

COUNTY OF ONEIDA,
NEW YORK

MANAGEMENT'S
DISCUSSION AND
ANALYSIS AND BASIC
FINANCIAL STATEMENTS

For the Year Ended
December 31, 2006

COUNTY OF ONEIDA, NEW YORK

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	
Management's Discussion and Analysis	3-12
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
• Statement of Net Assets	13
• Statement of Activities	14
Fund Financial Statements	
• Balance Sheet – Governmental Funds	15
• Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
• Reconciliation of the Statement of Revenues and Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	17
Proprietary Fund Financial Statements	
• Statement of Net Assets	18
• Statement of Revenues, Expenses, and Changes in Net Assets	19
• Statement of Cash Flows	20
Fiduciary Fund Financial Statements	
• Statement of Fiduciary Net Assets	21
Discretely Presented Component Units	
• Statement of Net Assets - Component Units	22
• Statement of Revenues, Expenses, and Changes in Net Assets – Component Units	23
Notes to Basic Financial Statements	24-58

(Continued)

COUNTY OF ONEIDA, NEW YORK

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
SUPPLEMENTAL SCHEDULES	
Combined Statement of Revenues and Other Financing Sources and Expenditures and Other Financing Uses – Budget and Actual – General Fund	59
Combined Statement of Revenues and Other Financing Sources and Expenditures and Other Financing Uses – Budget and Actual – Debt Service Fund	60
Combining Statements of Other Governmental Funds	
• Combining Balance Sheet – Nonmajor Governmental Funds	61
• Combining Statement of Revenues and Other Financing Sources, Expenditures and Other Financing Uses, and Changes in Fund Balance – Nonmajor Governmental Funds	62

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Oneida, New York, as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Oneida, New York's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oneida-Herkimer Solid Waste Management Authority which represent 51%, (4%), and 33%, respectively, of the assets, net assets, and revenues of the discretely presented component units. We also did not audit the financial statements of The Oneida Tobacco Asset Securitization Corporation, which represent 37%, 63%, and 11%, respectively of the assets, net assets, and revenues of the other governmental funds. Those financial statements were audited by other auditors whose reports, thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Oneida-Herkimer Solid Waste Management Authority and Oneida Tobacco Asset Securitization Corporation, is based on the reports of the other auditors.

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

In our opinion, based on our audit and the 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Oneida, New York, as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information on pages 3-12 and 59-60, are not a required part of the basic financial statements but are supplementary information required by U.S. Generally Accepted Accounting Principles. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

D'Arcangelo + Co. LLP

July 23, 2007

Utica, New York

COUNTY OF ONEIDA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2006

Our discussion and analysis of the County of Oneida, New York's financial performance provides an overview of the County's financial activities for the year ended December 31, 2006 with comparative information for the year ended December 31, 2005. This document should be read in conjunction with the County's financial statements which follow this narrative.

FINANCIAL HIGHLIGHTS

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

Governmental Activities

- The assets of Oneida County's Governmental Activities exceeded its liabilities at December 31, 2006, by \$83,719,497, which is illustrated in the statements as "net assets" (pages 13 and 14).
- The total net assets attributable to Governmental Activities increased by \$24,149,105.
- At December 31, 2006, Oneida County's governmental funds reported combined ending fund balances of \$60,805,057, an increase of \$7,130,323 from the prior year (pages 15 and 16).
- The modified 2006 budget anticipated a reduction in the General Fund balance of \$2,615,412; however, the actual operating surplus was \$13,303,046, resulting in a budget surplus of \$15,918,458 (page 59).
- At the end of 2006, the unreserved fund balance for the General Fund was \$31,321,908. Of this total, \$8,000,000 was designated for Fiscal Stability, \$7,231,090 was appropriated for the 2007 budget, \$700,000 was designated for pending tax certiorari, \$500,000 designated for Economic and Community Development, \$500,000 for GASB 45 OPEB costs, \$300,000 for "Pay-As-You-Go" Capital Projects and \$524,337 was designated for the joint activity fund (page 15).
- In 2006, the County's credit ratings remained in the "A" category and have been assigned a stable or neutral outlook by all three credit rating agencies.

Business-Type Activities

- The assets of Oneida County's Business-Type Activities exceeded its liabilities at December 31, 2006, by \$13,165,042 which is illustrated in the statements as "net assets" (pages 18 and 19).
- The total net assets attributable to Business-Type activities decreased by \$654,629.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole, and can be found on pages 13 and 14.

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, economic assistance and opportunity, and general government support. Property taxes, sales tax, and State and Federal grant funds finance most of these activities. Starting in 2005 the Oneida Tobacco Asset Securitization Corporation is included in the Governmental Activities as a blended component unit according to GASB Technical Bulletin No. 2005-1. In prior years it was reported as a discretely presented Component Unit. The business-type activities are those that the County charges customers to provide. These include sewer and workers' compensation services offered by Oneida County. The final category is the component units. The County includes the Oneida Herkimer Solid Waste Authority and Mohawk Valley Community College in this report. Although legally separate, these "component units" are included as required by GASB Statement No. 39. Separately issued financial statements are available for the component units. See notes to basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		Business-Type Activities	
	2006	Restated 2005	2006	Restated 2005
Current and Other Assets	132.7	126.0	21.8	24.2
Capital Assets, Net of Accumulated Depreciation	174.1	156.6	23.6	17.7
Total Assets	<u>306.8</u>	<u>282.6</u>	<u>45.4</u>	<u>41.9</u>
Other Liabilities	59.7	60.8	19.8	18.7
Long-Term Debt Outstanding	163.4	162.2	12.4	9.4
Total Liabilities	<u>223.1</u>	<u>223.0</u>	<u>32.2</u>	<u>28.1</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	18.4	1.0	11.4	8.3
Restricted		13.0		0.0
Unrestricted	<u>65.3</u>	<u>45.6</u>	<u>1.8</u>	<u>5.5</u>
Total Net Assets	<u>83.7</u>	<u>59.6</u>	<u>13.2</u>	<u>13.8</u>

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

	Governmental Activities		Business-Type Activities	
	2006	Restated 2005	2006	Restated 2005
Revenues				
Program Revenues				
Charges for Services	37.1	39.3	13.5	13.7
Operating Grants and Contributions	105.3	100.5	0.0	0.0
Capital Grants and Contributions	13.6	10.6	0.0	0.0
General Revenues				
Property Taxes	56.7	67.1	0.0	0.0
Other Taxes and Items	<u>104.2</u>	<u>100.6</u>	<u>0.0</u>	<u>0.0</u>
Total Revenues	<u>316.9</u>	<u>318.1</u>	<u>13.5</u>	<u>13.7</u>
Program Expenses				
General Government	26.4	26.4	0.0	0.0
Education	20.2	18.0	0.0	0.0
Public Safety	34.0	32.6	0.0	0.0
Public Health	16.7	18.0	0.0	0.0
Transportation	35.1	30.3	0.0	0.0
Economic Assistance and Opportunity	140.3	147.3	0.0	0.0
Culture and Recreation	2.4	2.1	0.0	0.0
Home and Community Services	2.8	3.3	13.6	13.3
Interest on Long-Term Debt	9.5	6.8	0.0	0.1
Unallocated Depreciation	<u>5.4</u>	<u>5.5</u>	<u>0.6</u>	<u>0.6</u>
Total Expenses	<u>292.8</u>	<u>290.3</u>	<u>14.2</u>	<u>14.0</u>
Increase (Decrease) in Net Assets	<u>24.1</u>	<u>27.8</u>	<u>(.7)</u>	<u>(.3)</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Oneida County's Governmental Activities exceeded its liabilities at December 31, 2006, by \$83.7 million. This reflects a \$24.1 million increase over the 2005 net assets amount, after the restatement of opening net assets, due primarily to significant capital spending on infrastructure improvements in 2006, most notably, \$10 million at the Griffiss Business and Technology Park. These capital improvements in conjunction with the \$13 million operating surplus achieved in the County's General Fund are the largest components of this increase (see discussion of Fund Financial Statements).

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

	2006		2005	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Public Health	16.7	1.5	18.0	2.6
Public Safety	34.0	24.9	32.6	25.2
Transportation	35.1	11.9	30.3	7.4
Economic Assistance and Opportunity	140.3	57.0	147.3	65.6
Totals	<u>226.1</u>	<u>95.3</u>	<u>228.2</u>	<u>100.8</u>

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

	2006		Restated 2005	
	Sewer	WCF	Sewer	WCF
Total Assets	28.6	16.8	25.4	16.5
Net Assets	13.2	0.0	14.0	0.0
Changes in Net Assets	(.7)	0.0	(.3)	0.0

FUND FINANCIAL STATEMENTS

Our analysis of the County's major funds begins on Page 15 and provides detailed information about the most significant funds – not the County as a whole. Some funds are required to be established by State law; however, the County Legislature may establish other funds to help it control and manage money for particular purposes. The County's two types of funds - *Governmental* and *Proprietary* – use different accounting approaches.

Governmental Funds – Most of the County's basic services are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (of differences) between governmental activities (reported in the statement of net assets and the statement of activities) and Governmental Funds in a reconciliation on page 17.

Proprietary Funds – When the County charges customers for the services it provides – whether to outside customers or to other units of the County – these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact, the County's Enterprise Funds (a component of Proprietary Funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for Proprietary Funds. These statements begin on page 18.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The basic fiduciary fund financial statements can be found on page 21 of this report.

Fund Financial Analysis

As the County completed the year, its governmental funds (as presented in the balance sheet on page 15) reported a *combined* fund balance of \$60.8 million which was an increase of \$7.1 million from last year's total of \$53.7 million. The adopted General Fund Budget included a \$2.3 million projected operating deficit, however, actual results showed an operating surplus of \$13.3 million. This surplus was expense driven, due to total expenditures being less than appropriations, particularly in two major categories. Salaries, including fringe benefits, ended the year with a \$3.6 million favorable budget variance, while Medicaid expenditures were \$9 million less than budgeted.

The other Governmental Funds operating deficit for 2006 was \$(6.7) million and is mainly attributable to the Capital Fund \$(4.5) million) and OTASC \$(1.9) million). The Capital deficit is due to timing differences between recognition of tobacco and bond revenues in 2005 and the subsequent project expenditures in 2006. The OTASC deficit is due to debt service expenses exceeding the Tobacco revenues received.

A comparative overview of the Governmental Funds results for 2006 and 2005 follows. This includes more detailed information about sources and uses of funds in each year.

