

COUNTY OF ONEIDA,
NEW YORK

MANAGEMENT'S
DISCUSSION AND
ANALYSIS AND BASIC
FINANCIAL STATEMENTS

For the Year Ended
December 31, 2003

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, certain aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Oneida, New York, as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Oneida, New York's management. 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 and the Oneida Tobacco Asset Securitization Corporation which represent 59% and 51%, respectively, of the assets and revenues of the discretely presented component units. 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 Oneida-Herkimer Solid Waste Management Authority and the Oneida Tobacco Asset Securitization Corporation, is based the reports of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Oneida, New York, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison on pages A1-9 and C1, are not a required part of the basic financial statements but are supplementary information required by U.S. Generally Accepted Accounting Principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

D'Arcangelo & Co., LLP

May 6, 2004

Utica, New York

COUNTY OF ONEIDA, NEW YORK

TABLE OF CONTENTS

	<u>Page</u>
<u>Section A – Management’s Discussion and Analysis</u>	
Management’s Discussion and Analysis	A1-9
<u>Section B - Basic Financial Statements</u>	
Government-Wide Financial Statements	
• Statement of Net Assets	B1
• Statement of Activities	B2
Fund Financial Statements	
• Balance Sheet – Governmental Funds	B3
• Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B4
• Reconciliation of the Statement of Revenues and Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	B5
Proprietary Fund Financial Statements	
• Statement of Net Assets – Proprietary Funds	B6
• Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	B7
• Statement of Cash Flows – Proprietary Fund Types	B8
Fiduciary Fund Financial Statements	
• Statement of Fiduciary Net Assets	B9
Discretely Presented Component Units	
• Statement of Net Assets Component Units	B10
• Statement of Revenues, Expenses, and Changes in Net Assets – Component Units	B11
Notes to Basic Financial Statements	B12-46
<u>Section C – Supplemental Schedules</u>	
Combined Statement of Revenues and Other Financing Sources and Expenditures and Other Financing Uses – Budget and Actual – General Fund	C1
Combining Statements of Other Governmental Funds	
• Combining Balance Sheet – Nonmajor Governmental Funds	C2
• Combining Statement of Revenues and Other Financing Sources, Expenditures and Other Financing Uses, and Changes in Fund Balance – Nonmajor Governmental Funds	C3

Section A

Management's Discussion and Analysis

COUNTY OF ONEIDA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Year Ended December 31, 2003

Our discussion and analysis of the County of Oneida, New York's financial performance provides an overview of the County's financial activities for the year ended December 31, 2003. This document should be read in conjunction with the County's financial statements which follow this narrative in Section B.

FINANCIAL HIGHLIGHTS

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

Governmental Activities

- The assets of Oneida County's Governmental Activities exceeded its liabilities at December 31, 2003, by \$50,002,568, which is illustrated in the statements as "net assets"(pages B1 and B2).
- The total net assets attributable to Governmental Activities decreased by \$156,661, which represents a .3% change from 2002 (page B2).
- At December 31, 2003, Oneida County's governmental funds reported combined ending fund balances of \$27,688,283, a decrease of \$890,554 from the prior year (pages B3 and B4).
- The modified 2003 budget anticipated a reduction in the General Fund balance of \$5,245,280; however, the actual operating surplus was \$217,909, resulting in a budget surplus of \$5,463,189 (page C1).
- At the end of 2003, the unreserved fund balance for the General Fund was \$15,936,794. Of this total, \$8,000,000 was designated for Fiscal Stability, \$5,187,133 was appropriated for the 2004 budget, and \$2,749,661 was undesignated (page B3).
- Oneida County reaffirmed its "A" bond rating with all three major rating agencies in 2003 and 2004. In 2004 both Fitch and Standard and Poor's changed their outlook to "negative" and Moody's has placed the County on a watch list for potential downgrade pending review of these audited statements.

Business Type Activities

- The assets of Oneida County's Business-Type Activities exceeded its liabilities at December 31, 2003, by \$17,696,365, which is illustrated in the statements as "net assets" (pages B1 and B2).
- The total net assets attributable to Business-Type activities decreased by \$3,157,314 primarily due to current year depreciation, which exceeded current year capital asset

additions. Current year depreciation on capital assets was \$3,723,267 while capital additions were \$23,136.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		Business-Type Activities	
	2003	2002	2003	2002
Current and Other Assets	77.0	75.1	18.3	17.9
Capital Assets, Net of Accumulated Depreciation	97.7	90.8	19.4	23.1
Total Assets	<u>174.7</u>	<u>165.9</u>	<u>37.7</u>	<u>41.0</u>
Long-Term Debt Outstanding	75.4	69.3	3.9	4.4
Other Liabilities	49.3	46.4	16.1	15.8
Total Liabilities	<u>124.7</u>	<u>115.7</u>	<u>20.0</u>	<u>20.2</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	22.3	21.6	15.6	18.7
Restricted	10.4	11.9		
Unrestricted	17.3	16.7	2.1	2.1
Total Net Assets	<u>50.0</u>	<u>50.2</u>	<u>17.7</u>	<u>20.8</u>

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

	Governmental Activities		Business-Type Activities	
	2003	2002	2003	2002
Revenues				
Program Revenues				
Charges for Services	39.0	36.8	12.0	11.3
Operating Grants and Contributions	106.5	98.5	0.0	0.0
Capital Grants and Contributions	2.5	5.5	0.0	0.0
General Revenues				
Property Taxes	54.6	46.3	0.0	0.0
Other Taxes and Items	62.6	58.9	0.0	0.0
Total Revenues	<u>265.2</u>	<u>246.0</u>	<u>12.0</u>	<u>11.3</u>
Program Expenses				
General Government	24.0	26.4	0.0	0.0
Education	15.3	14.0	0.0	0.0
Public Safety	28.5	25.2	0.0	0.0
Public Health	19.1	18.4	0.0	0.0
Transportation	23.2	21.6	0.0	0.0
Economic Assistance and Opportunity	144.1	126.6	0.0	0.0
Culture and Recreation	2.8	2.5	0.0	0.0
Home and Community Services	2.8	2.8	11.4	8.5
Interest on Long-Term Debt	3.4	3.4	0.0	0.0
Unallocated Depreciation	2.2	2.9	3.7	4.9
Total Expenses	<u>265.4</u>	<u>243.8</u>	<u>15.1</u>	<u>13.4</u>
Increase (Decrease) in Net Assets	<u>(.2)</u>	<u>2.2</u>	<u>(3.1)</u>	<u>(2.1)</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Oneida County's Governmental Activities exceeded its liabilities at December 31, 2003, by \$50,002,568. This reflects a \$156,661 decrease over the 2002 net assets amount. This minor decrease is the net result of various significant factors in 2003. Primary Government expenses increased by \$21 million over 2002. This is predominantly the result of huge increases in Medicaid, Health Insurance and Retirement costs. These three items account for \$12.3 million of the overall expense increase and were entirely outside the direct control of the County. Mitigating the effect of the expense increases were a few unanticipated revenue items, namely a one-time forgiveness of a prior year State Aid advance of \$2.4 million, proceeds from the restructuring of the tobacco escrow account in the amount of \$1.2 million, and a temporary increase in the Federal Share of Medicaid funding of \$1.9 million. Sales tax receipts increased \$2.5 million over 2002, and a higher collection rate of property taxes accounted for \$1.5 million more revenue than was budgeted. County management also continued its policies of cost containment by delaying or forgoing replacement hires for vacant positions, which saved approximately \$1.5 million in 2003. Another factor that contributed to the stability of the County's net assets was the continued investment in capital assets in excess of depreciation and related outstanding debt. In other words, the County spent more on long-term assets and infrastructure improvements than they borrowed in 2003, which is accounted for in the Government Wide statement of Activities. Maintaining the level of the County's net assets in a year when faced with such extreme budgetary challenges is a significant accomplishment.

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

Table 3 - Governmental
Activities (In Millions)

	2003		2002	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Public Health	19.1	1.4	18.4	1.0
Public Safety	28.5	20.5	25.2	18.8
Transportation	23.2	9.5	21.6	7.3
Economic Assistance and Opportunity	144.1	53.2	126.6	44.4
Totals	<u>214.9</u>	<u>84.6</u>	<u>191.8</u>	<u>71.5</u>

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

Table 4 - Business-Type
(In Millions)

	2003		2002	
	Sewer	WCF	Sewer	WCF
Total Assets	23.3	14.5	26.7	14.3
Net Assets	17.7	0.0	20.8	0.0
Changes in Net Assets	(3.1)	0.0	(2.1)	0.0

FUND FINANCIAL STATEMENTS

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

Governmental Funds – Most of the County's basic services are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (of differences) between governmental activities (reported in the statement of net assets and the statement of activities) and Governmental Funds in a reconciliation on page B5.

Proprietary Funds – When the County charges customers for the services it provides – whether to outside customers or to other units of the County – these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact, the County's Enterprise Funds (a component of Proprietary Funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for Proprietary Funds. These statements begin on page B6.

Fund Financial Analysis

As the County completed the year, its governmental funds (as presented in the balance sheet on Page B3) reported a *combined* fund balance of \$27.7 million, which was

decreased by \$890,554 from last year's total of \$28.6 million. Included in this year's total change in fund balance is an operating surplus of \$217,909 in the County's General Fund, and an operating deficit of \$1.1 million in the County's Other Governmental Funds. The Other Governmental Funds deficit (which includes the County Road, Capital Projects, Special Grant, and County Road Machinery funds) is primarily the result of the closure of various completed capital projects and the resulting transfer of funds to the debt service fund. This action reduced the transfer to debt service required from the General Fund.

A comparative overview of the Governmental Funds results for 2003 and 2002 follows. This includes more detailed information about sources and uses of funds in each year.

