

**COUNTY OF ONEIDA,  
NEW YORK**

*Basic Financial Statements, Required Supplementary  
Information, Supplementary Information, Federal  
Awards Information and New York State Department  
of Transportation Financial Assistance Information  
for the Year Ended December 31, 2014 and  
Independent Auditors' Reports*



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Certified Public Accountants

## **INDEPENDENT AUDITORS' REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Oneida, New York (the "County") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oneida-Herkimer Solid Waste Management Authority and the Mohawk Valley Community College, which are shown as discretely presented component units. We also did not audit the financial statements of the Oneida Tobacco Asset Securitization Corporation, which represent 27.2% and 13.9%, respectively, of the assets and revenues of the total non-major governmental funds. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units and the blended component unit is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Oneida Tobacco Asset Securitization Corporation were not audited in accordance with *Government Auditing Standards*.

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

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Supplementary Information, as listed in the table of contents, the accompanying Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, and the accompanying Schedule of Expenditures of New York State Department of Transportation Assistance Expended as required by the New York State Department of Transportation and Draft Part 43 of the New York State Codification of Rules and Regulations, are presented for the purpose of additional analysis are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, the Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of New York State Department of Transportation Assistance Expended are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, the Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of New York State Department of Transportation Assistance Expended are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2015 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Drescher & Malecki LLP*

July 24, 2015



**COUNTY OF ONEIDA, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2014**

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As management of the County of Oneida (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2014. Certain amounts have been reclassified to conform to the current year's presentation. This document should be read in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

**Financial Highlights**

- During the year ended December 31, 2014, the County, the State of New York and the Oneida Indian Nation reached an agreement to settle land claims. Under the agreement, the County will receive \$2.5 million in revenues per year for 19.25 years. Additionally, each year the County will receive a portion of the gaming revenues the State receives from the Oneida Indian Nation. For the year ended December 31, 2014, the County's primary government, governmental activities recognized revenues of \$48,125,000 from the settlement of past land claims, and \$10,373,565 of current gaming revenues.
- The assets of the primary government of the County, which exclude the Oneida-Herkimer Solid Waste Authority and the Mohawk Valley Community College, exceeded total liabilities and at the close of the most recent fiscal year by \$125,462,598 (*net position*). The County has an unrestricted net position of \$20,217,761 at December 31, 2014.
- The primary government's total net position increased by \$30,239,852 during the current fiscal year. The increase is primarily caused by the settlement with the Oneida Indian Nation.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$47,640,292, a decrease of \$1,133,549 in comparison with the prior year. This increase is mainly attributed to activities in the Capital Projects Fund.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,931,206 or 1.7 percent of total General Fund expenditures and transfers out.
- Net position of the discretely presented component units, the Oneida-Herkimer Solid Waste Authority and the Mohawk Valley Community College, were \$39,752,936 at December 31, 2014 and \$39,462,501 at August 31, 2014, respectively.

**Overview of the Financial Statements**

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

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

The *statement of net position* presents information on all of the County’s assets, liabilities, and deferred inflows/outflows of resources, with the differences reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

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

The government-wide financial statements can be found on pages 16-17 of this report.

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

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

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

The County maintains six individual governmental funds. Additionally, the County reports the activities of its blended component unit, the Oneida Tobacco Asset Securitization Corporation as a governmental fund. General and Debt Service Fund information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund, Debt Service Fund, Special Grant Fund, County Road Fund, and Road Machinery Fund. Budgetary comparison statements have been provided for the General Fund and Debt Service Fund, which are major funds, to demonstrate compliance with these budgets.

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

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

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

The basic proprietary fund financial statements can be found on pages 22-25 of this report.

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

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

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

**Notes to the financial statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-61 of this report.

**Other information**—In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's budgetary comparison schedule for the General Fund and for its postemployment benefits obligation. Required supplementary information can be found on pages 62-64 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and budgetary comparison schedule for the Debt Service Fund are presented immediately following the required supplementary information on pages 65-67.

Finally, the Federal Awards Information can be found on pages 68-80 of this report and the New York State Department of Transportation Financial Assistance Information can be found on pages 81-85.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County's primary government, assets exceeded liabilities by \$125,462,598 at the close of the most recent fiscal year.

The County's combined net position for the fiscal year ended December 31, 2014 increased from \$95,222,746 to \$125,462,598. By far, the largest portion of the County's net position, \$88,457,546, reflects its investment in capital assets (e.g. land, buildings, infrastructure, and machinery and equipment) net of any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$16,787,291, represents resources subject to external restrictions on how they may be used and are reported as restricted net position. The remaining category of total net position, \$20,217,761, is considered to be unrestricted net position.

Our analysis below focuses on the net position (Table 1) of the County's Governmental and Business-type Activities.

**Table 1—Condensed Statements of Net Position—Primary Government**

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 164,022,045	\$ 129,478,974	\$ 31,924,837	\$ 20,851,905	\$ 195,946,882	\$ 150,330,879
Capital assets	273,159,448	253,731,519	34,357,687	28,758,493	307,517,135	282,490,012
Total assets	437,181,493	383,210,493	66,282,524	49,610,398	503,464,017	432,820,891
Deferred outflows of resources	551,173	639,361	204,657	237,402	755,830	876,763
Current liabilities	62,312,095	57,036,023	1,717,875	8,864,952	64,029,970	65,900,975
Noncurrent liabilities	267,989,450	251,909,975	46,654,792	20,580,921	314,644,242	272,490,896
Total liabilities	330,301,545	308,945,998	48,372,667	29,445,873	378,674,212	338,391,871
Deferred inflows of resources	83,037	83,037	-	-	83,037	83,037
Net position:						
Net investment in capital assets	82,307,028	74,109,540	6,150,518	14,808,983	88,457,546	88,918,523
Restricted	16,787,291	7,671,490	-	-	16,787,291	7,671,490
Unrestricted	8,253,765	(6,960,211)	11,963,996	5,592,944	20,217,761	(1,367,267)
Total net position	\$ 107,348,084	\$ 74,820,819	\$ 18,114,514	\$ 20,401,927	\$ 125,462,598	\$ 95,222,746

At the end of the current fiscal year, the County's governmental activities are able to report positive balances in all three categories of net position.

The business-type activities also report positive balances in both unrestricted net position and net investment in capital assets.

The County's primary government total net position increased \$30,239,852 during the current fiscal year. This increase was primarily caused by the settlement with the Oneida Indian Nation resulting in \$58,498,565 of additional revenues offset by the write-off of \$14,000,000 of tax deeds.

Table 2 presents the changes in net position for the years ended December 31, 2014 and December 31, 2013:

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

	Governmental activities		Business-type activities		Total	
	Years Ended December 31,		Years Ended December 31,		Years Ended December 31,	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues	\$ 174,477,041	\$ 162,880,609	\$ 24,167,169	\$ 16,376,623	198,644,210	179,257,232
General revenues	210,727,254	213,310,199	-	-	210,727,254	213,310,199
Total revenues	385,204,295	376,190,808	24,167,169	16,376,623	409,371,464	392,567,431
Total expenses	384,302,030	378,949,140	26,454,582	16,013,074	410,756,612	394,962,214
Special items	31,625,000	-	-	-	31,625,000	-
Change in net position	32,527,265	(2,758,332)	(2,287,413)	363,549	30,239,852	(2,394,783)
Net position—beginning	74,820,819	77,579,151	20,401,927	20,038,378	95,222,746	97,617,529
Net position—ending	\$ 107,348,084	\$ 74,820,819	\$ 18,114,514	\$ 20,401,927	\$ 125,462,598	\$ 95,222,746

Governmental activities increased the County's net position by \$32,527,265. As mentioned above, the increase in net position is primarily due to the revenues associated with the Oneida Indian Nation, offset by the increase in certain long-term liabilities. Operations of the business-type activities decreased the County's net position by \$2,287,413 for the year ended December 31, 2014.

A summary of sources of revenues of governmental activities for the years ended December 31, 2014 and December 31, 2013 is presented below in Table 3.

**Table 3—Summary of Sources of Revenues—Governmental Activities**

	Year Ended December 31,		Increase/(decrease)	
	2014	2013	Dollars	Percent
Charges for services	\$ 43,230,724	\$ 43,844,738	\$ (614,014)	(1.4)
Operating and capital grants	131,246,317	119,035,871	12,210,446	10.3
Property taxes and tax items	72,634,594	75,599,642	(2,965,048)	(3.9)
Non-property taxes	132,946,678	132,348,283	598,395	0.5
Use of money and property	1,994,982	2,595,119	(600,137)	(23.1)
Other	3,151,000	2,767,155	383,845	13.9
Total revenues	\$ 385,204,295	\$ 376,190,808	\$ 9,013,487	2.4

- Operating and capital grants increased \$12,210,446 or 10.3 percent from the prior year, primarily due increased state aid from the Oneida Indian Nation gaming revenues.
- Property taxes and tax items decreased by \$2,965,048, or 3.9 percent from the prior year, which is largely the result of decreased payments in lieu of tax receipts and decreased interest and penalties on real property taxes, in addition to changes in property taxes as a result of the Oneida Nation settlement.
- Charges of services decreased by \$614,014 or 1.4 percent from the prior year, which mainly the result of reduced County Clerk fees.

The most significant sources of revenues for governmental activities are non-property taxes, which account for 34.5 percent of total revenue; operating and capital grants, which account for 34.1 percent of total revenues; and property taxes and tax items, which account for 18.9 percent of total revenues for the year ended December 31, 2014. Comparatively, for the year ended December 31, 2013, the most significant source of revenues was non-property taxes, which accounted for 35.2 percent of total revenues; operating and capital grants, which accounted for 31.6 percent of total revenues; and property taxes and tax items, which accounted for 20.1 percent of total revenues.

A summary of program expenses of governmental activities for the years ended December 31, 2014 and 2013 is presented below.

**Table 4—Summary of Program Expenses—Governmental Activities**

	Year Ended December 31,		Increase/(decrease)	
	2014	2013	Dollars	Percent
General government support	\$ 73,324,836	\$ 69,842,644	\$ 3,482,192	5.0
Education	19,272,200	20,157,866	(885,666)	(4.4)
Public safety	51,729,512	52,168,383	(438,871)	(0.8)
Health	19,572,699	21,529,853	(1,957,154)	(9.1)
Transportation	35,369,187	31,205,005	4,164,182	13.3
Economic assistance and opportunity	169,731,678	168,529,051	1,202,627	0.7
Culture and recreation	1,034,302	1,039,380	(5,078)	(0.5)
Home and community services	3,451,563	3,805,362	(353,799)	(9.3)
Interest and fiscal charges	10,816,053	10,671,596	144,457	1.4
Total program expenses	<u>\$ 384,302,030</u>	<u>\$ 378,949,140</u>	<u>\$ 5,352,890</u>	1.4

The County saw the largest increase in the transportation category, which increased \$4,164,182 or 13.3 percent, from the prior year. Much of this increase is due to an increase in depreciation expense. The County also saw an increase of \$3,482,192 or 5.0 percent in the general government support category; much of this increased in due to the revenue sharing of the Oneida Indian Nation settlement.

The County's most significant expense categories for governmental activities for the year ended December 31, 2014 are economic assistance and opportunity (primarily composed of social service costs), which accounts for approximately 44.2 percent of program expenses; general government support expenses, which accounts for approximately 19.1 percent of program expenses; and public safety expenses which are approximately 13.5 percent of program expenses. For the year ended December 31, 2013, the most significant expense category for governmental activities was economic assistance and

opportunity, which accounted for approximately 44.5 percent of program expenses; general government support expenses, which accounted for approximately 18.4 percent of program expenses; and public safety expenses which were approximately 13.8 percent of program expenses

**Business-type activities**—Business-type activities (Sewer Fund and Workers’ Compensation Fund) decreased the County’s total net position by \$2,287,413. Operating revenues and expenses for the year ended December 31, 2014 increased 47.6 percent and 65.2 percent, respectively, compared to the year ended December 31, 2013.

A summary of revenues and expenses for the County’s business-type activities for the years ended December 31, 2014 and 2013 is presented below.

**Table 5—Condensed Statement of Revenues, Expenses and Changes in Net Position—Business-type Activities**

	Year Ended December 31,		Increase/(decrease)	
	2014	2013	Dollars	Percent
Program revenues	\$ 24,167,169	\$ 16,376,623	\$ 7,790,546	47.6
Total expenses	26,454,582	16,013,074	10,441,508	65.2
Change in net position	(2,287,413)	363,549	(2,650,962)	n/a
Net position—beginning	20,401,927	20,038,378	363,549	1.8
Net position—ending	\$ 18,114,514	\$ 20,401,927	\$ (2,287,413)	(11.2)

The most significant source of revenues relating to the County’s business-type activities is charges for services, which increased by 47.6 percent from the year ended December 31, 2013. This was primarily the result of an increase in workers’ compensation charges for participants due to a change in estimate of the liability of the workers’ compensation fund.

Operating expenses increased by \$7,790,546 or 47.6%. This increase is also primarily due to increased expenses for workers’ compensation due to the change in estimate. Additionally expenses related to the sewer system increased \$2,420,424 in 2014 from the previous year.

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

	Year Ended December 31,		Increase/(decrease)	
	2014	2013	Dollars	Percent
Charges for services—Sewer Fund	\$ 12,934,574	\$ 13,165,112	\$ (230,538)	(1.8)
Charges for services—Workers' Compensation Fund	11,180,185	3,154,449	8,025,736	254.4
Operating grants and contributions—Sewer Fund	52,410	57,062	(4,652)	n/a
Total program revenues	\$ 24,167,169	\$ 16,376,623	\$ 7,790,546	47.6
Sewer Fund expenses	\$ 15,274,397	\$ 12,858,625	\$ 2,415,772	18.8
Workers' Compensation Fund expenses	11,180,185	3,154,449	8,025,736	254.4
Total program expenses	\$ 26,454,582	\$ 16,013,074	\$ 10,441,508	65.2

**Financial Analysis of the Governmental Funds**

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

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

At December 31, 2014, the County governmental funds reported combined ending fund balances of \$47,640,292, a decrease of \$1,133,549 in comparison with the prior year. Approximately 12.4% of this amount, \$5,931,206, constitutes *unassigned fund balance*, which is available for spending at the County’s discretion. The remainder of fund balance is either *nonspendable, restricted, committed or assigned* to indicate that it is: (1) not in spendable form, \$42,204, (2) restricted for particular purposes, \$17,756,027, (3) committed for particular purposes, \$17,150,000 or (3) assigned for particular purposes, \$6,760,855.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,931,206, while total fund balance was \$40,472,726. The General Fund fund balance increased \$5,076,510 from the prior year. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents approximately 1.7 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 11.6 percent of that same amount. The fund balance of the General Fund increased primarily due to supplemental revenues from the Oneida Nation settlement, as well as expenditure containment. The fund balance of the Debt Service Fund increased \$350,444 as a result of normal operations.

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

The unrestricted net position of Sewer Fund at December 31, 2014, amounted to \$11,963,996 and the total net position was \$18,114,514. During the year ended December 31, 2014, this total net position decreased \$2,287,413 consisting of \$1,881,441 in operating loss and net non-operating revenues and expenses totaling \$(405,972). The expenses of the Workers’ Compensation Fund increased \$8,025,736 compared to the year ended December 31, 2013, primarily due to an updated actuary valuation. The increase in expenses is offset by an increase in charges to participants.

### **General Fund Budgetary Highlights**

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

**Original budget compared to final budget**—During the year the budget was modified to reflect the acceptance of new state and federal grants in addition to the revenues from the Oneida Indian Nation settlement. The largest supplemental appropriation was to account for the gross sales tax proceeds received from New York State that are then paid by the County to the towns and villages. The grants, sales tax, and settlement revenues explain the majority of the increases in appropriations and revenue from the original adopted budget to the final budget.

A summary of the General Fund results of operations for the year ended December 31, 2014 is presented below:

**Table 7—Summary of General Fund Results of Operations**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and other financing sources	\$ 317,267,706	\$ 359,137,566	\$ 353,756,023	\$ (5,381,543)
Expenditures and other financing uses	323,369,626	368,365,629	348,679,513	19,686,116
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (6,101,920)	\$ (9,228,063)	\$ 5,076,510	\$ 14,304,573

**Final budget compared to actual results**—The General Fund had a favorable variance from final budgetary appropriations of \$19,686,116. The primary positive variances were realized in general government support, education, and economic assistance and opportunity.