Table 5 - Oneida County Governmental Funds
Summary of Revenues and Expenditures
2006 and 2005 (In Millions)

	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>
	<u>Revenues</u>	<u>% of Total</u>	<u>Revenues</u>	<u>% of Total</u>
Sales Tax and Other				
Nonproperty Items	\$ 97.1	28.4%	\$ 93.2	21.7%
Real Property Tax	59.3	17.3%	57.5	13.4%
Departmental Income, Fees, and Interest	33.5	9.8%	34.0	7.9%
State and Federal Aid	119.0	34.8%	112.3	26.1%
All Other Sources	<u>33.2</u>	<u>9.7%</u>	<u>133.0</u>	<u>30.9%</u>
Total Revenues	<u>\$ 342.1</u>	<u>100.0%</u>	<u>\$ 430.0</u>	<u>100.0%</u>
	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>
	<u>Expenditures</u>	<u>% of Total</u>	<u>Expenditures</u>	<u>% of Total</u>
General Governmental				
Support	\$ 28.2	8.4%	\$ 27.3	6.9%
Education	22.0	6.6%	18.1	4.6%
Public Safety	36.3	10.8%	34.5	8.7%
Public Health	18.2	5.4%	43.0	10.9%
Transportation	37.6	11.2%	9.7	2.5%
Economic Assistance and Opportunity	152.6	45.6%	152.7	38.7%
Culture and Recreation	2.6	0.8%	2.0	0.5%
Home and Community Services	3.0	0.9%	3.5	0.9%
Debt Service	17.5	5.2%	68.0	17.2%
Other	<u>17.0</u>	<u>5.1%</u>	<u>36.1</u>	<u>9.1%</u>
Total Expenditures	<u>\$ 335.0</u>	<u>100.0%</u>	<u>\$ 394.9</u>	<u>100.0%</u>

GENERAL FUND BUDGET HIGHLIGHTS

The statement on page 59 shows both adopted and final modified budget totals compared with actual results for the General Fund in 2006. The significant variances between the adopted and the final budget for 2006 were as follows:

Original Budget	\$ 283,819,910
2006 Additional Appropriations	
Encumbrance Carryovers	358,610
Supplemental Appropriations from Additional Revenue	<u>8,383,571</u>
Final Budget	\$ <u>292,562,091</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2006 and 2005, the County had \$197.7 million and \$174.2 million, respectively, invested in a broad range of capital assets including equipment, a jail, buildings, roads, bridges, and sewer lines and plant (see pages 45 through 46).

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

	2006		
	Governmental Activities	Business-Type Activities	Totals
Land	\$ 11.8	\$ 0.0	\$ 11.8
Land Improvements	3.1	0.0	3.1
Construction	106.3	19.1	125.4
Licensed Vehicles	2.8	0.0	2.8
Machinery and Equipment	5.0	0.1	5.1
Infrastructure	45.1	4.4	49.5
Totals	<u>\$ 174.1</u>	<u>\$ 23.6</u>	<u>\$ 197.7</u>

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

	2005		
	Governmental Activities	Business-Type Activities	Totals
Land	\$ 11.8	\$ 0.0	\$ 11.8
Land Improvements	3.5	0.0	3.5
Construction	92.8	13.0	105.8
Licensed Vehicles	2.5	0.0	2.5
Machinery and Equipment	6.0	0.1	6.1
Infrastructure	40.0	4.5	44.5
Totals	<u>\$ 156.6</u>	<u>\$ 17.6</u>	<u>\$ 174.2</u>

The County's 2007 capital budget anticipates a spending level of \$19.2 million for capital projects.

Bonds

At year end, the County had \$167.9 million in bonds outstanding (see Note XII B on page 51 for additional detail).

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

	Governmental Activities	Business-Type Activities	Totals
General Obligation Bonds (Backed by the County)	\$ 155.7	\$ 0.0	\$ 155.7
General Obligation Revenue Bonds (Backed by Specific Revenues)	0.0	12.2	12.2
Totals	<u>\$ 155.7</u>	<u>\$ 12.2</u>	<u>\$ 167.9</u>

2007 ECONOMIC FACTORS AND BUDGET

The County's elected and appointed officials considered many factors when setting the fiscal year 2007 budget, tax levy, and fees that will be charged for the business-type activities. One of these factors is the economy. Unemployment in the County at the end of June 2007 stood at 4.0% versus 4.1% a year ago. This compares with the June 2007 State unemployment rate of 4.5%, and the national rate of 4.7% (these percentages are not seasonally adjusted).

For the period June 2006 through June 2007, the national average CPI increase was 2.7%.

Sales tax is budgeted for 2007 at \$87,750,000. In 2005, the County Board of Legislators adopted a resolution of necessity and the NYS Legislature passed legislation (with the Governor signing into law) authorizing the County to impose an additional increase to the sales tax of 1.5%. This tax began March 1, 2005, with an expiration date of November 30, 2007. This tax was reduced to 1% effective September 1, 2006. All of the proceeds of this additional sales tax are retained by the County, which aggregated \$31,315,157 in 2006.

In July 2007, the New York State Legislature (with the Governor signing into law) approved the extension of the additional sales tax imposed in 2005 at the amended rate of three quarters of one percent (3/4%) effective December 1, 2007 until November 30, 2009, unless the Oneida County Board of Legislators resolves to further reduce the rate of this additional tax to one half of one percent no less than ninety days prior to November 30, 2008. This will have no material budget impact for 2007. The anticipated loss of \$6.0 to \$8.0 million of sales tax revenue in 2008 will be addressed during the 2008 budget process.

Medicaid continues to be a major expenditure for County Government. In 2005, New York State approved legislation mandating the State takeover the Medicaid program in 2008. The plan limits local Medicaid payments at the 2005 calendar year level, effective January 1, 2006, and adjusted by a growth rate of 3.5%, or actual costs, whichever is less. Under this plan, the annual inflation factor is lowered to 3.3% in 2007 and 3.0% in 2008 and years thereafter. In 2008, the State would assume all local Medicaid costs into the State budget, but counties would still be required to provide an annual payment to the State which, at the County's option, will be based on either: 1) The capped local contribution methodology (base payment increase by 3.0% annually) or, 2) A fixed percentage of local sales tax revenue to be intercepted from the County sales tax payments on a monthly basis. The 2007 budgeted Medicaid expense is \$48.8 million.

The County expects moderate increases in overall operating expenses due to inflationary and economic factors, particularly in the areas of fuel and utilities expenditures. The County is monitoring these areas and continues to restrict hiring, and carefully scrutinize new purchases and supplemental appropriations to mitigate these increases.

Oneida County's non-management employees are represented by four labor unions. Four of the five labor contracts are current as of July 2007. The Police Benevolent Association contract, covering approximately 130 employees, is currently under negotiation, having expired on December 31, 2006.

The 2007 budget anticipates an operating deficit of \$7.2 million, which is to be funded with a portion of the 2005 tobacco securitization proceeds. County officials are closely monitoring the 2007 activity in conjunction with the preparation of the 2008 budget.

GASB 45 UPDATE

In 2007, the County contracted with the BPA – Harbridge Consulting Group for actuary services mandated by GASB 45. As of this printing, the actuaries are in the process of completing their review and analysis of the County's Other Post Employment Benefits (OPEB). The expected completion date is August 31, 2007. It should be noted that, at December 31, 2006, the County designated \$500,000 of their unreserved fund balance to begin funding for their OPEB liability. The County's full liability will be disclosed in their 2007 audited statements.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

COUNTY OF ONEIDA, NEW YORK

STATEMENT OF NET ASSETS

December 31, 2006

	Governmental Activities	Business Type	Primary Government Total	Component Units
Assets				
Cash and Cash Equivalents	\$ 43,957,958	\$ 7,055,849	\$ 51,013,807	\$ 17,234,658
Deposits With Trustees	5,022,171		5,022,171	13,584,049
Investments				3,659,221
Receivables				
Taxes Receivable	21,161,963		21,161,963	
Student Tuition, Loans and Fees Receivable				2,717,177
Other Receivables	3,800,299	2,743,117	6,543,416	4,582,064
Due From				
State and Federal Governments	45,647,256		45,647,256	
Other Governments	312,249	10,202,143	10,514,392	3,935,699
Governmental Funds		1,827,703	1,827,703	
Business-Type Activities	2,885,929		2,885,929	
Fiduciary Funds	551		551	
Inventory				560,441
Other Assets	9,914,248		9,914,248	2,253,411
Capital Assets (Net of Accumulated Depreciation)	<u>174,108,077</u>	<u>23,582,535</u>	<u>197,690,612</u>	<u>85,510,049</u>
Total Assets	<u>\$ 306,810,701</u>	<u>\$ 45,411,347</u>	<u>\$ 352,222,048</u>	<u>\$ 134,036,769</u>
Liabilities				
Accounts Payable	\$ 22,468,557	\$ 725,781	\$ 23,194,338	\$ 7,424,011
Accrued Liabilities	23,798,193	16,209,395	40,007,588	
Due To				
Other Governments	9,309,844		9,309,844	
Governmental Funds		2,885,929	2,885,929	
Business-Type Activities	1,827,703		1,827,703	
Overpayments and Collections in Advance	30,858		30,858	
Accrued Closure Costs				623,845
Other Liabilities				1,647,537
Deferred Revenue	2,060,766		2,060,766	4,002,332
Noncurrent Liabilities				
Due Within One Year	14,634,744	1,182,011	15,816,755	10,589,860
Due in More Than One Year	<u>148,960,539</u>	<u>11,243,189</u>	<u>160,203,728</u>	<u>88,883,176</u>
Total Liabilities	<u>223,091,204</u>	<u>32,246,305</u>	<u>255,337,509</u>	<u>113,170,761</u>
Net Assets				
Invested in Capital Assets (Net of Related Debt)	18,378,358	11,372,346	29,750,704	(7,990,278)
Restricted				
Nonexpendable				520,994
Expendable	13,209,996		13,209,996	17,096,925
Unrestricted	<u>52,131,143</u>	<u>1,792,696</u>	<u>53,923,839</u>	<u>11,238,367</u>
Total Net Assets	<u>83,719,497</u>	<u>13,165,042</u>	<u>96,884,539</u>	<u>20,866,008</u>
Total Liabilities and Net Assets	<u>\$ 306,810,701</u>	<u>\$ 45,411,347</u>	<u>\$ 352,222,048</u>	<u>\$ 134,036,769</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2006