Table 5 - Oneida County Governmental Funds
Summary of Revenues and Expenditures
2003 and 2002 (In Millions)

	<u>2003</u>	<u>2003</u>	<u>2002</u>	<u>2002</u>
	<u>Revenues</u>	<u>% of Total</u>	<u>Revenues</u>	<u>% of Total</u>
Sales Tax	\$ 58.7	20.48%	\$ 56.4	21.43%
Real Property Tax	57.2	19.96%	48.9	18.53%
Departmental Income, Fees, and Interest	36.0	12.56%	33.0	12.53%
State and Federal Aid	109.3	38.14%	103.8	39.45%
All Other Sources	<u>25.4</u>	<u>8.86%</u>	<u>21.2</u>	<u>8.06%</u>
Total Revenues	<u>\$ 286.6</u>	<u>100.0%</u>	<u>\$ 263.3</u>	<u>100.0%</u>
	<u>2003</u>	<u>2003</u>	<u>2002</u>	<u>2002</u>
	<u>Expenditures</u>	<u>% of Total</u>	<u>Expenditures</u>	<u>% of Total</u>
General Governmental Support	\$ 25.0	8.70%	\$ 28.5	10.54%
Education	15.7	5.46%	14.5	5.37%
Public Safety	28.7	9.98%	26.6	9.83%
Public Health	19.8	6.89%	19.8	7.30%
Transportation	23.6	8.21%	23.2	8.58%
Economic Assistance and Opportunity	149.9	52.14%	135.7	50.17%
Culture and Recreation	2.9	1.01%	2.7	1.00%
Home and Community Services	2.9	1.01%	3.0	1.10%
Debt Service	7.3	2.53%	7.2	2.68%
Transfers to Other Funds	<u>11.7</u>	<u>4.07%</u>	<u>9.3</u>	<u>3.43%</u>
Total Expenditures	<u>\$ 287.5</u>	<u>100.0%</u>	<u>\$ 270.5</u>	<u>100.0%</u>

GENERAL FUND BUDGET HIGHLIGHTS

The statement on page C1 shows both adopted and final modified budget totals compared with actual results for the General Fund in 2003. The significant variances between the adopted and the final budget for 2003 were as follows:

Original Budget	\$ 245,443,137
2003 Additional Appropriations	
Encumbrance Carryovers	529,408
Appropriations from Fund Balance	715,872
Supplemental Appropriations from Additional Revenue	<u>12,873,132</u>
Final Budget	<u>\$ 259,561,549</u>

A significant budget variance to note is that the modified 2003 budget anticipated an operating deficit of \$5,245,280; however, there was an actual operating surplus of \$217,909. During 2004 the County Legislature appropriated an additional \$715,872 from the restricted fund balance to be expended at the Griffiss Business and Technology Park in preparation for occupancy of a new major tenant at that facility. These funds were proceeds from the sale of a building at that site in 2000 that had been restricted for runway maintenance and general economic development purposes. Empire Aero Center began aircraft maintenance operations at Griffiss in late 2003.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2003 and 2002, the County had \$117.1 million and \$113.9 million, respectively, invested in a broad range of capital assets including equipment, a jail, buildings, roads, bridges, and sewer lines and plant (see pages B32 and B33).

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

	<u>2003</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Totals</u>
	<u>Activities</u>	<u>Activities</u>	
Land	\$ 1.7	\$ 0.0	\$ 1.7
Land Improvements	4.4	0.0	4.4
Construction	55.9	11.3	67.2
Licensed Vehicles	2.3	0.0	2.3
Machinery and Equipment	5.0	3.3	8.3
Infrastructure	<u>28.4</u>	<u>4.8</u>	<u>33.2</u>
Totals	<u>\$ 97.7</u>	<u>\$ 19.4</u>	<u>\$ 117.1</u>

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

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

The County's 2004 capital budget anticipates a spending level of \$6.9 million for capital projects.

Bonds

At year end, the County had \$72.9 million in bonds outstanding (see Note IIB3 on page B38 for additional detail).

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

	Governmental	Business-Type	Totals
	Activities	Activities	
General Obligation Bonds (Backed by the County)	\$ 69.0	\$ 0.0	\$ 69.1
General Obligation Revenue Bonds (Backed by Specific Revenues)	0.0	3.8	3.8
Totals	<u>\$ 69.0</u>	<u>\$ 3.8</u>	<u>\$ 72.9</u>

2004 ECONOMIC FACTORS AND BUDGET

The County's elected and appointed officials considered many factors when setting the fiscal year 2004 budget, tax levy, and fees that will be charged for the business-type activities. One of these factors is the economy. Unemployment in the county at the end of April 2004 stood at 5.4% versus 5.1% a year ago. This compares with the April 2004 State unemployment rate of 6.0%, and the national rate of 5.4%.

For the period April 2003 through April 2004, the regional average CPI increase was 3.5%. The national rate increase for this same period was 2.3%. At this time, management believes that inflation is not a serious regional economic threat.

Sales tax is expected to increase 3% in 2004 over the previous year. Though interest rates have risen, they remain at levels that have not significantly reduced consumer spending. Continued new construction of retail space and the opening of major retail

chains, especially in the Town of New Hartford, should also enhance the County's sales tax receipts.

Medicaid continues to be a challenge for County management. Even with the positive effect of new Federal legislation allocating more funds to defray some of the County share of Medicaid expenses, net costs are still growing at a rate of 12% as of June 2004 over the same period in 2003. Because of this and the expected 10% or more increase in Health Insurance costs, management continues to impose the cost cutting measures that were adopted in 2003. These measures primarily consist of hiring restrictions, close scrutiny of new purchases, and restricting supplemental budget appropriations. In addition to the Medicaid and Health Insurance issues, the NYS Retirement System costs continue to increase significantly. The 2004 charge is expected to be \$8.4 million, which is an increase of \$3.9 million over 2003. Management is seriously considering bonding for a portion of the 2004 retirement contribution.

Oneida County's nonmanagement employees are represented by four labor unions. Two of the four contracts (which cover approximately 82% of the County's employees) are current as of June 2004; the other two are currently under negotiation, having expired on December 31, 2003.

The 2004 budget anticipates an operating deficit of \$5.1 million. Actual results have historically been significantly better than budgeted, as evidenced by the budget surpluses of \$5.5 million in 2003, \$5.2 million in 2002, and \$.9 million in 2001. Management expects that trend to continue. The fiscal stability fund established by the County Legislature remains at \$8 million, and cannot be decreased without legislative approval.

The 2005 budget begins to take shape in September 2004, and it is the consensus of County Management that a 2005 tax increase is most likely.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Section B

Basic Financial Statements

COUNTY OF ONEIDA, NEW YORK

STATEMENT OF NET ASSETS

December 31, 2003

	<u>Governmental</u>	<u>Business</u>	<u>Primary</u>	<u>Component</u>
	<u>Activities</u>	<u>Type</u>	<u>Government</u>	<u>Units</u>
			<u>Total</u>	
Assets				
Cash and Cash Equivalents	\$ 16,907,573	\$ 5,249,447	\$ 22,157,020	\$ 9,651,452
Deposits With Trustees				17,237,396
Investments				1,968,402
Receivables				
Taxes Receivable	7,990,503		7,990,503	
Student Loans and Fees Receivable				3,271,091
Other Receivables	4,526,908	2,591,194	7,118,102	39,782,921
Due From				
State and Federal Governments	44,448,902	9,462,972	53,911,874	
Other Governments	1,248,540		1,248,540	3,239,170
Governmental Funds		950,162	950,162	
Business-Type Activities	1,474,573		1,474,573	
Fiduciary Funds	206,010	73,988	279,998	
Inventory				473,147
Other Assets	188,317		188,317	4,292,912
Capital Assets (Net of Accumulated Depreciation)	<u>97,670,487</u>	<u>19,445,093</u>	<u>117,115,580</u>	<u>48,367,008</u>
Total Assets	<u>\$ 174,661,813</u>	<u>\$ 37,772,856</u>	<u>\$ 212,434,669</u>	<u>\$ 128,283,499</u>
Liabilities				
Accounts Payable	\$ 11,914,783	\$ 519,438	\$ 12,434,221	\$ 6,271,536
Accrued Liabilities	27,872,651	14,218,636	42,091,287	
Due To				
Other Governments	7,461,824		7,461,824	
Governmental Funds		1,474,573	1,474,573	
Business-Type Activities	950,162		950,162	
Overpayments and Collections in Advance	39,567		39,567	
Accrued Closure Costs				504,434
Other Liabilities				1,249,724
Deferred Revenue	1,064,056	3,689	1,067,745	3,208,475
Noncurrent Liabilities				
Due Within One Year	6,862,954	656,905	7,519,859	3,626,067
Due in More Than One Year	<u>68,493,248</u>	<u>3,203,250</u>	<u>71,696,498</u>	<u>113,836,992</u>
Total Liabilities	<u>124,659,245</u>	<u>20,076,491</u>	<u>144,735,736</u>	<u>128,697,228</u>
Net Assets				
Invested in Capital Assets (Net of Related Debt)	22,314,285	15,584,938	37,899,223	10,998,081
Accumulated (Deficit)				(21,450,761)
Restricted				
Expendable	546,971		546,971	14,632,017
Capital Projects	9,849,319		9,849,319	
Nonexpendable				471,933
Unrestricted (Deficit)	<u>17,291,993</u>	<u>2,111,427</u>	<u>19,403,420</u>	<u>(5,064,999)</u>
Total Net Assets	<u>50,002,568</u>	<u>17,696,365</u>	<u>67,698,933</u>	<u>(413,729)</u>
Total Liabilities and Net Assets	<u>\$ 174,661,813</u>	<u>\$ 37,772,856</u>	<u>\$ 212,434,669</u>	<u>\$ 128,283,499</u>