**Capital Asset and Debt Administration**

**Capital assets**—The County’s investment in capital assets for its governmental and business-type activities as of December 31, 2014 amounts to \$307,517,135 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, infrastructure, and equipment.

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

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

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2014	2013	2014	2013	2014	2013
Land	\$ 12,483,163	\$ 11,783,969	\$ -	\$ -	\$ 12,483,163	\$ 11,783,969
Construction in progress	16,243,890	22,880,880	13,764,801	7,003,496	30,008,691	29,884,376
Land improvements	260,919	610,952	-	-	260,919	610,952
Buildings and building improvements	139,812,396	115,244,933	16,006,414	16,976,128	155,818,810	132,221,061
Equipment	14,013,016	13,274,930	1,335,881	1,373,087	15,348,897	14,648,017
Infrastructure	90,346,064	89,935,855	3,250,591	3,405,782	93,596,655	93,341,637
Total	\$ 273,159,448	\$ 253,731,519	\$ 34,357,687	\$ 28,758,493	\$ 307,517,135	\$ 282,490,012

Total governmental activities capital asset additions for 2014 were \$36,144,516, with major additions being to buildings and improvements, and infrastructure during the year ended December 31, 2014. Governmental activities’ depreciation for 2014 was \$17,428,008.

Business-type activities had capital asset acquisitions of \$6,816,939 for 2014, primarily due to construction in progress. Business-type activities’ depreciation for 2014 was \$1,217,745.

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

**Long-term debt**—The County currently has approximately \$213 million in total bonded debt for functions considered governmental activities. This includes serial bonds issued on behalf of Mohawk Valley Community College and serial bonds (and accreted interest on capital appreciation bonds) issued by the Oneida Tobacco Asset Securitization Corporation (the “OTASC”).

**Table 9—Debt and Long-Term Liabilities**

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2014	2013	2014	2013	2014	2013
Serial bonds	\$ 124,641,200	\$ 120,979,957	\$ 32,862,879	\$ 18,725,178	\$ 157,504,079	\$ 139,705,135
Bond premium	1,052,770	1,221,213	427,393	495,776	1,480,163	1,716,989
Net OTASC bonds and accreted interest	88,200,274	86,964,222	-	-	88,200,274	86,964,222
Workers' compensation	6,760,765	4,703,714	11,859,234	8,079,382	18,619,999	12,783,096
Compensated absences	2,867,644	2,698,284	93,878	87,816	2,961,522	2,786,100
Other postemployment benefits	30,029,207	24,571,142	986,896	807,045	31,016,103	25,378,187
Retirement obligation	14,031,589	10,365,442	424,512	314,787	14,456,101	10,680,229
Claims and judgements	406,001	406,001	-	-	406,001	406,001
<b>Total</b>	<b>\$ 267,989,450</b>	<b>\$ 251,909,975</b>	<b>\$ 46,654,792</b>	<b>\$ 28,509,984</b>	<b>\$ 314,644,242</b>	<b>\$ 280,419,959</b>

As previously discussed, the OTASC is considered a component unit of the County and its long-term debt is included within the non-current liabilities of the County. The long-term debt of OTASC at December 31, 2014 is \$88,200,274. OTASC was created by the County in 2001 for the purpose of issuing bonds backed by the County's interests in the national tobacco Master Settlement Agreement (“MSA”) in exchange for the County's future rights to a portion of this revenue stream. The County was entitled to the proceeds of this sale as compensation.

The County's Sewer Fund, business-type activity, also has long-term debt issued which is recorded as a liability. The outstanding amount consists primarily of serial bonds. The outstanding principal totals \$32,862,879 as of December 31, 2014.

The County also has recorded noncurrent liabilities for workers' compensation, compensated absences, other postemployment benefits, retirement obligations, and claims and judgments.

The County has an “A1” rating from Moody's Investors Service and an “AA-” rating from Standard & Poor's and “A+” from Fitch.

For additional information on the County's long-term debt, refer to Note 10 of this report.

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

From 1970 until March 2014, the County was involved in extensive litigation against the Oneida Indians. This included land claims brought by three Oneida tribes which were both resolved, the smaller case by payment of \$8,360 plus interest made with state funds and the larger one by judgment in the County's favor in 2011. Additionally, in the years 2005-2008, three more suits were commenced between the County and the local Oneida tribe, known as the Oneida Indian Nation of New York. This litigation included a dispute over taxability of Nation-owned real property, the assessments of those parcels, and the

included a dispute over taxability of Nation-owned real property, the assessments of those parcels, and the United States government's decision to accept some Nation-owned parcels into trust. Settlement of all pending litigation was reached between the County, Madison County, the Oneida Indian Nation and New York State in 2013, and became effective upon approval of Federal District Court Judge Kahn on March 4, 2014. There remains no pending litigation between the County and the Oneida Indians. The settlement exempts Oneida Indian Nation-owned parcels from property taxes, but on balance is expected to provide significant financial benefit to the County. Specifically, its terms are summarized as follows:

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

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

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

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

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

Other significant budget considerations include:

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

Despite these factors, Oneida County was able to develop a budget for 2015 which did not rely heavily upon fund balance and contained no increase in the property tax levy. Revenue from the Oneida Indian Nation agreements was budgeted for \$15,000,000, of which \$2,000,000 is budgeted to be distributed to various towns and school districts within the County and \$4,828,275 is appropriated for grants to be

distributed for various Economic Development, Education, Public Safety, Infrastructure and Arts & Culture initiatives.

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

- In December of 2013 The Federal Aviation Administration ("FAA") designated Griffiss International Airport as one of six sites nationwide with authorization to test commercial unmanned aerial systems ("UAS"), commonly referred to as drones. In December 2014, Northeast UAS Airspace Integration Research Alliance ("NUAIR Alliance") and Griffiss International Airport announced they were awarded \$4 million in grant funding through the fourth round of Governor Cuomo's competitive Regional Economic Development Council ("REDC") process. The grant will support the installation of state-of-the-art instrumentation for tracking of UAS operations at Griffiss International Airport and at approved locations in Central and Northern New York, and the Mohawk Valley. This investment will allow NUAIR and its alliance partners to deploy state-of-the-art range instrumentation which can track UAS in the air and provide safety-enhancing sense and avoid capabilities. This testing capability is the first of its kind at any UAS test site in the country, making Griffiss International Airport a strategic location for the emerging UAS industry. The County is currently pursuing contracts with the FAA and NASA for additional testing opportunities.
- In October of 2013, New York State announced the "Nano Utica" Initiative, a \$1.5 billion public-private partnership that would be spearheaded by the newly merged SUNY College of Nanoscale Science and Engineering and SUNYIT. Construction of the Computer Chip Commercialization Center is currently underway at the Marcy campus and is expected to open in 2015.
- The Marcy Nanocenter at SUNYIT, a 450-acre greenfield on the State University of New York Institute of Technology campus, continues to be marketed to the advanced manufacturing/semiconductor industry, and recently received approval of a critical permit from the US Army Corps of Engineers enabling Mohawk Valley Edge to continue various infrastructure improvements, site grading, wetlands mitigation and road improvements to make this site more attractive to semiconductor and nanoelectronics companies.

### **Requests for Information**

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

# BASIC FINANCIAL STATEMENTS



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**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Net Position**  
**December 31, 2014**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Oneida-Herkimer Solid Waste Management Authority	Mohawk Valley Community College August 31, 2014
	<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,184,522	\$ 17,179,699	\$ 22,364,221	\$ 6,561,626	\$ 21,960,241
Restricted cash	19,797,919	4,878,446	24,676,365	2,724,472	150,103
Deposits with trustees	4,661,190	-	4,661,190	-	491,758
Investments	-	-	-	15,141,123	4,688,298
Property taxes receivable (net of allowance for uncollectibles)	20,245,907	-	20,245,907	-	-
Other receivables	4,000,198	5,250,616	9,250,814	2,782,785	2,792,745
Student loan receivable, net	-	-	-	-	1,414,170
Intergovernmental receivables	109,348,910	5,326,126	114,675,036	-	4,491,271
Internal balances	741,195	(741,195)	-	-	-
Other assets	-	-	-	49,763	107,432
Inventories	-	-	-	-	749,149
Prepays	42,204	31,145	73,349	450,988	328,595
Restricted assets	-	-	-	9,664,812	-
Capital assets not being depreciated	28,727,053	13,764,801	42,491,854	8,220,194	-
Capital assets, net of accumulated depreciation	244,432,395	20,592,886	265,025,281	38,233,806	43,641,259
Total assets	437,181,493	66,282,524	503,464,017	83,829,569	80,815,021
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Deferred loss on refunding	551,173	204,657	755,830	-	-
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	7,509,053	585,264	8,094,317	1,335,440	4,652,144
Retainage payable	760,967	733,767	1,494,734	-	-
Accrued liabilities	36,681,959	398,844	37,080,803	340,167	-
Intergovernmental payables	10,191,072	-	10,191,072	-	-
Due to related organizations	-	-	-	-	436,870
Bond anticipation notes payable	6,382,504	-	6,382,504	-	-
Unearned revenue	786,540	-	786,540	-	2,807,707
Other liabilities	-	-	-	-	1,636,041
Noncurrent liabilities:					
Due within one year	15,355,065	2,311,503	17,666,568	2,380,000	446,999
Due within more than one year	252,634,385	44,343,289	296,977,674	39,365,248	29,081,955
Total liabilities	330,301,545	48,372,667	378,674,212	43,420,855	39,061,716
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue—PILOTS	83,037	-	83,037	-	-
Unavailable revenue—advanced billings	-	-	-	655,778	-
Unavailable revenue—tuition and fees	-	-	-	-	2,290,804
Total deferred inflows of resources	83,037	-	83,037	655,778	2,290,804
<b>NET POSITION</b>					
Net investment in capital assets	82,307,028	6,150,518	88,457,546	17,802,320	35,070,110
Restricted for:					
Tax Certiorari	2,575,000	-	2,575,000	-	-
Handicap parking	5,493	-	5,493	-	-
Retirement contributions	5,614,825	-	5,614,825	-	-
Sheriff forfeiture	6,221	-	6,221	-	-
Debt	4,756,440	-	4,756,440	-	-
Capital projects	3,829,312	-	3,829,312	-	-
Grantor restrictions	-	-	-	1,321,037	6,894,014
Unrestricted	8,253,765	11,963,996	20,217,761	20,629,579	(2,501,623)
Total net position	\$ 107,348,084	\$ 18,114,514	\$ 125,462,598	\$ 39,752,936	\$ 39,462,501

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

**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Activities**  
**Year Ended December 31, 2014**

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Oneida-Herkimer Solid Waste Management Authority	Mohawk Valley Community College August 31, 2014
<b>Primary government:</b>									
Governmental activities:									
General government support	\$ 73,324,836	\$ 13,280,251	\$ 14,671,745	\$ 6,264,402	\$ (39,108,438)	\$ -	\$ (39,108,438)	\$ -	\$ -
Education	19,272,200	4,663,084	5,208,149	-	(9,400,967)	-	(9,400,967)	-	-
Public safety	51,729,512	8,699,028	1,151,402	386,000	(41,493,082)	-	(41,493,082)	-	-
Health	19,572,699	1,132,501	14,905,231	-	(3,534,967)	-	(3,534,967)	-	-
Transportation	35,369,187	8,365,109	5,235,702	4,536,529	(17,231,847)	-	(17,231,847)	-	-
Economic assistance and opportunity	169,731,678	6,767,501	78,142,097	-	(84,822,080)	-	(84,822,080)	-	-
Culture and recreation	1,034,302	72,960	278,121	-	(683,221)	-	(683,221)	-	-
Home and community services	3,451,563	250,290	466,939	-	(2,734,334)	-	(2,734,334)	-	-
Interest and fiscal charges	10,816,053	-	-	-	(10,816,053)	-	(10,816,053)	-	-
Total governmental activities	<u>384,302,030</u>	<u>43,230,724</u>	<u>120,059,386</u>	<u>11,186,931</u>	<u>(209,824,989)</u>	<u>-</u>	<u>(209,824,989)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Sewer Fund	15,274,397	12,934,574	52,410	-	-	(2,287,413)	(2,287,413)	-	-
Workers' Compensation Fund	11,180,185	11,180,185	-	-	-	-	-	-	-
Total business-type activities	<u>26,454,582</u>	<u>24,114,759</u>	<u>52,410</u>	<u>-</u>	<u>-</u>	<u>(2,287,413)</u>	<u>(2,287,413)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 410,756,612</u>	<u>\$ 67,345,483</u>	<u>\$ 120,111,796</u>	<u>\$ 11,186,931</u>	<u>(209,824,989)</u>	<u>(2,287,413)</u>	<u>(212,112,402)</u>	<u>-</u>	<u>-</u>
<b>Component units:</b>									
Solid Waste Management Authority	\$ 21,416,205	\$ 24,769,082	\$ 117,456	\$ -	-	-	3,470,333	-	-
Mohawk Valley Community College	73,511,226	46,747,256	23,808,179	1,087,967	-	-	-	(1,867,824)	(1,867,824)
Total component units	<u>\$ 94,927,431</u>	<u>\$ 71,516,338</u>	<u>\$ 23,925,635</u>	<u>\$ 1,087,967</u>	<u>-</u>	<u>-</u>	<u>3,470,333</u>	<u>(1,867,824)</u>	<u>(1,867,824)</u>
General revenues:									
Real property taxes	-	-	-	-	67,733,405	-	67,733,405	-	-
Real property tax items	-	-	-	-	4,901,189	-	4,901,189	-	-
Non-property taxes	-	-	-	-	132,946,678	-	132,946,678	-	-
Use of money and property	-	-	-	-	1,994,982	-	1,994,982	416,630	-
Fines and forfeitures	-	-	-	-	586,163	-	586,163	-	-
Sale of property and compensation for loss	-	-	-	-	421,484	-	421,484	-	-
Miscellaneous	-	-	-	-	2,143,353	-	2,143,353	-	879,340
Special item—Nation settlement	-	-	-	-	45,625,000	-	45,625,000	-	-
Special item—Deed write off	-	-	-	-	(14,000,000)	-	(14,000,000)	-	-
Total general revenues and special items	-	-	-	-	<u>242,352,254</u>	<u>-</u>	<u>242,352,254</u>	<u>416,630</u>	<u>879,340</u>
Change in net position	-	-	-	-	32,527,265	(2,287,413)	30,239,852	3,886,963	(988,484)
Net position—beginning	-	-	-	-	74,820,819	20,401,927	95,222,746	35,865,973	40,450,985
Net position—ending	-	-	-	-	<u>\$ 107,348,084</u>	<u>\$ 18,114,514</u>	<u>\$ 125,462,598</u>	<u>\$ 39,752,936</u>	<u>\$ 39,462,501</u>

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

**COUNTY OF ONEIDA, NEW YORK**  
**Balance Sheet—Governmental Funds**  
**December 31, 2014**

	<u>General</u>	<u>Debt Service</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,627,055	\$ -	\$ 557,467	\$ 5,184,522
Restricted cash	12,218,688	482,687	7,096,544	19,797,919
Deposits with trustees	-	-	4,661,190	4,661,190
Property taxes receivable (net of allowance for uncollectibles)	20,257,868	-	-	20,257,868
Other receivables	3,026,495	448,052	525,651	4,000,198
Due from other funds	366,490	49,197	4,412,209	4,827,896
Intergovernmental receivables	109,348,910	-	-	109,348,910
Prepaid items	36,411	-	5,793	42,204
Total assets	<u>\$ 149,881,917</u>	<u>\$ 979,936</u>	<u>\$ 17,258,854</u>	<u>\$ 168,120,707</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 6,088,687	\$ -	\$ 1,420,366	\$ 7,509,053
Accrued liabilities	34,298,172	-	634,826	34,932,998
Due to other funds	2,103,612	14,152	1,968,937	4,086,701
Intergovernmental payables	10,139,336	-	51,736	10,191,072
Unearned revenues	187,837	-	598,703	786,540
Bond anticipation notes payable	-	-	6,382,504	6,382,504
Total liabilities	<u>52,817,644</u>	<u>14,152</u>	<u>11,057,072</u>	<u>63,888,868</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue—property taxes	10,883,510	-	-	10,883,510
Unavailable revenue—PILOTS	83,037	-	-	83,037
Unavailable revenue—long term receivable	45,625,000	-	-	45,625,000
Total deferred inflows of resources	<u>56,591,547</u>	<u>-</u>	<u>-</u>	<u>56,591,547</u>
<b>FUND BALANCES</b>				
Nonspendable	36,411	-	5,793	42,204
Restricted	12,030,851	82,049	5,643,127	17,756,027
Committed	17,150,000	-	-	17,150,000
Assigned	5,324,258	883,735	552,862	6,760,855
Unassigned	5,931,206	-	-	5,931,206
Total fund balances	<u>40,472,726</u>	<u>965,784</u>	<u>6,201,782</u>	<u>47,640,292</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 149,881,917</u>	<u>\$ 979,936</u>	<u>\$ 17,258,854</u>	<u>\$ 168,120,707</u>