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities							
General Government Support	\$ 26,381,755	\$ 10,917,326	\$ 3,784,452	\$ 724,968	\$ (10,955,009)	\$ (10,955,009)	\$
Education	20,250,509	2,082,170	6,201,538		(11,966,801)	(11,966,801)	
Public Safety	34,011,434	6,797,533	1,186,499	1,129,142	(24,898,260)	(24,898,260)	
Public Health	16,749,853	1,711,193	13,505,928		(1,532,732)	(1,532,732)	
Transportation	35,068,817	7,696,257	3,707,128	11,779,642	(11,885,790)	(11,885,790)	
Economic Assistance and Opportunity	140,298,984	7,463,052	75,799,011		(57,036,921)	(57,036,921)	
Culture and Recreation	2,358,843	21,037	129,982		(2,207,824)	(2,207,824)	
Home and Community Services	2,767,285	441,086	1,025,123		(1,301,076)	(1,301,076)	
Interest on Long-Term Debt (Excludes Direct Expenses of the Various Programs)	9,543,505				(9,543,505)	(9,543,505)	
Unallocated Depreciation (Excludes Direct Depreciation Expenses of the Various Programs)	5,429,138				(5,429,138)	(5,429,138)	
Total Governmental Activities	292,860,123	37,129,654	105,339,661	13,633,752	(136,757,056)	(136,757,056)	
Business-Type Activities							
Sewer Fund	9,056,045	8,401,507			(654,538)	(654,538)	
Internal Service Fund	5,094,502	5,094,411			(91)	(91)	
Total Primary Government	\$ 307,010,670	\$ 50,625,572	\$ 105,339,661	\$ 13,633,752	(136,757,056)	(137,411,685)	
Component Units							
Solid Waste Authority	\$ 23,313,896	\$ 25,205,698	\$ 46,177	\$			1,937,979
Community College	48,845,940	15,732,663	32,404,581	2,106,578			1,397,882
Total Component Units	\$ 72,159,836	\$ 40,938,361	\$ 32,450,758	\$ 2,106,578			3,335,861
General Revenues							
Real Property Taxes, Levied for General Purposes					56,659,568		56,659,568
Real Property Tax Items					2,717,975		2,717,975
Nonproperty Tax Items (Sales Tax and PILOTs)					97,081,715		97,081,715
Tobacco Revenues and Interest					4,446,903		4,446,903
Total General Revenues					160,906,161		160,906,161
Change in Net Assets					24,149,105	(654,629)	23,494,476
Net Assets, Beginning of Year, (as Restated)					59,570,392	13,819,671	73,390,063
Net Assets, End of Year					\$ 83,719,497	\$ 13,165,042	\$ 96,884,539

The Accompanying Notes are an Integral Part of These Financial Statements.

COUNTY OF ONEIDA, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
(INCLUDING THE RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES)
December 31, 2006

	General	Debt Service	Other Governmental Funds	Totals
Assets				
Cash and Cash Equivalents	\$ 32,840,809	\$	\$ 11,117,149	\$ 43,957,958
Deposits with Trustees			5,022,171	5,022,171
Taxes Receivable (Net of Allowance for Uncollectibles of \$162,725)	55,299,238			55,299,238
Other Receivables Due From	2,611,837	972,377	216,085	3,800,299
State and Federal Governments	45,601,287		45,969	45,647,256
Other Governments	312,249			312,249
Other Funds	1,526,512	9,559,132	11,165,543	22,251,187
Other Assets	1,784,956		8,129,292	9,914,248
Total Assets	\$ 139,976,888	\$ 10,531,509	\$ 35,696,209	\$ 186,204,606
Liabilities and Fund Equity				
Accounts Payable	\$ 10,745,963	\$ 9,505,347	\$ 2,217,247	\$ 22,468,557
Accrued Liabilities	23,184,307		613,886	23,798,193
Due To				
Other Governments	9,245,979		63,865	9,309,844
Other Funds	9,844,324		11,348,086	21,192,410
Overpayments and Collections in Advance	30,858			30,858
Deferred Revenue	47,160,137	406,000	1,033,550	48,599,687
Total Liabilities	100,211,568	9,911,347	15,276,634	125,399,549
Fund Equity				
Fund Equity - Reserved				
Special Reserves	8,052,724			8,052,724
Reserve for Encumbrances	390,688		14,837,807	15,228,495
Fund Equity - Unreserved				
Designated for Subsequent Year's Expenditures	7,231,090	424,000		7,655,090
Designated for Fiscal Stability	8,000,000			8,000,000
Designated for Tax Certiorari	700,000			700,000
Designated for Economic and Community Development	500,000			500,000
Designated for Post Employment Benefits	500,000			500,000
Designated for Capital Projects	300,000			300,000
Designated for Joint Activity	524,337			524,337
Undesignated - Major Funds	13,566,481	196,162		13,762,643
Undesignated - Non Major Funds				
Special Grant			41,623	41,623
County Road			207,726	207,726
Capital			(7,520,922)	(7,520,922)
OTASC			12,831,224	12,831,224
Road Machinery			22,117	22,117
Total Fund Equity	39,765,320	620,162	20,419,575	60,805,057
Total Liabilities and Fund Equity	\$ 139,976,888	\$ 10,531,509	\$ 35,696,209	

Amounts reported for governmental activities in the statement of net assets are different due to the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	174,108,077
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	12,401,646
Long-term liabilities, including bonds payable, are not due and payable in the current-period and therefore are not reported in the funds.	(163,595,283)

Net Assets of Governmental Activities **\$ 83,719,497**

The Accompanying Notes are an Integral Part of These Financial Statements.

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2006

	General	Debt Service	Other Governmental Funds	Total
Revenues				
Real Property Taxes	\$ 56,542,238	\$	\$	\$ 56,542,238
Other Real Property Tax Items	2,717,975			2,717,975
Nonproperty Tax Items	97,081,715			97,081,715
Departmental Income	15,980,860		64,491	16,045,351
Intergovernmental Charges	10,530,934	341,992	1,999,598	12,872,524
Use of Money and Property	2,400,459	1,019,683	404,961	3,825,103
Licenses and Permits	14,554		8,680	23,234
Fines and Forfeitures	773,309			773,309
Sale of Property and Compensation for Loss	481,777		10,121	491,898
Miscellaneous Local Sources	982,968	18,455		1,001,423
Interfund Revenues	54,767		2,439,579	2,494,346
State and Federal Aid	100,079,581		18,893,832	118,973,413
Tobacco Revenues			4,049,369	4,049,369
Total Revenues	287,641,137	1,380,130	27,870,631	316,891,898
Other Financing Sources				
Transfers from Other Funds		11,105,322	5,909,721	17,015,043
Proceeds of Obligations - Serial Bonds			8,222,240	8,222,240
Total Revenues and Other Financing Sources	287,641,137	12,485,452	42,002,592	342,129,181
Expenditures				
General Governmental Support	23,470,113	16,782	4,712,886	28,199,781
Education	19,614,767	704,830	1,662,444	21,982,041
Public Safety	35,327,752		950,405	36,278,157
Public Health	18,244,349			18,244,349
Transportation	5,700,634		31,860,719	37,561,353
Economic Assistance and Opportunity	149,885,556		2,720,594	152,606,150
Culture and Recreation	2,076,135		491,266	2,567,401
Home and Community Services	3,003,742			3,003,742
Debt Service				
Principal		7,499,170	575,000	8,074,170
Interest		3,708,312	5,758,359	9,466,671
Total Expenditures	257,323,048	11,929,094	48,731,673	317,983,815
Other Financing Uses				
Transfers to Other Funds	17,015,043			17,015,043
Total Expenditures and Other Financing Uses	274,338,091	11,929,094	48,731,673	334,998,858
Excess (Deficit) Revenues and Other Financing Sources				
Over Expenditures and Other Financing Uses	13,303,046	556,358	(6,729,081)	7,130,323
Fund Balance, Beginning of Year	26,462,274	63,804	27,148,656	53,674,734
Fund Balance, End of Year	\$ 39,765,320	\$ 620,162	\$ 20,419,575	\$ 60,805,057

The Accompanying Notes are an Integral Part of These Financial Statements.

COUNTY OF ONEIDA, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2006

Net Changes in Fund Balance - Total Governmental Funds	\$	7,130,323
<p>Capital Outlays to purchase or build capital assets are reported in Governmental Funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their useful lives as depreciation expense in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.</p>		
	Depreciation Expense \$	7,869,978
	Capital Outlays	<u>(25,514,728)</u>
		17,644,750
<p>Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.</p>		
	Bond Proceeds	8,222,240
	Repayment Bond Principal	<u>(8,074,170)</u>
		(148,070)
<p>Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.</p>		
		(508,381)
<p>Revenues in the statement of activities that do not provide current financial resources and are not reported as revenue in the funds.</p>		
		117,330
<p>In the statement of activities, only the loss on the disposal of certain assets is reported, whereas in the governmental funds, the loss is not recorded as a decrease in financial resources.</p>		
		<u>(86,847)</u>
Change in Net Assets Governmental Activities	\$	<u>24,149,105</u>

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2006

	Enterprise Sewer Fund	Workers' Compensation Fund	Total
Assets			
Cash and Cash Equivalents	\$ 470,192	\$ 6,585,657	\$ 7,055,849
Other Receivables	2,730,103	13,014	2,743,117
Due From			
Other Governments		10,202,143	10,202,143
Governmental funds	1,827,703		1,827,703
Capital Assets (Net)	23,582,535		23,582,535
Total Assets	\$ 28,610,533	\$ 16,800,814	\$ 45,411,347
Liabilities and Net Assets			
Liabilities			
Accounts Payable	\$ 421,919	\$ 303,862	\$ 725,781
Accrued Liabilities	64,651	16,144,744	16,209,395
Due to Other Funds	2,533,721	352,208	2,885,929
Noncurrent Liabilities			
Due Within One Year	1,182,011		1,182,011
Due in More Than One Year	11,243,189		11,243,189
Total Liabilities	15,445,491	16,800,814	32,246,305
Net Assets			
Invested in Capital Assets (Net)	11,372,346		11,372,346
Unrestricted	1,792,696		1,792,696
Total Net Assets	13,165,042		13,165,042
Total Liabilities and Net Assets	\$ 28,610,533	\$ 16,800,814	\$ 45,411,347

The Accompanying Notes are an Integral Part of These Financial Statements.