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

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2003

Governmental Activities Primary Government	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units
					Governmental Activities	Business-Type Activities	
General Government Support	\$ 24,043,169	\$ 8,549,947	\$ 1,168,733	\$ 365,097	\$ (13,959,392)	\$ (13,959,392)	
Education	15,351,672	2,119,901	3,863,716		(9,368,055)	(9,368,055)	
Public Safety	28,481,566	5,951,809	1,713,826	308,580	(20,507,351)	(20,507,351)	
Public Health	19,054,234	4,449,837	13,176,200		(1,428,197)	(1,428,197)	
Transportation	23,165,120	7,305,484	4,499,727	1,867,445	(9,492,464)	(9,492,464)	
Economic Assistance and Opportunity	144,079,294	9,440,545	81,471,365		(53,167,384)	(53,167,384)	
Culture and Recreation	2,821,463	197,148	273,745		(2,350,570)	(2,350,570)	
Home and Community Services	2,754,811	947,480	380,760		(1,426,571)	(1,426,571)	
Interest on Long-Term Debt (Excludes Direct Expenses of the Various Programs)	3,419,777				(3,419,777)	(3,419,777)	
Unallocated Depreciation (Excludes Direct Depreciation Expenses of the Various Programs)	2,210,392				(2,210,392)	(2,210,392)	
Total Governmental Activities	265,381,498	38,962,151	106,548,072	2,541,122	(117,330,153)	(117,330,153)	
Business-Type Activities							
Sewer Fund	9,671,401	6,514,306			(3,157,095)	(3,157,095)	
Internal Service Fund	5,459,067	5,458,848			(219)	(219)	
Total Primary Government	\$ 280,511,966	\$ 50,935,305	\$ 106,548,072	\$ 2,541,122	\$ (3,157,314)	\$ (3,157,314)	
Component Units							
Solid Waste Authority	\$ 23,140,847	\$ 24,954,217	\$ 134,261				\$ 1,947,631
Community College	43,479,465	13,366,711	29,456,719	2,413,651			1,757,616
Oneida TASC	3,958,534	308,418					(3,650,116)
Total Component Units	\$ 70,578,846	\$ 38,629,346	\$ 29,590,980	\$ 2,413,651			\$ 55,131
General Revenues							
Real Property Taxes, Levied for General Purposes					\$ 54,590,291	\$ 54,590,291	
Real Property Tax Items					2,611,853	2,611,853	
Nonproperty Tax Items (Sales Tax and PILOTs)					58,746,993	58,746,993	
Special Items, Restructure of TSA Assets					1,224,355	1,224,355	
Total General Revenues					117,173,492	117,173,492	
Change in Net Assets					(3,157,314)	(3,157,314)	55,131
Net Assets, Beginning of Year					50,159,229	20,853,679	(468,860)
Net Assets, End of Year					50,002,568	17,696,365	\$ (413,729)

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

COUNTY OF ONEIDA, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
(INCLUDING THE RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES)
December 31, 2003

	General	Debt Service	Other Governmental Funds	Totals
Assets				
Cash and Cash Equivalents	\$ 7,905,093	\$	\$ 9,002,480	\$ 16,907,573
Taxes Receivable (Net of Allowance for Uncollectibles of \$167,606)	19,703,274			19,703,274
Other Receivables	2,896,619	1,208,496	421,793	4,526,908
Due From				
State and Federal Governments	43,756,449		692,453	44,448,902
Other Governments	1,248,540			1,248,540
Other Funds	1,437,170	2,622,212	8,329,010	12,388,392
Other Assets	<u>188,317</u>			<u>188,317</u>
Total Assets	<u>\$ 77,135,462</u>	<u>\$ 3,830,708</u>	<u>\$ 18,445,736</u>	<u>\$ 99,411,906</u>
Liabilities and Fund Equity				
Accounts Payable	\$ 6,856,621	\$ 3,074,031	\$ 1,984,131	\$ 11,914,783
Accrued Liabilities	26,716,608		1,156,043	27,872,651
Due To				
Other Governments	7,317,658		144,166	7,461,824
Other Funds	7,195,282		4,462,689	11,657,971
Overpayments and Collections in Advance	39,567			39,567
Deferred Revenue	<u>12,140,861</u>	<u>635,966</u>		<u>12,776,827</u>
Total Liabilities	<u>60,266,597</u>	<u>3,709,997</u>	<u>7,747,029</u>	<u>71,723,623</u>
Fund Equity				
Fund Equity - Reserved				
Special Reserves	546,971			546,971
Reserve for Encumbrances	385,100		6,008,679	6,393,779
Fund Equity - Unreserved				
Designated for Subsequent Year's Expenditures	5,187,133	120,000	180,136	5,487,269
Designated for Fiscal Stability	8,000,000			8,000,000
Undesignated - Major Funds	2,749,661	711		2,750,372
Undesignated - Nonmajor Funds				
Special Grant			45,761	45,761
County Road			533,390	533,390
Road Machinery			7,208	7,208
Capital			<u>3,923,533</u>	<u>3,923,533</u>
Total Fund Equity	<u>16,868,865</u>	<u>120,711</u>	<u>10,698,707</u>	<u>27,688,283</u>
Total Liabilities and Fund Equity	<u>\$ 77,135,462</u>	<u>\$ 3,830,708</u>	<u>\$ 18,445,736</u>	
 Amounts reported for governmental activities in the statement of net assets are different due to the following:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				97,670,487
Long-term liabilities, including bonds payable, are not due and payable in the current-period and therefore are not reported in the funds.				<u>(75,356,202)</u>
Net Assets of Governmental Activities				<u>\$ 50,002,568</u>

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2003

	General	Debt Service	Other Governmental Funds	Total
Revenues				
Real Property Taxes	\$ 54,590,291	\$	\$	\$ 54,590,291
Real Property Tax Items	2,611,853			2,611,853
Nonproperty Tax Items	58,746,993			58,746,993
Departmental Income	16,570,738		59,480	16,630,218
Intergovernmental Charges	12,637,784	421,197	2,854,017	15,912,998
Use of Money and Property	1,935,335	221,567	11,031	2,167,933
Licenses and Permits	16,013		9,360	25,373
Fines and Forfeitures	1,074,348			1,074,348
Sale of Property and Compensation for Loss	194,043		21,235	215,278
Miscellaneous Local Sources	1,004,857		34,132	1,038,989
Interfund Revenues	57,585		2,844,471	2,902,056
State and Federal Aid	<u>100,026,618</u>		<u>9,281,890</u>	<u>109,308,508</u>
Total Revenues	<u>249,466,458</u>	<u>642,764</u>	<u>15,115,616</u>	<u>265,224,838</u>
Other Financing Sources				
Transfers from Other Funds		6,711,694	4,960,131	11,671,825
Proceeds of Obligations - Serial Bonds	<u>1,300,000</u>		<u>8,436,700</u>	<u>9,736,700</u>
Total Revenues and Other Financing Sources	<u>250,766,458</u>	<u>7,354,458</u>	<u>28,512,447</u>	<u>286,633,363</u>
Expenditures				
General Governmental Support	20,146,245	13,937	4,813,662	24,973,844
Education	15,662,666			15,662,666
Public Safety	28,668,479		21,335	28,689,814
Public Health	19,737,981		78,085	19,816,066
Transportation	5,048,463		18,582,182	23,630,645
Economic Assistance and Opportunity	145,289,669		4,619,292	149,908,961
Culture and Recreation	2,685,607		242,539	2,928,146
Home and Community Services	2,862,257			2,862,257
Debt Service				
Principal		3,959,916		3,959,916
Interest		<u>3,419,777</u>		<u>3,419,777</u>
Total Expenditures	<u>240,101,367</u>	<u>7,393,630</u>	<u>28,357,095</u>	<u>275,852,092</u>
Other Financing (Uses)				
Transfers to Other Funds	<u>10,447,182</u>		<u>1,224,643</u>	<u>11,671,825</u>
Total Expenditures and Other Financing (Uses)	<u>250,548,549</u>	<u>7,393,630</u>	<u>29,581,738</u>	<u>287,523,917</u>
(Deficit) Revenues and Other Financing Sources				
Over Expenditures and Other Financing (Uses)	217,909	(39,172)	(1,069,291)	(890,554)
<u>Fund Balance</u> , Beginning of Year	<u>16,650,956</u>	<u>159,883</u>	<u>11,767,998</u>	<u>28,578,837</u>
<u>Fund Balance</u> , End of Year	<u>\$ 16,868,865</u>	<u>\$ 120,711</u>	<u>\$ 10,698,707</u>	<u>\$ 27,688,283</u>

COUNTY OF ONEIDA, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2003

Net Changes in Fund Balance - Total Governmental Funds \$ (890,554)

Capital Outlays to purchase or build capital assets are reported in Governmental Funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their useful lives as depreciation expense in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.

	Depreciation Expense	\$ 4,629,899	
	Capital OutLays	<u>(11,502,879)</u>	6,872,980

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.

	Bond Proceeds	9,736,700	
	Repayment Bond Principal	<u>(3,654,657)</u>	(6,082,043)

Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.

(5,441)

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

(51,603)

Change in Net Assets Governmental Activities

\$ (156,661)

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2003

	Enterprise Sewer Fund	Workers' Compensation Fund	Total
Assets			
Cash and Cash Equivalents	\$ 237,805	\$ 5,011,642	\$ 5,249,447
Other Receivables	2,591,194		2,591,194
Due From			
Other Governments		9,462,972	9,462,972
Other Funds	1,024,150		1,024,150
Capital Assets (Net)	19,444,564	529	19,445,093
Total Assets	\$ 23,297,713	\$ 14,475,143	\$ 37,772,856
Liabilities and Net Assets			
Liabilities			
Accounts Payable	\$ 228,397	\$ 291,041	\$ 519,438
Accrued Liabilities	116,152	14,102,484	14,218,636
Deferred Revenue		3,689	3,689
Due to Governmental Funds	1,397,173	77,400	1,474,573
Due Within One Year	656,905		656,905
Due in More Than One Year	3,203,250		3,203,250
Total Liabilities	5,601,877	14,474,614	20,076,491
Net Assets			
Invested in Capital Assets (Net)	15,584,409	529	15,584,938
Unrestricted	2,111,427		2,111,427
Total Net Assets	17,695,836	529	17,696,365
Total Liabilities and Net Assets	\$ 23,297,713	\$ 14,475,143	\$ 37,772,856

