(18,770)	(18,770)	-	-
Total business-type activities	<u>26,057,025</u>	<u>26,657,956</u>	<u>6,865,509</u>	<u>-</u>	<u>-</u>	<u>7,466,440</u>	<u>7,466,440</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 415,652,216</u>	<u>\$ 67,980,482</u>	<u>\$ 125,986,801</u>	<u>\$ 8,367,266</u>	<u>(220,784,107)</u>	<u>7,466,440</u>	<u>(213,317,667)</u>	<u>-</u>	<u>-</u>
Component units:									
Solid Waste Management Authority	\$ 19,952,202	\$ 23,759,512	\$ 370,735	\$ -	-	-	-	4,178,045	-
Mohawk Valley Community College	<u>75,310,893</u>	<u>44,043,122</u>	<u>24,827,337</u>	<u>2,762,896</u>	-	-	-	-	<u>(3,677,538)</u>
Total component units	<u>\$ 95,263,095</u>	<u>\$ 67,802,634</u>	<u>\$ 25,198,072</u>	<u>\$ 2,762,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,178,045</u>	<u>(3,677,538)</u>
General revenues:									
Real property taxes	-	-	-	-	69,508,848	-	69,508,848	-	-
Real property tax items	-	-	-	-	1,668,473	-	1,668,473	-	-
Non-property taxes	-	-	-	-	130,148,468	-	130,148,468	-	-
Use of money and property	-	-	-	-	1,907,258	20,359	1,927,617	307,254	-
Fines and forfeitures	-	-	-	-	545,596	-	545,596	-	-
Sale of property and compensation for loss	-	-	-	-	657,284	-	657,284	-	-
Miscellaneous	-	-	-	-	3,836,123	-	3,836,123	-	1,102,117
Total general revenues and transfers	-	-	-	-	<u>208,272,050</u>	<u>20,359</u>	<u>208,292,409</u>	<u>307,254</u>	<u>1,102,117</u>
Change in net position	-	-	-	-	(12,512,057)	7,486,799	(5,025,258)	4,485,299	(2,575,421)
Net position—beginning, as restated (see Note 2)	-	-	-	-	<u>104,399,402</u>	<u>21,388,085</u>	<u>125,787,487</u>	<u>39,633,943</u>	<u>42,500,083</u>
Net position—ending	-	-	-	-	<u>\$ 91,887,345</u>	<u>\$ 28,874,884</u>	<u>\$ 120,762,229</u>	<u>\$ 44,119,242</u>	<u>\$ 39,924,662</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, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 15,209,339	\$ -	\$ 455,934	\$ 15,665,273
Restricted cash and cash equivalents	271,828	2,137,214	11,362,396	13,771,438
Deposits with trustees	-	-	4,638,757	4,638,757
Property taxes receivable (net of allowance for uncollectibles)	21,109,390	-	-	21,109,390
Other receivables	5,518,631	218,832	454,036	6,191,499
Due from other funds	191,215	255,939	3,915,672	4,362,826
Intergovernmental receivables	94,893,588	-	-	94,893,588
Prepaid items	-	-	5,793	5,793
Total assets	<u>\$ 137,193,991</u>	<u>\$ 2,611,985</u>	<u>\$ 20,832,588</u>	<u>\$ 160,638,564</u>
LIABILITIES				
Accounts payable	\$ 9,822,432	\$ -	\$ 1,333,257	\$ 11,155,689
Accrued liabilities	27,099,296	-	4,652,659	31,751,955
Due to other funds	1,731,006	1,845,000	231,083	3,807,089
Intergovernmental payables	19,110,630	-	51,806	19,162,436
Unearned revenues	263,766	-	-	263,766
Bond anticipation notes payable	-	-	6,082,504	6,082,504
Total liabilities	<u>58,027,130</u>	<u>1,845,000</u>	<u>12,351,309</u>	<u>72,223,439</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue—property taxes	11,106,810	-	-	11,106,810
Unavailable revenue—long term receivable	43,125,000	-	-	43,125,000
Total deferred inflows of resources	<u>54,231,810</u>	<u>-</u>	<u>-</u>	<u>54,231,810</u>
FUND BALANCES				
Nonspendable	-	-	5,793	5,793
Restricted	8,062	21,490	8,203,624	8,233,176
Committed	17,050,000	-	-	17,050,000
Assigned	7,774,904	745,495	363,300	8,883,699
Unassigned	102,085	-	(91,438)	10,647
Total fund balances	<u>24,935,051</u>	<u>766,985</u>	<u>8,481,279</u>	<u>34,183,315</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 137,193,991</u>	<u>\$ 2,611,985</u>	<u>\$ 20,832,588</u>	<u>\$ 160,638,564</u>

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

COUNTY OF ONEIDA, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2015

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

Total fund balances—governmental funds (page 18)		\$ 34,183,315
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$465,691,774 and the accumulated depreciation is \$182,652,382.		283,039,392
Retained percentages payable are not a current liability and, therefore, are not reported in the funds.		(1,007,671)
Deferred charges associated with refunding of bonds are not reported in the governmental funds. The charge is reported as a deferred outflow of resources on the statement of net position and is recognized as a component of interest expense over the life of the related debt.		462,986
Property taxes receivable of \$11,106,810 are not available to pay for current period expenditures and a long term receivable of \$43,125,000 is not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		54,231,810
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to employer contributions	9,285,046	
Deferred outflows of resources related to experience and investment earnings	1,920,473	
Deferred inflows related to pension plans	<u>(752,898)</u>	10,452,621
To recognize interest accrual on long term debt. Accrued interest for general obligation bonds is \$1,239,292 and accrued interest on OTASC bonds is \$299,513 at year end.		(1,538,805)
Long-term liabilities applicable to the County's governmental funds are not due and payable in the current period and therefore, are not reported in the funds. The effects of these items are:		
Serial bonds	(134,064,435)	
Unamortized bond premium	(884,327)	
OTASC bonds and accreted interest	(90,654,494)	
Unamortized discount on OTASC bonds	449,044	
Workers' compensation	(7,573,441)	
Compensated absences	(2,756,134)	
Other postemployment benefits	(36,227,783)	
Retirement obligations	(6,740,867)	
Claims and judgments	(147,510)	
Net pension liability	<u>(9,336,356)</u>	<u>(287,936,303)</u>
Total net position—governmental activities		<u>\$ 91,887,345</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—Governmental Funds
For the Year Ended December 31, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Governmental Funds</u>
REVENUES				
Real property taxes	\$ 69,273,587	\$ -	\$ -	\$ 69,273,587
Real property tax items	4,168,473	-	-	4,168,473
Non-property tax items	130,148,468	-	-	130,148,468
Departmental income	12,243,727	-	1,411,240	13,654,967
Intergovernmental charges	16,371,640	333,212	3,189,459	19,894,311
Use of money and property	1,727,880	179,301	77	1,907,258
Licenses and permits	57,725	-	12,160	69,885
Fines and forfeitures	545,596	-	-	545,596
Sale of property and compensation for loss	646,296	-	10,988	657,284
Miscellaneous	1,407,424	-	2,428,699	3,836,123
Interfund revenues	56,576	-	3,952,942	4,009,518
State aid	57,697,765	81,028	6,237,620	64,016,413
Federal aid	54,175,224	367,331	8,929,590	63,472,145
Tobacco settlement revenue	-	-	3,693,845	3,693,845
Total revenues	<u>348,520,381</u>	<u>960,872</u>	<u>29,866,620</u>	<u>379,347,873</u>
EXPENDITURES				
Current:				
General government support	70,331,152	138,548	30,675	70,500,375
Education	18,211,823	-	7,500,000	25,711,823
Public safety	51,235,490	-	-	51,235,490
Health	19,621,082	-	-	19,621,082
Transportation	5,666,013	-	18,489,813	24,155,826
Economic assistance and opportunity	159,694,010	-	3,801,713	163,495,723
Culture and recreation	1,226,218	-	-	1,226,218
Home and community services	7,276,854	-	-	7,276,854
Debt service:				
Principal	-	13,341,765	45,000	13,386,765
Interest	-	5,497,831	3,595,498	9,093,329
Capital outlay	-	-	29,866,365	29,866,365
Total expenditures	<u>333,262,642</u>	<u>18,978,144</u>	<u>63,329,064</u>	<u>415,569,850</u>
Excess (deficiency) of revenues over expenditures	<u>15,257,739</u>	<u>(18,017,272)</u>	<u>(33,462,444)</u>	<u>(36,221,977)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	17,818,473	13,032,280	30,850,753
Transfers out	(30,795,414)	-	(55,339)	(30,850,753)
Proceeds from issuance of debt	-	-	22,765,000	22,765,000
Total other financing sources (uses)	<u>(30,795,414)</u>	<u>17,818,473</u>	<u>35,741,941</u>	<u>22,765,000</u>
Net change in fund balances	(15,537,675)	(198,799)	2,279,497	(13,456,977)
Fund balances—beginning	40,472,726	965,784	6,201,782	47,640,292
Fund balances—ending	<u>\$ 24,935,051</u>	<u>\$ 766,985</u>	<u>\$ 8,481,279</u>	<u>\$ 34,183,315</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—Governmental Funds to the Government-wide Statement of Activities
For the Year Ended December 31, 2015

Amounts reported for governmental activities in the statement of activities (page 17) are different because:

Net change in fund balances—total governmental funds (page 20) \$ (13,456,977)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and capital disposals in the current period.

Capital asset additions	\$ 28,362,671	
Capital asset disposals, net of depreciation	(31,068)	
Depreciation expense	<u>(18,451,659)</u>	9,879,944

Certain tax and other revenue in the governmental funds is deferred or not recognized because it is not available soon enough after year end to pay for the current period's expenditures. On the accrual basis, however, this is recognized regardless of when it is collected.

Change in deferred inflows of resources—property taxes	235,261	
Change in long-term Oneida Indian Nation receivable	<u>(2,500,000)</u>	(2,264,739)

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

County pension contributions	9,285,046	
Cost of benefits earned net of employee contributions	<u>(5,220,099)</u>	4,064,947

For refunding bonds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred charge on the government-wide statements and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

(88,187)

Retainage payable are not paid with current financial resources and are not reported as expenditures in the funds.

(246,704)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.

210,156

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses 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 in the treatment of long-term debt and the related items is as follows:

Issuance of serial bonds	22,765,000	
Principal payments on serial bonds	(13,341,765)	
Premium amortization	(168,443)	
Payment on OTASC bond	(45,000)	
Accrued interest on OTASC bond	2,034,997	
Discount on OTASC bonds	15,179	
Change in workers' compensation	812,676	
Change in compensated absences	(111,510)	
Change in other postemployment benefits	6,198,576	
Change in retirement obligations	(7,290,722)	
Change in claims and judgments	<u>(258,491)</u>	<u>(10,610,497)</u>

Change in net position of governmental activities \$ (12,512,057)

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, 2015

	Business-type Activities		
	Sewer	Workers' Compensation	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 11,270,079	\$ 7,093,273	\$ 18,363,352
Restricted cash	6,454,968	-	6,454,968
Other receivables	5,402,059	-	5,402,059
Intergovernmental receivable	-	4,341,499	4,341,499
Prepaid items	50,768	-	50,768
Total current assets	<u>23,177,874</u>	<u>11,434,772</u>	<u>34,612,646</u>
Noncurrent assets:			
Capital assets not being depreciated	27,459,397	-	27,459,397
Capital assets, net of accumulated depreciation	<u>19,457,801</u>	<u>-</u>	<u>19,457,801</u>
Total noncurrent assets	<u>46,917,198</u>	<u>-</u>	<u>46,917,198</u>
Total assets	<u>70,095,072</u>	<u>11,434,772</u>	<u>81,529,844</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	171,912	-	171,912
Deferred outflows of resources—pensions	<u>336,995</u>	<u>-</u>	<u>336,995</u>
Total deferred outflows of resources	<u>508,907</u>	<u>-</u>	<u>508,907</u>
LIABILITIES			
Current liabilities:			
Accounts payable	387,947	97,416	485,363
Due to other funds	253,425	30,707	284,132
Accrued liabilities	395,677	-	395,677
Retainage payable	810,510	-	810,510
Accrued interest payable	186,154	-	186,154
Unearned revenue	-	200,000	200,000
Long-term debt-due within one year	<u>2,227,265</u>	<u>555,332</u>	<u>2,782,597</u>
Total current liabilities	<u>4,260,978</u>	<u>883,455</u>	<u>5,144,433</u>
Noncurrent liabilities:			
Long-term debt	<u>37,447,791</u>	<u>10,551,317</u>	<u>47,999,108</u>
Total noncurrent liabilities	<u>37,447,791</u>	<u>10,551,317</u>	<u>47,999,108</u>
Total liabilities	<u>41,708,769</u>	<u>11,434,772</u>	<u>53,143,541</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources—pensions	<u>20,326</u>	<u>-</u>	<u>20,326</u>
Total deferred inflows of resources	<u>20,326</u>	<u>-</u>	<u>20,326</u>
NET POSITION			
Net investment in capital assets	9,394,405	-	9,394,405
Unrestricted	<u>19,480,479</u>	<u>-</u>	<u>19,480,479</u>
Total net position	<u>\$ 28,874,884</u>	<u>\$ -</u>	<u>\$ 28,874,884</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, 2015

	Business-type Activities		
	Sewer	Workers' Compensation	Total Enterprise Funds
Operating revenues:			
Departmental income	\$ 13,756,807	\$ -	\$ 13,756,807
Charges for services—intergovernmental	-	12,901,149	12,901,149
Total operating revenues	<u>13,756,807</u>	<u>12,901,149</u>	<u>26,657,956</u>
Operating expenses:			
Salaries and wages	2,243,841	647,813	2,891,654
Employee benefits	1,733,310	-	1,733,310
Claims and contractual expenses	6,982,668	12,272,106	19,254,774
Depreciation	1,220,325	-	1,220,325
Total operating expenses	<u>12,180,144</u>	<u>12,919,919</u>	<u>25,100,063</u>
Operating income (loss)	<u>1,576,663</u>	<u>(18,770)</u>	<u>1,557,893</u>
Non-operating revenues (expenses):			
State sources	4,378,289	-	4,378,289
Local sources	2,433,885	-	2,433,885
Interest subsidies	53,335	-	53,335
Use of money and property	1,589	18,770	20,359
Interest expense	(956,962)	-	(956,962)
Total non-operating revenues (expenses)	<u>5,910,136</u>	<u>18,770</u>	<u>5,928,906</u>
Change in net position	7,486,799	-	7,486,799
Total net position—beginning (as restated)	<u>21,388,085</u>	<u>-</u>	<u>21,388,085</u>
Total net position—ending	<u>\$ 28,874,884</u>	<u>\$ -</u>	<u>\$ 28,874,884</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, 2015