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2006

	<u>Enterprise Sewer Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
Operating Revenues			
Departmental Income	\$ 7,429,891	\$	\$ 7,429,891
Sale of Property and Compensation for Loss	966		966
Miscellaneous Local Sources	879,952		879,952
Intergovernmental Charges		4,303,826	4,303,826
Miscellaneous	<u>563,433</u>	<u>563,433</u>	<u>563,433</u>
Total Operating Revenues	<u>8,310,809</u>	<u>4,867,259</u>	<u>13,178,068</u>
Operating Expenses			
Personnel Services	2,209,440	323,270	2,532,710
Employee Benefits	836,393		
Contractual Expenses	5,407,439	4,771,141	10,178,580
Depreciation	<u>602,773</u>	<u>91</u>	<u>602,864</u>
Total Operating Expenses	<u>9,056,045</u>	<u>5,094,502</u>	<u>13,314,154</u>
Net Operating (Loss)	<u>(745,236)</u>	<u>(227,243)</u>	<u>(972,479)</u>
Nonoperating Revenue			
Use of Money and Property	<u>90,698</u>	<u>227,152</u>	<u>317,850</u>
Total Nonoperating Revenue	<u>90,698</u>	<u>227,152</u>	<u>317,850</u>
Net (Loss)	(654,538)	(91)	(654,629)
Net Assets, Beginning of Year	<u>13,819,580</u>	<u>91</u>	<u>13,819,671</u>
Net Assets, End of Year	<u>\$ 13,165,042</u>	<u>\$ 0</u>	<u>\$ 13,165,042</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended December 31, 2006

	Enterprise Sewer Fund	Workers' Compensation Fund	Total
Cash Flows from (Used by) Operating Activities			
Cash Flows from Providing Services	\$ 9,682,023	\$ 5,154,503	\$ 14,836,526
Cash Payments Contractual Expenses	(5,459,782)	(4,531,054)	(9,990,836)
Cash Payments Personal Services and Benefits	(2,035,102)	(229,223)	(2,264,325)
Other Operating Revenues	<u>880,918</u>	<u>563,433</u>	<u>1,444,351</u>
Net Cash Flows from Operating Activities	<u>3,068,057</u>	<u>957,659</u>	<u>4,025,716</u>
Cash Flows from (Used by) Capital and Related Financing Activities			
Principal Payments on Debt	(11,125,905)		(11,125,905)
Proceeds from Debt	10,178,589		10,178,589
Interest Expense	(361,111)		(361,111)
Payments to Contractors	<u>(5,942,662)</u>		<u>(5,942,662)</u>
Net Cash Flows (Used by) Capital and Related Financing Activities	<u>(7,251,089)</u>		<u>(7,251,089)</u>
Cash Flows from Investing Activities			
Interest Income	<u>90,698</u>	<u>227,152</u>	<u>317,850</u>
Net Cash Flows from Investing Activities	<u>90,698</u>	<u>227,152</u>	<u>317,850</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,092,334)	1,184,811	(2,907,523)
Cash and Cash Equivalents, Beginning of Year	<u>4,562,526</u>	<u>5,400,846</u>	<u>9,963,372</u>
Cash and Cash Equivalents, End of Year	<u>\$ 470,192</u>	<u>\$ 6,585,657</u>	<u>\$ 7,055,849</u>
Reconciliation of Operating Income to Net Cash Flows from (Used by) Operating Activities			
Operating (Loss)	\$ (745,236)	\$ (227,243)	\$ (972,479)
Adjustment to Reconcile Operating Income to Net Cash			
Flows from Operating Activities			
Depreciation	602,773	91	602,864
Decrease in Assets Other Than Cash			
Receivables	425,919	406,036	831,955
Due From Other Governments		444,641	444,641
Due From Other Funds	1,826,213		1,826,213
Increase (Decrease) in Liabilities			
Accounts Payable and Accrued Liabilities	(52,343)	(6,690)	(59,033)
Deferred Revenue		246,777	246,777
Due to Other Funds	<u>1,010,731</u>	<u>94,047</u>	<u>1,104,778</u>
Net Cash Flows from (Used by) Operating Activities	<u>\$ 3,068,057</u>	<u>\$ 957,659</u>	<u>\$ 4,025,716</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
December 31, 2006

	<u>Deferred Compensation</u>	<u>Agency</u>
Assets		
Cash and Cash Equivalents	\$	\$ 10,421,438
Investments	<u>19,707,498</u>	<u> </u>
Total Assets	<u>\$ 19,707,498</u>	<u>\$ 10,421,438</u>
Liabilities		
Accrued Liabilities	\$	\$ 10,420,887
Due to Other Funds		551
Deferred Compensation Plan	<u>19,707,498</u>	<u> </u>
Total Liabilities	<u>19,707,498</u>	<u>10,421,438</u>
Total Net Assets	<u>\$ 0</u>	<u>\$ 0</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

COUNTY OF ONEIDA, NEW YORK

STATEMENT OF NET ASSETS

COMPONENT UNITS

December 31, 2006

	Community College	Solid Waste Authority	Total
Assets			
Cash and Cash Equivalents	\$ 14,981,542	\$ 2,253,116	\$ 17,234,658
Deposits With Trustees	1,369,717	12,214,332	13,584,049
Investments	3,659,221		3,659,221
Receivables			
Student Tuition and Fees Receivable, Net	1,210,252		1,210,252
Student Loans Receivable, Net	1,506,925		1,506,925
Other Receivables	51,791	4,530,273	4,582,064
Due From			
Other Governments	3,935,699		3,935,699
Inventory	560,441		560,441
Other Assets	423,867	1,829,544	2,253,411
Capital Assets, Net	<u>38,098,836</u>	<u>47,411,213</u>	<u>85,510,049</u>
Total Assets	<u>\$ 65,798,291</u>	<u>\$ 68,238,478</u>	<u>\$ 134,036,769</u>
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 4,552,030	\$ 2,871,981	7,424,011
Accrued Closure Costs		623,845	623,845
Other Liabilities	1,115,153	532,384	1,647,537
Deferred Revenue	4,002,332		4,002,332
Noncurrent Liabilities			
Due Within One Year	1,379,860	9,210,000	10,589,860
Due in More Than One Year	<u>33,052,178</u>	<u>55,830,998</u>	<u>88,883,176</u>
Total Liabilities	<u>44,101,553</u>	<u>69,069,208</u>	<u>113,170,761</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	9,639,507	(17,629,785)	(7,990,278)
Restricted - Nonexpendable	520,994		520,994
Restricted - Expendable	4,882,593	12,214,332	17,096,925
Unrestricted	<u>6,653,644</u>	<u>4,584,723</u>	<u>11,238,367</u>
Total Net Assets (Deficit)	<u>21,696,738</u>	<u>(830,730)</u>	<u>20,866,008</u>
Total Liabilities and Net Assets	<u>\$ 65,798,291</u>	<u>\$ 68,238,478</u>	<u>\$ 134,036,769</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

COUNTY OF ONEIDA, NEW YORK
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
COMPONENT UNITS
For the Year Ended December 31, 2006

	Community College	Solid Waste Authority	Total
Operating Revenues			
Student Tuition and Fees (Net)	\$ 10,651,076	\$	\$ 10,651,076
Federal Grants and Contracts	6,853,551		6,853,551
State and Local Grants and Contracts	4,834,309		4,834,309
Nongovernmental Grants and Contracts	504,871		504,871
Auxiliary Enterprises			
Residential Life	1,884,447		1,884,447
Bookstore (Net of Cost of Goods Sold)	756,310		756,310
Auxillary Services Corporation Service Fees	88,585		88,585
Tipping Fees		18,554,622	18,554,622
Solid Waste Service Charge		1,950,995	1,950,995
Blue Bag Sales		1,779,836	1,779,836
Recyclable Sales		1,826,088	1,826,088
Other Operating Revenues	<u>1,032,072</u>	<u>443,225</u>	<u>1,475,297</u>
Total Operating Revenues	<u>26,605,221</u>	<u>24,554,766</u>	<u>51,159,987</u>
Operating Expenses			
Educational and General Expenditures	35,833,321		35,833,321
Scholarships and Donations	7,177,354		7,177,354
Dormitory Operations	1,918,840		1,918,840
Auxillary Services Enterprises	701,924		701,924
College Promotion and Development	249,836		249,836
Loan Cancellations and Allowance for Doubtful Loans	51,533		51,533
Landfill Tipping Fees		10,638,202	10,638,202
Personal Services		3,673,973	3,673,973
Contractual Services		2,890,703	2,890,703
Other Deductions	48,487	2,458,785	2,507,272
Depreciation	<u>1,841,410</u>	<u>1,270,431</u>	<u>3,111,841</u>
Total Operating Expenses	<u>47,822,705</u>	<u>20,932,094</u>	<u>68,754,799</u>
Operating Income (Loss)	<u>(21,217,484)</u>	<u>3,622,672</u>	<u>(17,594,812)</u>
Nonoperating Revenues (Expenses)			
State Operating Aid	10,748,973		10,748,973
County Chargebacks	2,352,245		2,352,245
Local Appropriations	6,462,059		6,462,059
Investment Income	1,091,288		1,091,288
Interest on Loans Receivable	69,081		69,081
Interest Income		650,932	650,932
Interest Expense		(2,165,980)	(2,165,980)
Capital Contribution to Retire Debt	1,015,290		1,015,290
Interest on Capital Asset-Related Debt	(991,532)		(991,532)
Other Nonoperating Revenues	1,899,665	46,177	1,945,842
Other Nonoperating Expenses	<u>(31,703)</u>	<u>(215,822)</u>	<u>(247,525)</u>
Net Nonoperating Revenues (Expenses)	<u>22,615,366</u>	<u>(1,684,693)</u>	<u>20,930,673</u>
Net Increase in Net Assets	1,397,882	1,937,979	3,335,861
Net Assets (Deficit), Beginning of Year	<u>20,298,856</u>	<u>(2,768,709)</u>	<u>17,530,147</u>
Net Assets (Deficit), End of Year	<u>\$ 21,696,738</u>	<u>\$ (830,730)</u>	<u>\$ 20,866,008</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BACKGROUND

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

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

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

B. FINANCIAL REPORTING ENTITY

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

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

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

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

1. REPORTING ENTITY

As required by U.S. generally accepted accounting principles (GAAP), these financial statements present the County (the primary government) and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the County's operations. Therefore, data from these component units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. Management applied the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," and Statement No. 39, "*Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14*," to determine whether the following component units should be reported as blended or discretely presented component units.

2. DISCRETELY PRESENTED COMPONENT UNITS

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

- a. MOHAWK VALLEY COMMUNITY COLLEGE - Mohawk Valley Community College (Community College) was founded in 1946 with the County of Oneida as the local sponsor under provisions of Article 126 of the New York State Education Law. The College is administered by a Board of Trustees consisting of ten voting members. Five are appointed by the County Executive and confirmed by the Legislature, four by the Governor, and one student is elected by the student body. The College budget is subject to the approval of the County Executive and the County Legislature, with the County providing substantial funding for the operation of the College.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

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

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

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

The Community College maintains a foundation known as the Mohawk Valley Community College Foundation. The Foundation is a not-for-profit educational corporation and nongovernmental legal entity which operates to further support the educational objectives of the College. A majority of the operating funds of the Foundation, which are raised through independent sources, are used to provide scholarships and grants to students of MVCC. Although the Foundation is a separate legal entity, it carries out operations which are integrally related to the Community College and is therefore blended in the financial reporting entity of the Community College. All of the financial data for this corporation was derived from the Foundation's independently audited financial statements for its fiscal year ended August 31, 2006.

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

- b. ONEIDA-HERKIMER SOLID WASTE MANAGEMENT AUTHORITY - The Oneida-Herkimer Solid Waste Management Authority (the Authority) was established in 1988 as a public benefit corporation under New York State law to provide solid waste management services and to plan and implement a modern integrated solid waste management system for the benefit of Oneida and Herkimer Counties (the Counties). The Authority's initial capitalization for the facilities as well as short-term funding of administrative and operating costs were provided from the issuance of approximately \$50 million of Solid Waste System Revenue Bonds. The Authority currently owns 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 closed ash landfill, and a regional landfill.

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

net income during 2006. The Authority continues to cover all operating cash requirements from its operations and cash reserves. In addition, the Authority's ability to meet its cash flow needs is supported by a Solid Waste Management Agreement between the Authority and the Counties which calls for a service fee to be paid to the Authority under certain circumstances.