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

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2003

	Enterprise Sewer Fund	Workers' Compensation Fund	Total
Operating Revenues			
Departmental Income	\$ 6,508,344	\$	\$ 6,508,344
Intergovernmental Charges		4,332,855	4,332,855
Miscellaneous	<u>5,962</u>	<u>1,112,621</u>	<u>1,118,583</u>
Total Operating Revenues	<u>6,514,306</u>	<u>5,445,476</u>	<u>11,959,782</u>
Operating Expenses			
Personnel Services	2,699,626	320,892	3,020,518
Contractual Expenses	3,248,727	5,137,956	8,386,683
Depreciation	<u>3,723,048</u>	<u>219</u>	<u>3,723,267</u>
Total Operating Expenses	<u>9,671,401</u>	<u>5,459,067</u>	<u>15,130,468</u>
Net Operating (Loss)	<u>(3,157,095)</u>	<u>(13,591)</u>	<u>(3,170,686)</u>
Nonoperating Revenue			
Use of Money and Property	<u></u>	<u>13,372</u>	<u>13,372</u>
Total Nonoperating Revenue	<u></u>	<u>13,372</u>	<u>13,372</u>
Net (Loss)	(3,157,095)	(219)	(3,157,314)
Net Assets, Beginning of Year	<u>20,852,931</u>	<u>748</u>	<u>20,853,679</u>
Net Assets, End of Year	<u>\$ 17,695,836</u>	<u>\$ 529</u>	<u>\$ 17,696,365</u>

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

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES
For the Year Ended December 31, 2003

	Enterprise Sewer Fund	Workers' Compensation Fund	Total
Cash Flows from (Used by) Operating Activities			
Cash Flows from Providing Services	\$ 6,568,197	\$ 5,413,471	\$ 11,981,668
Cash Payments Contractual Expenses	(3,254,776)	(4,975,789)	(8,230,565)
Cash Payments Personal Services and Benefits	(2,691,900)	(320,892)	(3,012,792)
Other Operating Revenues	<u>5,962</u>	<u>1,112,621</u>	<u>1,118,583</u>
Net Cash Flows from (Used by) Operating Activities	<u>627,483</u>	<u>1,229,411</u>	<u>1,856,894</u>
 Cash Flows from (Used by) Capital and Related Financing Activities			
Principal Payments on Debt	(573,650)		(573,650)
Interest Expense	(223,835)		(223,835)
Payments to Contractors	<u>(23,136)</u>		<u>(23,136)</u>
Net Cash Flows from (Used by) Capital and Related Financing Activities	<u>(820,621)</u>		<u>(820,621)</u>
 Cash Flows from Investing Activities			
Interest Income		<u>13,372</u>	<u>13,372</u>
Net Cash Flows from Investing Activities		<u>13,372</u>	<u>13,372</u>
 Net Increase in Cash and Cash Equivalents	(193,138)	1,242,783	1,049,645
 <u>Cash and Cash Equivalents, Beginning of Year</u>	<u>430,943</u>	<u>3,768,859</u>	<u>4,199,802</u>
 <u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 237,805</u>	<u>\$ 5,011,642</u>	<u>\$ 5,249,447</u>
Reconciliation of Operating Income to Net Cash Flows from (Used by) Operating Activities			
Operating (Loss)	\$ (3,157,095)	\$ (13,591)	\$ (3,170,686)
Adjustment to Reconcile Operating Income to Net Cash			
Flows from Operating Activities			
Depreciation	3,723,048	219	3,723,267
(Increase) Decrease in Assets Other Than Cash			
Receivables	59,853	21,895	81,748
Due From Other Governments		60,341	60,341
Due From Other Funds	(544,705)	998,380	
Increase (Decrease) in Liabilities			
Accounts Payable and Accrued Expenses	(248,619)	1,081,078	832,459
Deferred Revenue		3,689	
Due Other Funds	571,166	(922,600)	(351,434)
Capital and Related Financing Activities			
Debt Interest	<u>223,835</u>		<u>223,835</u>
 Net Cash Flows from (Used by) Operating Activities	<u>\$ 627,483</u>	<u>\$ 1,229,411</u>	<u>\$ 1,856,894</u>

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

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
December 31, 2003

	<u>Deferred Compensation</u>	<u>Agency</u>
Assets		
Cash and Cash Equivalents	\$	\$ 10,977,632
Investments	<u>13,502,133</u>	<u> </u>
Total Assets	<u>\$ 13,502,133</u>	<u>\$ 10,977,632</u>
Liabilities		
Accrued Liabilities	\$	\$ 10,697,634
Due to Other Funds		279,998
Deferred Compensation Plan	<u>13,502,133</u>	<u> </u>
Total Liabilities	<u>13,502,133</u>	<u>10,977,632</u>
Total Net Assets	<u>\$ 0</u>	<u>\$ 0</u>

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

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF NET ASSETS
COMPONENT UNITS
December 31, 2003

	Community College	Solid Waste Authority	Oneida TASC	Total
Assets				
Cash and Cash Equivalents	\$ 7,438,191	\$ 2,061,712	\$ 151,549	\$ 9,651,452
Deposits With Trustees	1,681,969	10,626,514	4,928,913	17,237,396
Investments	1,968,402			1,968,402
Receivables				
Student Tuition and Fees Receivable, Net	1,767,591			1,767,591
Student Loans Receivable, Net	1,503,500			1,503,500
Other Receivables	180,517	3,602,545	35,999,859	39,782,921
Due From				
Other Governments	3,239,170			3,239,170
Inventory	473,147			473,147
Other Assets	362,430	1,939,465	1,991,017	4,292,912
Capital Assets, Net	<u>33,037,769</u>	<u>15,329,239</u>		<u>48,367,008</u>
Total Assets	<u>\$ 51,652,686</u>	<u>\$ 33,559,475</u>	<u>\$ 43,071,338</u>	<u>\$ 128,283,499</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 3,174,838	\$ 2,803,398	\$ 293,300	6,271,536
Accrued Closure Costs		504,434		504,434
Other Liabilities	777,498	472,226		1,249,724
Deferred Revenue	3,208,475			3,208,475
Noncurrent Liabilities				
Due Within One Year	1,027,519	2,558,548	40,000	3,626,067
Due in More Than One Year	<u>24,858,066</u>	<u>34,833,926</u>	<u>54,145,000</u>	<u>113,836,992</u>
Total Liabilities	<u>33,046,396</u>	<u>41,172,532</u>	<u>54,478,300</u>	<u>128,697,228</u>
Net Assets				
Accumulated (Deficit)		(21,450,761)		(21,450,761)
Invested in Capital Assets, Net of Related Debt	10,998,081			10,998,081
Restricted - Nonexpendable	471,933			471,933
Restricted - Expendable	4,005,503	10,626,514		14,632,017
Unrestricted (Deficit)	<u>3,130,773</u>	<u>3,211,190</u>	<u>(11,406,962)</u>	<u>(5,064,999)</u>
Total Net Assets (Deficit)	<u>18,606,290</u>	<u>(7,613,057)</u>	<u>(11,406,962)</u>	<u>(413,729)</u>
Total Liabilities and Net Assets	<u>\$ 51,652,686</u>	<u>\$ 33,559,475</u>	<u>\$ 43,071,338</u>	<u>\$ 128,283,499</u>

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

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
COMPONENT UNITS
For the Year Ended December 31, 2003

	Community College	Solid Waste Authority	Oneida TASC	Total
Operating Revenues				
Student Tuition and Fees (Net)	\$ 9,543,510			\$ 9,543,510
Federal Grants and Contracts	7,213,661			7,213,661
State and Local Grants and Contracts	4,188,865			4,188,865
Nongovernmental Grants and Contracts	716,223			716,223
Auxiliary Enterprises				
Residential Life	1,043,898			1,043,898
Bookstore (Net of Cost of Goods Sold)	687,830			687,830
Auxillary Services Corporation Service Fees	76,650			76,650
Tipping Fees		18,902,319		18,902,319
Solid Waste Service Charge		1,781,788		1,781,788
Blue Bag Sales		1,516,500		1,516,500
Recyclable Sales		1,878,664		1,878,664
Other Operating Revenues		490,071		490,071
Total Operating Revenues	23,470,637	24,569,342		48,039,979
Operating Expenses				
Educational and General Expenditures	32,192,251			32,192,251
Scholarships	6,271,658			6,271,658
Dormitory Operations	920,402			920,402
Auxillary Services Enterprises	732,407			732,407
College Promotion and Development	127,029			127,029
Loan Cancellations and Allowance for Doubtful Loans	58,771			58,771
Landfill Tipping Fees		12,894,918		12,894,918
Personal Services		2,804,679		2,804,679
Contractual Services		2,591,441		2,591,441
Other Deductions	28,189	1,234,705	80,778	1,343,672
Depreciation	1,972,776	1,317,961		3,290,737
Total Operating Expenses	42,303,483	20,843,704	80,778	63,227,965
Operating Income (Loss)	(18,832,846)	3,725,638	(80,778)	(15,187,986)
Nonoperating Revenues (Expenses)				
State Operating Aid	9,867,660			9,867,660
County Chargebacks	2,014,823			2,014,823
Local Appropriations	5,812,060			5,812,060
Investment Income	1,088,054		308,418	1,396,472
Interest on Loans Receivable	17,328			17,328
Interest Income		384,875		384,875
Interest Expense		(2,031,672)	(3,493,548)	(5,525,220)
Gifts Received	380,132			380,132
Capital Contribution to Retire Debt	1,325,597			1,325,597
Interest on Capital Asset-Related Debt	(1,175,982)			(1,175,982)
State and Local Contribution for Plant Facilities				
Other Nonoperating Revenues	1,260,790	134,261		1,395,051
Other Nonoperating Expenses		(265,471)	(384,208)	(649,679)
Net Nonoperating Revenues	20,590,462	(1,778,007)	(3,569,338)	15,243,117
Net Increase (Decrease) in Net Assets	1,757,616	1,947,631	(3,650,116)	55,131
Net Assets (Deficit), Beginning of Year	16,848,674	(9,560,688)	(7,756,846)	(468,860)
Net Assets (Deficit), End of Year	\$ 18,606,290	\$ (7,613,057)	\$ (11,406,962)	\$ (413,729)

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BACKGROUND

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

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

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

B. FINANCIAL REPORTING ENTITY

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

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

The County's financial statements are prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for State and local governments through its pronouncements (Statements and

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. The more significant accounting policies established in U.S. GAAP and used by the County are discussed below.