	Business-type Activities		
	Sewer	Workers' Compensation	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from charges for services	\$ 13,605,364	\$ 13,885,776	27,491,140
Payments for claims and contractual expenses	(7,099,445)	(12,597,436)	(19,696,881)
Cash payments personal services and benefits	(3,958,284)	(647,813)	(4,606,097)
Internal activity—payment made from County	<u>-</u>	<u>(42,430)</u>	<u>(42,430)</u>
Net cash provided by operating activities	<u>2,547,635</u>	<u>598,097</u>	<u>3,145,732</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interest earned on bank accounts	-	18,770	18,770
Other income	<u>6,812,174</u>	<u>-</u>	<u>6,812,174</u>
Net cash provided by non-capital financing activities	<u>6,812,174</u>	<u>18,770</u>	<u>6,830,944</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital expenditures	(10,797,919)	-	(10,797,919)
Proceeds from long-term debt	17,103,561	-	17,103,561
Principal payments on long-term debt	(12,630,745)	-	(12,630,745)
Interest paid on long term debt	<u>(891,398)</u>	<u>-</u>	<u>(891,398)</u>
Net cash (used for) capital and related financing activities	<u>(7,216,501)</u>	<u>-</u>	<u>(7,216,501)</u>
Net increase in cash and cash equivalents	2,143,308	616,867	2,760,175
Cash—beginning (including amount restricted)	<u>15,581,739</u>	<u>6,476,406</u>	<u>22,058,145</u>
Cash—ending (including amount restricted)	<u>\$ 17,725,047</u>	<u>\$ 7,093,273</u>	<u>\$ 24,818,320</u>

(continued)

COUNTY OF ONEIDA, NEW YORK
Statement of Cash Flows—Proprietary Funds
For the Year Ended December 31, 2015

(concluded)

	Business-type Activities		
	Sewer	Workers' Compensation	Total Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 1,576,663	\$ (18,770)	1,557,893
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	1,220,325	-	1,220,325
(Increase) in other receivable	(151,443)	-	(151,443)
Decrease in intergovernmental receivables	-	984,627	984,627
(Increase) in prepaid items	(19,623)	-	(19,623)
(Increase) in deferred outflows of resources	(46,075)	-	(46,075)
Increase in accrued liabilities	136,709	-	136,709
(Decrease) increase in accounts payable	(116,777)	16,876	(99,901)
(Decrease) in due to other funds	-	(42,430)	(42,430)
Increase in unearned revenue	-	200,000	200,000
(Decrease) in compensated absences liability	(13,195)	(542,206)	(555,401)
Increase in workers' compensation liability	29,531	-	29,531
(Decrease) in retirement obligation	(207,293)	-	(207,293)
Increase in other postemployment liability	203,589	-	203,589
(Decrease) in net pension liability	(85,102)	-	(85,102)
Increase in deferred inflows of resources	20,326	-	20,326
Total adjustments	<u>970,972</u>	<u>616,867</u>	<u>1,587,839</u>
Net cash provided by operating activities	<u>\$ 2,547,635</u>	<u>\$ 598,097</u>	<u>\$ 3,145,732</u>

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

COUNTY OF ONEIDA, NEW YORK
Statement of Net Position—Agency Fund
December 31, 2015

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 7,327,174
Total assets	<u>\$ 7,327,174</u>
LIABILITIES	
Agency liabilities	\$ 7,055,569
Due to other funds	271,605
Total liabilities	<u>\$ 7,327,174</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, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County of Oneida, New York (the “County”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental 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 principles are described below.

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement 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.

Financial Reporting Entity

The County was established in 1798 and 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 23 legislators, one from each of the County's legislative districts. The County Executive is the Chief Executive Officer 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	District Attorney
County Legislators (23)	County Clerk
County Comptroller	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 are 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 primary 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.

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.

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 11.

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 to 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 (the “College” or the “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 31st fiscal year end. The annual financial report can be obtained from the Vice President for Administrative Services, 1101 Sherman Drive, Utica, New York 13502.

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

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.

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 discussed earlier, the County has two discretely presented component units. Their financial data are shown in separate columns in 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, proprietary 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 reports the following major governmental 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 the following nonmajor governmental funds:

Special Revenue Funds—used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are utilized:

- *Special Grant Fund*—This fund is used to account for funds received under the Job Training Partnership Act/Workforce Investment Act and for Community Block Grant funds received from the Department of Housing and Urban Development.
- *County Road Fund*—This fund is used to account for expenditures for highway purposes authorized by Section 114 of the Highway Law.
- *Road Machinery Fund*—This fund is used to account for the purchase, repair, maintenance and storage of highway machinery, tools and equipment pursuant to Section 133 of the Highway Law.

Capital Projects Fund—used to account for and report financial resources to be used for the acquisition and construction of the government’s major capital facilities, other than those financed by proprietary funds.

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.

Fiduciary Funds—These funds are used to account for asset held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary funds include the *Agency Fund*. Activities reported in the fiduciary funds include monies held in trust, deposits that are to be returned and payroll withholdings due to other entities.

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 and net pensions, 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.

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 of three months or less from date of acquisition. 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—Restricted cash represents unspent proceeds from debt, unearned revenues received for grants, accumulated surcharges for sewer projects, and amounts to support restricted fund balances.

Receivables—Receivables are stated net of allowances for estimated uncollectible amounts. Intergovernmental receivables represent amounts owed to the County to reimburse it for expenditures incurred pursuant to state and federally funded programs and on behalf of the workers’ compensation insurance participants.

All major revenues of the County in governmental funds are considered “susceptible to accrual” under the modified accrual basis. These include property tax, sales tax, State and Federal aid, and various grant program revenues.

Inventories—All inventories are stated at the lower of cost or market value, determined by the average cost method of accounting. Inventories are comprised primarily of text books and other items held for resale to students and faculty of MVCC.

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.

Unearned revenue—Certain amounts received have not been spent or otherwise used to meet the revenue recognition criteria for government-wide or fund financial purposes. At December 31, 2015, the County reported unearned revenues of \$263,766 and \$12,005 within the General Fund and Special Grant Fund, respectively.

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:

Assets	Years
Land improvements	20
Buildings and building improvements	15-20
Infrastructure	10-65
Equipment	5-25

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category. At times, amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Deferred Outflows/Inflows 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. The

County has two items that qualify for reporting in this category. The first item is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the government-wide financial statements, as well as within individual proprietary funds. This represents the effect of the net change in the County's proportion of the collective net pension liability, the difference during the measurement period between the County's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension system made subsequent to the measurement date.

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 three items, which arise only under the modified accrual basis of accounting, which qualify for reporting in this category. The first two items represent unavailable revenues from two sources: property taxes and long-term receivable related to Oneida Indian Nation ("Nation") settlement payments. These amounts will be recognized as revenue in the governmental funds in the period that the amounts become available. The final item represents the effect of the net change in the County's proportion of the collective net pension liability and the difference during the measurement periods between the County's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide financial statements.

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 County Legislature (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/Expenses

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.

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 the enterprise 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.

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 31st 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 31st. 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.

At December 31, 2015, the total real property tax assets relating to the County of \$21,280,664 net of an allowance for uncollectible taxes of \$171,274. Included in real property tax assets are current year returned village and school taxes of \$7,146,675, which are offset by liabilities to the villages and school districts which will be paid no later than April 20, 2016. The remaining portion of tax assets is partially offset by deferred inflows of resources – property taxes of \$11,106,810 in the General Fund and represents an estimate of tax liens which will not be collected within the first sixty (60) days of the subsequent year.

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 2015 is approximately \$10.313 billion. The total County levy, including all charge backs, for 2015 was \$72.514 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 2015 levy represents approximately 47% of the maximum statutory levy. With allowable statutory exclusions, approximately 34.97% of the constitutional tax limit was exhausted for 2015.

Effective September 1, 1994, the County-wide 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 $\frac{3}{4}$ %. During the fiscal year ended December 31, 2011 the County received authorization to continue the 1% and $\frac{3}{4}$ % extension on its local share of sales tax for the period commencing December 1, 2011 and ending on December 1, 2016. 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 December 1, 2016.

Compensated Absences—According to various union contracts, County employees are entitled to personal leave, sick leave, compensatory time, and vacations annually. Vacation time vests for both union and non-union employees to a maximum of 21 days. Accordingly, liabilities for vacation time of \$2,075,809 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 \$59,588.

Additional accrued liabilities of \$83,318 and \$597,007 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 \$4,202 and \$16,893 for sick leave and compensatory time, respectively, are reported in the Sewer Fund.

Pensions—The County is mandated by New York State law to participate in the New York State Teacher’s Retirement System (“TRS”) and the New York State Local Employees’ Retirement System (“ERS”). For purposes of measuring the net pension (asset)/liability, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

Other Post-Employment Benefits—In addition to providing pension benefits, the County provides retired employees with group health insurance benefits. The obligation of the County to contribute to the cost of providing this benefit has been established pursuant to legislative resolution and various collective bargaining agreements. More information is included in Note 8.

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 2015, the County has reported interfund revenues in the General Fund of \$56,576 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.

Other

Oneida Indian Nation Agreement—On May 16, 2013, the Governor of the State of New York (“the State”) announced an agreement between the State, the Oneida Indian Nation (the “Nation”), Oneida 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 also required the approval of the Department of the Interior. The agreement received all necessary approvals on March 4, 2014. Under the terms of the agreement, the County will receive \$2.5 million per year for 19.25 years in full satisfaction of all existing tax liens that they claim against the Nation and in full satisfaction of tax revenues of any kind that the County will not receive from the Nation in the future under the terms of the agreement or because of the trust status of Nation Land. This amount has been recorded as a long-term receivable offset by a deferred inflow of resources in the fund financial statements. \$43,125,000 is outstanding as of December 31, 2015. In addition, the County will receive 25% of the State’s payment (the State’s payment from the Nation will be based upon 25% of its net gaming revenue from its slot machines at the Turning Stone Casino and Resort in Vernon, New York, which is operated by the Nation).

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 assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended December 31, 2015, the County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*; and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statements No. 68 and No. 71 improve accounting and financial reporting by governments for pensions.

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 72, *Fair Value Measurement and Application*; No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; No. 77, *Tax Abatement Disclosures*; No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; and No. 79, *Certain External Investment Pools and Pool Participants*, effective for the year ending December 31, 2016, No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*; No. 81, *Irrevocable Split-Interest Agreements*; and No. 82, *Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the year ending December 31, 2017, and No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, effective for the year ending December 31, 2018. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 72, 73, 74, 75, 76, 77, 78, 79, 80, 81 and 82 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, Special Grants Fund, County Road Fund and the Road Machinery Fund. The Capital Projects Fund is appropriated on a project-length basis. Instead, appropriations are approved through a County Legislature resolution at the grant/project's inception and lapse upon completion/termination of the grant/project.

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 1st.
- 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. Appropriations for all budgets lapse at fiscal year-end. Budgetary control over individual capital projects is provided by Legislative approval or bond authorizations and provision of bond indebtedness.

Additional information regarding the County's budgets can be found in the Note to the Required Supplementary Information section of this report.

Deficit Fund Balance—The Special Grant Fund had a deficit fund balance at December 31, 2015 of \$91,438. The deficit is expected to be remedied by future grant revenue and/or transfers in.

2. RESTATEMENT OF NET POSITION

For the fiscal year ended December 31, 2015, the County and its component units implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The implementation of GASB Statements No. 68 and No. 71 resulted in the reporting of an asset, deferred outflows of resources, a liability and a deferred inflow of resources related to the entities' participation in the New York State Teachers' and Employees' Retirement Systems.

During the year ended December 31, 2015, the County determined that certain additional Sewer Fund expenses should be included in construction in progress. The effect of this was an increase in construction in progress and net position of \$3,319,807 at December 31, 2014.

The MVCC discretely presented component unit also had a prior period adjustment to record a receivable and the corresponding revenue from a component unit that was related to a food service contract that had been omitted in the past. The effect of this prior period adjustment was an increase in net position of \$530,640 at August 31, 2014.

The County's and its component units' net position as of December 31, 2014 (August 31, 2014 for MVCC) has been restated as follows:

	Primary Government		
	Governmental Activities	Business-type Activities	Total
	Net Position	Net Position	Net Position
Net position—December 31, 2014, as previously stated GASB Statements No. 68 and No. 71:	\$ 107,348,084	\$ 18,114,514	\$ 125,462,598
Beginning system liability—			
Employees' Retirement System	(12,488,642)	(337,156)	(12,825,798)
Beginning deferred outflow of resources for contributions subsequent to the measurement date:			
Employees' Retirement System	9,539,960	290,920	9,830,880
Construction in progress	-	3,319,807	3,319,807
Net position—December 31, 2014, as restated	<u>\$ 104,399,402</u>	<u>\$ 21,388,085</u>	<u>\$ 125,787,487</u>
	Component Units		
	OHSWMA	MVCC	
	Net Position	Net Position	
Net position—December 31, 2014 (August 31, 2014 for MVCC), as previously stated	\$ 39,752,936	\$ 39,462,501	
Component unit receivable	-	530,640	
GASB Statements No. 68 and No. 71:			
Adjustment to related prepaid item	(174,774)	-	
Beginning system asset—			
Teachers' Retirement System	-	2,875,840	
Beginning system liability—			
Employees' Retirement System	(643,313)	(1,823,886)	
Beginning deferred outflow of resources for contributions subsequent to the measurement date:			
Teachers' Retirement System	-	725,191	
Employees' Retirement System	699,094	729,797	
Net position—December 31, 2014 (August 31, 2014 for MVCC), as restated	<u>\$ 39,633,943</u>	<u>\$ 42,500,083</u>	

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

County monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. Collateral is required for demand deposits, time 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.