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

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

The financial statements of the Authority can be obtained at its administrative offices located at 1600 Genesee Street, Utica, New York 13502.

3. BLENDED COMPONENT UNIT

The following blended component unit is reported as an other governmental fund:

a. ONEIDA TOBACCO ASSET SECURITIZATION CORPORATION

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

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

OTASC is primarily dependent on the future proceeds from the TSR to meet future obligations under the indenture agreement.

The OTASC is considered a component unit (blended presentation) of the County based on the guidance provided in GASB Statement No. 14 and Technical Bulletin No. 2004-1 and is included as part of the County's financial reporting entity as December 31, 2006.

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

C. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

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

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

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

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

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

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

D. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on a major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The following fund types are used by the County:

1. FUND TYPES

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

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

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

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

In addition to OTASC, the County reports the following as other governmental funds:

- Special Grant Fund - to account for the use of Federal monies received under the Workforce Investment Act.
 - County Road Fund - to account for the repairs and maintenance of County roads in accordance with New York State laws.
 - Road Machinery Fund - to account for the purchase of highway machinery and equipment in accordance with New York State laws.
 - Capital Fund - used to account for the acquisition, construction, and/or reconstruction of major capital assets.
- b. PROPRIETARY FUNDS – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The U.S. generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating and nonoperating revenues are defined based on how individual transactions are categorized for purposes of preparing a statement of cash flows using GASB No. 9. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally would not be reported as components of operating income. The following is a description of the proprietary funds of the County:

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

Enterprise Sewer Fund – used to account for the operations of the Sewer District. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity; (a) is financed with debt that is solely secured by a pledge of the net revenues; (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or; (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

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

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

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

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

2. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Government-wide financial statements and the proprietary fund financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred regardless of the timing of the cash flow. In addition, the Community College, Oneida Tobacco Asset Securitization Corporation, and the Oneida-Herkimer Solid Waste Management Authority are accounted for on the accrual basis of accounting.

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

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

3. DISCRETELY PRESENTED COMPONENT UNITS

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

- a. COMMUNITY COLLEGE - accounts for the operations of MVCC. The accounts of the Community College Funds are derived from the annual financial statements of MVCC for the fiscal year ended August 31, 2006.

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

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

The Community College is considered to be a major component unit due to its significance relative to other component units and the nature and significance of its relationship to the primary government as described by GASB No. 39. As part of its 2006 annual budget, the Community College received \$6,462,059 in operating contributions from the County.

- b. ONEIDA HERKIMER SOLID WASTE MANAGEMENT AUTHORITY - The Authority’s financial statements have been prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

E. ESTIMATES

The preparation of 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

F. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

Investments in equity securities with readily determinable fair values and all investments in debt securities are to be reported at fair market values with gains and losses included in the Statement of Activities.

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

G. INVENTORIES - COMMUNITY COLLEGE

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

H. INTERFUND TRANSACTIONS

The operations of the County give rise to certain transactions between funds, including transfers of expenditures and transfers of revenues to provide services and to construct assets. Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation in the government-wide financial statements. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

I. FUND BALANCE RESERVES

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

J. CAPITAL ASSETS/PROPERTY, PLANT, AND EQUIPMENT

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

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

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

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

For the Community College, estimated useful lives are as follows (in years): 15-50 for buildings and improvements, and 5-20 for vehicles, equipment, and library books.

K. COMPENSATED ABSENCES

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

Sick Leave - Employees are granted sick leave credits of one day per month, and they are allowed to accumulate up to 200 days of sick leave credits depending on contract coverage. Sick leave must be used prior to leaving County employment or it is forfeited if the employee has earned less than 160 days upon termination. If an employee earns more than 160 hours upon termination, they will be paid for the difference of the time earned and the maximum accumulation of unused sick leave.

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

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

It is the County's policy to accrue all costs associated with earned, but not yet paid, compensated absences of all employees involved in the operations of the County's reporting entity. The total accrued liability for compensated absences relating to the governmental and proprietary funds at December 31, 2006, are \$2,456,257 and \$98,199, respectively.

Employees of the Community College accrue vacation leave in varying amounts and are subject to various maximum accruals based on contract group. The recorded liability for vacation leave, including the Community College's share of fringe benefits, is \$772,286. The recorded liability for vacation leave for ASC and MVCCDC amounted to \$28,690. Employees also earn sick leave each month subject to a maximum of 225 or 180 days, depending on contract group. Only Association of Mohawk Valley College Administrators (AMVA) members and excluded administrators are entitled to receive a benefit for sick leave accumulated upon retirement. The accumulated sick leave for these employees is used to pay for postretirement health insurance costs. A liability of \$4,912,492 has been recognized representing the present value of these payments at August 31, 2006.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

L. RETIREMENT PLANS

The County provides retirement benefits for substantially all of its regular, full-time employees through contributions to the New York State Employees' Retirement System. The system provides various plans and options, some of which require employee contributions. The retirement system computes the cost of retirement benefits based on its fiscal year, April 1 to March 31.

MVCC also participates in the Employees' Retirement System, the New York Teachers' Retirement System, and the Teachers' Insurance and Annuity Association/College Retirement Equities Fund.

M. BUDGETARY DATA

1. BUDGET POLICIES - The budget policies are as follows:

- a. Budgets are adopted annually on a basis consistent with U.S. generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. The budget is amended by the Legislature for increased grants or State Aid received during the year.
- b. No later than October 5, the County Executive submits a tentative budget to the County Legislature for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing them.
- c. Public hearings are conducted to obtain taxpayer comments.
- d. The budget is legally enacted through passage of legislative resolution or by provisions in the County Charter no later than the date of the second Board of Legislators' meeting in November.
- e. The County Executive is authorized to transfer budgeted amounts within departments and/or individual funds. However, revisions in excess of \$5,000 must be approved by the County Legislature.

- 2. LEGALLY ADOPTED BUDGETS –** The General, Special Revenue and Debt Service Funds have legally adopted budgets. Appropriations for all budgets lapse at fiscal year-end. The General Fund's budget is adopted on a departmental and object level of expenditure basis in which expenditures may not legally exceed appropriations on a departmental and object of expenditure level. The Debt Service Fund's budget consists primarily of transfers from the General and the Special Revenue Fund budgets for its debt service requirements under related County debt obligations.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

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

N. REVENUES

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

O. EXPENDITURES

Expenditures are recognized when the related fund liability is incurred.

P. MEDICAID CLAIMS

Physicians, hospitals, pharmacists, and others who provide services to public assistance recipients and other individuals enrolled in the Medical Assistance Program are entitled to reimbursement of the defined cost of such services through the Federal, State, and locally funded Medicaid programs. The County participates in a State-wide system to process and pay such claims. The County is subsequently billed by the system for its share of paid claims. At any point in time, unpaid claims for services rendered by providers are either being processed by the system or are still to be reported by the providers.

Q. INSURANCE

The County maintains insurance against liability for most risks, excluding workers' compensation and unemployment claims. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated and is in excess of the County's insured liability limits.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

R. PUBLIC ENTITY RISK POOL

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

S. ACCRUED AND POST-CLOSURE MONITORING CLOSURE COSTS

The Authority maintains an ash landfill which has reached full capacity. In accordance with New York State Department of Environmental Conservation (NYSDEC) Regulations, the Authority has implemented certain landfill closure and post-closure requirements. At December 31, 2006, management has accrued \$623,845 for estimated post-closure costs. Due to changes in technology, or changes in regulations, actual costs may be different from the current accrual. Based on NYSDEC requirements, \$655,434 of cash, certificates of deposit, and U.S. obligations has been restricted for this purpose at December 31, 2006, in the Authority's financial statements.

T. RESTRICTED RESOURCES

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the County's policy concerning which to apply first varies with the intended use, and with associated legal requirements.

U. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

II. DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

A. TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS COMPARED TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

Total fund balances of the County's governmental funds differs from "net assets" of governmental activities reported in the Statement of Net Assets. This difference primarily results from the additional long-term economic focus of the Statement of Net Assets versus the solely current financial resources focus of the governmental fund Balance Sheets.

B. STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO STATEMENT OF ACTIVITIES

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories.

1. LONG-TERM REVENUE DIFFERENCES

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. CAPITAL RELATED DIFFERENCES

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

3. LONG-TERM DEBT TRANSACTION DIFFERENCES

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Assets.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

III. CUSTODIAL AND CONCENTRATION OF CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. While the County does not have a specific policy for custodial credit risk, New York State statutes govern the County's investment policies, as discussed previously in these notes.

As of December 31, 2006, \$47,785,745 of the County's total bank balances of \$57,534,201 were exposed to custodial credit risk. Deposits totaling \$45,754,849 were collateralized by the financial institution in the name of the County and \$2,030,896 of the County's bank balances were collateralized by the financial institution, but not in the name of the County.

As of August 31, 2006, \$11,436,091 of the Community College's total bank balances of \$12,290,891 were exposed to custodial credit risk. Deposits totaling \$4,606,325 were collateralized by the financial institution in the name of the College, \$4,429,766 of the College's bank balances were collateralized by the financial institution, but not in the name of the College, and deposits totaling \$2,400,000 were uncollateralized.

The carrying amount of unrestricted cash and cash equivalents for the Authority aggregated \$3,138,387 at December 31, 2006, and is comprised entirely of cash deposits in banks and short-term investments. The corresponding bank balances for the unrestricted and restricted cash were entirely covered by Federal Deposit Insurance Corporation insurance, collateral held in the pledging banks' trust department, or U.S. Government and/or Federal agency securities held by the Trustee.

IV. PROPERTY TAXES AND COLLECTION

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

The recognition of revenue from real property taxes is considered available to finance current operations if collected within 60 days after the end of the year. The net receivables collected during 2006 and within the first sixty days of 2007 are recognized as revenues in 2006.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

The County is permitted in accordance with Section 10 of Article VIII of the New York State Constitution to levy taxes: (a) up to 1.5% of the five-year average full assessed valuation of taxable real property, for general governmental services other than the payment of principal and interest on long-term debt, (b) in unlimited amounts for the payment of principal and interest on long-term debt, and (c) in unlimited amounts for capital appropriations (budgetary appropriations for objects or purpose for which a period of probable usefulness is provided by Section 11.00 of local finance law). At December 31, 2006, the County utilized approximately 16.4% of its constitutional tax limit.

Uncollected school district and village taxes assumed by the County for enforcement through December 31, 2006, were \$8,758,414 and \$469,660, respectively. Such amounts will be paid to the school districts and villages by April 1, 2007, and are included in the amounts due to other governments in the accompanying basic financial statements. Any such taxes remaining unpaid at year end are relieved as County taxes on December 31.