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

**COUNTY OF ONEIDA, NEW YORK**  
**Reconciliation of the Balance Sheet—Governmental Funds**  
**to the Government-wide Statement of Net Position**  
**December 31, 2014**

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

Total fund balances—governmental funds (page 18)		\$ 47,640,292
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$437,739,737 and the accumulated depreciation is \$164,580,289.		273,159,448
Property taxes receivable of \$10,883,510 are not available to pay for current period expenditures and a long term receivable of \$45,625,000 is not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		56,508,510
Retained percentages payable and other miscellaneous accruals are not a current liability and, therefore, are not reported in the funds.		(772,928)
To recognize interest accrual on long term debt. Accrued interest for general obligation bonds is \$1,500,023 and accrued interest on OTASC bonds is \$248,938 at year end.		(1,748,961)
In the fund financial statements the amount paid to the escrow agent to refund debt is recorded as an expenditure, however in the government-wide statements the difference between the amount paid to the escrow agent and the amount of debt retired is recorded as a deferred outflow of resources and is expensed over the life of the bonds.		551,173
Long-term liabilities applicable to the County's governmental funds are not due and payable in the current period and therefore, are not reported in the funds. The effects of these items are:		
Serial bonds payable	(124,641,200)	
Unamortized bond premium	(1,052,770)	
OTASC bonds and accreted interest	(88,664,497)	
Unamortized discount on OTASC bonds	464,223	
Workers' compensation	(6,760,765)	
Compensated absences	(2,867,644)	
Other postemployment benefits	(30,029,207)	
Retirement obligations	(14,031,589)	
Claims and judgments	<u>(406,001)</u>	<u>(267,989,450)</u>
Total net position—governmental activities		<u>\$ 107,348,084</u>

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

**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds**  
**For the Year Ended December 31, 2014**

	<u>General</u>	<u>Debt Service</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Real property taxes	\$ 68,228,277	\$ -	\$ -	\$ 68,228,277
Real property tax items	4,901,189	-	-	4,901,189
Non-property tax items	132,946,678	-	-	132,946,678
Departmental income	12,479,877	-	1,384,831	13,864,708
Intergovernmental charges	17,435,880	411,809	3,172,628	21,020,317
Use of money and property	1,965,766	42,986	49	2,008,801
Licenses and permits	58,332	-	14,010	72,342
Fines and forfeitures	586,163	-	-	586,163
Sale of property and compensation for loss	403,137	-	18,347	421,484
Miscellaneous	1,981,916	-	147,015	2,128,931
Interfund revenues	58,789	-	3,898,944	3,957,733
State aid	59,196,868	99,922	8,442,958	67,739,748
Federal aid	53,513,151	367,228	9,625,990	63,506,369
Tobacco settlement revenue	-	-	4,316,427	4,316,427
Total revenues	<u>353,756,023</u>	<u>921,945</u>	<u>31,021,199</u>	<u>385,699,167</u>
<b>EXPENDITURES</b>				
Current:				
General government support	67,781,803	12,532	52,946	67,847,281
Education	18,597,200	-	675,000	19,272,200
Public safety	45,977,114	-	-	45,977,114
Health	18,854,620	-	-	18,854,620
Transportation	4,388,357	-	17,925,683	22,314,040
Economic assistance and opportunity	163,063,594	-	3,370,910	166,434,504
Culture and recreation	1,019,126	-	-	1,019,126
Home and community services	3,025,812	-	-	3,025,812
Debt service:				
Principal	-	12,463,757	665,000	13,128,757
Interest	-	5,409,844	3,616,799	9,026,643
Capital outlay	-	-	36,057,619	36,057,619
Total expenditures	<u>322,707,626</u>	<u>17,886,133</u>	<u>62,363,957</u>	<u>402,957,716</u>
Excess (deficiency) of revenues over expenditures	<u>31,048,397</u>	<u>(16,964,188)</u>	<u>(31,342,758)</u>	<u>(17,258,549)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	17,314,632	8,657,255	25,971,887
Transfers out	(25,971,887)	-	-	(25,971,887)
Proceeds from issuance of debt	-	-	16,125,000	16,125,000
Total other financing sources (uses)	<u>(25,971,887)</u>	<u>17,314,632</u>	<u>24,782,255</u>	<u>16,125,000</u>
Net change in fund balances	5,076,510	350,444	(6,560,503)	(1,133,549)
Fund balances—beginning	<u>35,396,216</u>	<u>615,340</u>	<u>12,762,285</u>	<u>48,773,841</u>
Fund balances—ending	<u>\$ 40,472,726</u>	<u>\$ 965,784</u>	<u>\$ 6,201,782</u>	<u>\$ 47,640,292</u>

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

**COUNTY OF ONEIDA, NEW YORK**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances—Governmental Funds to the Government-wide Statement of Activities**  
**For the Year Ended December 31, 2014**

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

Net change in fund balances—total governmental funds (page 20) \$ (1,133,549)

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

Capital asset additions	\$ 36,905,481	
Capital asset disposals, net of depreciation	(49,544)	
Depreciation expense	<u>(17,428,008)</u>	19,427,929

Special items resulting from the settlement agreement with the Oneida Indian Nation are recognized in the statement of activities as follows:

Unavailable receivables	45,625,000	
Write-off property taxes	<u>(14,000,000)</u>	31,625,000

Property tax and other revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (494,872)

Retainage payable are not paid with current financial resources and are not reported as expenditures in the funds. (760,967)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 31,387

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Issuance of serial bonds	\$ 16,125,000	
Principal payments on serial bonds	(12,463,757)	
Premium amortization	(168,443)	
Payment on OTASC bond	(665,000)	
Accreted interest on OTASC bond	1,885,873	
Deferred loss on refunding	88,188	
Discount on OTASC bonds	15,179	
Change in workers' compensation	2,057,051	
Change in compensated absences	169,360	
Change in other postemployment benefits	<u>5,458,065</u>	
Change in retirement obligations	3,666,147	<u>(16,167,663)</u>

Change in net position of governmental activities \$ 32,527,265

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

**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Net Position—Proprietary Funds**  
**December 31, 2014**

	<b>Business-type Activities</b>		
	<b>Sewer</b>	<b>Workers' Compensation</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 10,703,293	\$ 6,476,406	\$ 17,179,699
Restricted cash	4,878,446	-	4,878,446
Other receivables	5,250,616	-	5,250,616
Intergovernmental receivable	-	5,326,126	5,326,126
Prepaid items	31,145	-	31,145
Total current assets	<u>20,863,500</u>	<u>11,802,532</u>	<u>32,666,032</u>
Noncurrent assets:			
Capital assets not being depreciated	13,764,801	-	13,764,801
Capital assets, net of accumulated depreciation	20,592,886	-	20,592,886
Total noncurrent assets	<u>34,357,687</u>	<u>-</u>	<u>34,357,687</u>
Total assets	<u>55,221,187</u>	<u>11,802,532</u>	<u>67,023,719</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred charge on refunding	<u>204,657</u>	<u>-</u>	<u>204,657</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	504,724	80,540	585,264
Due to other funds	668,058	73,137	741,195
Accrued liabilities	398,844	-	398,844
Retainage payable	733,767	-	733,767
Long-term debt-due within one year	1,729,060	582,443	2,311,503
Total current liabilities	<u>4,034,453</u>	<u>736,120</u>	<u>4,770,573</u>
Noncurrent liabilities:			
Long-term debt-due within more than one year	33,276,877	11,066,412	44,343,289
Total noncurrent liabilities	<u>33,276,877</u>	<u>11,066,412</u>	<u>44,343,289</u>
Total liabilities	<u>37,311,330</u>	<u>11,802,532</u>	<u>49,113,862</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,150,518	-	6,150,518
Unrestricted	11,963,996	-	11,963,996
Total net position	<u>\$ 18,114,514</u>	<u>\$ -</u>	<u>\$ 18,114,514</u>

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

**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds**  
**For the Year Ended December 31, 2014**

	<b>Business-type Activities</b>		
	<b>Sewer</b>	<b>Workers' Compensation</b>	<b>Total Enterprise Funds</b>
Operating revenues:			
Departmental income	\$ 12,934,574	\$ -	\$ 12,934,574
Charges for services—intergovernmental	-	11,161,265	11,161,265
Other operating revenues	-	-	-
Total operating revenues	<u>12,934,574</u>	<u>11,161,265</u>	<u>24,095,839</u>
Operating expenses:			
Salaries and wages	2,165,950	259,545	2,425,495
Employee benefits	1,386,510	-	1,386,510
Claims and contractual expenses	10,045,810	10,920,640	20,966,450
Depreciation	1,217,745	-	1,217,745
Total operating expenses	<u>14,816,015</u>	<u>11,180,185</u>	<u>25,996,200</u>
Operating income (loss)	<u>(1,881,441)</u>	<u>(18,920)</u>	<u>(1,900,361)</u>
Non-operating revenues (expenses):			
Interest subsidies	52,410	-	52,410
Use of money and property	-	18,920	18,920
Interest expense	(458,382)	-	(458,382)
Total non-operating revenues (expenses)	<u>(405,972)</u>	<u>18,920</u>	<u>(387,052)</u>
Change in net position	(2,287,413)	-	(2,287,413)
Total net position—beginning	<u>20,401,927</u>	<u>-</u>	<u>20,401,927</u>
Total net position—ending	<u>\$ 18,114,514</u>	<u>\$ -</u>	<u>\$ 18,114,514</u>

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

**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Cash Flows—Proprietary Funds**  
**For the Year Ended December 31, 2014**

	<b>Business-type Activities</b>		
	<b>Sewer</b>	<b>Workers' Compensation</b>	<b>Total Enterprise Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from charges for services	\$ 12,671,951	\$ 7,968,481	20,640,432
Payments for claims and contractual expenses	(9,841,778)	(7,148,144)	(16,989,922)
Cash payments personal services and benefits	(3,254,103)	(259,545)	(3,513,648)
Internal activity—payment made from County	<u>-</u>	<u>5,889</u>	<u>5,889</u>
Net cash (used for) provided by operating activities	<u>(423,930)</u>	<u>566,681</u>	<u>142,751</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interest earned on bank accounts	<u>-</u>	<u>18,920</u>	<u>18,920</u>
Net cash provided by non-capital financing activities	<u>-</u>	<u>18,920</u>	<u>18,920</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital expenditures	(5,229,888)	-	(5,229,888)
Proceeds from debt issuance	15,491,901	-	15,491,901
Principal payments on long-term debt	(1,354,200)	-	(1,354,200)
Interest paid on long term debt	<u>(441,608)</u>	<u>-</u>	<u>(441,608)</u>
Net cash provided by capital and related financing activities	<u>8,466,205</u>	<u>-</u>	<u>8,466,205</u>
Net increase in cash and cash equivalents	8,042,275	585,601	8,627,876
Cash and cash equivalents—beginning	<u>7,539,464</u>	<u>5,890,805</u>	<u>13,430,269</u>
Cash and cash equivalents—ending	<u>\$ 15,581,739</u>	<u>\$ 6,476,406</u>	<u>\$ 22,058,145</u>

(continued)

**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Cash Flows—Proprietary Funds**  
**For the Year Ended December 31, 2014**

(concluded)

	<b>Business-type Activities</b>		
	<b>Sewer</b>	<b>Workers' Compensation</b>	<b>Total Enterprise Funds</b>
<b>Reconciliation of operating (loss) to net cash provided by (used for) operating activities:</b>			
Operating (loss)	\$ (1,881,441)	\$ (18,920)	(1,900,361)
Adjustments to reconcile operating (loss) to net cash (used for) provided by operating activities:			
Depreciation expense	1,217,745	-	1,217,745
(Increase) in other receivable	(262,623)	-	(262,623)
(Increase) in intergovernmental receivables	-	(3,192,784)	(3,192,784)
(Decrease) in accrued liabilities	(57,341)	-	(57,341)
Increase in accounts payable	204,032	52,704	256,736
Increase in due to other funds	-	5,889	5,889
Increase in compensated absences liability	6,062	3,719,792	3,725,854
Increase in workers' compensation liability	60,060	-	60,060
Increase in retirement obligation	109,725	-	109,725
Increase in other postemployment liability	179,851	-	179,851
Total adjustments	<u>1,457,511</u>	<u>585,601</u>	<u>2,043,112</u>
Net cash (used for) provided by operating activities	<u>\$ (423,930)</u>	<u>\$ 566,681</u>	<u>\$ 142,751</u>

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

**COUNTY OF ONEIDA, NEW YORK**  
**Statement of Net Position—Agency Fund**  
**December 31, 2014**

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 7,250,970
Total assets	<u>\$ 7,250,970</u>
 <b>LIABILITIES</b>	
Agency liabilities	\$ 7,250,970
Total liabilities	<u>\$ 7,250,970</u>

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

**COUNTY OF ONEIDA, NEW YORK**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

***Financial Reporting Entity***

The County was established in 1798 and is governed by the County Charter, County Law, other general laws of the State of New York and various local laws. The County Charter provides for a County Executive form of government. At December 31, 2014 the County Legislature, which is the legislative body responsible for the overall operation of the County, consisted of 23 legislators, one from each of the County's legislative districts. The County Executive is the Chief Executive Officer of the County. The County Comptroller is the Chief Fiscal Accounting and Auditing Officer of the County.

Independently elected officials of the County at December 31, 2014 included:

County Executive	District Attorney
County Legislators (23)	County Clerk
County Comptroller	Sheriff

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

The accompanying financial statements present the government and its component units, entities for which the primary government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

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

**Oneida-Herkimer Solid Waste Management Authority**—The Oneida-Herkimer Solid Waste Management Authority (the “Authority” or “OHSWMA”) was established in 1988 as a public benefit corporation under New York State Public Authorities Law to provide solid waste management services and to plan and implement a modern integrated solid waste management system for the benefit of Oneida and Herkimer Counties (the Counties). The Authority's initial capitalization for the facilities as well as short-term funding of administrative and operating costs were provided from the issuance of approximately \$50 million of Solid Waste System Revenue Bonds. The Authority currently owns and operates nine operational solid waste management facilities and one closed facility. These facilities are as follows: an administration facility, a recycling center, three solid waste transfer stations, a green waste composting facility, a land clearing debris facility, a household hazardous waste facility, a regional landfill, and a closed ash landfill.

The Authority's ten-member board, which consists of four members appointed by the County Executive and confirmed by the County Legislature, three members by the County Legislature, and three by Herkimer County, has complete responsibility for its management and financial operations. County officials do not exercise oversight responsibility for the Authority operations, and the County does not provide assistance to the Authority. However, the County is obligated to finance deficits, if necessary, and the County is a joint guarantor with Herkimer County on the revenue bonds disclosed in Note 10.

Based upon the financial obligations which the County assumes and because the County appoints the voting majority to the Authority's board, the Authority is included as a discretely presented component unit within the County's basic financial statements. All of the financial data for the Authority was derived from the independently audited financial statements. Certain amounts have been reclassified to conform to the County's presentation. The financial statements of the Authority can be obtained at its administrative offices located at 1600 Genesee Street, Utica, New York 13502.