Cash and cash equivalents at December 31, 2015, are as follows:

	Governmental Activities	Business-type Activities	Agency Fund	Total Balance
Petty cash (uncollateralized)	\$ 7,712	\$ 200	\$ -	\$ 7,912
Deposits	<u>29,428,999</u>	<u>24,818,120</u>	<u>7,327,174</u>	<u>61,574,293</u>
Total	<u>\$ 29,436,711</u>	<u>\$ 24,818,320</u>	<u>\$ 7,327,174</u>	<u>\$ 61,582,205</u>

Deposits—All deposits are carried at fair value, and are classified by credit risk category as presented below:

	December 31, 2015	
	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 2,887,247	\$ 2,881,290
Uninsured:		
Collateral held by bank's agent in County's name	71,691,997	58,693,003
Total deposits	<u>\$ 74,579,244</u>	<u>\$ 61,574,293</u>

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, 2015, all of the County's deposits were insured or collateralized.

Restricted cash—Total governmental activities restricted cash of \$13,771,438 represents \$11,297,013 restricted for County capital projects and \$2,474,425 to support restricted fund balance and unearned revenue. Total business-type activities restricted cash represents \$6,454,968 of restricted surcharges on sewer billings to be used for future projects.

Deposits with trustees—Under terms of OTASC's bond indenture agreements, \$4,638,757 is held at December 31, 2015 by a trust company to provide for various functions of bond repayments.

Oneida-Herkimer Solid Waste Authority

Cash and cash equivalents consist of cash deposits in banks, and other short-term investments, whether unrestricted or restricted, with an original maturity of three months or less. Cash deposits with financial institutions are either covered by federal depository insurance or collateralized by securities held by the pledging bank's trust department in the Authority's name, or U.S. Government and/or federal agency securities held by the Trustee. The Authority reported \$4,378,832 unrestricted cash and \$2,870,857 restricted cash at December 31, 2015. The Authority reported unrestricted and restricted investments of \$20,955,837 and \$8,117,077, respectively, at December 31, 2015. Investments consist of money market funds with underlying investments in obligations of the U.S. government and repurchase agreements.

The Authority had the following investments and maturities at December 31, 2015:

Restricted investments	Investment Maturities (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasury notes/bonds/bills	\$ 2,485,068	\$ 457,808	\$ -	\$ -	\$ 2,027,260
Certificates of deposit	5,014,100	2,659,307	2,354,793	-	-
Federal agency securities	617,909	242,909	75,000	225,000	75,000
	<u>\$ 8,117,077</u>	<u>\$ 3,360,024</u>	<u>\$ 2,429,793</u>	<u>\$ 225,000</u>	<u>\$ 2,102,260</u>
Unrestricted investments	Investment Maturities (in Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
Certificates of deposit	<u>\$ 20,955,837</u>	<u>\$ 20,955,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Mohawk Valley Community College

At August 31, 2015, the College and its component units had unrestricted cash and cash equivalents of \$20,884,309. The College's bank balances of \$14,018,223 were fully collateralized by securities held by an agent of the pledging financial institution in the College's name or FDIC insurance and were not exposed to custodial credit risk. The College's component units had deposits with trustees of \$491,758. These deposits represent bond proceeds not yet expended for new construction, and required reserves for debt service. The College's component units held \$150,103 of restricted cash, and \$4,542,352 of long-term investments at August 31, 2015. MVCC's long-term investments are measured at fair value, details are presented below.

The authoritative guidance on fair value measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the entity has access at the measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets in markets that are not active;
 - Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves; and
 - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

	Fair Value at August 31, 2015			
	Total	Level 1	Level 2	Level 3
Investments				
Cash and cash equivalents	\$ 134,302	\$ 134,302	\$ -	\$ -
U.S. government securities	204,629	-	204,629	-
Corporated debt securities	438,205	-	438,205	-
Corporate equity securities	1,251,660	1,251,660	-	-
Unit investment trusts	127,413	-	127,413	-
Exchange traded funds	463,712	463,712	-	-
Equity mutual funds	1,862,317	1,862,317	-	-
Fixed income mutual funds	60,114	60,114	-	-
	<u>\$ 4,542,352</u>	<u>\$ 3,772,105</u>	<u>\$ 770,247</u>	<u>\$ -</u>

4. RECEIVABLES

Property taxes receivable—The County has recorded property taxes receivable of \$21,280,664, offset by an allowance of \$171,274 for uncollectible amounts, at December 31, 2015.

Other receivables—Represent amounts due from various sources. The County's other receivables at December 31, 2015 are shown below:

Governmental funds:	
Various fees and charges:	
General Fund	\$ 5,518,631
Debt Service Fund	218,832
Nonmajor funds	<u>454,036</u>
Total	<u>\$ 6,191,499</u>
Enterprise funds:	
Sewer Fund fees and charges	<u>\$ 5,402,059</u>

Intergovernmental receivables—Intergovernmental receivables in the governmental funds 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. The County also reports an intergovernmental receivable of \$43,125,000 from the Oneida Indian Nation, which represents the settlement of land claims amounts due on real property taxes. Under this settlement, the County will receive \$2.5 million per year through 2033. Intergovernmental receivables in the Workers' Compensation Fund represent amounts due primarily from other local municipalities for future workers compensation claims. Amounts accrued at December 31, 2015 were as follows:

Governmental funds:	
General Fund	
Nation settlement long-term receivable	\$ 43,125,000
Due from State and Federal	45,377,125
Due from other governments	<u>6,391,463</u>
Total	<u>\$ 94,893,588</u>
Enterprise funds:	
Worker's Compensation Fund	<u>\$ 4,341,499</u>

Oneida-Herkimer Solid Waste Management Authority

Receivables are carried at original invoice amount less an estimate made for doubtful receivables. The OHSWMA reported receivables net of allowance for doubtful accounts of \$348,048, was \$2,711,793 at December 31, 2015.

Mohawk Valley Community College

The following is a summary of the receivables and their respective allowances reported by the College at August 31, 2015:

	Gross Receivable	Allowance	Net Receivable
Primary Institution:			
Tuition and fees receivable	\$ 2,611,757	\$ (220,000)	\$ 2,391,757
Due from other governments	5,074,220	-	5,074,220
Student loans receivable	1,834,879	(366,976)	1,467,903
Component Unit:			
Tuition and fees receivable	678,780	(341,273)	337,507
Due from related organization	149,477	-	149,477
Other receivables	105,849	-	105,849
Total	<u>\$ 10,454,962</u>	<u>\$ (928,249)</u>	<u>\$ 9,526,713</u>

5. CAPITAL ASSETS

Governmental activities—Capital asset activity for the primary government's governmental activities, for fiscal year ended December 31, 2015, was as presented below:

	Balance 1/1/2015	Additions	Deletions	Balance 12/31/2015
Capital assets, not being depreciated:				
Land	\$ 12,483,163	\$ -	\$ -	\$ 12,483,163
Construction in progress	16,243,890	246,704	(4,456,743)	12,033,851
Total capital assets not being depreciated	<u>28,727,053</u>	<u>246,704</u>	<u>(4,456,743)</u>	<u>24,517,014</u>
Capital assets, being depreciated:				
Land improvements	8,641,102	-	-	8,641,102
Buildings and building improvements	197,475,771	13,321,368	-	210,797,139
Infrastructure	163,411,743	13,103,104	-	176,514,847
Equipment	39,484,068	6,148,238	(410,634)	45,221,672
Total capital assets being depreciated	<u>409,012,684</u>	<u>32,572,710</u>	<u>(410,634)</u>	<u>441,174,760</u>
Less accumulated depreciation for:				
Land improvements	(8,380,183)	(26,283)	-	(8,406,466)
Buildings and building improvements	(57,663,375)	(7,863,969)	-	(65,527,344)
Infrastructure	(73,065,679)	(7,848,437)	-	(80,914,116)
Equipment	(25,471,052)	(2,712,970)	379,566	(27,804,456)
Total accumulated depreciation	<u>(164,580,289)</u>	<u>(18,451,659)</u>	<u>379,566</u>	<u>(182,652,382)</u>
Total capital assets, being depreciated, net	<u>244,432,395</u>	<u>14,121,051</u>	<u>(31,068)</u>	<u>258,522,378</u>
Governmental activities capital assets, net	<u>\$ 273,159,448</u>	<u>\$ 14,367,755</u>	<u>\$ (4,487,811)</u>	<u>\$ 283,039,392</u>

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

Governmental activities:	
General government support	\$ 3,612,522
Public safety	1,575,154
Public health	71,236
Transportation	12,850,808
Economic assistance and opportunity	93,499
Home and community service	<u>248,440</u>
Total depreciation expense—governmental activities	<u>\$ 18,451,659</u>

Business-type activities—Capital asset activity for the primary government’s business-type activities (Enterprise Sewer Fund), for fiscal year ended December 31, 2015, was as presented below:

	Balance 1/1/2015 (as restated)	Additions	Deletions	Balance 12/31/2015
Capital assets, not being depreciated:				
Construction in progress	\$ 17,084,608	\$ 10,374,789	\$ -	\$ 27,459,397
Total capital assets not being depreciated	<u>17,084,608</u>	<u>10,374,789</u>	<u>-</u>	<u>27,459,397</u>
Capital assets, being depreciated:				
Land improvements	53,682	-	-	53,682
Buildings and improvements	31,968,490	-	-	31,968,490
Infrastructure	9,790,990	-	-	9,790,990
Machinery and equipment	<u>48,856,638</u>	<u>85,240</u>	-	<u>48,941,878</u>
Total capital assets being depreciated	<u>90,669,800</u>	<u>85,240</u>	<u>-</u>	<u>90,755,040</u>
Less accumulated depreciation for:				
Land improvements	(53,682)	-	-	(53,682)
Buildings and building improvements	(15,962,076)	(969,715)	-	(16,931,791)
Infrastructure	(6,540,399)	(155,191)	-	(6,695,590)
Equipment	<u>(47,520,757)</u>	<u>(95,419)</u>	-	<u>(47,616,176)</u>
Total accumulated depreciation	<u>(70,076,914)</u>	<u>(1,220,325)</u>	<u>-</u>	<u>(71,297,239)</u>
Total capital assets, being depreciated, net	<u>20,592,886</u>	<u>(1,135,085)</u>	<u>-</u>	<u>19,457,801</u>
Business-type activities capital assets, net	<u>\$ 37,677,494</u>	<u>\$ 9,239,704</u>	<u>\$ -</u>	<u>\$ 46,917,198</u>

As discussed in Note 2, the beginning balance of construction in progress has been restated to include \$3,319,807 of additional expenses to be capitalized and transferred to a depreciable asset upon completion of the project.

Oneida-Herkimer Solid Waste Management Authority

Capital asset balances for the Authority were as follows:

	Balance 12/31/2015
Construction in progress	\$ 5,052,275
Land	3,270,675
Land improvements	38,173,536
Buildings and improvements	22,228,903
Equipment and machinery	9,690,630
Vehicles	8,518,693
Office equipment	254,879
Total capital assets	87,189,591
Less: accumulated depreciation	(42,077,684)
Total capital assets, net	<u>\$ 45,111,907</u>

Mohawk Valley Community College

Capital asset activity for MVCC was as follows:

	Balance 9/1/2014	Additions	Deletions	Balance 8/31/2015
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 1,877,396	\$ -	\$ 1,877,396
Total capital assets not being depreciated	<u>-</u>	<u>1,877,396</u>	<u>-</u>	<u>1,877,396</u>
Capital assets, being depreciated:				
Buildings and improvements	99,107,828	933,654	-	100,041,482
Vehicles, Equipment, and Library books	<u>14,665,189</u>	<u>2,421,009</u>	<u>(483,703)</u>	<u>16,602,495</u>
Total capital assets being depreciated	<u>113,773,017</u>	<u>3,354,663</u>	<u>(483,703)</u>	<u>116,643,977</u>
Less accumulated depreciation for:				
Buildings and improvements	(65,657,786)	(2,437,042)	-	(68,094,828)
Vehicles, Equipment, and Library books	<u>(13,008,122)</u>	<u>(841,720)</u>	<u>483,703</u>	<u>(13,366,139)</u>
Total accumulated depreciation	<u>(78,665,908)</u>	<u>(3,278,762)</u>	<u>483,703</u>	<u>(81,460,967)</u>
Total capital assets, being depreciated, net	<u>35,107,109</u>	<u>75,901</u>	<u>-</u>	<u>35,183,010</u>
Total capital assets, net	<u>\$ 35,107,109</u>	<u>\$ 1,953,297</u>	<u>\$ -</u>	<u>\$ 37,060,406</u>

In addition to the capital assets reported above, the College reports net capital assets of its discretely presented component units in the amount of \$7,682,324.

6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at December 31, 2015, were as follows:

	General Fund	Nonmajor Funds	Total Governmental Funds
Salary and employee benefits	\$ 11,312,082	\$ 924,419	\$ 12,236,501
Social services accruals	10,272,264	-	10,272,264
Other liabilities	5,514,950	3,728,240	9,243,190
Total	<u>\$ 27,099,296</u>	<u>\$ 4,652,659</u>	<u>\$ 31,751,955</u>

7. PENSION OBLIGATIONS

The County participates in the New York State and Local Employees' Retirement System ("ERS"), which is collectively referred to as the New York State and Local Retirement System (the "System"). This cost-sharing multiple-employer public employee retirement system computes contribution retirements based on the New York State Retirement and Social Security Law ("NYSRSSL").

Plan Descriptions and Benefits Provided

Employees' Retirement System—The County participates in the New York State and Local Employees' Retirement System ("ERS"), a cost-sharing multiple-employer retirement system (the "System"). The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the NYSRSSL. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State's financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The system is noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010, who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions—At December 31, 2015, the County reported the following liabilities for its proportionate share of the net pension liabilities for ERS. The net pension liabilities were measured as of March 31, 2015. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2014, with update procedures used to roll forward the total net pension liabilities to the measurement date. The County's proportion of the net pension liabilities were based on projections of the

County's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the County.