1. REPORTING ENTITY

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

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

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

2. DISCRETELY PRESENTED COMPONENT UNITS

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

- a. MOHAWK VALLEY COMMUNITY COLLEGE - Mohawk Valley Community College (Community College) was founded in 1946 with the County of Oneida as the local sponsor under provisions of Article 126 of

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

the New York State Education Law. The College is administered by a Board of Trustees consisting of ten voting members. Five are appointed by the County Executive and confirmed by the Legislature, four by the Governor, and one student is elected by the student body. The College budget is subject to the approval of the County Executive and the County Legislature, with the County providing substantial funding for the operation of the College. Title to the real property of the College rests with the County. Bonds and notes for College capital costs are issued by the County and are the County debt.

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

The Community College maintains a dormitory corporation known as the Mohawk Valley Community College Dormitory Corporation (Dormitory Corporation). The purpose of the Dormitory Corporation is to provide student resident facilities on the campus of the Community College. Although the Dormitory Corporation is a separate, legal entity, it shares the same Board of Trustees with the Community College and carries out operations which are integrally related to the Community College and is, therefore, blended in the financial reporting entity of the Community College pursuant to Statement Number 39. The Dormitory Corporation uses a fiscal year end of July 31. All of the financial data for the Dormitory Corporation was derived from the Mohawk Valley Community College Dormitory Corporation independently audited financial statements.

The Community College maintains an auxiliary service corporation known as the Auxiliary Services Corporation of Mohawk Valley

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

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

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

- b. **ONEIDA-HERKIMER SOLID WASTE MANAGEMENT AUTHORITY** - The Oneida-Herkimer Solid Waste Management Authority (the Authority) was established in 1988 as a public benefit corporation under New York State law to provide solid waste management services and to plan and implement a modern integrated solid waste management system for the benefit of Oneida and Herkimer Counties (the Counties). The Authority's initial capitalization for the facilities as well as short-term funding of administrative and operating costs were provided from the issuance of approximately \$50 million of Solid Waste System Revenue Bonds. The Authority currently owns eight operational solid waste management facilities which include a recycling center, three solid waste transfer stations, a green waste composting facility, a land clearing debris facility, a brush processing facility, and a household hazardous waste facility.

As part of its operating plans, the Authority has generated net losses during its initial years of operation. These losses resulted primarily from interest on long-term debt and landfill siting costs incurred prior to 1995. These costs were funded from bond proceeds. The Authority generated a net income during 2003. The Authority continues to cover all operating

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

cash requirements from its operations and cash reserves. In addition, the Authority's ability to meet its cash flow needs is supported by a Solid Waste Management Agreement between the Authority and the Counties which calls for a service fee to be paid to the Authority under certain circumstances.

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

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

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

c. **ONEIDA TOBACCO ASSET SECURITIZATION CORPORATION**

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

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

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

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

C. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. All direct expenses incurred are charged to the corresponding function. Capital asset additions that cannot be identified to a specific function are allocated based on total expenses by program.

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

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

D. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

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

The following fund types are used by the County:

1. FUND TYPES

- a. **GOVERNMENTAL FUND TYPES** - Governmental fund types are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental fund types. The measurement focus of the governmental fund types is upon determination of financial position and changes in financial position, rather than upon the flow of economic resources. The following are the County's governmental fund types:

General Fund - includes the general (operating) account and the joint venture account (Herkimer-Oneida Comprehensive Planning Program). The joint venture fund was established in 1963 whereas Oneida and Herkimer County participate jointly. The Oneida County Board of

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

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

Special Grant Fund - to account for the use of Federal monies received under the Workforce Investment Act.

County Road Fund - to account for the repairs and maintenance of County roads in accordance with New York State laws.

Road Machinery Fund - to account for the purchase of highway machinery and equipment in accordance with New York State laws.

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

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

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

Enterprise Sewer Fund – used to account for the operations of the Sewer District. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

services and the activity; (a) is financed with debt that is solely secured by a pledge of the net revenues; (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or; (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

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

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

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

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

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

Accrual – both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. In addition, the Solid Waste Authority and Oneida Tobacco Asset Securitization Corporation are accounted for on the accrual basis of accounting. Financial statements for the Community College have been prepared in accordance with GASB No. 35.

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

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

2. DISCRETELY PRESENTED COMPONENT UNITS

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

- a. COMMUNITY COLLEGE - accounts for the operations of MVCC. The accounts of the Community College Funds are derived from the annual financial statements of MVCC for the fiscal year ended August 31, 2003.

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

GASB Statement No. 35, Basic Financial Statements – and Management’s Discussion and Analysis for Public Colleges and Universities. This statement amends GASB No. 34 and establishes new accounting and external reporting standards for public colleges and universities within the financial guidelines of GASB No. 34. The objective of this statement is to enhance the understandability and usefulness of the external financial reports issued by public colleges and universities.

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

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

E. BUDGETARY DATA

1. BUDGET POLICIES - The budget policies are as follows:
- a. Budgets are adopted annually on a basis consistent with U.S. generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

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

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

3. **BUDGET BASIS OF ACCOUNTING** - Budgets are adopted annually on a basis generally consistent with U.S. GAAP. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. The budget is amended by the Legislature for increased grants or State aid received during the year.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

F. INTERFUND ACTIVITY

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

G. FUND BALANCE RESERVES

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

H. INVENTORIES - COMMUNITY COLLEGE

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

I. COMPENSATED ABSENCES

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

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

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

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

It is the County's policy to accrue all costs associated with earned, but not yet paid, compensated absences of all employees involved in the operations of the County's reporting entity. The total accrued liability for compensated absences relating to the governmental and proprietary funds at December 31, 2003, are \$1,922,016 and \$83,255, respectively.

Employees of the Community College accrue vacation leave in varying amounts and are subject to various maximum accruals based on contract group. The recorded liability for vacation leave, including the Community College's share of fringe benefits, is \$722,552. The recorded liability for vacation leave for ASC and MVCCDC amounted to \$24,179. Employees also earn sick leave each month subject to a maximum of 225 or 180 days, depending on contract group. Only Association of Mohawk Valley College Administrators (AMVA) members and excluded administrators are entitled to receive a benefit for sick leave accumulated upon retirement. The accumulated sick leave for these employees is used to pay for postretirement health insurance costs. A liability of \$2,078,574 has been recognized representing the present value of these payments at August 31, 2003.

J. STATEMENTS OF CASH FLOWS

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

K. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

Investments are carried at market value.

L. CAPITAL ASSETS/PROPERTY, PLANT, AND EQUIPMENT

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

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

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

For the Authority, estimated useful lives are as follows (in years): 20 for building, 3-20 for equipment and machinery, 5 for vehicles, and 15 for land improvements.

For the Community College, estimated useful lives are as follows (in years): 20-50 for buildings and improvements, and 5-20 for equipment and library books.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

M. REVENUES

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

N. EXPENDITURES

Expenditures are recognized when the related fund liability is incurred.

O. MEDICAID CLAIMS

Physicians, hospitals, pharmacists, and others who provide services to public assistance recipients and other individuals enrolled in the Medical Assistance Program are entitled to reimbursement of the defined cost of such services through the Federal, State, and locally funded Medicaid programs. The County participates in a State-wide system to process and pay such claims. The County is subsequently billed by the system for its share of paid claims. At any point in time, unpaid claims for services rendered by providers are either being processed by the system or are still to be reported by the providers. The County's share of both the claims being processed by the system at December 31, 2003, which will be paid to providers in 2004 and claims for services incurred but not reported by providers amounted to \$4,506,980 and is reflected in the accompanying basic financial statements as an accrued liability.

P. PUBLIC ENTITY RISK POOL

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

Q. ACCRUED AND POST-CLOSURE MONITORING CLOSURE COSTS

The Authority maintains an ash landfill which has reached full capacity. In accordance with New York State Department of Environmental Conservation (NYSDEC) Regulations, the Authority has implemented certain landfill closure and post-closure requirements. At December 31, 2003, management has accrued \$504,434 for estimated closure costs including costs to cap the landfill and costs for monitoring the landfill subsequent to closure. Due to inflation, changes in technology, or changes in regulations, actual costs may be different from the current accrual. Based on NYSDEC requirements, \$861,446 has been restricted for this purpose at December 31, 2003, in the Authority's financial statements.

R. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. ASSETS

1. CASH

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

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

The carrying amount of cash and cash equivalents for the primary reporting entity types of the County aggregated \$22,157,020 at December 31, 2003. The corresponding bank balances for this cash totaled \$35,643,964. Deposits with financial institutions were entirely covered by Federal Deposit Insurance Corporation insurance or by collateral held in the pledging banks' trust department or agent in the County's name.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

The carrying amount of cash and cash equivalents for the Community College aggregated \$7,438,191 at August 31, 2003 And were entirely covered by Federal Deposit Insurance Corporation insurance or by collateral held in the pledging banks' trust department.

The carrying amount of unrestricted cash and cash equivalents for the Authority aggregated \$2,061,712 at December 31, 2003, and is comprised entirely of bank accounts and Certificates of Deposit. The corresponding bank balances for the unrestricted and restricted cash were entirely covered by Federal Deposit Insurance Corporation insurance, collateral held in the pledging banks' trust department, or U.S. Government and/or Federal agency securities held by the Trustee.

2. PROPERTY TAXES AND COLLECTION

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

The recognition of revenue from real property taxes is considered available to finance current operations if collected within 60 days after the end of the year. The net receivables collected during 2003 and within the first sixty days of 2004 are recognized as revenues in 2003.

The County is permitted in accordance with Section 10 of Article VIII of the New York State Constitution to levy taxes: (a) up to 1.5% of the five-year average full assessed valuation of taxable real property, for general governmental services other than the payment of principal and interest on long-term debt, (b) in unlimited amounts for the payment of principal and interest on long-term debt, and (c) in unlimited amounts for capital appropriations (budgetary appropriations for objects or purpose for which a period of probable usefulness is provided by Section 11.00 of local finance law). At December 31, 2003, the County utilized 16.7% of its constitutional tax limit.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

Uncollected school district and village taxes assumed by the County for enforcement through December 31, 2003, were \$6,873,597 and \$444,366, respectively. Such amounts will be paid to the school districts and villages by April 1, 2004, and are included in the amounts due to other governments in the accompanying basic financial statements. Any such taxes remaining unpaid at year end are relieved as County taxes on December 31.