**Mohawk Valley Community College**—The Mohawk Valley Community College (the “College” or the “MVCC”) was founded in 1946 with the County as the local sponsor under provisions of Article 126 of the New York State Education Law. MVCC is administered by a Board of Trustees consisting of ten voting members. Five are appointed by the County Executive and confirmed by the Legislature, four by the Governor, and one student is elected by the student

body. The Community College's budget is subject to the approval of the County Executive and the County Legislature, with the County providing substantial funding for the operation of the College. MVCC is included based on its August 31, 2014 fiscal year end. The annual financial report can be obtained from the Vice President for Administrative Services, 1101 Sherman Drive, Utica, New York 13502.

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

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

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

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

As discussed earlier, the County has two discretely presented component units. Their financial data are shown in separate columns in the government-wide financial statements.

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

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

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

The County reports the following major governmental funds:

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

The County reports the following nonmajor governmental funds:

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

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

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

The County reports two major proprietary funds as follows:

- *Sewer Fund*—This fund is used to account for operations and capital improvements of the County’s sewer district.
- *Workers’ Compensation Fund*—The County uses this fund to account for workers’ compensation insurance services for the County and communities within the County for which participants are charged fees to participate.

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

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

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

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

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

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

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

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

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

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

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

***Restricted cash***—Restricted cash represents unspent proceeds from debt, amounts received for grants but not yet spent, and amounts to support restricted fund balances.

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

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

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

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

**Unearned revenue**—Certain amounts received have not been spent or otherwise used to meet the revenue recognition criteria for government-wide or fund financial purposes. At December 31, 2014, the County reported unearned revenues of \$187,837 and \$598,703 within the General Fund and County Road Fund, respectively.

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

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

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

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

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

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

**Deferred Outflows/Inflows of Resources**—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred charge on

refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has three items, which arise only under the modified accrual basis of accounting, which qualify for reporting in this category. The governmental funds report unavailable revenues from three sources: property taxes, payments in lieu of taxes (“PILOTS”), and long-term receivable related to Oneida Indian Nation (“Nation”) settlement payments. These amounts will be recognized as revenue in the period that the amounts become available.

Additionally, OHSWMA reported one item that qualified for reporting in this category, revenues billed in advance, and the College reported one item that qualified for reporting in this category, tuition and fees paid in advanced.

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

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

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

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

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

### ***Revenues and Expenditures/Expenses***

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

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

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

Uncollected property taxes assumed by the County as a result of the settlement proceedings are reported as receivables in the General Fund to maintain central control and provide for tax settlement and enforcement proceedings.

At December 31, 2014, the total real property tax assets relating to the County of \$20,426,220 are offset by an allowance for uncollectible taxes of \$168,352. Included in real property tax assets are current year returned village and school taxes of \$7,019,856, which are offset by liabilities to the villages and school districts which will be paid no later than April 20, 2015. The remaining portion of tax assets is partially offset by deferred inflows of resources – property taxes of \$10,883,510 in the General Fund and represents an estimate of tax liens which will not be collected within the first sixty (60) days of the subsequent year.

Tax rates are calculated using assessments prepared by individual town and city assessors as adjusted by the New York State Board of Equalization and Assessment for the purpose of comparability. The total taxable assessed value of real property included in the tax levy of 2014 is approximately \$10.1 billion. The total County levy, including all charge backs, for 2014 was \$72.2 million. County tax rates vary by each assessing unit due to differences in equalization rates. The statutory maximum tax rate is 1.5% of the 5-year average of the equalized assessment. The 2014 levy represents approximately 42.1% of the maximum statutory levy.

Effective September 1, 1994, the County-wide sales tax was increased from seven percent to eight percent. The County received authorization to impose an additional 1.5% sales tax, with all proceeds to be retained by the County effective March 1, 2005. This rate was reduced to 1% on September 1, 2006, and in 2009 was further reduced to  $\frac{3}{4}$ %. During the fiscal year ended December 31, 2011 the County received authorization to continue the 1% and  $\frac{3}{4}$ % extension on its local share of sales tax for the period commencing December 1, 2011 and ending on November 30, 2015. The County allocates a percentage of the sales tax to the cities, towns and villages within the County. The agreements with cities relating to calculation and distribution of their proportional share of sales tax are negotiated through November 30, 2015.

***Compensated Absences***—According to various union contracts, County employees are entitled to personal leave, sick leave, compensatory time, and vacations annually. Vacation time vests for both union and non-union employees to a maximum of 21 days. Accordingly, liabilities for vacation time of \$2,124,001 are reported as long-term debt for the governmental funds in the government-wide financial statements. These payments are also budgeted annually without accrual and expenditure will be recorded when paid. Similar liabilities related to services rendered to the Sewer Fund are included in accrued liabilities of the enterprise fund in the amount of \$71,994.

Additional accrued liabilities of \$83,550 and \$660,093 are reported within long-term debt for the governmental activities in the government-wide financial statements for the value of sick leave and compensatory time, respectively, which will eventually be paid the employee upon retirement. Likewise, liabilities of \$3,831 and \$18,053 for sick leave and compensatory time, respectively, are reported in the Sewer Fund.

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

***Interfund Revenues***—The County allocates General Fund costs incurred in the general administration of the County to other funds based on their proportionate benefit of the total costs allocated. In 2014, the County has reported interfund revenues in the General Fund of \$58,789 representing an allocation of costs to various special revenue funds and the enterprise fund. The amounts are reported as general government support expenditures in the General Fund as well as in the benefiting funds.

#### ***Other***

***Oneida Nation of Indians Agreement***—On May 16, 2013, the Governor of the State of New York (“the State”) announced an agreement between the State, the Oneida Indian Nation (the “Nation”), Oneida County and Madison County to settle land claims amounts due on real property taxes and provide future revenues to the State, the County and Madison County. The agreement also required the approval of the Department of the Interior. The agreement received all necessary approvals on March 4, 2014. Under the terms of the agreement, the County will receive \$2.5 million per year for 19.25 years in full satisfaction of all existing tax liens that they claim against the Nation and in full satisfaction of tax revenues of any kind that the County will not receive from the Nation in the future under the terms of the agreement or because of the trust status of Nation Land. This amount has been recorded as a receivable and has been recognized as a special item on the statement of activities. In the fund financial statements, \$45,625,000 has been recorded as a deferred inflow of resources as the resources are not available to meet the needs of current obligations. The agreement also resulted in the County writing off \$14,000,000 in long-term property tax receivables previously recognized in the government-wide financial statements. This amount is shown as a special item in the statement of activities. In addition the County will receive 25% of the State’s payment (the State’s payment from the Nation will be based upon 25% of its net gaming revenue

from its slot machines at the Turning Stone Casino and Resort in Vernon, New York, which is operated by the Nation).

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

**Adoption of New Accounting Pronouncements**—During the year ended December 31, 2014, the County implemented GASB Statements No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, No. 69, *Government Combinations and Disposals of Government Operations*, and No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of GASB Statement No. 67 is to improve financial reporting by state and local governmental pension plans. This Statement replaces GASB Statement No. 25 and Statement No. 50. The objective of GASB Statement No. 69 is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The objective of GASB Statement No. 70 is to improve financial reporting by state and local governments that extend and receive nonexchange financial guarantees. GASB Statements No. 67, 69, and 70 did not have a material impact on the County’s financial position or results from operations.

**Future Impacts of Accounting Pronouncements**—The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—and amendment of GASB Statement No. 68*, effective for the year ending December 31, 2015, No. 72, *Fair Value Measurement and Application*, effective for the year ending December 31, 2016, No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, effective for the year ending December 31, 2016, No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the year ending December 31, 2017, No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for the year ending December 31, 2018, and No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending December 31, 2016. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 68, 71, 72, 73, 74, 75 and 76 will have on its financial position and results of operations when such statements are adopted.

### ***Budgetary Information***

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

The County’s annual procedures in establishing the budgetary data reflected in the basic financial statements are as follows:

- Prior to October 5th, the County Executive, submits to the County Legislature a tentative budget for the following fiscal year to commence on January 1.

- The tentative budget includes expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers' comments.
- The Legislature acts on the tentative budget no later than the date of the second Board of Legislators' meeting in November.
- The County Executive is authorized to approve budget transfers within departments and/or individual funds. However, revisions in excess of \$5,000 must be approved by the Legislature.
- Formal annual budgetary accounts are adopted and employed for control of all governmental funds except the Capital Projects Fund. Appropriations for all budgets lapse at fiscal year-end. Budgetary control over individual capital projects is provided by Legislative approval or bond authorizations and provision of bond indebtedness.

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

## 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Cash and cash equivalents at December 31, 2014, are as follows:

	Governmental Activities	Business-type Activities	Agency Fund	Total Balance
Petty cash (uncollateralized)	\$ 7,712	\$ 200	\$ -	\$ 7,912
Deposits	24,974,729	22,057,945	7,250,970	54,283,644
Total	<u>\$ 24,982,441</u>	<u>\$ 22,058,145</u>	<u>\$ 7,250,970</u>	<u>\$ 54,291,556</u>

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

	December 31, 2014	
	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 2,329,836	\$ 2,329,836
Uninsured:		
Collateral held by bank's agent in County's name	59,653,215	51,953,808
Total deposits	<u>\$ 61,983,051</u>	<u>\$ 54,283,644</u>

**Custodial credit risk—deposits**—Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2014, all of the County's deposits were insured or collateralized.

**Restricted cash**—Total governmental activities restricted cash of \$19,797,919 represents \$7,264,180 restricted for County capital projects and \$12,533,739 to support other restricted fund balance.

**Deposits with trustees**—Under terms of OTASC’s bond indenture agreements, \$4,661,190 is held at December 31, 2014 by a trust company to provide for various functions of bond repayments.

**Oneida-Herkimer Solid Waste Authority Component Unit**—Cash and cash equivalents consist of cash deposits in banks, and other short-term investments, whether unrestricted or restricted, with an original maturity of three months or less. Cash deposits with financial institutions are either covered by federal depository insurance or collateralized by securities held by the pledging bank’s trust department in the Authority’s name, or U.S. Government and/or federal agency securities held by the Trustee. The Authority reported \$6,561,626 unrestricted cash and \$2,724,472 restricted cash at December 31, 2014. The Authority reported unrestricted and restricted investments of \$15,141,123 and \$9,624,042, respectively, at December 31, 2014. Investments consist of money market funds with underlying investments in obligations of the U.S. government and repurchase agreements.

The Authority had the following investments and maturities at December 31, 2014:

Restricted investements	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. treasury notes/bonds/bills	\$ 3,797,648	\$ 457,981	\$ -	\$ -	\$ 3,339,667
Certificates of deposit	5,213,112	1,744,320	3,468,792	-	-
Federal agency securities	613,282	75,000	165,000	268,282	105,000
	<u>\$ 9,624,042</u>	<u>\$ 2,277,301</u>	<u>\$ 3,633,792</u>	<u>\$ 268,282</u>	<u>\$ 3,444,667</u>

  

Unrestricted investements	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	More than 10
Certificates of deposit	<u>\$ 15,141,123</u>	<u>\$ 15,141,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MVCC Component Unit**—At August 31, 2014, the College and its component units had unrestricted cash and cash equivalents of \$21,960,241. The College’s deposits were insured or collateralized by securities held by pledging financial institutions in the College’s name with a carrying value of \$3,925,381. The College’s component units had deposits with trustees of \$491,758. These deposits represent bond proceeds not yet expended for new construction, and required reserves for debt service. The College’s component units held \$150,103 of restricted cash, and \$4,688,298 of long-term investments at August 31, 2014. MVCC’s long-term investments are measured at fair value, details are presented on the following page.

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

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the entity has access at the measurement date.

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

	Fair Value at August 31, 2014			
	Total	Level 1	Level 2	Level 3
Investments				
Cash and cash equivalents	\$ 82,608	\$ 82,608	\$ -	\$ -
U.S. government securities	169,138	-	169,138	-
Corporated debt securities	417,303	-	417,303	-
Corporate equity securities	744,854	744,854	-	-
Unit investment trusts	132,581	-	132,581	-
Equity mutual funds	3,006,154	3,006,154	-	-
Fixed income mutual funds	135,660	135,660	-	-
	<u>\$ 4,688,298</u>	<u>\$ 3,969,276</u>	<u>\$ 719,022</u>	<u>\$ -</u>

### 3. RECEIVABLES

The County has recorded property taxes receivable of \$20,257,868, net of an allowance of \$168,352 for uncollectible amounts, at December 31, 2014.

Other receivables—Represent amounts due from various sources. The County's other receivable at December 31, 2014 are shown on the follow

Governmental funds:	
Various fees and charges:	
General Fund	\$ 3,026,495
Debt Service Fund	448,052
Nonmajor funds	525,651
Total	<u>\$ 4,000,198</u>
Enterprise funds:	
Sewer Fund fees and charges	<u>\$ 5,250,616</u>

Intergovernmental receivables in the governmental funds primarily represent claims for reimbursement of expenditures in administering various mental health and social service programs. Amounts are net of related advances from New York State. Intergovernmental receivables in the Workers' Compensation Fund represent amounts due primarily from other local municipalities for future workers compensation claims. Amounts accrued at December 31, 2014 are presented on the following page.

Governmental funds:	
General Fund	
Nation settlement long-term receivable	\$ 45,625,000
Due from State and Federal	56,611,507
Due from other governments	<u>7,112,403</u>
Total	<u>\$ 109,348,910</u>
Enterprise funds:	
Worker's Compensation Fund	<u>\$ 5,326,126</u>

***Oneida-Herkimer Solid Waste Management Authority Component Unit***—Receivables are carried at original invoice amount less an estimate made for doubtful receivables. The OHSWMA reported receivables net of allowance for doubtful accounts of \$348,794, was \$2,782,785 at December 31, 2014.

***MVCC Component Unit***—The following is a summary of the receivables and their respective allowances reported by the College at August 31, 2014:

	<u>Gross Receivable</u>	<u>Allowance</u>	<u>Net Receivable</u>
Primary Institution:			
Tuition and fees receivable	\$ 2,713,695	\$ (200,000)	\$ 2,513,695
Student loans receivable	1,767,713	(353,543)	1,414,170
Component Unit:			
Tuition and fees receivable	<u>568,931</u>	<u>(289,881)</u>	<u>279,050</u>
Total	<u>\$ 5,050,339</u>	<u>\$ (843,424)</u>	<u>\$ 4,206,915</u>

#### 4. CAPITAL ASSETS

*Governmental activities*—Capital asset activity for the primary government’s governmental activities, for fiscal year ended December 31, 2014, was as presented below:

	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014
Capital assets, not being depreciated:				
Land	\$ 11,783,969	\$ 699,194	\$ -	\$ 12,483,163
Construction in progress	22,880,880	5,222,496	(11,859,486)	16,243,890
Total capital assets not being depreciated	<u>34,664,849</u>	<u>5,921,690</u>	<u>(11,859,486)</u>	<u>28,727,053</u>
Capital assets, being depreciated:				
Land improvements	8,641,102	-	-	8,641,102
Buildings and building improvements	165,522,497	31,953,274	-	197,475,771
Infrastructure	155,757,950	7,653,793	-	163,411,743
Equipment	36,634,106	3,236,210	(386,248)	39,484,068
Total capital assets being depreciated	<u>366,555,655</u>	<u>42,843,277</u>	<u>(386,248)</u>	<u>409,012,684</u>
Less accumulated depreciation for:				
Land improvements	(8,030,150)	(350,033)	-	(8,380,183)
Buildings and building improvements	(50,277,564)	(7,385,811)	-	(57,663,375)
Infrastructure	(65,822,095)	(7,243,584)	-	(73,065,679)
Equipment	(23,359,176)	(2,448,580)	336,704	(25,471,052)
Total accumulated depreciation	<u>(147,488,985)</u>	<u>(17,428,008)</u>	<u>336,704</u>	<u>(164,580,289)</u>
Total capital assets, being depreciated, net	<u>219,066,670</u>	<u>25,415,269</u>	<u>(49,544)</u>	<u>244,432,395</u>
Governmental activities capital assets, net	<u>\$ 253,731,519</u>	<u>\$ 31,336,959</u>	<u>\$ (11,909,030)</u>	<u>\$ 273,159,448</u>

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

Governmental activities:	
General government support	\$ 3,401,209
Public safety	1,420,090
Public health	75,344
Transportation	12,218,918
Economic assistance and opportunity	83,129
Home and community service	229,318
Total depreciation expense—governmental activities	<u>\$ 17,428,008</u>