V. SALES TAX

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

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

million for such extended four consecutive quarter periods, then and in that event, the distribution as aforesaid to the towns shall be no greater than the previous four consecutive quarters. The additional 1% sales tax expired on November 30, 2005, but was extended to November 30, 2007.

Effective March 1, 2005, the County imposed an additional 1.5% sales tax, with all proceeds to be retained by the County. The rate was reduced to 1% on September 1, 2006, and was scheduled to expire completely in November 2007. In July 2007, the New York State Legislature (with the Governor signing into Law) authorized the extension of the County's 1% additional sales tax rate, originally passed in 1992, until November 30, 2009. The proceeds from this additional sales tax are to be collected and distributed as previously described above. In the same legislation, the New York State Legislature approved the extension of the additional sales tax imposed in 2005 at the amended rate of three quarters of one percent (3/4%) until November 30, 2009, unless the Oneida County Board of Legislators resolves to further reduce the rate of this additional tax to one half of one percent no less than ninety days prior to November 30, 2008.

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

The general funds' nonproperty tax item, which amounted to \$97,081,715 is comprised primarily of sales tax. At December 31, 2006, this amount included an accrual of approximately \$3,613,514 for sales tax collected by the State of New York in 2007 relating to 2006 vendor sales.

VI. STUDENT LOANS AND FEES RECEIVABLE

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

<u>Account</u>	<u>Gross Receivable</u>	<u>Allowance</u>	<u>Receivable</u>
Tuition and Fees Receivable	\$ 1,494,252	\$ (284,000)	\$ 1,038,125
Student Loans Receivable	\$ 1,938,894	\$ (431,969)	\$ 1,506,925

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

VII. CAPITAL ASSETS

A. Capital asset activity of the Primary Government for the year ended December 31, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 11,782,504	\$ _____	\$ _____	\$ 11,782,504
Capital Assets Being Depreciated				
Land Improvements	8,262,872			8,262,872
Construction	120,221,423	16,380,129		136,601,552
Infrastructure	71,107,790	7,988,244		79,096,034
Machinery and Equipment	12,685,996	225,966	61,128	12,850,834
Licensed Vehicles	<u>6,671,842</u>	<u>920,389</u>	<u>303,535</u>	<u>7,288,696</u>
Subtotal	<u>218,949,923</u>	<u>25,514,728</u>	<u>364,663</u>	<u>244,099,988</u>
Accumulated Depreciation				
Land Improvements	4,649,159	409,037		5,058,196
Construction	27,335,258	3,002,903		30,338,161
Infrastructure	31,038,657	2,978,392		34,017,049
Machinery and Equipment	7,086,227	848,462	49,080	7,885,609
Licensed Vehicles	<u>4,072,952</u>	<u>631,184</u>	<u>228,736</u>	<u>4,475,400</u>
Subtotal	<u>74,182,253</u>	<u>7,869,978</u>	<u>277,816</u>	<u>81,774,415</u>
Net Capital Assets	<u>\$ 156,550,174</u>	<u>\$ 17,644,750</u>	<u>\$ 86,847</u>	<u>\$ 174,108,077</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government Support	\$ 112,856
Public Safety	1,046,877
Public Health	23,747
Transportation	1,145,276
Economic Assistance and Opportunity	78,341
Culture and Recreation	376
Home and Community Service	7,987
Unallocated Depreciation	<u>5,454,518</u>
Total Governmental Activities Expense	<u>\$ 7,869,978</u>

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

B. Capital Asset activity of the Business-Type Activities for the year ended December 31, 2006, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated				
Land Improvements	\$ 53,682	\$	\$	\$ 53,682
Construction	24,686,080	6,465,764		31,151,844
Infrastructure	9,659,254			9,659,254
Machinery and Equipment	47,116,275	1,672	12,529	47,105,418
Licensed Vehicles	<u>300,487</u>	<u>51,305</u>		<u>351,792</u>
Subtotal	<u>81,815,778</u>	<u>6,518,741</u>	<u>12,529</u>	<u>88,321,990</u>
Accumulated Depreciation				
Land Improvements	53,682			53,682
Construction	11,639,243	419,140		12,058,383
Infrastructure	5,196,378	148,604		5,344,982
Machinery and Equipment	47,008,669	15,461	10,309	47,013,821
Licensed Vehicles	<u>251,148</u>	<u>17,439</u>		<u>268,587</u>
Subtotal	<u>64,149,120</u>	<u>600,644</u>	<u>10,309</u>	<u>64,739,455</u>
Net Capital Assets	<u>\$17,666,658</u>	<u>\$ 5,918,097</u>	<u>\$ 2,220</u>	<u>\$ 23,582,535</u>

Depreciation expense was charged to functions as follows:

Enterprise Sewer Fund	\$ 600,553
Worker's Compensation Fund	<u>91</u>
	<u>\$ 600,644</u>

C. A summary of the book value of property, plant, and equipment of the Component Units at December 31, 2006, is as follows:

Land and Land Improvements	\$ 32,685,455
Buildings and Building Improvements	111,089,137
Equipment and Library Books	20,391,318
Motor Vehicles	<u>5,274,337</u>
	169,440,247
Less Accumulated Depreciation and Amortization	<u>83,930,198</u>
Property, Plant, and Equipment, Net	<u>\$ 85,510,049</u>

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

The Authority owns all the property necessary for construction of the landfill and access to New York State Route 294, and construction of the landfill and infrastructure was completed in 2006. The landfill began accepting waste in October 2006. During 2006, the Authority capitalized approximately \$11,440,000 of costs associated with developing and constructing the landfill. The Authority also purchased additional land related to this site for approximately \$156,000.

VIII. RESTRICTED ASSETS HELD BY TRUSTEE

A. **AUTHORITY** - In accordance with the terms of bond indentures and NYSDEC, the use of certain assets is restricted for specific purposes. These assets, principally cash and cash equivalents are administered by a trustee on behalf of the Authority and at December 31, 2006, include the following accounts:

Debt Service Reserve Fund - contingency fund to be utilized in case of default	\$ 6,525,328
Construction Projects Fund and Bond Redemption and Improvement Fund - for any additional capital expenditures which may be incurred by the Authority	609,756
Debt Service and Sinking Fund – to fund semi-annual debt service obligations	4,116,509
Accrued interest on restricted assets	81,906
Rebate Fund – interest earned required to be paid to the United States	8,727
Restricted Assets for Landfill Planning Design and Construction	216,672
Restricted Assets for Post-Closure Monitoring Costs	<u>655,434</u>
Total	<u>\$ 12,214,332</u>

B. **COMMUNITY COLLEGE** - Bond proceeds not yet expended for new construction and used to establish debt service funds and related accumulated investment income are held on deposit with trustees. The Community College has entered into various financing agreements to finance construction projects and has deposited funds with trustees for such projects. Bond proceeds, including interest income in excess of construction costs, are restricted for future projects or debt service. Additionally, under the financing agreements with DASNY, deposits with trustees represent required reserves for debt service and building replacement, together with earnings on such funds. In accordance with Governmental Accounting Standards Series Statement No. 3, the College has categorized its investments by investment type.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

A detail of the College's and component unit's investments with trustees is as follows:

	<u>DASNY</u>	<u>Other</u>	<u>Total</u>
Cash and Cash Equivalents	\$ <u>126,136</u>	\$ _____	\$ <u>126,136</u>
	<u>Investment Maturities (in Years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	
U.S. Treasury Bond	\$ 279,799	\$ 279,799	
U.S. Treasury Bill	<u>60,972</u>	<u>60,972</u>	
Total	<u>\$ 340,771</u>	<u>\$ 340,771</u>	

MVCCDC has entered into a financing agreement to finance construction projects and has deposited funds with a trustee for such projects. Bond proceeds, including interest income in excess of construction costs and annual operating transfers are reserved for future debt service obligations. Additionally, under the financing agreement, deposits with trustees represent required reserves for debt service combined with earnings on such funds.

Deposits with trustees at July 31, 2006 are comprised of uninvested cash and short-term U.S Treasury Bills.

- C. ONEIDA TOBACCO ASSET SECURITIZATION CORPORATION - Under the terms of the bond indenture agreement, certain accounts were to be maintained by a Trust Company to provide for various functions of the bond repayments. The Liquidity Reserve Account, established with proceeds from the bond sales is required to maintain on deposit \$4,574,750. This is adequate to service one year's required debt service. Other accounts serve to act as a conduit for debt service repayment and collection of TSR's.

IX. INVESTMENTS

Investments at August 31, 2006, for the component units are as follows:

	<u>Market</u>	<u>Cost</u>
U.S. Government and Agency Debt Securities	\$ 516,956	\$ 530,970
Corporate Debt Securities	187,025	186,205
Corporate Equity Securities	1,498,345	1,177,902
Mutual Funds	<u>1,456,895</u>	<u>1,314,241</u>
Total Marketable Securities	<u>\$ 3,659,221</u>	<u>\$ 3,209,318</u>

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

X. PENSION PLAN

The County participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). These systems are cost-sharing, multiple-employer public employee retirement systems. Both systems offer retirement and disability benefits, annual cost of living increases, and death benefits to plan members and beneficiaries. The employees of Herkimer County Community College are also offered the optional Teachers' Insurance and Annuity College Retirement Equities Fund (TIAA/CREF) retirement plan.

The New York State Teachers' Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

The Systems are noncontributory, except for employees who joined the Systems after July 27, 1976, who contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The County is required to contribute at an actuarially determined rate. The County contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>ERS</u>			
<u>County</u>			
Contribution Rate	<u>9.8-15.8%</u>	<u>10.3-19.4%</u>	<u>11.5-22.0%</u>
Contributions	<u>\$ 6,209,935</u>	<u>\$ 6,758,475</u>	<u>\$ 7,821,523</u>
<u>Authority</u>			
Contribution Rate	<u>9.8-15.8%</u>	<u>10.3-13.1%</u>	<u>11.5%</u>
Contributions	<u>\$ 251,357</u>	<u>\$ 292,276</u>	<u>\$ 287,088</u>
<u>Community College</u>			
Contribution Rate	<u>9.9-19.0%</u>	<u>11.6-17.3%</u>	<u>4.5%</u>
Contributions	<u>\$ 534,912</u>	<u>\$ 575,661</u>	<u>\$ 183,680</u>
<u>TRS (College Only)</u>			
Contribution Rate	<u>7.97%</u>	<u>5.63%</u>	<u>2.52%</u>
Contributions	<u>\$ 183,357</u>	<u>\$ 125,153</u>	<u>\$ 62,298</u>

The 2006 contributions include group term life insurance, which the State of New York consolidates with the pension contributions.

TIAA/CREF is a defined contribution retirement plan which provides benefits through annuity contracts and provides retirement and death benefits to those employees that elected to participate in the optional retirement program. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service. TIAA/CREF is noncontributory except for employees who joined after July 27, 1976, who contribute 3.00% of their salary. Employer contributions range from 8% to 15% depending upon when the employee was hired. Employee contributions are deducted from their salaries and are sent on a current basis to TIAA/CREF. Financial reports of the plan may be obtained by writing to: TIAA/CREF, 730 Third Avenue, New York, New York 10017. The College's pension contributions to TIAA/CREF for fiscal years 2006, 2005, and 2004, were \$1,288,850, \$1,230,886, and \$1,166,894, respectively.