3. SALES TAX

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

Effective September 1, 1992, the County imposed a 4% sales tax. The sharing formula for the first 3% of the sales tax remains the same as described above. For the additional 1% of sales tax the County shares half of the collections within the cities of Utica, Rome, and Sherrill with the cities. If in the period from September 1, 1994, to August 31, 1995, and continuing for any subsequent extension of the additional 1% sales tax, the gross collections related to the additional 1% sales tax shall be distributed to various towns and villages for each of the four quarters of this or any subsequent extension in an amount which shall be the greater of the following: (a) one dollar for every resident of the County residing within a town or an incorporated village located within a town according to the last decennial Federal census; or (b) in the event that the total collections within the County for the first four quarters of this period or for any subsequent four-quarter period shall exceed the sum of \$17.7 million, then a sum equivalent to one-half of the County's net share received after collection of such \$17.7 million; or (c) any such amount as shall otherwise be provided for by any statute of the State of New York. In the event of any extensions of the 1% sales tax for four consecutive quarters after August 31, 1995, and in the event that should the County's local share of Medicaid costs exceed \$30 million for such extended four consecutive quarter periods, then and in that

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

event, the distribution as aforesaid to the towns shall be no greater than the previous four consecutive quarters. The additional 1% sales tax expires on November 30, 2005, unless otherwise extended.

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

The general funds' nonproperty tax item, which amounted to \$58,746,993 is comprised primarily of sales tax. At December 31, 2003, this amount included an accrual of approximately \$2,756,793 for sales tax collected by the State of New York in 2004 relating to 2003 vendor sales. At December 31, 2003, undistributed excess sales tax collections for towns, villages and cities amounted to \$2,123,311 and is included in accrued liabilities in the Agency Fund.

4. STUDENT LOANS AND FEES RECEIVABLE

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

<u>Account</u>	<u>Gross Receivable</u>	<u>Allowance</u>	<u>Receivable</u>
Tuition and Fees Receivable	\$ 1,982,591	\$ (215,000)	\$ 1,767,591
Student Loans Receivable	\$ 2,118,702	\$ (615,202)	\$ 1,503,500

5. CAPITAL ASSETS

- a. Capital asset activity of the Primary Government for the year ended December 31, 2003, was as follows:

See Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Not Being Depreciated				
Land	\$ 1,725,004	\$ _____	\$ _____	\$ 1,725,004
Other Capital Assets				
Land Improvements	8,262,872			8,262,872
Construction	73,748,683	4,339,138		78,087,821
Infrastructure	49,605,980	5,132,897		54,738,877
Machinery and Equipment	10,350,967	667,857	126,266	10,892,558
Licensed Vehicles	<u>6,243,691</u>	<u>1,362,987</u>	<u>134,836</u>	<u>7,471,842</u>
Subtotal	148,212,193	11,502,879	261,102	159,453,970
Accumulated Depreciation				
Land Improvements	3,422,048	409,037		3,831,085
Construction	21,171,947	1,026,753		22,198,700
Infrastructure	24,634,686	1,757,563		26,392,249
Machinery and Equipment	5,263,512	700,648	94,196	5,869,964
Licensed Vehicles	<u>4,595,894</u>	<u>735,898</u>	<u>115,303</u>	<u>5,216,489</u>
Total Accumulated Depreciation	<u>59,088,087</u>	<u>4,629,899</u>	<u>209,499</u>	<u>63,508,487</u>
Net Other Capital Assets	<u>89,124,106</u>	<u>6,872,980</u>	<u>51,603</u>	<u>95,945,483</u>
Net Capital Assets	<u>\$90,849,110</u>	<u>\$ 6,872,980</u>	<u>\$ 51,603</u>	<u>\$ 97,670,487</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government Support	\$ 93,843
Public Safety	1,242,453
Public Health	40,988
Transportation	957,912
Economic Assistance and Opportunity	75,198
Culture and Recreation	736
Home and Community Service	8,377
Unallocated Depreciation	<u>2,210,392</u>
Total Governmental Activities Expense	<u>\$ 4,629,899</u>

See Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business Type Activities				
Land Improvements	\$ 53,682	\$	\$	\$ 53,682
Construction	22,149,282	1,709		22,150,991
Infrastructure	9,659,254			9,659,254
Machinery and Equipment	47,117,706	3,774		47,121,480
Licensed Vehicles	<u>100,834</u>	<u>17,653</u>		<u>118,487</u>
Subtotal	<u>79,080,758</u>	<u>23,136</u>		<u>79,103,894</u>
Accumulated Depreciation				
Land Improvements	53,682			53,682
Construction	10,381,823	419,140		10,800,963
Infrastructure	4,750,566	148,604		4,899,170
Machinery and Equipment	40,723,460	3,141,999		43,865,459
Licensed Vehicles	<u>26,003</u>	<u>13,524</u>		<u>39,527</u>
Subtotal	<u>55,935,534</u>	<u>3,723,267</u>		<u>59,658,801</u>
Net Capital Assets	<u>\$23,145,224</u>	<u>\$ 3,700,131</u>	<u>\$</u>	<u>\$ 19,445,093</u>

Depreciation expense was charged to functions as follows:

Business Type Activities	
Enterprise Sewer Fund	<u>\$ 3,723,267</u>

b. A summary of the book value of property, plant, and equipment of the Component Units at December 31, 2003, is as follows:

	<u>Component Units</u>
Land and Land Improvements	\$ 888,998
Buildings and Building Improvements	95,392,862
Equipment and Machinery	5,276,019
Motor Vehicles	1,741,889
Office and Minor Equipment	292,843
Equipment and Library Books	12,319,876
Landfill Site	7,064,152
Land Purchase Contract	<u>930,596</u>
	123,907,235
Less Accumulated Depreciation and Amortization	<u>75,540,227</u>
Property, Plant, and Equipment, Net	<u>\$ 48,367,008</u>

See Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

Between 1995 and 1998, the Authority entered into contracts for access and testing and the contingent purchase of real estate in the Town of Ava. As of December 31, 2003, the Authority had purchased a total of 620.42 acres which comprises all the property necessary for construction of the landfill and access to New York State Route 294. The Authority also has exclusive purchase options on an additional 5.4 acres for a buffer. The property, provided it meets all permitting requirements required by the State of New York and the United States, will be used as a sanitary landfill. During 2003, the Authority capitalized approximately \$549,000 of costs associated with obtaining the required permitting. The Authority also purchased additional land related to this site for approximately \$120,000 during 2003.

6. RESTRICTED ASSETS HELD BY TRUSTEE

a. Authority

In accordance with the terms of bond indentures and NYSDEC, the use of certain assets is restricted for specific purposes. These assets, principally cash and cash equivalents are administered by a trustee on behalf of the County and at December 31, 2003, include the following accounts:

Debt Service Reserve Fund - contingency fund to be utilized in case of default	\$ 6,023,878
Construction Projects Fund - for any additional capital expenditures which may be incurred by the Authority	903,164
Debt Service and Sinking Fund - to fund semi-annual debt service obligations	2,808,445
Accrued interest on restricted assets	29,581
Restricted Assets for Post-Closure Monitoring Costs	<u>861,446</u>
Total	<u>\$ 10,626,514</u>

b. Community College

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

See Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

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

	<u>Total</u>	<u>DASNY</u>	<u>Other</u>
Cash and Cash			
Equivalents	\$ <u>490,680</u>	\$ <u>125,172</u>	\$ <u>365,508</u>
U.S. Government			
Obligations			
Category A	136,045	136,045	0
Category B	<u>1,055,244</u>	<u>1,055,244</u>	<u>0</u>
	<u>1,191,289</u>	<u>1,191,289</u>	<u>0</u>
 Total	 \$ <u>1,681,969</u>	 \$ <u>1,316,461</u>	 \$ <u>365,508</u>

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

Deposits with trustees at December 31, 2003, in the amount of \$4,928,913, are comprised solely of investments in discount commercial paper. The fair value of the investment approximates cost.

B. LIABILITIES

1. PENSION PLAN

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

See Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

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

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

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

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

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

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

The County is required to contribute to both systems on an annual basis. Contributions were made to the ERS for the period April 1, 2003, to March 31, 2004, based on estimated eligible employees' salaries. Contributions are adjusted in the following year based on actual salaries. Contributions are made to the TRS on eligible employees for the period July 1, 2002, to June 30, 2003.

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

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

	2003	2002	2001
<u>ERS</u>			
<u>County</u>			
Contribution Rate	4.5-8.0%	.90-4.5%	.50-4.0%
Contributions	\$ 2,649,787	\$ 651,234	\$ 520,952
 <u>Authority</u>			
Contribution Rate	4.5%	1.21%	.75%
Contributions	\$ 103,171	\$ 29,993	\$ 17,998
 <u>Community College</u>			
Contribution Rate	1.00%	.60%	.20%
Contributions	\$ 40,888	\$ 23,914	\$ 9,023
 <u>TRS (College Only)</u>			
Contribution Rate	.36%	.36%	.43%
Contributions	\$ 8,941	\$ 8,275	\$ 9,424

- c. TIAA/CREF - is a defined contribution retirement plan which provides benefits through annuity contracts and provides retirement and death benefits to those employees that elected to participate in the optional retirement program. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service. TIAA/CREF is noncontributory except for employees who joined after July 27, 1976, who contribute from 3.00% to 3.75% of their salary. Employer contributions range from 5% to 15% depending upon when the employee was hired. Employee contributions are deducted from their salaries and are sent on a current basis to TIAA/CREF. Financial reports of the plan may be obtained by writing to: TIAA/CREF, 730 Third Avenue, New York, New York 10017. The College's pension contributions to TIAA/CREF for fiscal years 2003, 2002, and 2001 were \$1,172,219, \$1,114,778, and \$1,084,638, respectively.

See Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

In accordance with State of New York Laws, the County has offered retirement incentives through the New York State Local Employees Retirement System. During 2003, the County paid \$1,684,316 for incentives.