**Business-type activities**—Capital asset activity for the primary government’s business-type activities (Enterprise Sewer Fund), for fiscal year ended December 31, 2014, is as presented below:

	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014
Capital assets, not being depreciated:				
Construction in progress	\$ 7,003,496	\$ 6,761,305	\$ -	\$ 13,764,801
Total capital assets not being depreciated	<u>7,003,496</u>	<u>6,761,305</u>	<u>-</u>	<u>13,764,801</u>
Capital assets, being depreciated:				
Land improvements	53,682	-	-	53,682
Buildings and improvements	31,968,490	-	-	31,968,490
Infrastructure	9,790,990	-	-	9,790,990
Machinery and equipment	<u>48,801,004</u>	<u>55,634</u>	<u>-</u>	<u>48,856,638</u>
Total capital assets being depreciated	<u>90,614,166</u>	<u>55,634</u>	<u>-</u>	<u>90,669,800</u>
Less accumulated depreciation for:				
Land improvements	(53,682)	-	-	(53,682)
Buildings and building improvements	(14,992,362)	(969,714)	-	(15,962,076)
Infrastructure	(6,385,208)	(155,191)	-	(6,540,399)
Equipment	<u>(47,427,917)</u>	<u>(92,840)</u>	<u>-</u>	<u>(47,520,757)</u>
Total accumulated depreciation	<u>(68,859,169)</u>	<u>(1,217,745)</u>	<u>-</u>	<u>(70,076,914)</u>
Total capital assets, being depreciated, net	<u>21,754,997</u>	<u>(1,162,111)</u>	<u>-</u>	<u>20,592,886</u>
Business-type activities capital assets, net	<u>\$ 28,758,493</u>	<u>\$ 5,599,194</u>	<u>\$ -</u>	<u>\$ 34,357,687</u>

**Discretely Presented Component Units**

**Oneida-Herkimer Solid Waste Management Authority**—Capital assets for Oneida-Herkimer Solid Waste Management Authority were as follows:

	Balance 12/31/2014
Construction in progress	\$ 5,006,236
Land	3,213,958
Land improvements	37,891,528
Buildings and improvements	21,663,480
Equipment and machinery	9,549,283
Vehicles	7,645,052
Office equipment	<u>232,477</u>
Total capital assets	85,202,014
Less: accumulated depreciation	<u>(38,748,014)</u>
Total capital assets, net	<u>\$ 46,454,000</u>

**Mohawk Valley Community College**— Capital asset activity for Mohawk Valley Community College was as follows:

	Balance 9/1/2013	Additions	Deletions	Balance 8/31/2014
Capital assets:				
Buildings and improvements	\$ 97,765,172	\$ 1,342,656	\$ -	\$ 99,107,828
Vehicles, Equipment, and Library books	<u>14,532,573</u>	<u>553,026</u>	<u>(420,410)</u>	<u>14,665,189</u>
Total capital assets being depreciated	<u>112,297,745</u>	<u>1,895,682</u>	<u>(420,410)</u>	<u>113,773,017</u>
Less accumulated depreciation for:				
Buildings and improvements	(63,694,332)	(1,963,454)	-	(65,657,786)
Vehicles, Equipment, and Library books	<u>(12,534,333)</u>	<u>(893,388)</u>	<u>419,599</u>	<u>(13,008,122)</u>
Total accumulated depreciation	<u>(76,228,665)</u>	<u>(2,856,842)</u>	<u>419,599</u>	<u>(78,665,908)</u>
Total capital assets, being depreciated, net	<u>\$ 36,069,080</u>	<u>\$ (961,160)</u>	<u>\$ (811)</u>	<u>\$ 35,107,109</u>

In addition to the capital assets reported above, the College reports net capital assets of its discretely presented component units in the amount of \$8,534,150.

## 5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at December 31, 2014, were as follows:

	General Fund	Nonmajor Funds	Total Governmental Funds
Salary and employee benefits	\$ 10,194,357	\$ 634,826	\$ 10,829,183
Sales tax	9,013,887	-	9,013,887
Social services accruals	8,321,939	-	8,321,939
Due MVCC	1,820,025	-	1,820,025
Other liabilities	<u>4,947,964</u>	<u>-</u>	<u>4,947,964</u>
Total	<u>\$ 34,298,172</u>	<u>\$ 634,826</u>	<u>\$ 34,932,998</u>

## 6. PENSION OBLIGATIONS

**Plan Description**—The County participates in the New York State and Local Employees' Retirement System (“ERS”) and the Public Employees' Group Life Insurance Plan (“System”). In addition, all faculty and administrators of the College (a Component Unit) have the option of participating in the New York State Teachers' Retirement System (“TRS”). These are cost-sharing multiple-employer retirement systems. The systems provide retirement benefits as well as death and disability benefits. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute and benefits to employees. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall

adopt and may amend rules and regulations for the administration and transaction of the business of the System and for custody and control of its funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

**Funding Policy**—The Systems are noncontributory except for employees who joined the New York State and Local Employees’ Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of membership and employees who join on or after January 1, 2010 (ERS) who generally contribute 3% of their salary for their entire length of service. Those joining after April 1, 2012 (Tier 6) are required to contribute a percentage ranging from three percent (3%) to six percent (6%), based on salary. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employer’s contributions based on salaries paid during the New York State Local Retirement System’s fiscal year ending March 31. Included in the amount billed to the County are amounts for MVCC. The College reimburses its share to the County.

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

	ERS
<u>Year</u>	<u>Contribution</u>
2014	\$ 16,031,533
2013	16,060,289
2012	15,520,450

The College’s share for the current and two preceding years were:

	ERS	TRS
<u>Year</u>	<u>Contribution</u>	<u>Contribution</u>
2014	\$ 1,755,209	\$ 620,198
2013	1,584,733	418,670
2012	1,362,725	362,231

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

- For State fiscal year 2010-2011, the amount in excess of the graded rate of 9.5 percent of employees’ covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System’s average rate and the previous graded rate.
- For subsequent State fiscal years in which the System’s average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess

will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program. The total unpaid liability at the end of the fiscal year was \$14,456,101, of which \$424,512 and \$14,031,589 are reported within business-type activities and governmental activities, respectively, in the Statement of Net Position.

## **7. OTHER POSTEMPLOYMENT BENEFITS**

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

An actuarial valuation of the Oneida County Post-Employment Benefit Plan (the "Plan") was performed as of January 1, 2013. The County sponsors and administers a single employer defined benefit plan to all employees. Eligibility for postemployment benefits requires a minimum age of 55 with at least five years of service for all non-PBA or Local 1249 members. Members of the PBA or Local 1249 must provide a minimum of twenty-five (25) years of service to be eligible for retirement through New York State, there is no minimum age requirement.

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

There are 38 current retirees who contribute 20% as part of a retirement incentive offered between December 2005 and February 2006. Surviving spouses may continue coverage at 100% of the individual premium cost. The County does not issue a publicly available report.

The County recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The County governmental activities and business-type activities contributed \$2,251,093 and \$68,455, respectively, for the fiscal year ended December 31, 2014.

**Annual OPEB cost and net OPEB obligation**—The County's annual other postemployment benefit ("OPEB") cost is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The table on the following page shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

Year Ended December 31, 2014

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

Year Ended December 31, 2013

	Governmental Activities	Business-type Activities
Annual required contribution	\$ 7,856,465	\$ 258,041
Interest on net OPEB obligation	888,272	29,175
Adjustment to annual required contribution	<u>(1,135,483)</u>	<u>(37,294)</u>
Annual OPEB costs (expense)	7,609,254	249,922
Contributions made	<u>(1,973,196)</u>	<u>(65,393)</u>
Increase in net OPEB obligation	5,636,058	184,529
Net OPEB obligation—beginning of year	<u>18,935,084</u>	<u>622,516</u>
Net OPEB obligation—end of year	<u>\$ 24,571,142</u>	<u>\$ 807,045</u>

The County's schedule of contributions is shown below:

Year Ended December 31,	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 7,859,176	\$ 2,319,548	29.5%	\$ 31,016,103
2013	7,859,176	2,038,005	25.9%	25,378,187
2012	5,948,352	1,886,650	31.7%	19,557,600

**Funding Status and Funding Progress**—As of December 31, 2014, the plan was not funded. The annual required contribution for 2014 was determined based on an actuarial valuation performed as of January 1, 2013. The actuarial accrued liability for benefits was \$76,045,449. There were no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$68,113,435 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll is 111.6 percent. As of December 31, 2014, the County has had three actuarial valuations performed.

**Actuarial Methods and Assumptions**—Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding funded status of the Plan and annual required contributions of the

employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The actuarial valuation was performed utilizing the projected unit credit method. The results shown above are based on the baseline assumptions with respect to the medial inflation rate. The actuarial assumptions included annual healthcare cost trend rate of 8.70% initially, decreased by increments to an ultimate rate of 6.58% after five years. The rate also includes a 4.69% inflation assumption. The County's unfunded actuarial accrued liability is being amortized as a level dollar amount over a 30 year period.

### ***Discretely Presented Component Units***

#### ***Mohawk Valley Community College***

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

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

- Professional Association
  - Retired before January 1, 1994 – 50% individual and 35% for spouse/family
  - Retired on or after January 1, 1994 – 50% individual only
  - Effective September 1, 2009, up to five retirees per year receive \$300 per day of accrued sick leave, up to \$36,000, credited to pay the retiree's share of health insurance premiums. Once these funds have been exhausted payment reverts to 50% of the individual only.
  - Total of 10 employees for 1997-98 and 1998-99 years combined – 10 years at date of retirement coverage and premium rate: after 10 – years – 50% individual only
- Administrators Association and Exempt Employees
  - Retired before June 28, 2007, members receive at a rate of one month of paid health insurance for every two days of accrued sick leave. (Members joining after June 28, 2007, do not receive this benefit; instead, up to one retiree per year receives \$300 per day of accrued sick leave, up to \$36,000, credited to pay the retiree's share of health insurance premiums. Once these funds have been exhausted payment reverts to 50% of the individual only)

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

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

	For the year ended August 31,	
	2014	2013
Annual required contribution	\$ 3,009,372	\$ 2,848,677
Interest on net OPEB obligation	538,260	457,489
Adjustment to annual required contribution	(748,261)	(635,977)
Annual OPEB cost (expense)	2,799,371	2,670,189
Contributions made	(808,054)	(650,910)
Increase in net OPEB obligation	1,991,317	2,019,279
Net OPEB obligation—beginning of year	17,669,001	15,469,722
Net OPEB obligation—end of year	\$ 19,660,318	\$ 17,489,001

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

Year Ended August 31,	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 2,799,371	\$ 808,054	29%	\$ 19,660,318
2013	2,670,189	650,910	24%	17,669,001
2012	3,450,628	881,553	26%	15,469,722

As of August 31, 2014, the actuarial accrued liability for benefits was \$25,794,824. There were no assets legally segregated for the Plan. The covered payroll was \$25,050,563, and the ratio of the UAAL to the covered payroll was 102.9%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that is useful in determining whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability. The projection of benefits is based on the types of benefits provided under the substantive Plan at the time of the valuation date and on the pattern of cost-sharing between the employer and Plan members. In addition, the projections do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and Plan members of the future. The actuarial calculations reflect a long-term perspective; actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**Actuarial Methods and Assumptions**—The actuarial cost method used to calculate the costs of the Plan for age, disability, vested and surviving spouse’s benefits is known as the Projected Unit Credit Actuarial Cost Method. Under this method, each participant’s projected benefit is calculated at all possible ages based on the Plan provisions as well as the initial date and actuarial assumptions. The actuarial assumptions included annual healthcare cost trend rate of 7.0% initially, reduced by decrements to an ultimate rate of 4.3% after ten years. The discount rate as of September 1, 2013 and August 31, 2014 was 3% per year compounded annually. This is the rate used to discount future benefit liabilities into today’s dollars. The College’s unfunded actuarial accrued liability is being amortized as a level dollar amount over a 30 year period. A single amortization base is re-amortized each year (open basis, as defined by GASB).

**8. RISK MANAGEMENT**

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

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

The County is exposed to various risks of loss related to damage and destruction of assets, vehicle liability, injuries to employees, health insurance, and unemployment insurance. One such risk is associated with its workers’ compensation program. The County’s program is self-insured and is accounted for in the Workers’ Compensation Fund. The program provides for the participation of other municipalities within the County and is administered by the County’s Workers’ Compensation Board.

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

The estimated accrued claims of \$18,619,999 reported in the Fund at December 31, 2014 are based upon the requirements of GASB, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statement and the amount of the loss can be reasonable estimated. A receivable has been recorded for amounts due from other municipalities that participate in the program. All liabilities are recorded at their value as of December 31, 2014. The changes since December 31, 2012 in the Fund's accrued claims liabilities were as follows:

Year Ended December 31,	Beginning of Year Liability	Claims and Changes in Estimates	Claims Payments	Balance at Year End
2014	\$ 12,783,096	\$ 10,156,332	\$ 4,319,429	\$ 18,619,999
2013	15,458,105	1,786,182	4,461,191	12,783,096

The County's portion of their liability is recorded within the governmental activities and Sewer Fund. Governmental activities and the Sewer Fund have recorded liabilities for workers' compensation claims in the amount of \$6,760,765 and \$210,379, at December 31, 2014, respectively. The County utilizes a third-party administrator who is responsible for, processing claims. Liabilities for the program have been estimated by an independent actuary.

In addition to its workers' compensation program, the County is self-insured for the major medical portion of its health insurance. Under this program, the County accounts in the General Fund for claims in the General Fund with maximum exposure of \$100,000 per person per year and \$1,000,000 per person per lifetime. Remaining health insurance and dental coverage is provided through commercial insurance.

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

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

**Pending Litigation**—The County is involved in litigation arising in the ordinary course of its operations. The County has recorded a liability of \$406,001 as of December 31, 2014 for such claims.

## 9. SHORT-TERM DEBT

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

A summary of changes in the County's short-term debt for the year ended, December 31, 2014 is presented below:

	Original Issue	Interest Rate	Balance 1/1/2014	Issued	Redeemed	Balance 12/31/2014
Governmental activities:						
Capital Projects Fund:						
Various capital projects	1/23/2014	0.74%	\$ -	\$ 3,110,000	\$ 3,110,000	\$ -
Various capital projects	5/27/2014	1.00%	-	3,917,504	-	3,917,504
Various capital projects	7/23/2014	1.00%	-	2,465,000	-	2,465,000
Total			<u>\$ -</u>	<u>\$ 9,492,504</u>	<u>\$ 3,110,000</u>	<u>\$ 6,382,504</u>

## 10. LONG-TERM DEBT

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

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

as other financing uses. Further, unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

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

A summary of changes in the County's long-term debt at December 31, 2014 is shown below:

	Balance 1/1/2014	Additions	Reductions	Balance 12/31/2014	Due Within One Year
<b>Governmental activities:</b>					
Serial bonds	\$ 110,047,363	\$ 15,450,000	\$ 11,591,403	\$ 113,905,960	\$ 12,058,312
Serial bonds - MVCC	10,932,594	675,000	872,354	10,735,240	1,283,458
Unamortized premium	1,221,213	-	168,443	1,052,770	168,443
Net serial bonds	122,201,170	16,125,000	12,632,200	125,693,970	13,510,213
OTASC bonds and accreted interest	87,443,624	1,885,873	665,000	88,664,497	475,000
Unamortized discount	(479,402)	-	(15,179)	(464,223)	(15,179)
Net OTASC bonds	86,964,222	1,885,873	649,821	88,200,274	459,821
Workers' compensation	4,703,714	3,696,911	1,639,860	6,760,765	338,038
Compensated absences	2,698,284	5,413,770	5,244,410	2,867,644	143,382
Other postemployment benefits	24,571,142	7,709,158	2,251,093	30,029,207	-
Retirement obligations	10,365,442	4,112,179	446,032	14,031,589	903,611
Claims and judgments	406,001	-	-	406,001	-
	<u>\$ 251,909,975</u>	<u>\$ 38,942,891</u>	<u>\$ 22,863,416</u>	<u>\$ 267,989,450</u>	<u>\$ 15,355,065</u>
<b>Business-type activities:</b>					
Serial bonds	\$ 18,725,178	\$ 15,491,901	\$ 1,354,200	\$ 32,862,879	\$ 1,610,290
Unamortized premium	495,776	-	68,383	427,393	68,383
Net serial bonds	19,220,954	15,491,901	1,422,583	33,290,272	1,678,673
Workers' compensation	8,079,382	6,459,421	2,679,569	11,859,234	592,962
Compensated absences	87,816	111,917	105,855	93,878	4,694
Other postemployment benefits	807,045	247,722	68,455	986,312	-
Retirement obligations	314,787	124,581	14,856	424,512	35,174
	<u>\$ 28,509,984</u>	<u>\$ 22,435,542</u>	<u>\$ 4,291,318</u>	<u>\$ 46,654,208</u>	<u>\$ 2,311,503</u>

**Serial Bonds**—The County issues bonds to provide funds for the acquisition and construction of major capital facilities. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. Bonds have been issued for both governmental and business-type activities.