	Governmental Activities	Business-type Activities
	ERS	
Measurement date	March 31, 2015	March 31, 2015
Net pension liability	\$ 9,336,356	\$ 252,054
County's portion of the Plan's total net pension liability	0.2753061%	0.0085221%

For the year ended December 31, 2015, the County recognized pension expenses of \$8,261,269 and \$223,030 for ERS for governmental activities and business-type activities, respectively. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
	ERS			
Differences between expected and actual experiences	\$ 1,621,607	\$ 43,779	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	298,866	8,069	-	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	-	-	752,898	20,326
County contributions subsequent to the measurement date	9,285,046	285,147	-	-
Total	<u>\$ 11,205,519</u>	<u>\$ 336,995</u>	<u>\$ 752,898</u>	<u>\$ 20,326</u>

The County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Activities	Business-type Activities
	ERS	
Year Ending December 31,		
2016	\$ 291,895	\$ 7,880
2017	291,895	7,880
2018	291,895	7,880
2019	291,890	7,882

Actuarial Assumptions—The total pension liabilities as of the measurement date were determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liabilities to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>
Measurement date	March 31, 2015
Actuarial valuation date	April 1, 2014
Interest rate	7.50%
Salary scale	4.90%
Decrement tables	April 1, 2005- March 31, 2010
Inflation rate	2.7%

Annuitant mortality rates are based on April 1, 2005 – March 31, 2010 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below.

	<u>ERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Measurement date	<u>March 31, 2015</u>	
Asset class:		
Domestic equities	38.0 %	7.3 %
International equities	13.0	8.6
Private equity	10.0	11.0
Real estate	8.0	8.3
Absolute return strategies	3.0	6.8
Opportunistic portfolio	3.0	8.6
Real assets	3.0	8.7
Bonds and mortgages	18.0	4.0
Cash	2.0	2.3
Inflation-indexed bonds	<u>2.0</u>	4.0
Total	<u>100.0 %</u>	

Discount Rate—The discount rate used to calculate the total pension liabilities was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the

long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—
The chart below presents the County’s proportionate share of the net pension liabilities calculated using the discount rate of 7.5%, as well as what the County’s proportionate share of the net pension liabilities would be if they were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage-point higher (8.5%) than the current assumption.

	<u>1% Decrease (6.5%)</u>	<u>Current Assumption (7.5%)</u>	<u>1% Increase (8.5%)</u>
Governmental Activities:			
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 61,991,950	\$ 9,336,356	\$ (35,184,124)
Business-type Activities:			
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 1,918,957	\$ 252,054	\$ (1,089,122)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liabilities of the employers as of the valuation dates, were as follows:

	<u>(Dollars in Thousands)</u>
	<u>ERS</u>
Valuation date	March 31, 2015
Employers' total pension liability	\$ 164,591,504
Plan fiduciary net position	<u>161,213,259</u>
Employers' net pension liability	<u>\$ 3,378,245</u>
System fiduciary net position as a percentage of total pension liability	97.95%

Oneida-Herkimer Solid Waste Management Authority

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At December 31, 2015, the Authority reported a net pension liability of \$480,933 for its proportionate share of the net pension liability. At the March 31, 2015 measurement date, the Agency’s proportion was 0.0142362%.

For the year ended December 31, 2015, the Authority recognized pension expense of \$435,757. At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown on the following page.

	Deferred Outflows of Resources
	<u>ERS</u>
Differences between expected and actual experiences	\$ 15,395
Net difference between projected and actual earnings on pension plan investments	83,532
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	2,030
Agency contributions subsequent to the measurement date	<u>558,657</u>
Total	<u>\$ 659,614</u>

The Authority's contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending December 31, 2016. Other amounts reported as net deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>ERS</u>
2016	\$ 25,239
2017	25,239
2018	25,239
2019	25,240

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—
The chart below represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Agency's proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage point higher (8.5%) than the current assumption.

	<u>1% Decrease (6.5%)</u>	<u>Current Assumption (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 3,205,626	\$ 480,933	\$ (1,819,384)

The actuarial assumptions, asset allocations and pension plan fiduciary net position are the same as those disclosed for the System within the County's portion of the footnote.

Mohawk Valley Community College

MVCC participates in the ERS and the Teachers' Retirement System ("TRS").

Plan Description and Benefits Provided

Employees' Retirement System—The plan description is the same as disclosed within the County's footnote.

Teachers' Retirement System—MVCC participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and the New York State Retirement and Social Security Law ("NYSRSSL"). TRS is governed by a 10 member Board of Trustees. TRS benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York State Public Schools and BOCES who elect to participate in TRS. Once a public employer elects to participate in TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding TRS may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial Report which can be found on TRS' website at www.nystrs.org.

Plan members who joined the TRS before July 27, 1976, are not required to make contributions. Those joining after July 27, 1976 are required to contribute 3.0% to 3.5% of their annual salary. Employees in the System more than ten years are no longer required to contribute. Pursuant to Article 11 of the Education Law, rates are established annually by the New York State Teachers' Retirement Board.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At August 31, 2015, MVCC reported the following liability/(asset) for its proportionate share of the net pension liability/(asset) for each of the Systems. The net pension liability/(asset) was measured as of March 31, 2015 for ERS and June 30, 2014 for TRS. The total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation. MVCC's proportion of the net pension liability/(asset) was based on a projection of MVCC's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS and TRS in reports provided to MVCC.

	TRS	ERS
Measurement date	June 30, 2014	March 31, 2015
Net pension liability/(asset)	\$ (2,860,511)	\$ 1,363,515
MVCC's portion of the Plan's total net pension liability/(asset)	0.027540%	0.0404%

For the year ended August 31, 2015, MVCC recognized an actuarial increase of \$196,787 for the TRS and pension expense of \$1,206,505 for ERS. At August 31, 2015, MVCC reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown on the following page.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experiences	\$ -	\$ 43,647	\$ 79,277	\$ -
Net difference between projected and actual earnings on pension plan investments	-	236,826	904,222	-
Changes in proportion and differences between MVCC's contributions and proportionate share of contributions	-	-	62,549	109,956
MVCC's contributions subsequent to the measurement date	191,187	714,674	-	-
Total	<u>\$ 191,187</u>	<u>\$ 995,147</u>	<u>\$ 1,046,048</u>	<u>\$ 109,956</u>

Amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	TRS	ERS
2016	\$ 372,317	\$ 42,629
2017	372,317	42,629
2018	372,317	42,629
2019	(142,767)	42,630
2020	17,490	-
Thereafter	54,374	-

Actuarial Assumptions—The total pension (asset)/liability as of the measurement dates were determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension (asset)/liability to the measurement dates. The actuarial valuations used the following actuarial assumptions:

	TRS	ERS
Measurement date	June 30, 2014	March 31, 2015
Actuarial valuation date	June 30, 2013	April 1, 2014
Interest rate	8.00%	7.50%
Salary scale	4.01-10.91%	4.90%
Decrement tables	July 1, 2005- June 30, 2010	April 1, 2005- March 31, 2010
Inflation rate	3.0%	2.7%

For TRS, annuitant mortality rates are based on July 1, 2005-June 30, 2010 System experience with adjustments for mortality improvements based on the Society of Actuaries Scale AA. The actuarial assumptions used in the June 30, 2013 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each the

target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below.

Measurement date Asset class:	TRS	ERS	TRS	ERS
	Target Allocation		Long-Term Expected Real Rate of Return	
			June 30, 2015	March 31, 2015
Domestic equities	37.0 %	38.0 %	7.3 %	7.3 %
International equities	18.0	13.0	8.5	8.6
Private equity	0.0	10.0	0.0	11.0
Real estate	10.0	8.0	5.0	8.3
Alternative investments	7.0	0.0	11.0	0.0
Absolute return strategies	20.0	3.0	1.4	6.8
Opportunistic portfolio	0.0	3.0	0.0	8.6
Real assets	0.0	3.0	0.0	8.7
Bonds and mortgages	8.0	18.0	3.4	4.0
Cash	0.0	2.0	0.0	2.3
Inflation-indexed bonds	0.0	2.0	0.0	4.0
Total	<u>100.0 %</u>	<u>100.0 %</u>		

Discount Rate—The discount rate used to calculate the total pension liabilities was 7.5% for ERS and 8.0% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart on the following page presents MVCC’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.5% for ERS and 8.0% for TRS, as well as what MVCC’s proportionate share of the net pension liability/(asset) would be if they were calculated using a discount rate that is one percentage-point lower (6.5% for ERS and 7.0% for TRS) or one percentage-point higher (8.5% for ERS and 9.0% for TRS) than the current assumption.

TRS	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
Employer's proportionate share of the net pension liability/(asset)	\$ 195,124	\$ (2,860,511)	\$ (5,466,325)
ERS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability/(asset)	\$ 9,088,416	\$ 1,363,515	\$ (5,158,217)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability/(asset) of the employers as of the valuation dates were as follows:

	(Dollars in Thousands)		
	TRS	ERS	Total
Valuation date	June 30, 2014	March 31, 2015	
Employers' total pension liability	\$ 97,015,706	\$ 164,591,504	\$ 261,607,210
Plan fiduciary net position	<u>108,155,083</u>	<u>161,213,259</u>	<u>269,368,342</u>
Employers' net pension liability	<u>\$ (11,139,377)</u>	<u>\$ 3,378,245</u>	<u>\$ (7,761,132)</u>
System fiduciary net position as a percentage of total pension liability	111.48%	97.95%	102.97%

Payables to the Pension Plan—At August 31, 2015, MVCC recorded an payable due to TRS in the amount of \$191,187, and a payable due to ERS in the amount of \$714,674.

8. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) OBLIGATIONS

Plan description—Oneida County provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for employee services rendered. An employee’s total compensation package includes not only the salaries and benefits received during active service, but all compensation and benefits received for their services during postemployment. Nevertheless, both types of benefits constitute compensation for employee services. The County provides five separate medical plans and four separate prescription drug plans, with medical and prescription drug plans paired together and available to various members.

An actuarial valuation of the Oneida County Post-Employment Benefit Plan (the “Plan”) was performed as of January 1, 2015. The County sponsors and administers a single employer defined benefit plan to all employees. Eligibility for postemployment benefits requires a minimum age of 55 with at least five years of service for all non-PBA or Local 1249 members. Members of the PBA or Local 1249 must provide a minimum of twenty-five (25) years of service to be eligible for retirement through New York State, there is no minimum age requirement.

Funding policy—Members who retired prior to January 1, 1994 contribute 50% of the premium for individual coverage and 65% of the excess of the two-person/family premium over the individual premium to cover dependents. Members who retired after January 1, 1994 contribute 50% of the premium for individual coverage and 100% of the excess of the two-person/family premium over the individual premium to cover dependents.

There are 42 current retirees who contribute 20% as part of a retirement incentive offered between December 2005 and February 2006. Surviving spouses may continue coverage at 100% of the individual premium cost. The County does not issue a publicly available report.

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 \$1,940,713 and \$63,742, respectively, for the fiscal year ended December 31, 2015.

Annual OPEB cost and net OPEB obligation—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 No. 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.

Year Ended December 31, 2015		
	Governmental Activities	Business-type Activities
Annual required contribution	\$ 8,236,811	\$ 270,534
Interest on net OPEB obligation	1,422,696	46,728
Adjustment to annual required contribution	<u>(1,520,218)</u>	<u>(49,931)</u>
Annual OPEB costs (expense)	8,139,289	267,331
Contributions made	<u>(1,940,713)</u>	<u>(63,742)</u>
Increase in net OPEB obligation	6,198,576	203,589
Net OPEB obligation—beginning of year	<u>30,029,207</u>	<u>986,896</u>
Net OPEB obligation—end of year	<u>\$ 36,227,783</u>	<u>\$ 1,190,485</u>

Year Ended December 31, 2014		
	Governmental Activities	Business-type Activities
Annual required contribution	\$ 7,856,465	\$ 258,041
Interest on net OPEB obligation	982,869	32,282
Adjustment to annual required contribution	<u>(1,130,176)</u>	<u>(42,601)</u>
Annual OPEB costs (expense)	7,709,158	247,722
Contributions made	<u>(2,251,093)</u>	<u>(68,455)</u>
Increase in net OPEB obligation	5,458,065	179,267
Net OPEB obligation—beginning of year	<u>24,571,142</u>	<u>807,629</u>
Net OPEB obligation—end of year	<u>\$ 30,029,207</u>	<u>\$ 986,896</u>

The County’s schedule of contributions is shown below:

Year Ended December 31,	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 8,406,620	\$ 2,004,455	23.8%	\$ 37,418,268
2014	7,956,880	2,319,548	29.2%	31,016,103
2013	7,859,176	2,038,005	25.9%	25,378,187

Funding Status and Funding Progress—As of December 31, 2015, the plan was not funded. The annual required contribution for 2015 was determined based on an actuarial valuation performed as of January 1, 2015. The actuarial accrued liability for benefits was \$76,170,695. There were no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$69,468,784 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll is 109.6 percent.

Actuarial Methods and Assumptions—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 healthcare cost trends. Amounts determined regarding funded status of the Plan and 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The actuarial valuation was performed utilizing the projected unit credit method. The results shown above are based on the baseline assumptions with respect to the medial inflation rate. The actuarial assumptions included annual healthcare cost trend rate of 7.94% initially, decreased by increments to an ultimate rate of 5.00% after five years. The rate also includes a 4.69% inflation assumption. The County's unfunded actuarial accrued liability is being amortized as a level dollar amount over a 30 year period.

Mohawk Valley Community College

Plan Description—The College sponsors and administers an employer defined benefit plan (Blue Cross/Blue Shield Traditional) for Professional Association, Administrators' Association and Exempt Employees (the "Plan") which provides postemployment health insurance coverage to its retired employees meeting certain qualifications (i.e. Age 55 with 5 years of full-time continuous service). Employees belonging to United Public Service Employees Union are covered under a choice of three plans (RMSCO PPO, RMSCO Traditional, and RMSCO MVP) administered by the County. Substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the College. Benefit provisions are established and may be amended by the College's Board of Trustees. The College does not issue a publicly available report.