2. POSTRETIREMENT HEALTH CARE BENEFITS

The County provides postretirement health care benefits to all employees who retire from the County in accordance with Article 2, Section 75-g, Article 14, and Article 15 of the New York State Retirement and Social Security Law. During 2003, 559 retirees participated in this program. When a retiree elects such coverage, the County pays 50% of the premium cost of the coverage. Certain premium savings are realized for employees who are eligible for Medicare coverage (i.e., over age 65). The entire amount of any savings realized is deducted from the employees' contribution. During 2003, the cost of this program was approximately \$1,406,881. The County records the cost of these benefits on a pay-as-you-go basis.

Additionally, the Community College provides health care and life insurance benefits for certain retired employees. Substantially all of the Community College's employees may become eligible for those benefits if they reach normal retirement age while employed. Postretirement health care benefits paid by the Community College for the year ended August 31, 2003, were \$390,456 for 136 retirees.

3. LONG-TERM DEBT

- a. **GENERAL LONG-TERM DEBT** - The County borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment and construction of buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities for governmental funds are maintained separately and represents a reconciling item between the fund and government-wide statements except for those amounts which relate to and are, therefore, accounted for in the proprietary fund types and discretely presented

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

component units. Interest associated with long-term debt is recorded as an expenditure when such amounts are due. Interest expense for governmental and business type activities for the year ended December 31, 2003, was \$3,419,778 and \$223,835. Business type activities interest expense was directly related to the Sewer Fund and has been included as a direct function expense.

Details relating to general obligation (serial) bonds of the County outstanding at December 31, 2003, are summarized as follows:

<u>Description of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Governmental Activities			
Obligations Account Group:			
Improvement, 1985	2005	8.75	\$ 137,000
Improvement, 1986	2004	6.75	128,000
Improvement, 1987	2007	8.00	600,000
Improvement, 1988	2007	6.75	10,000
Improvement, 1990	2009	7.10	440,500
Pension Systems, 1993	2005	6.80	672,700
Improvement, 1995	2010	4.70-5.00	2,949,166
Improvement, 1996	2014	5.30-5.40	3,980,000
Advance Refunding, 1998	2012	4.00-5.50	11,137,000
Improvement, 1998	2014	4.875	8,967,883
Improvement, 1999	2016	4.50-4.75	7,458,980
Improvement, 2000	2019	5.00-5.375	4,858,605
Improvement, 2001	2020	4.25-5.00	10,321,084
Improvement 2002	2022	4.25-4.75	7,717,000
Improvement 2003	2018	3.50-3.55	8,436,700
Pension 2003	2004	1.80	<u>1,300,000</u>
			<u>69,114,618</u>
Business-Type Activities			
Improvement, 1988	2007	6.75	1,550,000
Pension Systems, 1993	2005	6.80	27,300
Improvement, 1998	2014	4.00-5.50	394,000
Sewer District EFC, 1999	2018	4.313	780,000
Improvement, 2000	2019	5.00-5.375	195,600
Sewer District EFC, 2001	2015	3.43-4.83	<u>830,000</u>
			<u>3,776,900</u>

See Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

<u>Description of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Community College:			
Series B, 1965	2005	3.00	165,000
Bonds Issued by DASNY	2014-2028	4.00-6.13	13,885,378
Serial Bonds – County	2002-2019	4.00-8.75	<u>8,858,374</u>
			<u>22,908,752</u>
Authority:			
1992 Revenue Bonds - Refunding	2015	4.10-6.75	<u>36,780,000</u>
OTASC Tobacco Settlement Bonds	2042	5.00-6.625	<u>54,185,000</u>
Total Reporting Entity			<u>\$186,765,270</u>

The following is a summary of long-term debt transactions of the County and Component Units. Debt transactions are for the year-ended December 31, 2003, for the County, Authority, and OTASC, and for the year ended August 31, 2003, for the Community College.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds	\$ 63,032,575	\$ 9,736,700	\$ (3,654,657)	\$ 69,114,618	\$ 3,437,091
Compensated Absences	1,967,183	4,199,151	(4,244,318)	1,922,016	1,922,016
Accrued Workers' Compensation	4,151,960	141,446	(90,838)	4,202,568	1,386,847
Judgments and Claims	<u>117,000</u>			<u>117,000</u>	<u>117,000</u>
Total Governmental Activities	<u>\$ 69,268,718</u>	<u>\$ 14,077,297</u>	<u>\$ (7,989,813)</u>	<u>\$ 75,356,202</u>	<u>\$ 6,862,954</u>
Business Type Activities					
Bonds	\$ 4,350,550		\$ (573,650)	\$ 3,776,900	\$ 573,650
Compensated Absences	<u>81,250</u>	<u>180,568</u>	<u>(178,563)</u>	<u>83,255</u>	<u>83,255</u>
Total Business Type Activities	<u>\$ 4,431,800</u>	<u>\$ 180,568</u>	<u>\$ (752,213)</u>	<u>\$ 3,860,155</u>	<u>\$ 656,905</u>
Component Units					
Bonds	\$117,940,826		\$ (4,067,074)	\$ 113,873,752	\$ 3,220,039
Premium on Bonds	716,022		(103,548)	612,474	103,548
Leases	410,876		(259,348)	151,528	102,480
Compensated Absences	<u>2,198,566</u>	<u>626,739</u>		<u>2,825,305</u>	<u>200,000</u>
Total Component Units	<u>\$ 121,266,290</u>	<u>\$ 626,739</u>	<u>\$ (4,429,970)</u>	<u>\$ 117,463,059</u>	<u>\$ 3,626,067</u>

See Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

Principal and interest payments due on serial bonds outstanding at December 31, 2003, for the Primary Government and component units are as follows:

	<u>Primary Government</u>		<u>Component Units</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 5,310,741	\$ 3,318,312	\$ 3,322,519	\$ 6,743,184
2005	7,294,637	2,876,871	3,919,786	6,533,143
2006	6,546,170	2,551,318	6,505,456	6,313,513
2007	6,616,344	2,252,069	4,066,377	5,984,575
2008	5,848,700	1,977,990	4,418,356	5,794,387
2009-2013	27,008,376	6,146,062	24,199,449	25,478,119
2014-2018	11,928,653	2,684,920	12,533,251	20,350,123
2019-2023	2,337,897	160,018	12,006,727	16,447,889
2024-2028			12,186,968	12,925,775
2029-2033			10,961,391	9,198,114
2034-2038			11,555,000	5,613,651
2039-2044			<u>8,350,000</u>	<u>1,511,990</u>
Total	<u>\$ 72,891,518</u>	<u>\$ 21,967,560</u>	<u>\$ 114,025,286</u>	<u>\$ 122,894,463</u>

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

- b. **PARTICIPATION IN THE COUNTY'S DEBT SERVICE** - The County also has a capital financing agreement between the County and the City of Rome. Under the terms of this agreement, the City is required to pay 37.5% of the principal on a portion of the June 1978 County bond issue, the proceeds of which were used to build a new wing for the Rome Hospital and Murphy Memorial Hospital in the City of Rome. The amount due from the City for future principal payments under this agreement is \$84,375 at December 31, 2003, and is included as a receivable and deferred revenue in the Debt Service Fund.

Additionally, the Utica Transit Authority has a capital financing agreement with the County which covers County bonding on behalf of the Transit Authority for Buses. The amount due from the Authority under this agreement is \$551,591 at December 31, 2003, and is also included as a receivable and deferred revenue in the Debt Service Fund. The total of deferred revenue as a result of agreements between the County and outside agencies is \$635,966.

See Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

- c. **DASNY FINANCING ARRANGEMENTS** - The College has entered into financing agreements with DASNY to finance most of its educational facilities. The DASNY bonds for these facilities, which have a maximum 30 year life, will be repaid from the appropriations received from the State of New York. Final maturity dates for the College's DASNY debt issues range from 2014 to 2030. Interest rates on the DASNY bonds range from 4.00% to 6.00%.

C. INTERFUND RECEIVABLES AND PAYABLES

Amounts due to/due from other funds at December 31, 2003, are summarized as follows:

	Due From				
	Total	General Fund	Other Governmental Funds	Business Type	Agency
Due to:					
General	\$ 1,437,170	\$	\$ 1,141,647	\$ 295,523	\$
Debt Service	2,622,212		1,444,808	1,177,404	
Other Governmental Funds	8,329,010	6,245,120	1,876,234	1,646	206,010
Business Type	<u>1,024,150</u>	<u>950,162</u>			<u>73,988</u>
Total	<u>\$13,412,542</u>	<u>\$ 7,195,282</u>	<u>\$ 4,462,689</u>	<u>\$ 1,474,573</u>	<u>\$ 279,998</u>

III. OPERATING TRANSFERS

The following is a summary of operating transfers for the year ended December 31, 2003:

Transfers To	Transfers From		
	Total	General	Other Governmental Funds
Debt Service	\$ 6,711,694	\$ 5,487,051	\$ 1,224,643
Other Governmental Funds	<u>4,960,131</u>	<u>4,960,131</u>	
Total	<u>\$ 11,671,825</u>	<u>\$ 10,447,182</u>	<u>\$ 1,224,643</u>

See Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

During the year ended December 31, 2003, the County received \$321,083 from the Community College for its portion of the debt service associated with certain general obligation bonds of the County. Such transfers are not reflected in the Community College Fund financial statements as the amounts are charged to nonresident County students and are merely passed through to the County.

IV. FUND BALANCE – SPECIAL RESERVES

State statutes require the County to reserve excess revenues over expenditures under the STOP DWI Program for use in the program in the following fiscal year. The amount of excess STOP DWI Program funds reserved in the General Fund at December 31, 2003, was \$464,268.

The Civil Practice Law and Rules stipulates that the County's share of forfeitures (District Attorney and Sheriff) which are not used in the year received can only be used for law enforcement or protection purposes in the next succeeding year. The amount of forfeitures reserved for in the General Fund at December 31, 2003, was \$41,989 and \$16,683, respectively.

The remaining General Fund special reserves balance represents PCAP Program of \$22,161 and handicapped parking fees of \$1,870.