On May 27, 2014, the County issued \$26,755,000 in Public Improvement Serial Bonds. \$15,450,000 bonds were issued for governmental activities, \$675,000 bonds were issued on behalf of MVCC, and \$10,630,000 bonds were issued for business-type activities. The serial bonds were issued at an interest rate of 2.00 - 4.00%. Principal payments on the bonds begin in 2015 and the bonds mature in 2039.

During the year ended December 31, 2014, business-type activities issued \$4,861,901 of EFC notes. The notes carry variable interest rates ranging from 0 to 0.39% and mature in 2017.

**Defeased Debt**—On March 27, 2013, the County defeased certain governmental and business-type activities serial bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County’s financial statements. At December 31, 2014, remaining principal of the defeased debt was \$8,000,000.

A summary of additions and payments for the year ended December 31, 2014 is shown below:

Description	Year Issue/ Maturity	Interest Rate	Issue Amount	Balance 1/1/2014	Increases	Decreases	Balance 12/31/2014
<b>Governmental activities—serial bonds issued by County:</b>							
Improvement, 1999	1999/2015	4.50 - 4.75	\$ 10,125,888	\$ 854,454	\$ -	\$ 440,002	\$ 414,452
Improvement, 2005	2005/2020	3.50 - 4.10	14,150,000	975,000	-	975,000	-
Improvement, 2006	2006/2021	4.00 - 4.25	8,071,411	1,110,000	-	555,000	555,000
Improvement, 2008	2008/2022	3.00 - 5.70	18,583,200	12,700,000	-	1,251,000	11,449,000
Current Refunding, 2008	2008/2014	3.50 - 5.00	9,783,132	1,090,486	-	1,090,486	-
Bond, 2009	2009/2023	3.00 - 4.00	19,252,645	13,025,000	-	1,420,000	11,605,000
Bond, tax 2009	2009/2023	3.38 - 5.25	7,515,000	5,625,000	-	550,000	5,075,000
Bonds, exempt 2009	2009/2014	0.95 - 3.00	4,441,667	925,000	-	925,000	-
Taxable BABS, 2009	2009/2024	4.409 - 5.587	9,975,000	9,975,000	-	-	9,975,000
Refunding, 2010	2010/2020	2.00 - 5.00	7,013,305	5,131,440	-	646,765	4,484,675
Refunding, 2011	2011/2022	2.50 - 4.00	4,398,005	3,547,485	-	521,850	3,025,635
Build America Bonds	2010/2025	4.249 - 5.932	13,270,000	11,496,000	-	966,000	10,530,000
Bond, 2012	2012/2027	2.00-3.25	18,717,000	18,717,000	-	1,083,000	17,634,000
Bond, 2013	2013/2028	2.0-3.125	14,074,850	14,074,450	-	677,450	13,397,000
Advance Refunding, 2013	2013/2021	3.0-5.0	10,801,048	10,801,048	-	489,850	10,311,198
Bond, 2014	2014/2029	2.0-4.0	15,450,000	-	15,450,000	-	15,450,000
Total				<u>\$ 110,047,363</u>	<u>\$ 15,450,000</u>	<u>\$ 11,591,403</u>	<u>\$ 113,905,960</u>

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

Description	Year Issue/ Maturity	Interest Rate	Issue Amount	Balance 1/1/2014	Increases	Decreases	Balance 12/31/2014
<b>Governmental activities—serial bonds issued on behalf of MVCC</b>							
Improvements, 1999	1999/2015	4.50 - 4.75	\$ 2,384,804	\$ 201,238	\$ -	\$ 103,630	\$ 97,608
Improvements, 2000	2000/2014	5.00 - 5.375	5,810,945	1,800	-	1,800	-
Improvements, 2005	2005/2020	3.50 - 4.10	325,000	25,000	-	25,000	-
Improvements, 2008	2008/2022	3.00 - 5.70	482,671	200,000	-	29,000	171,000
Current Refunding, 2008	2008/2014	3.50 - 5.00	961,868	4,514	-	4,514	-
Taxable BABS, 2009	2009/2024	4.409 - 5.587	2,250,000	1,575,000	-	185,000	1,390,000
Build America Bonds	2010/2025	4.249 - 5.932	3,780,000	3,340,000	-	241,000	3,099,000
Refunding, 2010	2010/2022	2.00 - 5.00	3,511,755	2,968,620	-	133,235	2,835,385
Refunding, 2011	2011/2022	2.50 - 4.00	31,995	27,510	-	3,150	24,360
Bond, 2012	2012/2027	2.00-3.25	2,200,000	2,113,000	-	122,000	1,991,000
Advanced Refunding, 2013	2013/2021	2.0-3.125	241,875	241,875	-	15,150	226,725
Bond, 2013	2013/2028	3.0-5.0	234,037	234,037	-	8,875	225,162
Bond, 2014	2014/2019	2.0-4.0	675,000	-	675,000	-	675,000
Total				<u>\$ 10,932,594</u>	<u>\$ 675,000</u>	<u>\$ 872,354</u>	<u>\$ 10,735,240</u>

Description	Year Issue/ Maturity	Interest Rate	Issue Amount	Balance 1/1/2014	Increases	Decreases	Balance 12/31/2014
<b>Business-type activities:</b>							
Sewer District EFC Improvement, 2000	1999/2018	4.313	\$ 1,016,290	\$ 275,000	\$ -	\$ 55,000	\$ 220,000
Sewer District EFC, 2001	2000/2014	5.00 - 5.375	225,000	13,200	-	13,200	-
Improvement, 2006	2001/2015	3.43 - 4.83	1,004,584	155,000	-	75,000	80,000
Improvement, 2008	2006/2021	4.00 - 4.25	10,178,589	1,390,000	-	670,000	720,000
Bond, 2009	2008/2022	4.00	1,600,000	1,100,000	-	100,000	1,000,000
Bond, 2009 (exempt)	2009/2023	3.00 - 4.00	1,891,667	1,400,000	-	130,000	1,270,000
Improvement, 2009	2009/2024	1.95 - 3.50	1,058,333	240,000	-	240,000	-
Refunding 2010	2009/2024	4.409 - 5.887	2,685,000	2,685,000	-	-	2,685,000
Build America Bonds	2010/2020	2.00 - 5.00	64,940	64,940	-	-	64,940
EFC Notes 2011	2010/2025	4.25 - 5.93	300,000	264,000	-	18,000	246,000
Advance Refunding, 2013	2011/2016	0	8,090,976	6,383,986	1,706,990	53,000	8,037,976
EFC Notes 2013	2013/2021	3.0-5.0	4,479,915	4,479,915	-	-	4,479,915
EFC Notes 2014	2013/2016	0-0.37	2,004,774	-	2,004,774	-	2,004,774
Bond, 2014	2014/2017	0-0.39	1,424,274	274,137	1,150,137	-	1,424,274
	2014/2039	2.0-4.0	10,630,000	-	10,630,000	-	10,630,000
Total				<u>\$ 18,725,178</u>	<u>\$ 15,491,901</u>	<u>\$ 1,354,200</u>	<u>\$ 32,862,879</u>

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

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

	Issued by County of behalf of					
	Governmental Activities		Discretely Presented		Business-Type Activities	
	Serial Bonds		Component Unit—MVCC		Enterprise Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 12,058,312	\$ 4,837,787	\$ 1,283,458	\$ 561,520	1,610,290	941,635
2016	11,785,400	4,886,293	1,282,945	393,058	13,008,678	742,048
2017	11,979,615	3,746,109	1,295,700	340,960	1,609,685	666,471
2018	11,967,638	3,302,212	1,309,662	286,203	1,627,700	606,634
2019	10,600,745	2,837,721	1,289,345	231,770	1,629,910	543,397
2020-2024	41,218,250	8,016,923	3,352,130	608,508	5,839,616	1,815,204
2025-2028	14,296,000	1,445,926	922,000	40,233	2,137,000	1,139,041
Thereafter	-	-	-	-	5,400,000	1,068,977
Total	<u>\$ 113,905,960</u>	<u>\$ 29,072,972</u>	<u>\$ 10,735,240</u>	<u>\$ 2,462,252</u>	<u>\$ 32,862,879</u>	<u>\$ 7,523,406</u>

**Oneida Tobacco Asset Securitization Corporation**—Changes in OTASC’s long-term debt for the year ended December 31, 2014 are as follows:

	Balance 1/1/2014	Increases	Decreases	Balance 12/31/2014	Due Within One Year
Tobacco Settlement Bonds:					
Series 2005	\$ 62,220,000	\$ -	\$ 665,000	\$ 61,555,000	\$ 475,000
Subordinate Turbo CABs:					
Series 2005 - Original Principal	14,684,111	-	-	14,684,111	-
Accreted Interest	10,539,513	1,885,873	-	12,425,386	-
Total Subordinated Turbo CABs	25,223,624	1,885,873	-	27,109,497	-
Less:					
Bond discount	(479,402)	-	(15,179)	(464,223)	(15,179)
Total OTASC	<u>\$ 86,964,222</u>	<u>\$ 1,885,873</u>	<u>\$ 649,821</u>	<u>\$ 88,200,274</u>	<u>\$ 459,821</u>

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

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

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

Year ended December 31,	Principal	Interest
2015	475,000	\$ 2,909,125
2016	450,000	2,746,625
2017	455,000	2,571,625
2018	865,000	2,362,250
2019	925,000	2,112,250
Thereafter	58,385,000	6,548,600
	<u>\$ 61,555,000</u>	<u>\$ 19,250,475</u>

**Issue NYCTT V**—In 2005, OTASC participated in the New York Counties Tobacco Trust V (“NYCTT V”), along with 23 other New York County Tobacco Corporations, and issued Subordinate Capital Appreciation Bonds (Subordinate Turbo CABs) in various series for the purpose of securitizing additional future tobacco settlement revenues. They were sold discounted; the par value of these bonds totals \$721,365,000. The discount amount of these bonds (present value) at time of sale was \$14,684,111. The proposed repayment of the bonds would be on an accelerated basis, known as The Turbo Redemption. The yields and maturities, based on the Turbo Redemption Plan, are as shown of the following page.

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

**Compensated Absences**—As explained in Note 1, the County records the value of compensated absences in both the governmental activities and the business-type activities. The payment of compensated absences recorded as long-term debt in the government-wide financial statements is dependent upon many factors; therefore, timing of future payment is not readily determinable. However, management believes that sufficient resources will be made available for the future payment of compensated absences when such payments become due.

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

**Mohawk Valley Community College**—The following is a summary of changes in long-term debt for the year ended August 31, 2014:

Description	Balance 9/1/2013	Increases	Decreases	Balance 8/31/2014
Primary Institution:				
Capital leases	\$ 123,934	\$ -	\$ 86,935	\$ 36,999
Compensated absences	1,138,002	11,877	-	1,149,879
Other postemployment benefits	17,669,001	1,991,317	-	19,660,318
Component Units:				
Serial Bonds—MVCCDC	7,095,000	-	205,000	6,890,000
Due to related organizations	122,200	-	61,100	61,100
Compensated absences	36,932	6,773	-	43,705
Other liability	1,652,992	33,961	-	1,686,953
	<u>\$ 27,838,061</u>	<u>\$ 2,003,194</u>	<u>\$ 291,935</u>	<u>\$ 29,528,954</u>

A component unit of MVCC is a party to an interest rate swap agreement. The swap agreement is in place for a 2004 fixed rate serial bond with a notional principal amount of \$1,686,953 at July 31, 2014. The swap agreement matures at the same time as the related bond, August 1, 2036. Under the terms of the agreement the component unit will continue to pay the bond holders interest at a fixed rate. The counterparty will reimburse the component unit a variable interest rate at 67% of LIBOR (0.1008% at July 31, 2014) while the component unit is obligated to pay the counterparty a fixed rate of 4.051%.

**Oneida-Herkimer Solid Waste Management Authority**—A summary of changes in long-term debt for the year ended December 31, 2014 is presented on the following page.

<u>Description</u>	<u>Balance 1/1/2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2014</u>
Refunding bonds	\$ 2,785,000	\$ -	\$ 2,785,000	\$ -
Revenue bonds 2007	4,505,000	-	240,000	4,265,000
EFC bonds	24,390,000	-	1,385,000	23,005,000
Revenue bonds 2011	<u>10,725,000</u>	<u>-</u>	<u>1,065,000</u>	<u>9,660,000</u>
	42,405,000	-	5,475,000	36,930,000
Unamortized premium	82,407	-	12,840	69,567
Accrued closure and post-closure costs	3,710,156	11,056	-	3,721,212
Postemployment benefits	<u>824,330</u>	<u>210,339</u>	<u>10,200</u>	<u>1,024,469</u>
	<u>\$ 47,021,893</u>	<u>\$ 221,395</u>	<u>\$ 5,498,040</u>	<u>\$ 41,745,248</u>

OHSWMA maintains one landfill which reached full capacity at December 31, 1996, and began operating another in 2006. Based upon engineering estimates and actual usage, the landfill has a useful life of over seventy years. In accordance with New York State Department of Environmental Conservation Regulations, OHSWMA has, and will implement landfill closure and post-closure requirements. At December 31, 2014, OHSWMA accrued \$3,721,212 for estimated closure and post-closure costs. Due to changes in technology or changes in regulations, actual costs may be different from the current accrual.

The annual repayment of principal and interest on bonded debt is presented below:

For the year ending December 31,	<u>OHSWMA</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,380,000	\$ 1,639,868	\$ 4,019,868
2016	2,445,000	1,540,237	3,985,237
2017	2,520,000	1,436,066	3,956,066
2018	2,595,000	1,322,894	3,917,894
2019	2,685,000	1,200,982	3,885,982
2020-2024	14,890,000	4,014,856	18,904,856
2025-2028	<u>9,415,000</u>	<u>526,940</u>	<u>9,941,940</u>
Total principal	\$ 36,930,000	<u>\$ 11,681,843</u>	<u>\$ 48,611,843</u>
Less current installments	<u>2,380,000</u>		
Bonds, less current installments	<u>\$ 34,550,000</u>		

## 11. NET POSITION AND FUND BALANCE

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

- **Net investment in capital assets**—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. The tables below and on the following page are a reconciliation of the County's governmental activities and business-type activities net investment in capital assets.

Governmental activities:		
Capital assets, net of accumulated depreciation		\$ 273,159,448
Related debt:		
Serial bonds issued	(124,641,200)	
Refunding bond premium	(1,052,770)	
Deferred charge on refunding	551,173	
Bond anticipation notes	(6,382,504)	
OTASC bonds, net of discount	(75,774,888)	
Serial bonds issued on behalf of MVCC	<u>10,735,240</u>	(196,564,949)
Unspent proceeds reported within the Capital Projects Fund		<u>5,712,529</u>
Net investment in capital assets—governmental activities		<u>\$ 82,307,028</u>

Business-type activities:		
Capital assets, net of accumulated depreciation		\$ 34,357,687
Related debt:		
Serial bonds issued	(32,862,879)	
Refunding bond premium	(427,393)	
Deferred charge on refunding	<u>204,657</u>	(33,085,615)
Unspent proceeds reported within the Sewer Fund		<u>4,878,446</u>
Net investment in capital assets—business-type activities		<u>\$ 6,150,518</u>

- **Restricted net position**—This category represents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position**—This category represents net investment in assets of the County not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At December 31, 2014, the County reported \$42,204 of prepaid expenditures that were classified as nonspendable fund balance.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grants, contributors, or laws and regulation of other governments) through constitutional provisions or enabling legislation. As of December 31, 2014, the County had restricted funds as presented on the following page.