Eligibility and Funding Policy—The College pays the following percentages of health insurance premiums for the various employee groups:

- Professional Association
 - Retired before January 1, 1994 – 50% individual and 35% for spouse/family
 - Retired on or after January 1, 1994 – 50% individual only
 - Effective September 1, 2009, up to five retirees per year receive \$300 per day of accrued sick leave, up to \$36,000, credited to pay the retiree's share of health insurance premiums. Once these funds have been exhausted payment reverts to 50% of the individual only.
- Administrators Association and Exempt Employees
 - Retired before June 28, 2007, members receive at a rate of one month of paid health insurance for every two days of accrued sick leave. (Members joining after June 28, 2007, do not receive this benefit; instead, up to one retiree per year receives \$300 per day of accrued sick leave, up to \$36,000, credited to pay the retiree's share of health insurance premiums. Once these funds have been exhausted payment reverts to 50% of the individual only)

- Retired before January 1, 1994 – 50% individual and 35% for spouse/family
- Retired on or after January 1, 1994 – 50% individual

- United Public Service Employee Union
 - Retired before January 1, 1994 – 50% individual and 35% for spouse/family
 - Retired on or after January 1, 1994 – 50% individual

Annual OPEB Cost and Net OPEB Obligation—The College’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer ARC, an amount actuarially determined in accordance with the parameters of GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The table below shows the components of the College’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the College’s net OPEB obligation to the Plan:

	<u>For the year ended August 31,</u>	
	<u>2015</u>	<u>2014</u>
Annual required contribution	\$ 2,999,367	\$ 3,009,372
Interest on net OPEB obligation	617,913	538,260
Adjustment to annual required contribution	<u>(858,990)</u>	<u>(748,261)</u>
Annual OPEB cost (expense)	2,758,290	2,799,371
Contributions made	<u>(727,849)</u>	<u>(808,054)</u>
Increase in net OPEB obligation	2,030,441	1,991,317
Net OPEB obligation—beginning of year	<u>19,660,318</u>	<u>17,669,001</u>
Net OPEB obligation—end of year	<u>\$ 21,690,759</u>	<u>\$ 19,660,318</u>

The College’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Year Ended <u>August 31,</u>	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 2,758,290	\$ 727,849	26%	\$ 21,690,759
2014	2,799,371	808,054	29%	19,660,318
2013	2,670,189	650,910	24%	17,669,001

As of August 31, 2015, the actuarial accrued liability for benefits was \$25,375,757. There were no assets legally segregated for the Plan. The covered payroll was \$29,737,960, and the ratio of the UAAL to the covered payroll was 85.3%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that is useful in determining whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability. The projection of benefits is based on the types of benefits provided under the substantive Plan at the time of the valuation date and on the pattern of cost-sharing between the employer and Plan members. In addition, the projections do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and Plan members of the future. The actuarial calculations reflect a long-term perspective; actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Actuarial Methods and Assumptions—The actuarial cost method used to calculate the costs of the Plan for age, disability, vested and surviving spouse’s benefits is known as the Projected Unit Credit method. Under this method, each participant’s projected benefit is calculated at all possible ages based on the Plan provisions as well as the initial date and actuarial assumptions. The actuarial assumptions included annual healthcare cost trend rate of 7.5% initially, reduced by decrements to an ultimate rate of 3.84%. The discount rate as of September 1, 2014 and August 31, 2015 was 2.2% per year compounded annually. This is the rate used to discount future benefit liabilities into today’s dollars. The College’s unfunded actuarial accrued liability is being amortized as a level dollar amount over a 30 year period. A single amortization base is re-amortized each year (open basis, as defined by GASB).

9. RISK MANAGEMENT

Insurance—The County assumes liability for some risk including, but not limited to, workers’ compensation and unemployment claims. Asserted and incurred but not reported claims and judgments 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 estimate. 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.

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 \$18,920,000, net of \$239,910 and \$7,573,441 owed from the Sewer Fund and governmental activities, are recognized in the Workers’ Compensation Fund at December 31, 2015 based on the evaluation that it is probable that a liability has been incurred 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. The changes since December 31, 2013 in the total workers’ compensation accrued claims liabilities were as follows:

Year Ended December 31,	Beginning of Year Liability	Claims and Changes in Estimates	Claims Payments	Balance at Year End
2015	\$ 18,619,999	5,342,773	\$ 5,042,772	\$ 18,920,000
2014	12,783,096	10,156,332	4,319,429	18,619,999

The County's portion of their liability is recorded within the governmental activities and Sewer Fund. Governmental activities and the Sewer Fund have recorded liabilities for workers' compensation claims in the amount of \$7,573,378 and \$239,973, at December 31, 2015, respectively. The County utilizes a third-party administrator who is responsible for, processing claims. Liabilities for the program have been estimated by an independent actuary.

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. 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.

Pending Litigation—The County is involved in litigation arising in the ordinary course of its operations. The County has recorded a liability of \$147,510 as of December 31, 2015 for such claims.

10. SHORT-TERM DEBT

Liabilities for bond anticipation notes ("BANs") are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date.

A summary of changes in the County's short-term debt for the year ended, December 31, 2015 is presented below:

	Original Issue	Interest Rate	Balance 1/1/2015	Issues	Redemptions	Balance 12/31/2015
Governmental activities:						
Capital Projects Fund:						
Various capital projects	5/27/2014	1.00%	\$ 3,917,504	\$ -	\$ 3,917,504	\$ -
Various capital projects	7/23/2014	1.00%	2,465,000	-	2,465,000	-
Various capital projects—renewal	1/23/2015	1.07%	-	2,465,000	-	2,465,000
Various capital projects	5/21/2015	1.00%	-	3,617,504	-	3,617,504
Total			<u>\$ 6,382,504</u>	<u>\$ 6,082,504</u>	<u>\$ 6,382,504</u>	<u>\$ 6,082,504</u>

11. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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. Further, unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The County's outstanding long-term liabilities include serial bonds, workers' compensation, compensated absences, other post-employment benefits ("OPEB"), retirement obligations, claims and judgments and net pension liability.

A summary of changes in the County's long-term debt at December 31, 2015 is shown below:

	Balance 1/1/2015 (as restated)	Additions	Reductions	Balance 12/31/2015	Due Within One Year
Governmental activities:					
Serial bonds	\$ 113,905,960	\$ 15,265,000	\$ 12,058,307	\$ 117,112,653	\$ 12,575,025
Serial bonds - MVCC	10,735,240	7,500,000	1,283,458	16,951,782	1,593,945
Unamortized premium	<u>1,052,770</u>	<u>-</u>	<u>168,443</u>	<u>884,327</u>	<u>168,443</u>
Net bonds payable	125,693,970	22,765,000	13,510,208	134,948,762	14,337,413
OTASC bonds and accreted interest	88,664,497	2,034,997	45,000	90,654,494	-
Unamortized discount	<u>(464,223)</u>	<u>-</u>	<u>(15,179)</u>	<u>(449,044)</u>	<u>(15,179)</u>
Net OTASC bonds	88,200,274	2,034,997	29,821	90,205,450	(15,179)
Workers' compensation	6,760,765	2,172,689	1,360,013	7,573,441	378,672
Compensated absences	2,867,644	5,413,769	5,525,279	2,756,134	137,807
Other postemployment benefits	30,029,207	8,139,289	1,940,713	36,227,783	-
Retirement obligations	14,031,589	2,535,719	9,826,441	6,740,867	462,070
Claims and judgments	406,001	-	258,491	147,510	-
Net pension liability*	<u>12,488,642</u>	<u>-</u>	<u>3,152,286</u>	<u>9,336,356</u>	<u>-</u>
	<u>\$ 280,478,092</u>	<u>\$ 43,061,463</u>	<u>\$ 35,603,252</u>	<u>\$ 287,936,303</u>	<u>\$ 15,300,783</u>
Business-type activities:					
Serial bonds and EFC notes payable	\$ 32,862,879	\$ 17,103,561	\$ 12,630,745	\$ 37,335,695	\$ 2,130,655
Unamortized premium	<u>427,393</u>	<u>-</u>	<u>68,383</u>	<u>359,010</u>	<u>68,383</u>
Net serial bonds	33,290,272	17,103,561	12,699,128	37,694,705	2,199,038
Workers' compensation	11,859,234	3,170,084	3,682,759	11,346,559	567,328
Compensated absences	93,878	181,912	195,107	80,683	4,034
Other postemployment benefits	986,896	267,331	63,742	1,190,485	-
Retirement obligations	424,512	78,493	285,786	217,219	12,197
Net pension liability*	<u>337,156</u>	<u>-</u>	<u>85,102</u>	<u>252,054</u>	<u>-</u>
	<u>\$ 46,991,948</u>	<u>\$ 20,801,381</u>	<u>\$ 17,011,624</u>	<u>\$ 50,781,705</u>	<u>\$ 2,782,597</u>

*Reductions to the net pension liability are shown net of additions.

Serial Bonds—The County issues bonds to provide funds for the acquisition and construction of major capital facilities. 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. Bonds have been issued for both governmental and business-type activities.

On May 21, 2015 the County issued \$20,920,000 in Public Improvement Serial Bonds. \$13,420,000 bonds were issued for governmental activities and \$7,500,000 bonds were issued on behalf of MVCC. The serial bonds were issued at rates ranging from 2.0-3.0 percent. Principal payments begin in 2016 and the bonds mature in 2030.

On December 11, 2015, the County issued \$1,845,000 in Series 2015 bonds. The bonds were issued at an interest rate of 3.6 percent. The County begins sinking fund installment payments in 2016 with the bonds maturing in 2023.

During the year ended December 31, 2015, business-type activities issued \$4,501,052 of EFC notes. The notes carry variable interest rates ranging from 0 to 0.39%. Subsequently, a portion of these EFC notes, were converted to serial bonds, combined with an additional proceeds, for a total issuance amount of \$12,602,509. The serial bonds were issued at rates ranging from 0.2-4.27 percent. Principal payments begin in 2016 and the bonds mature in 2045.

Defeased Debt—On March 27, 2013, the County defeased certain governmental and business-type activities serial bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County’s financial statements. At December 31, 2015, remaining principal of the defeased debt was \$14,075,000.

A summary of additions and payments for the year ended December 31, 2015 is shown below:

Description	Year Issue/ Maturity	Interest Rate	Issue Amount	Balance 1/1/2015	Increases	Decreases	Balance 12/31/2015
Governmental activities—serial bonds issued by County:							
Improvement, 1999	1999/2015	4.50 - 4.75	\$ 10,125,888	\$ 414,452	\$ -	\$ 414,452	\$ -
Improvement, 2006	2006/2021	4.00 - 4.25	8,071,411	555,000	-	555,000	-
Improvement, 2008	2008/2022	3.00 - 5.70	18,583,200	11,449,000	-	1,261,000	10,188,000
Bond, 2009	2009/2023	3.00 - 4.00	19,252,645	11,605,000	-	1,445,000	10,160,000
Bond, tax 2009	2009/2023	3.38 - 5.25	7,515,000	5,075,000	-	550,000	4,525,000
Taxable BABS, 2009	2009/2024	4.409 - 5.587	9,975,000	9,975,000	-	965,000	9,010,000
Refunding, 2010	2010/2020	2.00 - 5.00	7,013,305	4,484,675	-	1,078,125	3,406,550
Refunding, 2011	2011/2022	2.50 - 4.00	4,398,005	3,025,635	-	511,905	2,513,730
Build America Bonds	2010/2025	4.249 - 5.932	13,270,000	10,530,000	-	985,000	9,545,000
Bond, 2012	2012/2027	2.00-3.25	18,717,000	17,634,000	-	1,110,000	16,524,000
Bond, 2013	2013/2028	2.0-3.125	14,074,850	13,397,000	-	917,000	12,480,000
Advance Refunding, 2013	2013/2021	3.0-5.0	10,801,048	10,311,198	-	1,504,825	8,806,373
Bond, 2014	2014/2029	2.0-4.0	15,450,000	15,450,000	-	761,000	14,689,000
Bond, 2015	2016/2030	2.0-3.0	13,420,000	-	13,420,000	-	13,420,000
Series 2015 bond	2016/2023	3.6	1,845,000	-	1,845,000	-	1,845,000
Total				<u>\$ 113,905,960</u>	<u>\$ 15,265,000</u>	<u>\$ 12,058,307</u>	<u>\$ 117,112,653</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.

Description	Year Issue/ Maturity	Interest Rate	Issue Amount	Balance 1/1/2015	Increases	Decreases	Balance 12/31/2015
Governmental activities—serial bonds issued on behalf of MVCC							
Improvements, 1999	1999/2015	4.50 - 4.75	\$ 2,384,804	\$ 97,608	\$ -	\$ 97,608	\$ -
Improvements, 2008	2008/2022	3.00 - 5.70	482,671	171,000	-	29,000	142,000
Taxable BABS, 2009	2009/2024	4.409 - 5.587	2,250,000	1,390,000	-	125,000	1,265,000
Build America Bonds	2010/2025	4.249 - 5.932	3,780,000	3,099,000	-	245,000	2,854,000
Refunding, 2010	2010/2022	2.00 - 5.00	3,511,755	2,835,385	-	488,585	2,346,800
Refunding, 2011	2011/2022	2.50 - 4.00	31,995	24,360	-	3,090	21,270
Bond, 2012	2012/2027	2.00-3.25	2,200,000	1,991,000	-	125,000	1,866,000
Advanced Refunding, 2013	2013/2021	2.0-3.125	241,875	233,000	-	13,000	220,000
Bond, 2013	2013/2028	3.0-5.0	234,037	218,887	-	40,175	178,712
Bond, 2014	2014/2019	2.0-4.0	675,000	675,000	-	117,000	558,000
Bond, 2015	2016/2030	2.0-3.0	7,500,000	-	7,500,000	-	7,500,000
Total				<u>\$ 10,735,240</u>	<u>\$ 7,500,000</u>	<u>\$ 1,283,458</u>	<u>\$ 16,951,782</u>
Business-type activities:							
Sewer District EFC	1999/2018	4.313	\$ 1,016,290	\$ 220,000	\$ -	\$ 55,000	\$ 165,000
Sewer District EFC, 2001	2001/2015	3.43 - 4.83	1,004,584	80,000	-	80,000	-
Improvement, 2006	2006/2021	4.00 - 4.25	10,178,589	720,000	-	720,000	-
Improvement, 2008	2008/2022	4.00	1,600,000	1,000,000	-	125,000	875,000
Bond, 2009	2009/2023	3.00 - 4.00	1,891,667	1,270,000	-	130,000	1,140,000
Improvement, 2009	2009/2024	4.409 - 5.887	2,685,000	2,685,000	-	260,000	2,425,000
Refunding 2010	2010/2020	2.00 - 5.00	64,940	64,940	-	13,290	51,650
Build America Bonds	2010/2025	4.25 - 5.93	300,000	246,000	-	20,000	226,000
EFC Notes 2011	2011/2016	0	9,530,172	8,037,976	1,492,196	9,530,172	-
Advance Refunding, 2013	2013/2021	3.0-5.0	4,479,915	4,479,915	-	-	4,479,915
EFC Notes 2013	2013/2016	0-0.37	4,872,621	2,004,774	2,867,847	-	4,872,621
EFC Notes 2014	2014/2017	0-0.39	1,565,283	1,424,274	141,009	1,565,283	-
Bond, 2014	2015/2039	2.0-4.0	10,630,000	10,630,000	-	132,000	10,498,000
Bond, 2015	2016/2045	0.2-4.7	12,602,509	-	12,602,509	-	12,602,509
Total				<u>\$ 32,862,879</u>	<u>\$ 17,103,561</u>	<u>\$ 12,630,745</u>	<u>\$ 37,335,695</u>

Business-type activities' interest expense was directly related to the Sewer Fund and has been included as a direct function expense.