XI. POSTRETIREMENT HEALTH CARE BENEFITS

The County provides postretirement health care benefits to all employees who retire from the County in accordance with Article 2, Section 75-g, Article 14, and Article 15 of the New York State Retirement and Social Security Law. During 2006, 512 retirees participated in this program. When a retiree elects such coverage, the County pays 50% of the premium cost of the coverage. Certain premium savings are realized for employees who are eligible for Medicare coverage (i.e., over age 65). The entire amount of any savings realized is deducted from the employees' contribution. During 2006, the cost of this program was approximately \$1,748,009. The County records the cost of these benefits on a pay-as-you-go basis.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

Additionally, the Community College provides health insurance coverage benefits for certain retired employees. Substantially all of the Community College's employees may become eligible for those benefits if they reach normal retirement age while employed. Postretirement health care benefits paid by the Community College for the year ended August 31, 2006, were \$557,916 for 162 retirees.

XII. NONCURRENT LIABILITIES

A. Noncurrent liability balances and activity are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds	\$ 155,581,649	\$ 8,222,240	\$ 8,074,170	\$ 155,729,719	\$ 9,664,344
Accrued Interest	742,582	819,416	742,582	819,416	819,416
Compensated Absences	1,906,430	4,660,400	4,110,573	2,456,257	2,456,257
Accrued Workers' Compensation	4,439,421	704,899	823,179	4,321,141	1,425,977
Judgments and Claims	268,750	0	0	268,750	268,750
Total Governmental Activities	<u>\$ 162,938,832</u>	<u>\$ 14,406,955</u>	<u>\$ 13,750,504</u>	<u>\$ 163,595,283</u>	<u>\$ 14,634,744</u>
Business Type Activities					
Bonds	\$ 9,357,600	\$ 3,799,905	\$ 947,316	\$ 12,210,189	\$ 967,000
Accrued Interest	70,812	116,812	70,812	116,812	116,812
Compensated Absences	76,708	177,592	156,101	98,199	98,199
Total Business Type Activities	<u>\$ 9,505,120</u>	<u>\$ 4,094,309</u>	<u>\$ 1,174,229</u>	<u>\$ 12,425,200</u>	<u>\$ 1,182,011</u>
Component Units					
Bonds	\$ 84,844,759	\$ 38,895,846	\$ 29,904,341	\$ 93,836,264	\$ 10,237,831
Premium on Bonds	407,884	0	88,561	319,323	80,000
Leases	264,874	105,056	65,949	303,981	72,029
Compensated Absences	5,067,335	0	53,867	5,013,468	200,000
Total Component Units	<u>\$ 90,584,852</u>	<u>\$ 39,000,902</u>	<u>\$ 30,112,718</u>	<u>\$ 99,473,036</u>	<u>\$ 10,589,860</u>

Accrued Interest – represents interest accrued, yet unpaid, at December 31, 2006, which is included in the Government-Wide and Enterprise Sewer Fund statement of net assets.

B. The County borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment and construction of buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities for governmental funds are maintained separately and represents a reconciling item between the fund and government-wide statements except for those amounts which relate to and are, therefore, accounted for in the proprietary fund types and discretely presented component units. Interest associated with long-term debt is recorded as an expenditure when such amounts are due. Interest expense for governmental and business type activities for the year ended December 31, 2006, was \$9,543,505 and \$361,111, respectively.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

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

Details relating to general obligation (serial) bonds of the County outstanding at December 31, 2006, are summarized as follows:

Description of Issue	Final Maturity	Interest Rate	Balance
Governmental Activities			
Improvement, 1987	2007	8.00	\$ 150,000
Improvement, 1988	2007	6.75	2,000
Improvement, 1990	2009	7.10	314,000
Improvement, 1995	2010	4.70-5.00	1,950,881
Improvement, 1996	2014	5.30-5.40	3,425,000
Advance Refunding, 1998	2012	4.00-5.50	6,698,000
Improvement, 1998	2014	4.875-5.05	7,518,880
Improvement, 1999	2015	4.50-4.75	6,220,642
Improvement, 2000	2019	5.00-5.375	3,720,605
Improvement, 2001	2020	4.25-5.00	7,905,360
Improvement, 2002	2022	4.25-4.75	6,558,000
Improvement, 2003	2018	3.50-3.55	7,245,000
Pension, 2004	2009	2.54-3.76	2,850,000
Improvement, 2005	2020	3.50-4.10	13,210,000
Improvement, 2006	2021	4.00-4.25	8,222,240
Tobacco Settlement Bonds	2040	5.25-6.63	79,739,111
			<u>155,729,719</u>
Business-Type Activities			
Improvement, 1988	2007	6.75	403,000
Improvement, 1998	2014	4.00-5.50	193,000
Sewer District EFC, 1999	2018	4.313	630,000
Improvement, 2000	2019	5.00-5.375	165,600
Sewer District EFC, 2001	2015	3.43-4.83	640,000
Improvement, 2006	2021	4.00-4.25	10,178,589
			<u>12,210,189</u>
Community College:			
Bonds Issued by DASNY	2014-2028	4.00-6.13	13,046,693
Improvement, 2005	2036	3.00	8,565,000
Serial Bonds – County	2002-2019	4.00-8.75	7,502,896
			<u>29,114,589</u>
Authority:			
Refunding Bonds	2015	4.10-6.75	26,325,000
BAN	2007	3.41	5,000,000
Note Payable-EFC	2007	0	33,396,675
			<u>64,721,675</u>
Total Reporting Entity			<u>\$261,776,172</u>

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

Principal and interest payments due on serial bonds outstanding at December 31, 2006, for the Primary Government and component units are as follows:

	Primary Government		Business-Type		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 9,664,344	\$ 7,183,927	\$ 967,000	\$ 711,155	\$ 10,237,831	\$ 4,002,661
2008	9,427,940	6,599,694	791,589	459,165	5,641,436	3,769,317
2009	9,332,343	6,190,775	747,000	427,535	5,893,266	3,506,736
2010	8,967,579	5,687,412	757,000	396,170	6,186,148	3,847,068
2011	8,634,911	5,107,343	757,000	364,477	5,443,089	2,371,108
2012-2016	35,804,297	16,976,801	4,066,000	1,320,781	22,226,216	9,195,615
2017-2021	29,502,193	13,234,706	4,124,600	440,274	14,768,341	6,611,854
2022-2026	28,794,481	6,454,254	0	0	16,016,093	3,663,279
2027-2031	8,523,806	26,260,299	0	0	5,218,844	1,053,202
2032-2036	4,284,896	31,202,888	0	0	2,205,000	203,250
2036-2040	2,792,929	30,557,216	0	0	0	0
Total	<u>\$ 155,729,719</u>	<u>\$155,455,315</u>	<u>\$ 12,210,189</u>	<u>\$ 4,119,557</u>	<u>\$ 93,836,264</u>	<u>\$ 38,224,090</u>

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

C. CAPITAL LEASES

The College has also entered into several capital lease agreements for copier equipment. The College will make 60 monthly payments, ranging from \$140 to \$3,014, including interest at approximately 8% per annum through 2011. Certain renewal options exist in accordance with each agreement.

The following is a schedule of future minimum lease payments required under the above agreements and the present value of the net minimum lease payments at August 31, 2006:

	Principal	Interest	Total
2007	\$ 72,029	\$ 21,716	\$ 93,745
2008	78,007	15,737	93,744
2009	84,482	9,263	93,745
2010	50,916	3,055	53,971
2011	18,547	624	19,171
Total	<u>\$ 303,981</u>	<u>\$ 50,395</u>	<u>\$ 354,376</u>

Lease payments made for the fiscal year ended August 31, 2006, amounted to \$65,949 principal and \$24,107 in interest.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

D. PARTICIPATION IN THE COUNTY'S DEBT SERVICE

Centro has a capital financing agreement with the County which covers County bonding on behalf of Centro for Buses. The amount due from the Authority under this agreement is \$406,000 at December 31, 2006, and is also included as a receivable and deferred revenue in the Debt Service Fund.

E. DASNY FINANCING ARRANGEMENTS

The College has entered into financing agreements with DASNY to finance most of its educational facilities. The DASNY bonds for these facilities, which have a maximum 30 year life, will be repaid from the appropriations received from the State of New York. Final maturity dates for the College's DASNY debt issues range from 2009 to 2031. Interest rates on the DASNY bonds range from 3.10% to 5.50%.

F. ADVANCE REFUNDING

At December 31, 2006, the County had approximately \$17,706,129 in United States government securities deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on \$16,805,000 of outstanding serial bonds that were previously defeased. Since the serial bonds are considered to be defeased, the liability for those bonds has been removed from the County's financial statements.

G. DEBT LIMIT

At December 31, 2006, the County had exhausted approximately 16.4% of its constitutional debt limit.

XIII. INTERFUND TRANSACTIONS

<u>Fund</u>	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 1,526,512	\$ 9,844,324	\$	\$ 17,015,043
Debt Service	9,559,132		11,105,322	
Fiduciary		551		
Other Governmental Funds	11,165,543	11,348,086	5,909,721	
Business Type	1,827,703	2,885,929		
Agency				
Total Activities	<u>\$ 24,078,891</u>	<u>\$ 24,078,891</u>	<u>\$ 17,015,043</u>	<u>\$ 17,015,043</u>

- Transfers of \$5,822,250 from the General Fund to the County Road Fund and Capital Fund were for capital improvements on County roadways, infrastructure, and buildings.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

- Transfers of \$87,471 to the Special Grant Fund (other governmental funds) provide local support for the Work Force Investment Program.
- Transfers of \$11,105,322 from the General Fund to the Debt Service Fund were for payment of the County's annual debt service requirements.

XIV. FUND BALANCE – SPECIAL RESERVES

State statutes require the County to reserve excess revenues over expenditures under the STOP DWI Program for use in the program in the following fiscal year. The amount of excess STOP DWI Program funds reserved in the General Fund at December 31, 2006, was \$967,024.

The Civil Practice Law and Rules stipulates that the County's share of Sheriff forfeitures which are not used in the year received can only be used for law enforcement or protection purposes in future years. The amount of forfeitures reserved for in the General Fund at December 31, 2006, was \$19,125.

IRS regulations mandated that a reserve be established from the proceeds of the Tobacco Securitization Pool #5 due to the County's decision to use the proceeds for working capital. The amount designated in the General Fund at December 31, 2006 was \$7,062,662.

The remaining General Fund special reserves balance represents handicapped parking fees of \$3,913.