	General Fund	Debt Service Fund	Non-Major Funds	Total
Tax Certiorari	\$ 2,575,000	\$ -	\$ -	\$ 2,575,000
Handicapped parking fees	5,493	-	-	5,493
Retirement costs	5,614,825	-	-	5,614,825
Debt service	-	82,049	4,674,391	4,756,440
Sheriff forfeiture	6,221	-	-	6,221
Capital Projects	3,829,312	-	968,736	4,798,048
Total restricted fund balance	<u>\$ 12,030,851</u>	<u>\$ 82,049</u>	<u>\$ 5,643,127</u>	<u>\$ 17,756,027</u>

In the fund financial statements, committed fund balances are amounts subject to a purpose constraint imposed by a formal action of the County's highest level of decision-making authority, or by its designated body or official. As of December 31, 2014, the County Legislature has committed \$12,500,000 to fiscal stability, \$1,000,000 to other post-employment benefits, \$2,500,000 to health insurance payments and \$1,150,000 to economic development.

In the fund financial statements, assignments are not legally required segregations, but are subject to a purpose constraint that represents an intended use established by the County's Legislature, or by its designated body or official. The purpose of the assignments must be narrower than the purpose of the General Fund, and in the funds, other than the General fund, assigned fund balance represent the residual amount of fund balance.

As of December 31, 2014, the following balances were considered to be assigned:

	General Fund	Debt Service	Nonmajor Funds			Total
			Special Grant	County Road	Road Machinery	
Encumbrances	\$ 596,405	\$ -	\$ -	\$ 259	\$ 7,550	\$ 604,214
Subsequent year's expenditures	4,403,946	62,965	3,776	60,000	-	4,530,687
Comprehensive planning activities	323,907	-	-	-	-	323,907
Specific use	-	820,770	8,674	237,800	234,803	1,302,047
Total assigned fund balance	<u>\$ 5,324,258</u>	<u>\$ 883,735</u>	<u>\$ 12,450</u>	<u>\$ 298,059</u>	<u>\$ 242,353</u>	<u>\$ 6,760,855</u>

In the fund financial statements unassigned fund balance represents the residual classification of the government's General Fund, and could report surplus or deficit. As of December 31, 2014, the unassigned fund balance was \$5,931,206.

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

## 12. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund loans are short term in nature and exist because of temporary advances or payments made on behalf of other funds. All interfund balances are expected to be collected/paid within the subsequent year. Interfund transfers are routine annual events for both the budget and accounting process and are necessary to present funds in their proper fund classification. Interfund loans and transfers of the County for the year ended December 31, 2014 are presented on the following page.

Fund	Interfund	
	Receivable	Payable
Governmental funds:		
General Fund	\$ 366,490	\$ 2,103,612
Debt Service Fund	49,197	14,152
Nonmajor funds	4,412,209	1,968,937
Proprietary funds:		
Sewer Fund	-	668,058
Workers' Compensation Fund	-	73,137
Total	<u>\$ 4,827,896</u>	<u>\$ 4,827,896</u>

Transfers out:	Transfers in:		
	Debt Service Fund	Nonmajor funds	Total
General Fund	<u>\$ 17,314,632</u>	<u>\$ 8,657,255</u>	<u>\$ 25,971,887</u>

### 13. AGENCY FUND

An agency fund exists for employee withholding and temporary deposits funds. The following is a summary of changes in assets and liabilities for the fiscal year ended December 31, 2014.

	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014
<b>ASSETS</b>				
Cash and equivalents	\$ 7,956,917	\$ 226,928,542	\$ 227,634,489	\$ 7,250,970
Due from other funds	-	84,917,214	84,917,214	-
Total assets	<u>\$ 7,956,917</u>	<u>\$ 311,845,756</u>	<u>\$ 312,551,703</u>	<u>\$ 7,250,970</u>
<b>LIABILITIES</b>				
Agency liabilities	\$ 7,956,917	\$ 161,527,074	\$ 162,233,021	\$ 7,250,970
Due to other funds	-	150,318,682	150,318,682	-
Total liabilities	<u>\$ 7,956,917</u>	<u>\$ 311,845,756</u>	<u>\$ 312,551,703</u>	<u>\$ 7,250,970</u>

### 14. LABOR CONTRACTS

Four bargaining units represent the unionized County employees. All contracts are current and expire December 31, 2015.

### 15. COMMITMENTS

**Encumbrances**—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Open encumbrances are reported as an assignment of fund balance since such

commitments will be honored through budget appropriations in the subsequent year. The County considers encumbrances to be significant for amounts that are encumbered in excess of \$100,000.

As of December 31, 2014, the County had one encumbrance, which was considered significant in the amount of \$400,000 for flood mitigation purposes.

## 16. CONTINGENCIES

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

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

On July 7, 2010, the County submitted the Plan of Study called for in the Consent Order. The Plan of Study proposed a project completion date of December 31, 2020.

During 2011, the County negotiated a new consent order that includes an extended compliance schedule with NYSDEC to replace the consent order that was issued in 2007. The new order was approved the Oneida County Board of Legislators on November 30, 2011, signed by the County Executive on December 7, 2011 and issued by NYSDEC on December 12, 2011. The new order reflected the results of the Plan of Study conducted in 2010 and it extended the completion date of the order, which includes a compliance schedule, to December 31, 2021. The County is in compliance with the deadlines in the new compliance schedule. The County plans to issue long-term debt to finance the project and, therefore, will record a liability as such financing is obtained. As of December 31, 2014, the County has issued \$22,097,024 of bonded debt in response to the consent order; the total debt authorized is \$180,800,000.

## **17. SUBSEQUENT EVENTS**

On May 21, 2015, the County issued \$20,920,000 of Public Improvement Serial Bonds with interest rates ranging from 2.0 – 3.0% maturing May 15, 2030; the bonds refunded \$800,000 BANS. The County also issued \$3,617,504 BANS, renewing \$3,117,504. The BANS are due May 20, 2016 and have an interest rate of 1%.

Management has evaluated subsequent events through July 24, 2015, which is the date the financial statements are available for issuance, and have determined there are no subsequent events, except what is discussed above, that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY  
INFORMATION



**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Funding Progress—Other Postemployment Benefits Plan**  
**Year Ended December 31, 2014**

County:

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	Ratio of UAAL as a Percentage of Covered Payroll
December 31, 2013	-	76,045,449	76,045,449	0.0%	67,931,374	111.9%
December 31, 2012	-	61,232,529	61,232,529	0.0%	64,973,982	94.2%
December 31, 2011	-	60,206,917	60,206,917	0.0%	64,050,659	94.0%

College:

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	Ratio of UAAL as a Percentage of Covered Payroll
August 31, 2014	\$ -	\$ 25,794,824	\$ 25,764,824	0.0%	\$ 25,050,563	102.9%
August 31, 2013	-	24,025,432	24,025,432	0.0%	20,546,333	116.9%
August 31, 2012	-	33,608,006	33,608,006	0.0%	22,234,884	151.1%

**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—General Fund**  
**For the Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property taxes	\$ 67,180,248	\$ 67,180,248	\$ 68,228,277	\$ 1,048,029
Real property tax items	5,352,000	5,352,000	4,901,189	(450,811)
Nonproperty tax items	97,030,500	134,548,109	132,946,678	(1,601,431)
Departmental income	13,179,617	13,310,516	12,479,877	(830,639)
Intergovernmental charges	22,906,543	22,929,803	17,435,880	(5,493,923)
Use of money and property	2,176,177	2,176,177	1,965,766	(210,411)
Licenses and permits	48,100	48,100	58,332	10,232
Fines and forfeitures	768,730	768,730	586,163	(182,567)
Sale of property and compensation for loss	588,128	596,628	403,137	(193,491)
Miscellaneous	1,647,046	1,673,037	1,981,916	308,879
Interfund revenues	62,954	62,954	58,789	(4,165)
State aid	49,243,478	53,365,238	59,196,868	5,831,630
Federal aid	57,084,185	57,126,026	53,513,151	(3,612,875)
Total revenues	<u>317,267,706</u>	<u>359,137,566</u>	<u>353,756,023</u>	<u>(5,381,543)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	36,334,792	75,896,782	67,781,803	8,114,979
Education	22,337,284	22,606,234	18,597,200	4,009,034
Public safety	46,536,618	47,190,156	45,977,114	1,213,042
Health	19,413,516	20,189,951	18,854,620	1,335,331
Transportation	4,848,848	4,858,660	4,388,357	470,303
Economic assistance and opportunity	166,675,573	167,024,856	163,063,594	3,961,262
Culture and recreation	1,035,258	1,027,070	1,019,126	7,944
Home and community services	3,574,609	3,600,033	3,025,812	574,221
Total expenditures	<u>300,756,498</u>	<u>342,393,742</u>	<u>322,707,626</u>	<u>19,686,116</u>
Excess of revenues over expenditures	<u>16,511,208</u>	<u>16,743,824</u>	<u>31,048,397</u>	<u>14,304,573</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(22,613,128)	(25,971,887)	(25,971,887)	-
Total other financing sources (uses)	<u>(22,613,128)</u>	<u>(25,971,887)</u>	<u>(25,971,887)</u>	<u>-</u>
Net change in fund balances*	(6,101,920)	(9,228,063)	5,076,510	14,304,573
Fund balances—beginning	<u>35,396,216</u>	<u>35,396,216</u>	<u>35,396,216</u>	<u>-</u>
Fund balances—ending	<u>\$ 29,294,296</u>	<u>\$ 26,168,153</u>	<u>\$ 40,472,726</u>	<u>\$ 14,304,573</u>

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

**COUNTY OF ONEIDA, NEW YORK**  
**Note to the Required Supplementary Information**  
**For the Year Ended December 31, 2014**

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**1. BUDGETARY INFORMATION**

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

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

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

Actual results of operations presented in accordance with GAAP and the County's accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed, or assigned fund balance. Significant encumbrances are disclosed in the notes to the financial statements. The General Fund original budget for the year ended December 31, 2014 includes encumbrances from the prior year of \$1,697,974.

Total expenditures for each object may not legally exceed the total appropriations for that object. Encumbrances outstanding at year-end are accounted for by an assignment of fund balance. During the year ended December 31, 2014, supplemental appropriations in the amount of \$44,996,003 were approved in the General Fund. These additional appropriations were primarily funded by increases to estimated revenues.

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## SUPPLEMENTARY INFORMATION



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**COUNTY OF ONEIDA, NEW YORK**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2014**

	<u>Special Grant</u>	<u>County Road</u>	<u>Road Machinery</u>	<u>Capital Projects</u>	<u>OTASC</u>	<u>Total Nonmajor Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 181,530	\$ 262,654	\$ 113,283	\$ -	\$ -	\$ 557,467
Restricted cash	-	598,703	-	6,477,640	20,201	7,096,544
Deposits with trustees	-	-	-	-	4,661,190	4,661,190
Other receivables	61,585	85,330	-	378,736	-	525,651
Due from other funds	-	2,739,003	1,070,257	602,949	-	4,412,209
Prepaid items	-	-	-	-	5,793	5,793
Total assets	<u>\$ 243,115</u>	<u>\$ 3,685,690</u>	<u>\$ 1,183,540</u>	<u>\$ 7,459,325</u>	<u>\$ 4,687,184</u>	<u>\$ 17,258,854</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 142,202	\$ 1,173,061	\$ 93,959	\$ 4,144	\$ 7,000	\$ 1,420,366
Accrued liabilities	88,463	545,610	753	-	-	634,826
Due to other funds	-	1,070,257	846,475	52,205	-	1,968,937
Intergovernmental payable	-	-	-	51,736	-	51,736
Bond anticipation notes payable	-	-	-	6,382,504	-	6,382,504
Unearned revenues	-	598,703	-	-	-	598,703
Total liabilities	<u>230,665</u>	<u>3,387,631</u>	<u>941,187</u>	<u>6,490,589</u>	<u>7,000</u>	<u>11,057,072</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	5,793	5,793
Restricted	-	-	-	968,736	4,674,391	5,643,127
Assigned	<u>12,450</u>	<u>298,059</u>	<u>242,353</u>	<u>-</u>	<u>-</u>	<u>552,862</u>
Total fund balances	<u>12,450</u>	<u>298,059</u>	<u>242,353</u>	<u>968,736</u>	<u>4,680,184</u>	<u>6,201,782</u>
Total liabilities and fund balances	<u>\$ 243,115</u>	<u>\$ 3,685,690</u>	<u>\$ 1,183,540</u>	<u>\$ 7,459,325</u>	<u>\$ 4,687,184</u>	<u>\$ 17,258,854</u>

**COUNTY OF ONEIDA, NEW YORK**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2014**

<b>REVENUES</b>	<b>Special Grant</b>	<b>County Road</b>	<b>Road Machinery</b>	<b>Capital Projects</b>	<b>OTASC</b>	<b>Total Nonmajor Funds</b>
Departmental income	\$ -	\$ 1,384,831	\$ -	\$ -	\$ -	\$ 1,384,831
Intergovernmental charges	-	3,172,628	-	-	-	3,172,628
Use of money and property	-	-	-	-	49	49
Licenses and permits	-	14,010	-	-	-	14,010
Sale of property and compensation for loss	-	3,403	14,944	-	-	18,347
Miscellaneous	146,799	16	-	200	-	147,015
Interfund revenues	850,147	801,066	2,247,731	-	-	3,898,944
State aid	715,815	4,385,265	-	3,341,878	-	8,442,958
Federal aid	1,353,667	427,270	-	7,845,053	-	9,625,990
Tobacco settlement revenue	-	-	-	-	4,316,427	4,316,427
Total revenues	<u>3,066,428</u>	<u>10,188,489</u>	<u>2,262,675</u>	<u>11,187,131</u>	<u>4,316,476</u>	<u>31,021,199</u>
<b>EXPENDITURES</b>						
Current:						
General government support	-	-	-	-	52,946	52,946
Education	-	-	-	675,000	-	675,000
Transportation	-	15,578,260	2,347,423	-	-	17,925,683
Economic assistance and opportunity	3,370,910	-	-	-	-	3,370,910
Debt service:						
Principal	-	-	-	-	665,000	665,000
Interest	-	-	-	-	3,616,799	3,616,799
Capital outlay	-	-	-	36,057,619	-	36,057,619
Total expenditures	<u>3,370,910</u>	<u>15,578,260</u>	<u>2,347,423</u>	<u>36,732,619</u>	<u>4,334,745</u>	<u>62,363,957</u>
Excess (deficiency) of revenues over expenditures	<u>(304,482)</u>	<u>(5,389,771)</u>	<u>(84,748)</u>	<u>(25,545,488)</u>	<u>(18,269)</u>	<u>(31,342,758)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	198,135	5,501,841	-	2,957,279	-	8,657,255
Proceeds of obligations	-	-	-	16,125,000	-	16,125,000
Total other financing sources (uses)	<u>198,135</u>	<u>5,501,841</u>	<u>-</u>	<u>19,082,279</u>	<u>-</u>	<u>24,782,255</u>
Net change in fund balances	(106,347)	112,070	(84,748)	(6,463,209)	(18,269)	(6,560,503)
Fund balances—beginning	<u>118,797</u>	<u>185,989</u>	<u>327,101</u>	<u>7,431,945</u>	<u>4,698,453</u>	<u>12,762,285</u>
Fund balances—ending	<u>\$ 12,450</u>	<u>\$ 298,059</u>	<u>\$ 242,353</u>	<u>\$ 968,736</u>	<u>\$ 4,680,184</u>	<u>\$ 6,201,782</u>