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

	Issued by County of behalf of					
	Governmental Activities		Discretely Presented		Business-Type Activities	
	Serial Bonds		Component Unit—MVCC		Enterprise Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 12,575,025	\$ 4,693,471	\$ 1,593,945	\$ 709,606	\$ 2,130,655	\$ 956,051
2017	12,967,240	3,939,104	1,718,700	546,010	6,793,306	865,822
2018	12,971,263	3,250,584	1,741,662	481,623	1,970,209	804,755
2019	11,626,370	2,970,360	1,734,345	415,115	1,969,910	739,872
2020	10,999,695	2,517,048	1,286,130	355,310	2,029,800	669,813
2021-2025	40,789,060	6,594,574	5,542,000	1,079,153	6,345,815	2,516,976
2026-2030	15,184,000	1,095,621	3,335,000	238,494	4,081,000	1,880,102
2031-2035	-	-	-	-	4,660,000	1,317,200
2036-2040	-	-	-	-	4,725,000	595,836
Thereafter	-	-	-	-	2,630,000	142,945
Total	\$ 117,112,653	\$ 25,060,762	\$ 16,951,782	\$ 3,825,311	\$ 37,335,695	\$ 10,489,372

Oneida Tobacco Asset Securitization Corporation

Changes in OTASC's long-term debt for the year ended December 31, 2015 are as follows:

	Balance 1/1/2015	Increases	Decreases	Balance 12/31/2015	Due Within One Year
Tobacco Settlement Bonds:					
Series 2005	\$ 61,555,000	\$ -	\$ 45,000	\$ 61,510,000	\$ -
Subordinate Turbo CABs:					
Series 2005 - Original Principal	14,684,111	-	-	14,684,111	-
Accreted Interest	12,425,386	2,034,997	-	14,460,383	-
Total Subordinated Turbo CABs	27,109,497	2,034,997	-	29,144,494	-
Less:					
Bond discount	(464,223)	-	(15,179)	(449,044)	(15,179)
Total OTASC	\$ 88,200,274	\$ 2,034,997	\$ 29,821	\$ 90,205,450	\$ (15,179)

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 bonds are as follows:

Year ended December 31,	Principal	Interest
2016	\$ -	\$ 3,128,200
2017	-	2,571,625
2018	-	2,362,250
2019	-	2,112,250
2020	-	1,840,375
Thereafter	<u>61,510,000</u>	<u>4,708,625</u>
Total	<u>\$ 61,510,000</u>	<u>\$ 16,723,325</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. They were sold discounted; the par value of these bonds totals \$721,365,000. The discount amount of these bonds (present value) at time of sale was \$14,684,111. The proposed repayment of the bonds would be on an accelerated basis, known as The Turbo Redemption. The yields and maturities, based on the Turbo Redemption Plan, are as shown below.

Issue	Maturity	Interest Rate	Issuance Amount
2005S2	2025-2040	6.10%	\$ 2,853,841
2005S3	2025-2040	6.85%	2,774,686
2005S4B	2025-2024	7.85%	<u>9,055,584</u>
			<u>\$ 14,684,111</u>

Compensated Absences—As explained in Note 1, the County records the value of compensated absences in both the governmental activities and the business-type activities. The 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.

Retirement Obligations—Chapter 57 of the Laws of 2010 of the State of New York allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- For State fiscal year 2010-2011, the amount in excess of the graded rate of 9.5 percent of employees’ covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System’s average rate and the previous graded rate.

- For subsequent State fiscal years in which the System’s average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System’s fiscal years when the local employer opts to participate in the program. The total unpaid liability at the end of the year ended December 31, 2015 was \$6,958,086, of which \$6,740,867 and \$217,219 are reported in governmental activities and business-type activities, respectively.

Net Pension Liability—The County reports a liability for its proportionate share of the net pension liability for the Employees’ Retirement System. The net pension liability is estimated to be \$9,336,356 and \$252,054 for its governmental activities and business-type activities, respectively. Refer to Note 7 for additional information related to the County’s net pension liability.

Oneida-Herkimer Solid Waste Management Authority

A summary of changes in long-term debt for the year ended December 31, 2015 is presented below.

<u>Description</u>	Balance			Balance
	1/1/2015 (as restated)	Increases	Decreases	12/31/2015
Revenue bonds 2007	\$ 4,265,000	\$ -	\$ 245,000	\$ 4,020,000
Revenue bonds 2011	9,660,000	-	715,000	8,945,000
EFC Revenue Bonds 2006	23,005,000	-	23,005,000	-
EFC Revenue Bonds 2015	-	20,272,593	-	20,272,593
Total revenue bonds	36,930,000	20,272,593	23,965,000	33,237,593
Unamortized premium	69,567	-	11,890	57,677
Accrued closure and post-closure costs	3,721,212	53,198	-	3,774,410
Postemployment benefits	1,024,469	205,229	-	1,229,698
Net pension liability	643,313	-	162,380	480,933
	<u>\$42,388,561</u>	<u>\$20,531,020</u>	<u>\$24,139,270</u>	<u>\$38,780,311</u>

The Authority maintains one landfill which reached full capacity at December 31, 1996, and began operating another in 2006. Based upon engineering estimates and actual usage, the landfill has a useful life of over seventy years. In accordance with New York State Department of Environmental Conservation Regulations, the Authority has, and will implement landfill closure and post-closure requirements. At December 31, 2015, the Authority accrued \$3,774,410 for estimated closure and post-closure costs. Due to changes in technology or changes in regulations, actual costs may be different from the current accrual.

The OHSWMA annual repayment of principal and interest on bonded debt is presented on the following page.

For the year ending December 31,	OHSWMA		
	Principal	Interest	Total
2016	\$ 2,445,000	\$ 1,477,646	\$ 3,922,646
2017	2,520,000	1,373,476	3,893,476
2018	2,595,000	1,260,305	3,855,305
2019	2,685,000	1,138,394	3,823,394
2020	2,780,000	1,011,246	3,791,246
2021-2025	15,410,000	2,993,635	18,403,635
2026-2027	4,802,593	130,158	4,932,751
Total principal	\$ 33,237,593	\$ 9,384,860	\$ 42,622,453
Less current installments	2,445,000		
Bonds, less current installments	\$ 30,792,593		

Mohawk Valley Community College

The following is a summary of changes in long-term debt for the year ended August 31, 2015:

Description	Balance 9/1/2014	Increases	Decreases	Balance
	(as restated)			8/31/2015
Primary Institution:				
Capital leases	\$ 36,999	\$ -	\$ 36,999	\$ -
Compensated absences	1,149,879	30,147	-	1,180,026
Other postemployment benefits	19,660,318	2,030,441	-	21,690,759
Net pension liability	1,823,886	-	460,371	1,363,515
Component Units:				
Serial Bonds—MVCCDC	6,890,000	-	210,000	6,680,000
Due to related organizations	61,100	-	61,100	-
Compensated absences	43,705	-	6,738	36,967
Other liability	1,686,953	184,987	-	1,871,940
	<u>\$ 31,352,840</u>	<u>\$ 2,245,575</u>	<u>\$ 775,208</u>	<u>\$ 32,823,207</u>

A component unit of MVCC is a party to an interest rate swap agreement. The swap agreement is in place for a 2004 fixed rate serial bond with a notional principal amount of \$1,871,940 at July 31, 2015. The swap agreement matures at the same time as the related bond, August 1, 2036. Under the terms of the agreement the component unit will continue to pay the bond holders interest at a fixed rate. The counterparty will reimburse the component unit a variable interest rate at 67% of LIBOR (0.1015% at July 31, 2015) while the component unit is obligated to pay the counterparty a fixed rate of 4.051%.

12. NET POSITION AND FUND BALANCE

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. The tables on the following page are a reconciliation of the County's governmental activities and business-type activities net investment in capital assets.

Net investment in capital assets:

Governmental activities:

Capital assets, net of accumulated depreciation \$ 283,039,392

Related debt:

Serial bonds issued	(134,064,435)	
Refunding bond premium	(884,327)	
Deferred charge on refunding	462,986	
Bond anticipation notes	(6,082,504)	
OTASC bonds, net of discount	(75,745,067)	
Serial bonds issued on behalf of MVCC	<u>16,951,782</u>	(199,361,565)

Unspent proceeds reported within the Capital Projects Fund 11,297,013

Net investment in capital assets—governmental activities \$ 94,974,840

Business-type activities:

Capital assets, net of accumulated depreciation \$ 46,917,198

Related debt:

Serial bonds and EFC notes issued	(37,335,695)	
Refunding bond premium	(359,010)	
Deferred charge on refunding	<u>171,912</u>	<u>(37,522,793)</u>

Net investment in capital assets—business-type activities \$ 9,394,405

- **Restricted net position**—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 net position**—This category represents net investment in assets of the County not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At December 31, 2015, the County reported \$5,793 of prepaid expenditures that were classified as nonspendable fund balance.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grants, contributors, or laws and regulation of other governments) through constitutional provisions or enabling legislation. As of December 31, 2015, the County had restricted funds as presented below.

	General Fund	Debt Service Fund	Non-Major Funds	Total
Handicapped parking fees	\$ 5,523	\$ -	\$ -	\$ 5,523
Debt service	-	21,490	4,697,140	4,718,630
Sheriff forfeiture	2,539	-	-	2,539
Capital Projects	-	-	<u>3,506,484</u>	<u>3,506,484</u>
Total restricted fund balance	<u>\$ 8,062</u>	<u>\$ 21,490</u>	<u>\$ 8,203,624</u>	<u>\$ 8,233,176</u>

In the fund financial statements, committed fund balances are amounts 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, 2015, the County Legislature has committed, by resolution, \$12,500,000 to fiscal stability, \$1,000,000 to other post-employment benefits, \$2,500,000 to health insurance payments and \$1,050,000 to economic development.

In the fund financial statements, assignments are not legally required segregations, but 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 assignments must be narrower than the purpose of the General Fund, and in the funds, other than the General fund, assigned fund balance represent the residual amount of fund balance.

As of December 31, 2015, the following balances were considered to be assigned:

	General Fund	Debt Service	County Road	Road Machinery	Total
Encumbrances	\$ 515,132	\$ -	\$ 14,517	\$ 247	\$ 529,896
Subsequent year's expenditures	4,403,946	460,559	-	-	4,864,505
Comprehensive planning activities	280,826	-	-	-	280,826
Tax Certiorari	2,575,000	-	-	-	2,575,000
Specific use	-	284,936	119,897	228,639	633,472
Total assigned fund balance	<u>\$ 7,774,904</u>	<u>\$ 745,495</u>	<u>\$ 134,414</u>	<u>\$ 228,886</u>	<u>\$ 8,883,699</u>

In the fund financial statements unassigned fund balance represents the residual classification of the government’s General Fund, and could report surplus or deficit. As of December 31, 2015, the unassigned fund balance of the General Fund was \$102,085. The Special Grant Fund reported a deficit unassigned fund balance at December 31, 2015 of \$91,438.

The County’s policy is to expend fund balances in the following order: non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

The County adopted a fund balance policy which outlines that they will strive to maintain a fund balance, less restricted funds, of 5 percent to 10 percent of current operating expenditures. Should fund balance fall below the minimum, the County will formulate a plan to replenish it in the succeeding year.

13. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund loans 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 loans and transfers of the County for the year ended December 31, 2015 are presented on the following page.

Fund	Interfund	
	Receivable	Payable
Governmental funds:		
General Fund	\$ 191,215	\$ 1,731,006
Debt Service Fund	255,939	1,845,000
Nonmajor funds	3,915,672	231,083
Proprietary funds:		
Sewer Fund	-	253,425
Workers' Compensation Fund	-	30,707
Agency Fund	-	271,605
Total	<u>\$ 4,362,826</u>	<u>\$ 4,362,826</u>

Transfers out:	Transfers in:			
	Debt Service Fund	Nonmajor funds	Sewer Fund	Total
General Fund	\$ 17,763,134	\$ 13,032,280	\$ -	\$ 30,795,414
Debt Service Fund	-	-	1,589	1,589
Nonmajor funds	55,339	-	-	55,339
Total	<u>\$ 17,818,473</u>	<u>\$ 13,032,280</u>	<u>\$ 1,589</u>	<u>\$ 30,852,342</u>

14. AGENCY FUND

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, 2015.

	Balance 1/1/2015	Additions	Deletions	Balance 12/31/2015
ASSETS				
Cash and equivalents	\$ 7,250,970	\$ 270,376,595	\$ 270,300,391	\$ 7,327,174
Due from other funds	-	82,569,691	82,569,691	-
Total assets	<u>\$ 7,250,970</u>	<u>\$ 352,946,286</u>	<u>\$ 352,870,082</u>	<u>\$ 7,327,174</u>
LIABILITIES				
Agency liabilities	\$ 7,250,970	\$ 148,600,710	\$ 148,796,111	\$ 7,055,569
Due to other funds	-	204,345,576	204,073,971	271,605
Total liabilities	<u>\$ 7,250,970</u>	<u>\$ 352,946,286</u>	<u>\$ 352,870,082</u>	<u>\$ 7,327,174</u>

15. LABOR CONTRACTS

Four bargaining units represent the unionized County employees. All contracts expired December 31, 2015.

16. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Open encumbrances are reported as an assignment of fund balance since such commitments will be honored through budget appropriations in the subsequent year. The County considers encumbrances to be significant for amounts that are encumbered in excess of \$100,000.

As of December 31, 2015 the County had two encumbrances that were considered to be significant, one in the amount of \$400,000 for flood mitigation purposes, and one in the amount of \$100,000 for energy products.

17. CONTINGENCIES

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.

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 was 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.

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.