Based on legislative decision in 1995, the County elected to designate fund reserves in the County's General Fund balance to preserve fiscal stability. The amount designated in the General Fund at December 31, 2003, was \$8,000,000.

V. OBLIGATIONS UNDER LEASES

The Community College leases certain equipment under capital lease agreements. The following is a schedule of future minimum lease payments under the capital lease agreements as of August 31, 2003, for the Community College:

<u>Fiscal Year</u> <u>Ending</u> <u>August 31,</u>	<u>Amount</u>
2004	\$ 110,262
2005	39,490
2006	<u>15,482</u>
Total Minimum Lease Payments	165,234
Less: Amounts Representing Interest	<u>13,706</u>
Present Value of Net Minimum Lease Payments	<u>\$ 151,528</u>

See Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

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

VI. SIGNIFICANT CLAIMS AND CONTINGENT LIABILITIES

A. JUDGEMENTS AND CLAIMS

The reporting entity of the County is subject to various claims and legal actions in the ordinary conduct of its affairs. Such claims and legal actions, in the opinion of management, are not expected to have a material effect on the financial condition of any of the components of the County's reporting entity. However, at December 31, 2003, the County recorded a liability of \$117,000 for potential losses.

B. FEDERAL AND STATE FUNDED PROGRAMS

The County participates in a number of Federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial. Expenditures disallowed by completed audits have generally been immaterial in nature and, accordingly, have been reflected as adjustments to revenues in the year the expenditure was determined to be unallowable.

VII. RISK MANAGEMENT

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

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

The estimated accrued claims of \$14,102,484 reported in the fund at December 31, 2003, are based upon the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A receivable has been recorded for amounts due from other municipalities that participate in the program. All liabilities are recorded at their value as of December 31, 2003. Changes in the fund's accrued claims liabilities for the year ended December 31, 2003, are as follows:

<u>Beginning of Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Year End</u>
\$ 12,959,659	\$ 5,221,607	\$ 4,078,782	\$ 14,102,484

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

In addition to its workers' compensation program, the County is self-insured for the Major Medical portion of its health insurance. Under this program, the County accounts in the General Fund for claims in the General Fund with maximum exposure of \$100,000 per person per year and \$1,000,000 per person per lifetime. The County has \$334,174 accrued at December 31, 2003, in the General Fund for claims reported and those incurred but not yet reported and is included in accounts payable. Remaining health insurance and dental coverage is provided through commercial insurance.

See Independent Auditor's Report.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

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

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

There were no significant changes in insurance coverage from fiscal year 2002. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Section C

Supplemental Schedules

COUNTY OF ONEIDA, NEW YORK
COMBINED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
AND EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2003

	General			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Real Property Taxes	\$ 53,122,192	\$ 53,122,192	\$ 54,590,291	\$ 1,468,099
Real Property Tax Items	2,475,000	2,475,000	2,611,853	136,853
Nonproperty Tax Items	58,237,960	58,237,960	58,746,993	509,033
Departmental Income	15,938,297	16,798,529	16,570,738	(227,791)
Intergovernmental Charges	13,085,550	13,266,618	12,637,784	(628,834)
Use of Money and Property	972,293	972,293	1,935,335	963,042
Licenses and Permits	14,800	14,800	16,013	1,213
Fines and Forfeitures	916,549	916,549	1,074,348	157,799
Sale of Property and Compensation for Loss	174,483	185,861	194,043	8,182
Miscellaneous Local Sources	1,875,996	2,431,900	1,004,857	(1,427,043)
Interfund Revenues	69,700	69,700	57,585	(12,115)
State and Federal Aid	<u>94,560,317</u>	<u>105,824,867</u>	<u>100,026,618</u>	<u>(5,798,249)</u>
Total Revenues	<u>241,443,137</u>	<u>254,316,269</u>	<u>249,466,458</u>	<u>(4,849,811)</u>
Expenditures				
General Governmental Support	23,014,412	22,742,847	20,146,245	2,596,602
Education	18,050,289	16,983,990	15,662,666	1,321,324
Public Safety	26,999,148	29,533,517	28,668,479	865,038
Public Health	20,425,170	21,607,056	19,737,981	1,869,075
Transportation	4,293,776	5,256,575	5,048,463	208,112
Economic Assistance and Opportunity	136,729,511	147,132,496	145,289,669	1,842,827
Culture and Recreation	2,648,710	2,720,758	2,685,607	35,151
Home and Community Services	<u>3,085,697</u>	<u>3,137,128</u>	<u>2,862,257</u>	<u>274,871</u>
Total Expenditures	<u>235,246,713</u>	<u>249,114,367</u>	<u>240,101,367</u>	<u>9,013,000</u>
Surplus Revenues Over Expenditures				
Before Other Financing Sources (Uses)	<u>6,196,424</u>	<u>5,201,902</u>	<u>9,365,091</u>	<u>4,163,189</u>
Other Financing Sources (Uses)				
Appropriation of Prior Year's Fund Balance	4,000,000	5,245,280		(5,245,280)
Proceeds of Obligations-Serial Bonds			1,300,000	1,300,000
Transfers to Other Funds	<u>(10,196,424)</u>	<u>(10,447,182)</u>	<u>(10,447,182)</u>	
Total Other Financing (Uses)	<u>(6,196,424)</u>	<u>(5,201,902)</u>	<u>(9,147,182)</u>	<u>(3,945,280)</u>
Revenues and Other Financing Sources				
Over Expenditures and Other Financing (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 217,909</u>	<u>\$ 217,909</u>

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

COUNTY OF ONEIDA, NEW YORK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2003

	<u>Special Grant</u>	<u>County Road</u>	<u>Road Machinery</u>	<u>Capital</u>	<u>Total Current Year</u>
Assets					
Cash and Cash Equivalents	\$	\$ 8,608	\$ 5,226	\$ 8,988,646	\$ 9,002,480
Other Receivables	415,273	6,520			421,793
Due From					
State and Federal Governments	520,378			172,075	692,453
Other Funds		<u>3,849,843</u>	<u>1,258,827</u>	<u>3,220,340</u>	<u>8,329,010</u>
Total Assets	<u>\$ 935,651</u>	<u>\$ 3,864,971</u>	<u>\$ 1,264,053</u>	<u>\$ 12,381,061</u>	<u>\$ 18,445,736</u>
Liabilities and Fund Equity					
Liabilities					
Accounts Payable	\$ 846,125	\$ 714,157	\$ 84,455	\$ 339,394	\$ 1,984,131
Accrued Liabilities	42,865	248,809	111		291,785
Deferred Revenue		864,258			864,258
Due to Other Governments				144,166	144,166
Due to Other Funds		<u>1,262,484</u>	<u>1,152,023</u>	<u>2,048,182</u>	<u>4,462,689</u>
Total Liabilities	<u>888,990</u>	<u>3,089,708</u>	<u>1,236,589</u>	<u>2,531,742</u>	<u>7,747,029</u>
Fund Equity					
Fund Balance - Reserved					
Reserve for Encumbrances	900	61,737	20,256	5,925,786	6,008,679
Fund Balance - Unreserved					
Designated		180,136			180,136
Undesignated	<u>45,761</u>	<u>533,390</u>	<u>7,208</u>	<u>3,923,533</u>	<u>4,509,892</u>
Total Fund Equity	<u>46,661</u>	<u>775,263</u>	<u>27,464</u>	<u>9,849,319</u>	<u>10,698,707</u>
Total Liabilities and Fund Equity	<u>\$ 935,651</u>	<u>\$ 3,864,971</u>	<u>\$ 1,264,053</u>	<u>\$ 12,381,061</u>	<u>\$ 18,445,736</u>

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

COUNTY OF ONEIDA, NEW YORK
COMBINING STATEMENT OF REVENUES AND OTHER FINANCING SOURCES, EXPENDITURES
AND OTHER FINANCING USES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2003

	<u>Special Grant</u>	<u>County Road</u>	<u>Road Machinery</u>	<u>Capital</u>	<u>Total Current Year</u>
Revenues					
Departmental Income	\$	\$ 59,480	\$	\$	\$ 59,480
Intergovernmental Charges		2,854,017			2,854,017
Use of Money and Property		67	10,964		11,031
Licenses and Permits		9,360			9,360
Sale of Property and Compensation for Loss		2,036	19,199		21,235
Miscellaneous Local Sources	532	4,284		29,316	34,132
Interfund Revenues	477,521	908,918	1,458,032		2,844,471
State and Federal Aid	3,899,146	2,841,622		2,541,122	9,281,890
Total Revenues	<u>4,377,199</u>	<u>6,679,784</u>	<u>1,488,195</u>	<u>2,570,438</u>	<u>15,115,616</u>
Other Financing Sources					
Transfers from Other Funds	242,679	4,467,452		250,000	4,960,131
Proceeds of Obligations				8,436,700	8,436,700
Total Revenues and Other Financing Sources	<u>4,619,878</u>	<u>11,147,236</u>	<u>1,488,195</u>	<u>11,257,138</u>	<u>28,512,447</u>
Expenditures					
General Government Support				4,813,662	4,813,662
Public Safety				21,335	21,335
Public Health				78,085	78,085
Transportation		10,517,722	1,487,583	6,576,877	18,582,182
Economic Assistance and Opportunity	4,619,292				4,619,292
Culture and Recreation				242,539	242,539
Total Expenditures	<u>4,619,292</u>	<u>10,517,722</u>	<u>1,487,583</u>	<u>11,732,498</u>	<u>28,357,095</u>
Other Financing (Uses)					
Transfers to Other Funds		37,926		1,186,717	1,224,643
Total Expenditures and Other Financing (Uses)	<u>4,619,292</u>	<u>10,555,648</u>	<u>1,487,583</u>	<u>12,919,215</u>	<u>29,581,738</u>
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	586	591,588	612	(1,662,077)	(1,069,291)
Fund Balance, Beginning of Year	<u>46,075</u>	<u>183,675</u>	<u>26,852</u>	<u>11,511,396</u>	<u>11,767,998</u>
Fund Balance, End of Year	<u>\$ 46,661</u>	<u>\$ 775,263</u>	<u>\$ 27,464</u>	<u>\$ 9,849,319</u>	<u>\$ 10,698,707</u>