**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances—**  
**Budget and Actual—Debt Service Fund**  
**For the Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental charges	\$ 413,803	\$ 413,803	\$ 411,809	\$ (1,994)
Use of money and property	16,324	28,494	42,986	14,492
State aid	99,921	99,921	99,922	1
Federal aid	360,511	360,511	367,228	6,717
Total revenues	<u>890,559</u>	<u>902,729</u>	<u>921,945</u>	<u>19,216</u>
<b>EXPENDITURES</b>				
Current:				
General government support	11,288	12,532	12,532	-
Education	1,444,411	1,444,411	1,444,411	-
Debt service:				
Principal	11,579,403	11,591,403	11,591,403	-
Interest	4,838,861	4,837,787	4,837,787	-
Total expenditures	<u>17,873,963</u>	<u>17,886,133</u>	<u>17,886,133</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(16,983,404)</u>	<u>(16,983,404)</u>	<u>(16,964,188)</u>	<u>19,216</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	16,927,304	16,927,304	17,314,632	387,328
Total other financing sources (uses)	<u>16,927,304</u>	<u>16,927,304</u>	<u>17,314,632</u>	<u>387,328</u>
Net change in fund balances*	(56,100)	(56,100)	350,444	406,544
Fund balances—beginning	615,340	615,340	615,340	-
Fund balances—ending	<u>\$ 559,240</u>	<u>\$ 559,240</u>	<u>\$ 965,784</u>	<u>\$ 406,544</u>

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

# FEDERAL AWARDS INFORMATION



**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2014**

<b>Federal Grantor/Pass-through Grantor Program or Cluster Title (1) (2)</b>	<b>Federal CFDA Number (2)</b>	<b>Pass-Through Identifying Number</b>	<b>Federal Expenditures (3)</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through NYS Department of Family Assistance:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	3,125,193
Passed through NYS Division of Nutrition:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	C-025776	<u>1,364,265</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>4,489,458</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Direct Grant:			
Supportive Housing Program	14.235	N/A	35,326
Passed through NY State Homes and Community Renewal:			
Community Development Block Grant	14.228	846CRF-HR5-13	104,400
Community Development Block Grant	14.228	846ED22-12	121,600
Community Development Block Grant	14.228	846CRF-ME2-13	<u>37,352</u>
<i>Total Community Development Block Grant</i>			<u>263,352</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>298,678</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Direct Grant:			
State Criminal Alien Assistance Program	16.606	N/A	23,614
Passed through NYS Division of Criminal Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>25,000</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<u>48,614</u>
<b>U.S. DEPARTMENT OF LABOR</b>			
Passed through NY State Office for the Aging:			
Senior Community Service Employment Program	17.235	N/A	47,017
Passed through Herkimer County:			
Trade Adjustment Assistance	17.235		620,209
<i>WIA Cluster</i>			
WIA—Adult Program	17.258	N/A	306,505
WIA—Youth Activities	17.259	N/A	432,592
WIA—Dislocated Worker Formula Grants	17.278	N/A	<u>309,354</u>
<i>Total WIA Cluster</i>			<u>1,048,451</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<u>1,715,677</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Direct Grant:			
Airport Improvement Program	20.106	3.36.0119.28.12	638,711
Airport Improvement Program	20.106	3.36.0119.29.12	160,973
Airport Improvement Program	20.106	3.36.0119.31.13	1,937,551
Airport Improvement Program	20.106	3.36.0119.32.13	3,401,008
Airport Improvement Program	20.106	3.36.0119.33.13	425,957
Airport Improvement Program	21.106	3.36.0119.34.14	72,180
Airport Improvement Program	22.106	3.36.0119.35.14	93
Airport Improvement Program	23.106	3.36.0119.36.14	<u>68,388</u>
<i>Total Airport Improvement Program</i>			<u>6,704,861</u>

(continued)

**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2014**

<b>Federal Grantor/Pass-through Grantor Program or Cluster Title (1) (2)</b>	<b>Federal CFDA Number (2)</b>	<b>Pass-Through Identifying Number</b>	<b>Federal Expenditures (3)</b>
			(continued)
Passed through NY State Department of Transportation:			
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205	D107209	48,836
Highway Planning and Construction	20.205	D107237	93,659
Highway Planning and Construction	20.205	D32097	745,383
Highway Planning and Construction	20.205	C033459	<u>362,069</u>
<i>Total Highway Planning and Construction Cluster</i>			<u>1,249,947</u>
Metropolitan Transportation Planning and State and Non-Metropolitan			
Planning and Research	20.505	C033459	68,125
Job Access and Reverse Commute	20.516	2793.38.406	<u>145,300</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u>8,168,233</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through NYS Department of Environmental Conservation:			
Water Quality Management Planning - Recovery	66.454	C304490	<u>48,224</u>
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			<u>48,224</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through NY State Department of Health:			
Special Education—Grants for Infants and Families	84.181	C-027494	<u>62,603</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>62,603</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through NY State Office for the Aging:			
Special Programs for the Aging, Title III , Part D	93.043	N/A	18,139
<i>Aging Cluster</i>			
Special Programs for the Aging, Title III, Part B	93.044	N/A	308,561
Special Programs for Aging, Title III, Part C Nutrition Services	93.045	N/A	338,367
Special Programs for Aging, Title III, Part C	93.045	N/A	376,750
Nutrition Services Incentive Program	93.053	N/A	<u>134,274</u>
<i>Total Aging Cluster</i>			<u>1,157,952</u>
Special Programs for the Aging Title IV			
and Title II Discretionary Projects	93.048	N/A	141,305
Alzheimer's Disease Demonstration Grants to States	93.051	N/A	46,448
National Family Caregiver Support, Title III, Part E	93.052	N/A	178,221
Centers for Medicare and Medicaid Services Research,			
Demonstrations and Evaluations	93.779	N/A	28,900
Centers for Medicare and Medicaid Services			
Demonstrations and Evaluations	93.779	N/A	7,503
Centers for Medicare and Medicaid Services			
Demonstrations and Evaluations	93.779	N/A	<u>2,844</u>
<i>Total Centers for Medicare and Medicaid Services</i>			<u>39,247</u>
Passed through Herkimer County:			
Temporary Assistance to Needy Families	93.558	N/A	293,050
Passed through NYS Office of Temporary and Disability Assistance:			
Temporary Assistance for Needy Families	93.558	N/A	<u>27,914,246</u>
<i>Total Temporary Assistance to Needy Families</i>			<u>28,207,296</u>
			(continued)

**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2014**

<b>Federal Grantor/Pass-through Grantor Program or Cluster Title (1) (2)</b>	<b>Federal CFDA Number (2)</b>	<b>Pass-Through Identifying Number</b>	<b>Federal Expenditures (3)</b>
			(continued)
Passed through Health Research Inc.:			
Public Health Emergency Preparedness	93.069	1577-10	128,252
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructures and Performance	93.539	4762-01	22,500
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.752	4694-02	68,246
Passed through NYS Office of Temporary and Disability Assistance:			
Child Support Enforcement, Title IV-D	93.563	N/A	1,490,123
Refugee and Entrant Assistance-State Administered Programs	93.566	N/A	165,251
Low Income Home Energy Assistance (HEAP)	93.568	N/A	11,455,913
Passed through NYS Department of Health:			
Immunization Cooperative Agreements	93.268	C-028306	83,291
Passed through NYS Department of Health:			
Medical Assistance Program	93.778	N/A	1,980,428
Passed through NYS Office of Alcoholism and Substance Abuse Services:			
Medical Assistance Program	93.778	N/A	182,968
<i>Total Medical Assistance Program</i>			<u>2,163,396</u>
Passed through NYS Office of Children and Family Services:			
Child Care & Development Block Grant	93.575	N/A	7,402,650
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	397,737
Foster Care, title IV-E	93.658	N/A	4,308,405
Adoption Assistance	93.659	N/A	1,391,649
Social Services Block Grant	93.667	N/A	332,637
Chafee Foster Care Independence Program	93.674	N/A	142,079
Passed through NYS Office of Alcoholism and Substance Abuse Services:			
Block Grants for Prevention & Treatment of Substance Abuse	93.959	N/A	79,627
Block Grants for Prevention & Treatment of Substance Abuse	93.959	N/A	1,009,432
Block Grants for Prevention & Treatment of Substance Abuse	93.959	N/A	473,078
<i>Total Block Grants for Prevention &amp; Treatment of Substance Abuse</i>			<u>1,562,137</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>60,902,874</u>
<b>U.S. DEPARTMENT OF SOCIAL SECURITY ADMINISTRATION</b>			
Direct Grant:			
Social Security Disability Insurance	96.001	N/A	12,000
<b>TOTAL U.S. DEPARTMENT OF SOCIAL SECURITY ADMINISTRATION</b>			<u>12,000</u>
			(continued)

**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2014**

<b>Federal Grantor/Pass-through Grantor Program or Cluster Title (1) (2)</b>	<b>Federal CFDA Number (2)</b>	<b>Pass-Through Identifying Number</b>	<b>Federal Expenditures (3)</b>
			(concluded)
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through NY State Division of Homeland Security and Emergency Services:			
Homeland Security Grant Program	97.067	LEMPG	89,857
Homeland Security Grant Program	97.067	C072012	84,941
Homeland Security Grant Program	97.067	C972022	53,500
Homeland Security Grant Program	97.067	C972010	119,735
Homeland Security Grant Program	97.067	C835000	37,245
Homeland Security Grant Program	97.067	C972020	136,339
Homeland Security Grant Program	97.067	T150429	31,998
Homeland Security Grant Program	97.067	C972030	180,000
Homeland Security Grant Program	97.067	T150439	31,998
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>765,613</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS (4)</b>			<u><b>\$ 76,511,974</b></u>

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

**COUNTY OF ONEIDA, NEW YORK**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2014**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County of Oneida, New York (the "County") under programs of the federal government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County. The following notes were identified on the schedule of expenditures of federal awards:

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**3. NONMONETARY FEDERAL PROGRAMS**

The County is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements, termed "nonmonetary programs." During the year ended December 31, 2014, \$248,155,137 of medical services and goods were received by County participants in the Medical Assistance Program (CFDA Number 93.778).

New York State makes payments of benefits directly to vendors, primarily utility companies, on behalf of eligible persons receiving Low-Income Home Energy Assistance (CFDA Number 93.568). Included in the amount presented on the schedule of expenditures of federal awards is \$11,237,457 in direct payments.

#### 4. SUBRECIPIENTS

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

<b>CFDA Number</b>	<b>Program Name</b>	<b>Amount Provided to Subrecipients</b>
14.228	Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	\$ 255,352
20.516	Job Access and Reserve Commute	110,300
93.959	Center for Family Life and Recovery	1,562,137

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Certified Public Accountants

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Oneida, New York (the "County"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 24, 2015. Our report includes a reference to other auditors who audited the financial statements of the Oneida-Herkimer Solid Waste Authority, the Mohawk Valley Community College, and the Oneida Tobacco Asset Securitization Corporation, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Oneida Tobacco Asset Securitization Corporation were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Drescher & Malecki LLP*

July 24, 2015

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Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

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

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

We have audited the County of Oneida, New York's, (the "County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Oneida-Herkimer Solid Waste Management Authority, the Mohawk Valley Community College, and the Oneida Tobacco Asset Securitization Corporation, which received \$-0-, \$31,839,945, and \$0 in federal awards, respectively, which are not included in the County's schedule of expenditures of federal awards during the year ended December 31, 2014. Our compliance audit, described below, did not include the operations of the Oneida-Herkimer Solid Waste Authority, the Mohawk Valley Community College, and the Oneida Tobacco Asset Securitization Corporation, because other auditors were engaged to perform an audit in accordance with Circular A-133, as applicable.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

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

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

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

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

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

*Drescher & Malecki LLP*

July 24, 2015

**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2014**

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

**Financial Statements:**

Type of auditors' report issued: Unmodified\*  
 \* (which report refers to other auditors)

Internal control over financial reporting:

- |   |           |   |  |
|---|-----------|---|--|
| 1. Material weakness(es) identified?  | _____ Yes | _____ <input checked="" type="checkbox"/> No            |  |
| 2. Significant deficiency(ies) identified not considered to be material weakness(es)? | _____ Yes | _____ <input checked="" type="checkbox"/> None reported |  |
| 3. Noncompliance material to the financial statements noted?                          | _____ Yes | _____ <input checked="" type="checkbox"/> No            |  |

**Federal Awards:**

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

Internal control over major programs:

- |   |           |   |  |
|---|-----------|---|--|
| 4. Material weakness(es) identified?  | _____ Yes | _____ <input checked="" type="checkbox"/> No            |  |
| 5. Significant deficiency(ies) identified not considered to be material weakness(es)?                                     | _____ Yes | _____ <input checked="" type="checkbox"/> None reported |  |
| 6. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? | _____ Yes | _____ <input checked="" type="checkbox"/> No            |  |

7. The County's major programs were:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Low Income Home Energy Assistance	93.568
Child Care and Development Block Grant	93.575
Foster Care	93.658
Medical Assistance Program (Medicaid; Title XIX)	93.778

- |   |   |                     |  |
|---|---|---------------------|--|
| 8. Dollar threshold used to distinguish between Type A and Type B programs? |   | <u>\$ 2,295,359</u> |  |
| 9. Auditee qualified as low-risk auditee?                                   | _____ <input checked="" type="checkbox"/> Yes | _____ No            |  |

**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2014**

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**Part II. Financial statement findings section**

No findings noted.

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

No findings noted.

**COUNTY OF ONEIDA, NEW YORK**  
**Summary Schedule of Prior Year Audit Findings**  
**Year Ended December 31, 2014**  
**(Follow Up on December 31, 2013 Findings)**

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No findings noted.

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NEW YORK STATE DEPARTMENT  
OF TRANSPORTATION FINANCIAL  
ASSISTANCE INFORMATION



**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of New York State Department of Transportation Assistance Expended**  
**Year Ended December 31, 2014**

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<u>Program Title/Description</u>	<u>NYSDOT Contract/ Reference Number</u>	<u>NYSDOT Expenditures</u>
Consolidated Local Street and Highway Improvement Program (CHIPS)	M260000	\$ <u>4,385,265</u>
Marchicelli/Bond Match for Federal Aid Highway Projects (Highway and Bridge Reconstruction Projects): Middlesettlement Road	D032097	<u>141,340</u>
State Transit Operating Assistance	N/A	<u>277,867</u>
Airport Improvement Program	2905.29	35,484
	2905.30	8,943
	2905.32	107,642
	2905.33	188,945
	2905.34	23,664
	2905.35	4,010
	2905.36	5
	2905.37	<u>3,799</u>
Total Airport Improvement Program		<u>372,492</u>
Total New York State Department of Transportation Assistance Expended		<u>\$ 5,176,964</u>

See the notes to the schedule of New York State Department of Transportation assistance expended

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**COUNTY OF ONEIDA, NEW YORK**  
**Notes to Schedule New York State Department of Transportation Assistance Expended**  
**Year Ended December 31, 2014**

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**1. BASIS OF PRESENTATION**

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

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

**2. MATCHING COSTS**

Amounts identified as Marchiselli Aid and Airport Improvement Program represent matching costs for federally aided projects.

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*Certified Public Accountants*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
NEW YORK STATE TRANSPORTATION ASSISTANCE EXPENDED  
AND REPORT OF INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH DRAFT PART 43 OF NYCRR**

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

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

We have audited the County of Oneida, New York's, (the "County") compliance with the types of compliance requirements described in Draft Part 43 of the New York State Codification of Rules and Regulations ("NYCRR") that are applicable to each state transportation assistance program tested for the year ended December 31, 2014. The program tested is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its state transportation assistance program for the year ended December 31, 2014.

**Report on Internal Control Over Compliance**

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

transportation assistance program and to test and report on internal control over compliance in accordance with Draft Part 43 of NYCRR, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

### **Report on Schedule of State Transportation Assistance Expended**

We have audited the financial statements of the County as of and for the year ended December 31, 2014, and have issued our report thereon dated July 24, 2015, which contained an unmodified opinion on those financial statements and refers to other auditors. Our audit was conducted for the purpose of forming an opinion on the County's financial statements taken as a whole. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Draft Part 43 of NYCRR, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of State Transportation Assistance Expended is fairly stated in all material respects in relation to the financial statements as a whole.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of Draft Part 43 of NYCRR. This report is for the information and use of the County Legislature, County management, the New York State Department of Transportation, and the Office of the State Comptroller of the State of New York. Accordingly, this communication is not suitable for any other purpose.

*Drescher & Malecki LLP*

July 24, 2015

**COUNTY OF ONEIDA, NEW YORK**  
**Schedule of Findings and Questioned Costs of**  
**New York State Department of Transportation Assistance**  
**For the Year Ended December 31, 2014**

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

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

Internal control over major programs:

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

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

Unmodified

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

4. The County's programs tested were:

**Name of Program**

Consolidated Highway Improvement Program (CHIPS)

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

No matters were reported.

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