During 2011, the County negotiated a new consent order that includes an extended compliance schedule with NYSDEC to replace the consent order that was issued in 2007. The new order was approved 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. The new order reflected the results of the Plan of Study conducted in 2010 and it extended the completion date of the order, which includes a compliance schedule, to December 31, 2021. The County is in compliance with the deadlines in the new compliance schedule. The County plans to issue long-term debt to finance the project and, therefore, will record a liability as such financing is obtained. As of December 31, 2015, the County has issued \$21,615,131 of bonded debt in response to the consent order. Of the issued total, \$4,000,000 was repaid with State funds and \$140,000 principal has been repaid with District funds, leaving a balance of \$17,475,131. The total debt authorized is \$180,800,000.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 15, 2016, which is the date the financial statements are available for issuance, and have determined there are no subsequent events, except what is discussed below, that require disclosure under generally accepted accounting principles.

- On May 18, 2016, the County issued \$20,875,000 in public improvement serial bonds. The bonds were issued at interest rates ranging from 0.75-2.50 percent and mature on May 15, 2031.
- On May 18, 2016, the County issued a bond anticipation note in the amount of \$3,281,610. The BAN was issued at a rate of 1.50 percent and is due May 18, 2017.
- On September 14, 2016, the County issued a resolution authorizing the issuance of \$4,000,000 bonds for the reconstruction and resurfacing of county roads. A BAN for this amount is expected to close in October 2016.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF ONEIDA, NEW YORK
Schedule of Funding Progress—Other Post-Employment Benefits Plan
Year Ended December 31, 2015

Oneida County:

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	Ratio of UAAL as a Percentage of Covered Payroll
January 1, 2015	\$ -	\$ 76,170,695	\$ 76,170,695	0.0%	\$ 69,468,784	109.6%
December 31, 2014	-	76,045,449	76,045,449	0.0%	68,113,435	111.6%
December 31, 2013	-	76,045,449	76,045,449	0.0%	67,931,374	111.9%

Mohawk Valley Community College:

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	Ratio of UAAL as a Percentage of Covered Payroll
August 31, 2015	\$ -	\$ 25,375,757	\$ 25,375,757	0.0%	\$ 29,737,960	85.3%
August 31, 2014	-	25,794,824	25,764,824	0.0%	25,050,563	102.9%
August 31, 2013	-	24,025,432	24,025,432	0.0%	20,546,333	116.9%

COUNTY OF ONEIDA, NEW YORK
Schedule of the Local Government's Proportionate Share of the
Net Pension Liability/(Asset)—Teacher's Retirement System
Last Two Fiscal Years

	<u>Year Ended August 31,</u>	
	<u>2015</u>	<u>2014</u>
Mowhawk Valley Community College ("MVCC")		
Measurement date	June 30, 2014	June 30, 2013
MVCC's proportion of the net pension liability/(asset)	0.027540%	0.025817%
MVCC's proportionate share of the net pension liability/(asset)	<u>\$ (2,860,511)</u>	<u>\$ (2,875,840)</u>
MVCC's covered-employee payroll	\$ 4,143,949	\$ 3,806,736
MVCC's proportionate share of the net pension liability/(asset) as a percentage of its covered employee payroll	69.0%	75.5%
Plan fiduciary net position as a percentage of the total pension liability	110.46%	111.48%

COUNTY OF ONEIDA, NEW YORK
Schedule of the Local Government's Contributions—
Teacher's Retirement System
Last Two Fiscal Years

	Year Ended August 31,	
	2015	2014
Mohawk Valley Community College ("MVCC")		
Contractually required contributions	\$ 725,191	\$ 620,498
Contributions in relation to the contractually required contribution	(725,191)	(620,498)
Contribution deficiency (excess)	\$ -	\$ -
MVCC's covered-employee payroll	\$ 4,143,949	\$ 3,806,736
Contributions as a percentage of covered-employee payroll	17.5%	16.3%

COUNTY OF ONEIDA, NEW YORK
Schedule of the Local Government's Proportionate Share of the
Net Pension Liability—Employees' Retirement System
Last Two Fiscal Years

	Year Ended December 31,	
	2015	2014
Measurement date	March 31, 2015	March 31, 2014
Plan fiduciary net position as a percentage of the total pension liability	97.90%	97.20%
Oneida County ("County")		
County's proportion of the net pension liability/(asset)	0.283828%	0.283828%
County's proportionate share of the net pension liability/(asset)	<u>\$ 9,588,410</u>	<u>\$ 12,825,798</u>
County's covered-employee payroll	\$ 68,543,394	\$ 76,328,553
County's proportionate share of the net pension liability/(asset) as a percentage of its covered employee payroll	14.0%	16.8%
Oneida-Herkimer Solid Waste Management Authority ("Authority")		
Authority's proportion of the net pension liability/(asset)	0.014236%	0.014236%
Authority's proportionate share of the net pension liability/(asset)	<u>\$ 480,933</u>	<u>\$ 643,313</u>
Authority's covered-employee payroll	\$ 3,419,002	n/a
Authority's proportionate share of the net pension liability/(asset) as a percentage of its covered employee payroll	14.1%	n/a
	Year Ended August 31,	
	2015	2014
Mohawk Valley Community College ("MVCC")		
MVCC's proportion of the net pension liability/(asset)	0.040400%	0.040400%
MVCC's proportionate share of the net pension liability/(asset)	<u>\$ 1,363,515</u>	<u>\$ 1,823,886</u>
MVCC's covered-employee payroll	\$ 9,370,054	\$ 9,584,855
MVCC's proportionate share of the net pension liability/(asset) as a percentage of its covered employee payroll	14.6%	19.0%

COUNTY OF ONEIDA, NEW YORK
Schedule of the Local Government's Contributions—
Employees' Retirement System
Last Two Fiscal Years

	Year Ended December 31,	
	2015	2014
Oneida County ("County")		
Contractually required contributions	\$ 13,377,068	\$ 14,383,478
Contributions in relation to the contractually required contributions	<u>(10,762,856)</u>	<u>(10,146,718)</u>
Contribution deficiency (excess)	<u>\$ 2,614,212</u>	<u>\$ 4,236,760</u>
County's covered-employee payroll	\$ 68,543,394	\$ 76,328,553
Contributions as a percentage of covered-employee payroll	15.7%	13.3%
Oneida-Herkimer Solid Waste Management Authority ("Authority")		
Contractually required contributions	\$ 558,657	\$ 699,094
Contributions in relation to the contractually required contributions	<u>(558,657)</u>	<u>(699,094)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 3,419,002	\$ 3,640,306
Contributions as a percentage of covered-employee payroll	16.3%	19.2%
Year Ended August 31,		
	2015	2014
Mowhawk Valley Community College ("MVCC")		
Contractually required contributions	\$ 1,648,055	\$ 1,867,933
Contributions in relation to the contractually required contributions	<u>(1,648,055)</u>	<u>(1,867,933)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
MVCC's covered-employee payroll	\$ 9,370,054	\$ 9,584,855
Contributions as a percentage of covered-employee payroll	17.6%	19.5%

COUNTY OF ONEIDA, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—General Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 67,185,248	\$ 67,185,248	\$ 69,273,587	\$ 2,088,339
Real property tax items	4,783,000	4,783,000	4,168,473	(614,527)
Nonproperty tax items	97,055,500	133,934,446	130,148,468	(3,785,978)
Departmental income	13,137,034	13,444,765	12,243,727	(1,201,038)
Intergovernmental charges	18,107,166	18,234,334	16,371,640	(1,862,694)
Use of money and property	2,057,440	2,057,440	1,727,880	(329,560)
Licenses and permits	46,900	46,900	57,725	10,825
Fines and forfeitures	689,522	692,205	545,596	(146,609)
Sale of property and compensation for loss	547,781	634,831	646,296	11,465
Miscellaneous	1,628,949	1,628,949	1,407,424	(221,525)
Interfund revenues	62,954	62,954	56,576	(6,378)
State aid	65,080,069	66,808,163	57,697,765	(9,110,398)
Federal aid	59,050,661	59,605,444	54,175,224	(5,430,220)
Total revenues	<u>329,432,224</u>	<u>369,118,679</u>	<u>348,520,381</u>	<u>(20,598,298)</u>
EXPENDITURES				
Current:				
General government support	34,560,637	72,684,401	70,331,152	2,353,249
Education	20,550,235	20,549,735	18,211,823	2,337,912
Public safety	48,721,627	53,526,308	51,235,490	2,290,818
Health	20,484,282	21,361,685	19,621,082	1,740,603
Transportation	5,026,629	5,858,528	5,666,013	192,515
Economic assistance and opportunity	170,338,300	173,629,992	159,694,010	13,935,982
Culture and recreation	1,235,122	1,259,143	1,226,218	32,925
Home and community services	8,801,909	8,837,708	7,276,854	1,560,854
Total expenditures	<u>309,718,741</u>	<u>357,707,500</u>	<u>333,262,642</u>	<u>24,444,858</u>
Excess of revenues over expenditures	<u>19,713,483</u>	<u>11,411,179</u>	<u>15,257,739</u>	<u>3,846,560</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(24,713,834)</u>	<u>(31,792,079)</u>	<u>(30,795,414)</u>	<u>996,665</u>
Total other financing sources (uses)	<u>(24,713,834)</u>	<u>(31,792,079)</u>	<u>(30,795,414)</u>	<u>996,665</u>
Net change in fund balances*	(5,000,351)	(20,380,900)	(15,537,675)	4,843,225
Fund balances—beginning	<u>40,472,726</u>	<u>40,472,726</u>	<u>40,472,726</u>	<u>-</u>
Fund balances—ending	<u>\$ 35,472,375</u>	<u>\$ 20,091,826</u>	<u>\$ 24,935,051</u>	<u>\$ 4,843,225</u>

* The net change in fund balances was included in the budget as an appropriation (i.e. spenddown) of fund balance and reappropriation of prior year encumbrances.

COUNTY OF ONEIDA, NEW YORK
Note to the Required Supplementary Information
For the Year Ended December 31, 2015

1. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except the Capital Projects Fund and the Oneida Tobacco Asset Securitization Corporation, which adopts its own budget. The Capital Projects Fund is appropriated on a project length basis; appropriations are approved through a County Legislature resolution at the project's inception and lapse upon termination of the project.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations require the approval of the County Legislature. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the functional classification.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances.

Actual results of operations presented in accordance with GAAP and the County's accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed, or assigned fund balance. Significant encumbrances are disclosed in the notes to the financial statements. The General Fund original budget for the year ended December 31, 2015 includes encumbrances from the prior year of \$596,405.

Total expenditures for each object may not legally exceed the total appropriations for that classification. Encumbrances outstanding at year-end are accounted for by an assignment of fund balance. During the year ended December 31, 2015, supplemental appropriations in the amount of \$55,067,004 were approved in the General Fund. These supplemental appropriations were primarily for the gross sales tax proceeds received from New York State and then paid by the County to the towns and villages, the payment of outstanding retirement liabilities, and to account for additional capital project funding. The additional appropriations were funded by \$15,994,558 from fund balance and \$39,686,455 from increases in estimated revenues.

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SUPPLEMENTARY INFORMATION

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COUNTY OF ONEIDA, NEW YORK
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	<u>Special Grant</u>	<u>County Road</u>	<u>Road Machinery</u>	<u>Capital Projects</u>	<u>OTASC</u>	<u>Total Nonmajor Funds</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ 185,577	\$ 270,357	\$ -	\$ -	\$ 455,934
Restricted cash	-	-	-	11,297,013	65,383	11,362,396
Deposits with trustees	-	-	-	-	4,638,757	4,638,757
Other receivables	312,965	136,460	4,611	-	-	454,036
Due from other funds	-	1,808,661	144,378	1,962,633	-	3,915,672
Prepaid items	-	-	-	-	5,793	5,793
Total assets	<u>\$ 312,965</u>	<u>\$ 2,130,698</u>	<u>\$ 419,346</u>	<u>\$ 13,259,646</u>	<u>\$ 4,709,933</u>	<u>\$ 20,832,588</u>
LIABILITIES						
Accounts payable	\$ 169,238	\$ 1,029,282	\$ 126,984	\$ 753	\$ 7,000	\$ 1,333,257
Accrued liabilities	235,165	822,624	-	3,594,870	-	4,652,659
Due to other funds	-	144,378	63,476	23,229	-	231,083
Intergovernmental payable	-	-	-	51,806	-	51,806
Bond anticipation notes payable	-	-	-	6,082,504	-	6,082,504
Unearned revenues	-	-	-	-	-	-
Total liabilities	<u>404,403</u>	<u>1,996,284</u>	<u>190,460</u>	<u>9,753,162</u>	<u>7,000</u>	<u>12,351,309</u>
FUND BALANCES						
Nonspendable	-	-	-	-	5,793	5,793
Restricted	-	-	-	3,506,484	4,697,140	8,203,624
Assigned	-	134,414	228,886	-	-	363,300
Unassigned	(91,438)	-	-	-	-	(91,438)
Total fund balances	<u>(91,438)</u>	<u>134,414</u>	<u>228,886</u>	<u>3,506,484</u>	<u>4,702,933</u>	<u>8,481,279</u>
Total liabilities and fund balances	<u>\$ 312,965</u>	<u>\$ 2,130,698</u>	<u>\$ 419,346</u>	<u>\$ 13,259,646</u>	<u>\$ 4,709,933</u>	<u>\$ 20,832,588</u>