XV. OBLIGATIONS UNDER LEASES

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

XVI. SIGNIFICANT CLAIMS AND CONTINGENT LIABILITIES

A. JUDGEMENTS AND CLAIMS

The reporting entity of the County is subject to various claims and legal actions in the ordinary conduct of its affairs. Such claims and legal actions, in the opinion of management, are not expected to have a material effect on the financial condition of any of the components of the County's reporting entity. However, at December 31, 2006, the County recorded a liability of \$268,750 for potential losses.

B. FEDERAL AND STATE FUNDED PROGRAMS

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

C. GRANTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment principally by State and local governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable program. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

XVII. RISK MANAGEMENT

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

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

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

The estimated accrued claims of \$16,144,744 reported in the fund at December 31, 2006, are based upon the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A receivable has been recorded for amounts due from other municipalities that participate in the program. All liabilities are recorded at their value as of December 31, 2006. Changes in the fund's accrued claims liabilities for the year ended December 31, 2006, are as follows:

<u>Beginning of Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Year End</u>
\$ 15,897,967	\$ 3,986,171	\$ 3,739,394	\$ 16,144,744

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

In addition to its workers' compensation program, the County is self-insured for the Major Medical portion of its health insurance. Under this program, the County accounts in the General Fund for claims in the General Fund with maximum exposure of \$100,000 per person per year and \$1,000,000 per person per lifetime. The County has \$333,000 accrued at December 31, 2006, in the General Fund for claims reported and those incurred but not yet reported and is included in accounts payable. Remaining health insurance and dental coverage is provided through commercial insurance.

COUNTY OF ONEIDA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

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

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

XVIII. RESTATEMENT OF OPENING NET ASSETS

During the year ended December 31, 2006, the County discovered certain adjustments requiring a restatement of the Government-Wide and Enterprise Sewer Fund opening net assets. Details of these adjustments requiring restatement are as follows:

	<u>Government- Wide</u>	<u>Enterprise Sewer Fund</u>
Net Assets, Originally Stated at 1/1/06	\$ 48,028,658	\$ 13,890,392
Accrued Bond Interest	(742,582)	(70,812)
Adjustment to Allowance for Taxes Receivable	<u>12,284,316</u>	<u>0</u>
Net Assets, Restated at 1/1/06	<u>\$ 59,570,392</u>	<u>\$ 13,819,580</u>

COUNTY OF ONEIDA, NEW YORK
COMBINED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
AND EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2006

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Real Property Taxes	\$ 54,997,283	\$ 54,997,283	\$ 56,542,238	\$ 1,544,955
Other Real Property Tax Items	2,595,000	2,595,000	2,717,975	122,975
Nonproperty Tax Items	99,387,000	99,387,000	97,081,715	(2,305,285)
Departmental Income	17,477,575	17,642,991	15,980,860	(1,662,131)
Intergovernmental Charges	10,829,220	11,314,456	10,530,934	(783,522)
Use of Money and Property	788,078	788,078	2,400,459	1,612,381
Licenses and Permits	15,700	15,700	14,554	(1,146)
Fines and Forfeitures	825,503	870,344	773,309	(97,035)
Sale of Property and Compensation for Loss	419,510	427,510	481,777	54,267
Miscellaneous Local Sources	872,844	1,042,259	982,968	(59,291)
Interfund Revenues	53,170	53,170	54,767	1,597
State and Federal Aid	<u>93,257,253</u>	<u>101,126,526</u>	<u>100,079,581</u>	<u>(1,046,945)</u>
Total Revenues	<u>281,518,136</u>	<u>290,260,317</u>	<u>287,641,137</u>	<u>(2,619,180)</u>
Expenditures				
General Governmental Support	25,350,191	24,443,019	23,470,113	972,906
Education	19,594,155	19,780,155	19,614,767	165,388
Public Safety	35,421,356	37,244,515	35,327,752	1,916,763
Public Health	19,010,148	19,570,669	18,244,349	1,326,320
Transportation	6,384,933	6,973,650	5,700,634	1,273,016
Economic Assistance and Opportunity	155,884,073	162,502,380	149,885,556	12,616,824
Culture and Recreation	2,015,996	2,129,432	2,076,135	53,297
Home and Community Services	<u>3,256,760</u>	<u>3,216,866</u>	<u>3,003,742</u>	<u>213,124</u>
Total Expenditures	<u>266,917,612</u>	<u>275,860,686</u>	<u>257,323,048</u>	<u>18,537,638</u>
Excess Revenues Over Expenditures				
Before Other Financing Sources (Uses)	<u>14,600,524</u>	<u>14,399,631</u>	<u>30,318,089</u>	<u>15,918,458</u>
Other Financing Sources (Uses)				
Appropriation of Prior Year's Fund Balance	2,301,774	2,615,412		(2,615,412)
Transfers to Other Funds	<u>(16,902,298)</u>	<u>(17,015,043)</u>	<u>(17,015,043)</u>	<u>0</u>
Total Other Financing (Uses)	<u>(14,600,524)</u>	<u>(14,399,631)</u>	<u>(17,015,043)</u>	<u>(2,615,412)</u>
Revenues and Other Financing Sources				
Over Expenditures and Other Financing (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,303,046</u>	<u>\$ 13,303,046</u>

COUNTY OF ONEIDA, NEW YORK
COMBINED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
AND EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - DEBT SERVICE FUND
For the Year Ended December 31, 2006

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental Charges	\$ 375,628	\$ 375,628	\$ 341,992	\$ (33,636)
Use of Money and Property	150,000	513,447	1,019,683	506,236
Miscellaneous Local Sources			18,455	18,455
State and Federal Aid	<u>266,364</u>	<u>266,364</u>		<u>(266,364)</u>
Total Revenues	<u>791,992</u>	<u>1,155,439</u>	<u>1,380,130</u>	<u>224,691</u>
Expenditures				
General Governmental Support	15,000	17,855	16,782	1,073
Education	704,830	704,830	704,830	
Debt Service				
Principal	7,138,854	7,499,170	7,499,170	
Interest	<u>3,708,036</u>	<u>3,708,312</u>	<u>3,708,312</u>	
Total Expenditures	<u>11,566,720</u>	<u>11,930,167</u>	<u>11,929,094</u>	<u>1,073</u>
Surplus Revenues Over Expenditures				
Before Other Financing Sources	<u>(10,774,728)</u>	<u>(10,774,728)</u>	<u>(10,548,964)</u>	<u>225,764</u>
Other Financing Sources				
Transfers from Other Funds	<u>10,774,728</u>	<u>10,774,728</u>	<u>11,105,322</u>	<u>330,594</u>
Total Other Financing Sources	<u>10,774,728</u>	<u>10,774,728</u>	<u>11,105,322</u>	<u>330,594</u>
Revenues and Other Financing Sources				
Over Expenditures and Other Financing (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 556,358</u>	<u>\$ 556,358</u>

**COUNTY OF ONEIDA, NEW YORK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2006

	Special Grant	County Road	Road Machinery	Capital	OTASC	Total Current Year
Assets						
Cash and Cash Equivalents	\$		\$ 17,242	\$ 11,012,775	\$ 87,132	\$ 11,117,149
Deposits with Trustees					5,022,171	5,022,171
Other Receivables	198,875	17,210				216,085
Due From						
State and Federal Governments				45,969		45,969
Other Funds		3,486,431	1,177,907	6,501,205		11,165,543
Other Assets					8,129,292	8,129,292
Total Assets	<u>\$ 198,875</u>	<u>\$ 3,503,641</u>	<u>\$ 1,195,149</u>	<u>\$ 17,559,949</u>	<u>\$ 13,238,595</u>	<u>\$ 35,696,209</u>
Liabilities and Fund Equity						
Liabilities						
Accounts Payable	\$ 130,914	\$ 729,735	\$ 108,035	\$ 1,171,563	\$ 77,000	\$ 2,217,247
Accrued Liabilities	22,532	260,983			330,371	613,886
Deferred Revenue		1,033,550				1,033,550
Due to Other Governments				63,865		63,865
Due to Other Funds		1,221,455	1,064,997	9,061,634		11,348,086
Total Liabilities	<u>153,446</u>	<u>3,245,723</u>	<u>1,173,032</u>	<u>10,297,062</u>	<u>407,371</u>	<u>15,276,634</u>
Fund Equity						
Fund Balance - Reserved				14,783,809		14,837,807
Reserve for Encumbrances	3,806	50,192				
Fund Balance - Unreserved	41,623	207,726	22,117	(7,520,922)	12,831,224	5,581,768
Undesignated	45,429	257,918	22,117	7,262,887	12,831,224	20,419,575
Total Fund Equity						
Total Liabilities and Fund Equity	<u>\$ 198,875</u>	<u>\$ 3,503,641</u>	<u>\$ 1,195,149</u>	<u>\$ 17,559,949</u>	<u>\$ 13,238,595</u>	<u>\$ 35,696,209</u>

COUNTY OF ONEIDA, NEW YORK
COMBINING STATEMENT OF REVENUES AND OTHER FINANCING SOURCES, EXPENDITURES
AND OTHER FINANCING USES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2006

	Special Grant	County Road	Road Machinery	Capital	OTASC	Total Current Year
Revenues						
Departmental Income	\$	64,491	\$	\$	\$	64,491
Intergovernmental Charges		1,999,598				1,999,598
Use of Money and Property		1,761	5,667		397,533	404,961
Licenses and Permits		8,680				8,680
Sale of Property and Compensation for Loss		525	9,596			10,121
Miscellaneous Local Sources	31,228	14,607				45,835
Interfund Revenues	640,183	667,937	1,568,027	(482,403)		2,393,744
State and Federal Aid	1,972,832	3,287,248		13,633,752		18,893,832
Tobacco Revenues					4,049,369	4,049,369
Total Revenues	2,644,243	6,044,847	1,583,290	13,151,349	4,446,902	27,870,631
Other Financing Sources						
Transfers from Other Funds	87,471	5,272,250		550,000		5,909,721
Proceeds of Obligations				8,222,240		8,222,240
Total Revenues and Other Financing Sources	2,731,714	11,317,097	1,583,290	21,923,589	4,446,902	42,002,592
Expenditures						
General Government Support				4,658,012	54,874	4,712,886
Education				1,662,444		1,662,444
Public Safety				950,405		950,405
Transportation		11,405,515	1,802,195	18,653,009		31,860,719
Economic Assistance and Opportunity				491,266		491,266
Culture and Recreation	2,720,594				575,000	575,000
Payment of Principal					5,758,359	5,758,359
Interest Expense					6,388,233	6,388,233
Total Expenditures	2,720,594	11,405,515	1,802,195	26,415,136		48,731,673
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	11,120	(88,418)	(218,905)	(4,491,547)	(1,941,331)	(6,729,081)
Fund Balance, Beginning of Year	34,309	346,336	241,022	11,754,434	14,772,555	27,148,656
Fund Balance, End of Year	\$ 45,429	\$ 257,918	\$ 22,117	\$ 7,262,887	\$ 12,831,224	\$ 20,419,575