COUNTY OF ONEIDA, NEW YORK
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Grant	County Road	Road Machinery	Capital Projects	OTASC	Total Nonmajor Funds
REVENUES						
Departmental income	\$ -	\$ 1,411,240	\$ -	\$ -	\$ -	\$ 1,411,240
Intergovernmental charges	-	3,189,459	-	-	-	3,189,459
Use of money and property	-	-	-	-	77	77
Licenses and permits	-	12,160	-	-	-	12,160
Sale of property and compensation for loss	-	8,247	2,741	-	-	10,988
Miscellaneous	180,823	-	-	2,247,876	-	2,428,699
Interfund revenues	946,409	826,819	2,179,714	-	-	3,952,942
State aid	312,214	4,457,060	-	1,468,346	-	6,237,620
Federal aid	2,030,670	-	-	6,898,920	-	8,929,590
Tobacco settlement revenue	-	-	-	-	3,693,845	3,693,845
Total revenues	<u>3,470,116</u>	<u>9,904,985</u>	<u>2,182,455</u>	<u>10,615,142</u>	<u>3,693,922</u>	<u>29,866,620</u>
EXPENDITURES						
Current:						
General government support	-	-	-	-	30,675	30,675
Education	-	-	-	7,500,000	-	7,500,000
Transportation	-	16,293,891	2,195,922	-	-	18,489,813
Economic assistance and opportunity	3,801,713	-	-	-	-	3,801,713
Debt service:						
Principal	-	-	-	-	45,000	45,000
Interest	-	-	-	-	3,595,498	3,595,498
Capital outlay	-	-	-	29,866,365	-	29,866,365
Total expenditures	<u>3,801,713</u>	<u>16,293,891</u>	<u>2,195,922</u>	<u>37,366,365</u>	<u>3,671,173</u>	<u>63,329,064</u>
Excess (deficiency) of revenues over expenditures	<u>(331,597)</u>	<u>(6,388,906)</u>	<u>(13,467)</u>	<u>(26,751,223)</u>	<u>22,749</u>	<u>(33,462,444)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	227,709	6,225,261	-	6,579,310	-	13,032,280
Transfers out	-	-	-	(55,339)	-	(55,339)
Proceeds from serial bonds	-	-	-	22,765,000	-	22,765,000
Total other financing sources (uses)	<u>227,709</u>	<u>6,225,261</u>	<u>-</u>	<u>29,288,971</u>	<u>-</u>	<u>35,741,941</u>
Net change in fund balances (deficit)	(103,888)	(163,645)	(13,467)	2,537,748	22,749	2,279,497
Fund balances—beginning	12,450	298,059	242,353	968,736	4,680,184	6,201,782
Fund balances (deficit)—ending	<u>\$ (91,438)</u>	<u>\$ 134,414</u>	<u>\$ 228,886</u>	<u>\$ 3,506,484</u>	<u>\$ 4,702,933</u>	<u>\$ 8,481,279</u>

COUNTY OF ONEIDA, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—Debt Service Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental charges	\$ 375,000	\$ 375,000	\$ 333,212	\$ (41,788)
Use of money and property	25,300	25,300	179,301	154,001
State aid	81,026	81,026	81,028	2
Federal aid	<u>367,359</u>	<u>367,359</u>	<u>367,331</u>	<u>(28)</u>
Total revenues	<u>848,685</u>	<u>848,685</u>	<u>960,872</u>	<u>112,187</u>
EXPENDITURES				
Current:				
General government support	12,900	12,900	138,548	(125,648)
Education	1,844,978	1,844,978	1,844,978	-
Debt service:				
Principal	12,058,312	12,058,312	12,058,312	-
Interest	<u>4,583,082</u>	<u>4,583,082</u>	<u>4,936,306</u>	<u>(353,224)</u>
Total expenditures	<u>18,499,272</u>	<u>18,499,272</u>	<u>18,978,144</u>	<u>(478,872)</u>
Excess (deficiency) of revenues over expenditures	<u>(17,650,587)</u>	<u>(17,650,587)</u>	<u>(18,017,272)</u>	<u>(366,685)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>17,587,622</u>	<u>17,587,622</u>	<u>17,818,473</u>	<u>230,851</u>
Total other financing sources (uses)	<u>17,587,622</u>	<u>17,587,622</u>	<u>17,818,473</u>	<u>230,851</u>
Net change in fund balances*	(62,965)	(62,965)	(198,799)	(135,834)
Fund balances—beginning	<u>615,340</u>	<u>615,340</u>	<u>965,784</u>	<u>-</u>
Fund balances—ending	<u>\$ 552,375</u>	<u>\$ 552,375</u>	<u>\$ 766,985</u>	<u>\$ (135,834)</u>

* The net change in fund balances was included in the budget as an appropriation (i.e. spenddown) of fund balance.

FEDERAL AWARDS INFORMATION

COUNTY OF ONEIDA, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Federal Grantor/Pass-through Grantor Program or Cluster Title	Federal CFDA Number (2)	Pass-Through Entity Identifying Number (3)	Passed Through to Sub- recipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed through NYS Department of Family Assistance:				
<i>SNAP Cluster</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	\$ -	\$ 2,805,666
<i>Total SNAP Cluster</i>			-	2,805,666
Passed through NYS Division of Nutrition:				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	C-025776	201,514	1,043,874
TOTAL U.S. DEPARTMENT OF AGRICULTURE			201,514	3,849,540
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through New York State Community Planning and Development:				
Community Development Block Grants	14.228	846CRF-HR110-14	391,855	391,855
Community Development Block Grants	14.228	846CRF-SB3-13	100,000	100,000
Community Development Block Grants	14.228	846CRF-ME2-13	53,493	53,493
Community Development Block Grants	14.228	846CRF-SB818-14	100,000	100,000
Community Development Block Grants	14.228	846CRF-ED832-14	280,000	280,000
<i>Total Community Development Block Grants</i>			925,348	925,348
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			925,348	925,348
U.S. DEPARTMENT OF JUSTICE				
Direct Grant:				
Juvenile Accountability Block Grants	16.523	N/A	-	49,501
State Criminal Alien Assistance Program	16.606	N/A	-	17,218
TOTAL U.S. DEPARTMENT OF JUSTICE			-	66,719
U.S. DEPARTMENT OF LABOR				
Passed through NY State Office for the Aging:				
Senior Community Service Employment Program	17.235	N/A	-	40,466
Passed through Herkimer County:				
Trade Adjustment Assistance	17.245	N/A	-	194,948
<i>WIA Cluster</i>				
WIA/WIOA Adult Program	17.258	N/A	-	551,088
WIA/WIOA Youth Activities	17.259	N/A	-	595,087
WIA/WIOA Dislocated Worker Formula Grants	17.278	N/A	-	528,643
<i>Total WIA Cluster</i>			-	1,674,818
TOTAL U.S. DEPARTMENT OF LABOR			-	1,910,232
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through Federal Aviation Administration:				
Airport Improvement Program	20.106	3.36.0119.29.12	-	12,574
Airport Improvement Program	20.106	3.36.0119.31.13	-	58,129
Airport Improvement Program	20.106	3.36.0119.32.13	-	716,543
Airport Improvement Program	20.106	3.36.0119.33.13	-	1,550
Airport Improvement Program	20.106	3.36.0119.34.14	-	87,888
Airport Improvement Program	20.106	3.36.0119.35.14	-	3,723,151
Airport Improvement Program	20.106	3.36.0119.36.14	-	1,397,956
Airport Improvement Program	20.106	3.36.0119.37.15	-	4,508
Airport Improvement Program	20.106	3.36.0119.38.15	-	4,301
<i>Total Airport Improvement Program</i>			-	6,006,600

(continued)

COUNTY OF ONEIDA, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Federal Grantor/Pass-through Grantor Program or Cluster Title	Federal CFDA Number (2)	Pass-Through Entity Identifying Number (3)	Passed Through to Sub- recipients	Total Federal Expenditures
Passed through NY State Department of Transportation:				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	C033459	-	370,715
<i>Total Highway Planning and Construction Cluster</i>			-	370,715
Metropolitan Transportation Planning and State and Non-Metropolitan				
Planning and Research	20.505	C033459	-	71,726
Formula Grants for Rural Areas	20.509	N/A	120,000	150,000
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			120,000	6,599,041
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Passed through NYS Department of Environmental Conservation:				
Water Quality Management Planning - Recovery	66.454	C304490	-	70,725
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			-	70,725
U.S. DEPARTMENT OF EDUCATION				
Passed through NY State Department of Health:				
Special Education—Grants for Infants and Families	84.181	C-027494	-	93,789
TOTAL U.S. DEPARTMENT OF EDUCATION			-	93,789
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through NY State Office for the Aging:				
Special Programs for the Aging, Title III , Part D	93.043	N/A	-	18,831
<i>Aging Cluster</i>				
Special Programs for the Aging, Title III, Part B	93.044	N/A	-	333,340
Special Programs for Aging, Title III, Part C Nutrition Services	93.045	N/A	-	238,612
Special Programs for Aging, Title III, Part C	93.045	N/A	-	380,339
Nutrition Services Incentive Program	93.053	N/A	-	104,894
<i>Total Aging Cluster</i>			-	1,057,185
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	N/A	-	31,675
Alzheimer's Disease Demonstration Grants to States	93.051	N/A	-	86,198
National Family Caregiver Support, Title III, Part E	93.052	N/A	-	196,935
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)				
Aligned Cooperative Agreements	93.074	HRI1577-10	-	120,702
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	N/A	-	40,352
Centers for Medicare and Medicaid Services Demonstrations and Evaluations	93.779	N/A	-	9,817
Centers for Medicare and Medicaid Services Demonstrations and Evaluations	93.779	N/A	-	4,827
<i>Total Centers for Medicare and Medicaid Services</i>			-	54,996
Passed through Herkimer County:				
Temporary Assistance to Needy Families	93.558	N/A		335,489
Passed through NYS Office of Temporary and Disability Assistance:				
Temporary Assistance for Needy Families	93.558	N/A	-	25,869,411
<i>Total Temporary Assistance to Needy Families</i>			-	26,204,900

(continued)

COUNTY OF ONEIDA, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2015

Federal Grantor/Pass-through Grantor Program or Cluster Title	Federal CFDA Number (2)	Pass-Through Entity Identifying Number (3)	Passed Through to Sub- recipients	Total Federal Expenditures
(concluded)				
Passed through Health Research Inc.:				
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.752	4694-02	-	39,488
Passed through NYS Office of Temporary and Disability Assistance:				
Child Support Enforcement, Title IV-D	93.563	N/A	-	1,485,800
Refugee and Entrant Assistance-State Administered Programs	93.566	N/A	-	136,285
Low Income Home Energy Assistance (HEAP)	93.568	N/A	-	11,724,696
Passed through NYS Department of Health:				
Immunization Cooperative Agreements	93.268	C-028306	-	162,399
Passed through NYS Department of Health:				
Medical Assistance Program	93.778	LGU-70210	-	3,107,630
Passed through NYS Office of Alcoholism and Substance Abuse Services:				
Medical Assistance Program	93.778	LGU-70210	-	53,023
<i>Total Medical Assistance Program</i>			<u>-</u>	<u>3,160,653</u>
Passed through NYS Office of Children and Family Services:				
Child Care & Development Block Grant	93.575	N/A	218,249	7,501,199
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	-	455,688
Foster Care, title IV-E	93.658	N/A	-	4,208,367
Adoption Assistance	93.659	N/A	-	1,343,396
Social Services Block Grant	93.667	N/A	-	455,888
Chafee Foster Care Independence Program	93.674	N/A	-	135,160
Passed through NYS Office of Alcoholism and Substance Abuse Services:				
Block Grants for Prevention & Treatment of Substance Abuse	93.959	N/A	524,056	524,056
Block Grants for Prevention & Treatment of Substance Abuse	93.959	N/A	1,051,642	1,051,642
<i>Total Block Grants for Prevention & Treatment of Substance Abuse</i>			<u>1,575,698</u>	<u>1,575,698</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,793,947</u>	<u>60,156,139</u>
U.S. DEPARTMENT OF SOCIAL SECURITY ADMINISTRATION				
Direct Grant:				
Social Security Disability Insurance	96.001	N/A	-	14,600
TOTAL U.S. DEPARTMENT OF SOCIAL SECURITY ADMINISTRATION			<u>-</u>	<u>14,600</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through NY State Division of Homeland Security and Emergency Services:				
Homeland Security Grant Program	97.067	C150449	-	36,533
Homeland Security Grant Program	97.067	C972010	-	72,771
Homeland Security Grant Program	97.067	C972020	-	24,126
Homeland Security Grant Program	97.067	C972040	-	180,000
Homeland Security Grant Program	97.067	LEMPG	-	187,016
Homeland Security Grant Program	97.067	WM13972032	-	29,300
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>-</u>	<u>529,746</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS (4)			<u>\$ 3,040,809</u>	<u>\$ 74,215,879</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, 2015

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the County of Oneida, New York (the “County”) under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County. The following notes were identified on the schedule of expenditures of federal awards:

- (1) Includes all federal award programs of the County of Oneida, New York. The federal expenditures of the Oneida-Herkimer Solid Waste Management Authority and the Mohawk Valley Community College have not been included.
- (2) Source: Catalog of Federal Domestic Assistance
- (3) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- (4) A reconciliation to the financial statements is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

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, 2015, \$276,552,775 of medical services and goods were received by County participants in the Medical Assistance Program (CFDA Number 93.778).

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 \$11,099,079 in direct payments.

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 15, 2016. Our report includes a reference to other auditors who audited the financial statements of the Oneida-Herkimer Solid Waste Authority, the Mohawk Valley Community College, and the Oneida Tobacco Asset Securitization Corporation, as 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. The financial statements of the Oneida Tobacco Asset Securitization Corporation were not audited in accordance with *Government Auditing Standards*.

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 over financial reporting 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 from 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Drescher & Malecki LLP

September 15, 2016

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH
THE UNIFORM GUIDANCE**

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 U.S. *Office of Management and Budget (OMB) 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, 2015. 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-Herkimer Solid Waste Management Authority, the Mohawk Valley Community College, and the Oneida Tobacco Asset Securitization Corporation, which received \$-0-, \$29,280,893, and \$0 in federal awards, respectively, which are not included in the County's schedule of expenditures of federal awards during the year ended December 31, 2015. Our compliance audit, described below, did not include the operations of the Oneida-Herkimer Solid Waste Authority, the Mohawk Valley Community College, and the Oneida Tobacco Asset Securitization Corporation, because other auditors were engaged to perform an audit in accordance with the Uniform Guidance or 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2015.

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 Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Drescher & Malecki LLP

September 15, 2016

**County of Oneida, New York
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015**

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified*
 *(which report includes a reference to other auditors)

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported	
Noncompliance material to the financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No	

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported	

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
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Identification of major federal programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.551,10.561	Supplemental Nutrition Assistance Program Cluster
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B programs?	\$ <u>2,226,476</u>
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Auditee qualified as low-risk auditee?	_____ <input checked="" type="checkbox"/> Yes	_____ No	
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COUNTY OF ONEIDA, NEW YORK
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015

Section II. FINANCIAL STATEMENT FINDINGS

No findings noted.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

COUNTY OF ONEIDA, NEW YORK
Summary Schedule of Prior Year Audit Findings and Corrective Action Plan
Year Ended December 31, 2015
(Follow Up on December 31, 2014 Findings)

No findings noted.

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