

COUNTY OF ONEIDA, NEW YORK

Financial Statements and
Independent Auditors' Report

December 31, 2011

COUNTY OF ONEIDA, NEW YORK

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, certain aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Oneida, New York (the County), as of and for the year ended December 31, 2011, 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'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 52%, 64%, and 36%, respectively, of the assets, net assets, and revenue of the discretely presented component units. We also did not audit the financial statements of the Mohawk Valley Community College which represent 48%, 36% and 64%, respectively, of the assets, net assets and revenue of the discretely presented component units. We also did not audit the financial statements of the Oneida Tobacco Asset Securitization Corporation, which represent 24%, 33%, and 16%, respectively, of the assets, fund balance, 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, Mohawk Valley Community College and Oneida Tobacco Asset Securitization Corporation, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 10, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 63 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The combining statements of nonmajor governmental funds, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The combining statements of nonmajor governmental funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Toski & Co., CPAs, P.C.

Williamsville, New York
July 10, 2012

COUNTY OF ONEIDA, NEW YORK
Management's Discussion and Analysis
December 31, 2011

Our discussion and analysis of the County of Oneida, New York's (the County) financial performance provides an overview of the County's financial activities for the year ended December 31, 2011 with comparative information for the year ended December 31, 2010. 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, 2011 by \$85,070,357 which is illustrated in the statements as "net assets" (pages 13 and 14).
- The total net assets attributable to governmental activities increased by \$2,184,728.
- At December 31, 2011, Oneida County's governmental funds reported combined ending fund balances of \$40,308,517, an increase of \$2,160,414 from the prior year (pages 15 and 17).
- The modified 2011 budget anticipated a reduction in the General Fund balance of \$5,698,866; however, the actual operating surplus was \$6,192,196, resulting in a budget surplus of \$11,891,062 (page 63).
- At the end of 2011, the total fund balance for the General Fund was \$25,489,863. Of this total, \$10,000,000 was designated for fiscal stability, \$2,054,687 was appropriated for the 2012 budget, \$575,000 was designated for pending tax certiorari, \$780,000 was designated for economic and community development, \$1,000,000 for Government Accounting Standards Board (GASB) Statement No. 45 - Other Postemployment Benefits (OPEB) costs, \$88,392 for "Pay-As-You-Go" capital projects, \$231,578 for outstanding encumbrances, \$509,294 restricted for various programs and \$10,250,912 was unassigned (page 15).
- In 2011, the County's credit ratings remained in the "A" category as measured by the top three credit rating agencies.
- In 2007, the County adopted GASB Statement No. 45 - "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." As a result, the County has included a liability of \$15.5 million included in long-term debt.

COUNTY OF ONEIDA, NEW YORK
Management's Discussion and Analysis, Continued

Business-Type Activities:

- The assets of Oneida County's business-type activities exceeded its liabilities at December 31, 2011 by \$20,365,272, which is illustrated in the statements as "net assets" (pages 19 and 20).
- The total net assets attributable to business-type activities increased by \$2,450,670.

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. 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.

COUNTY OF ONEIDA, NEW YORK
Management's Discussion and Analysis, Continued

Government-Wide Financial Analysis

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 118.6	119.6	23.8	22.5
Capital assets, (net of accumulated depreciation)	<u>246.2</u>	<u>238.9</u>	<u>29.3</u>	<u>29.0</u>
Total assets	\$ <u>364.8</u>	<u>358.5</u>	<u>53.1</u>	<u>51.5</u>
Other liabilities	56.4	58.7	16.8	17.0
Long-term debt outstanding	<u>223.3</u>	<u>216.9</u>	<u>15.9</u>	<u>16.6</u>
Total liabilities	<u>279.7</u>	<u>275.6</u>	<u>32.7</u>	<u>33.6</u>
Net assets:				
Invested in capital assets (net of related debt)	50.5	43.2	14.0	13.0
Unrestricted	<u>34.6</u>	<u>39.7</u>	<u>6.4</u>	<u>4.9</u>
Total net assets	\$ <u>85.1</u>	<u>82.9</u>	<u>20.4</u>	<u>17.9</u>

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:				
Program revenues:				
Charges for services	\$ 38.3	40.5	16.5	17.8
Operating grants and contributions	111.7	114.6	-	-
Capital grants and contributions	5.4	7.0	-	-
General revenues:				
Real property taxes	66.6	64.1	-	-
Other taxes and items	<u>137.2</u>	<u>131.6</u>	<u>-</u>	<u>-</u>
Total revenues	<u>359.2</u>	<u>357.8</u>	<u>16.5</u>	<u>17.8</u>

COUNTY OF ONEIDA, NEW YORK
Management's Discussion and Analysis, Continued

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Program expenses:				
General government support	\$ 65.5	65.2	-	-
Education	22.7	21.9	-	-
Public safety	40.8	41.8	-	-
Public health	19.4	19.5	-	-
Transportation	32.9	33.7	-	-
Economic assistance and opportunity	153.1	154.8	-	-
Culture and recreation	1.6	2.2	-	-
Home and community services	2.9	2.4	13.4	13.9
Interest on long-term debt	10.6	11.2	0.6	0.7
Unallocated depreciation	<u>7.5</u>	<u>7.3</u>	<u>-</u>	<u>-</u>
Total program expenses	<u>357.0</u>	<u>360.0</u>	<u>14.0</u>	<u>14.6</u>
Increase (decrease) in net assets	\$ <u>2.2</u>	<u>(2.2)</u>	<u>2.5</u>	<u>3.2</u>

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, 2011 by \$85.1 million. Net assets reflect a \$2.2 million increase from 2010 due to investments in capital assets exceeding depreciation and outstanding debt.

Table 3 presents the cost of each of the County's four primary 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. The general government support program expenditures in 2011 include the gross sales tax paid to the towns and villages in the amount of \$35,827,690. This same amount is included in the "general revenues" category under non-property tax items. General government support is not a true program, and therefore we have not included it in Table 3.

Table 3 - Governmental Activities (In Millions)

	<u>2011</u>		<u>2010</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Public health	\$ 19.4	2.2	19.5	2.9
Public safety	40.8	32.1	41.8	33.2
Transportation	32.9	13.9	33.7	15.0
Economic assistance and opportunity	<u>153.1</u>	<u>66.3</u>	<u>154.8</u>	<u>64.4</u>
Totals	<u>\$ 246.2</u>	<u>114.5</u>	<u>249.8</u>	<u>115.5</u>

COUNTY OF ONEIDA, NEW YORK
Management's Discussion and Analysis, Continued

The County's proprietary funds consist of the Sewer Fund and the Workers' Compensation Fund (WCF). 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 presents assets, net assets, and changes in net assets.

Table 4 - Business-Type Activities (In Millions)

	2011		2010	
	Sewer	WCF	Sewer	WCF
Total assets	\$ 37.1	16.0	35.6	15.9
Net assets	20.4	-	17.9	-
Changes in net assets	2.4	-	3.2	-

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 reconciliations on pages 16 and 18.

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 reported in the government-wide statements but provide more detail and additional information, such as cash flows. These statements begin on page 19.

COUNTY OF ONEIDA, NEW YORK
Management's Discussion and Analysis, Continued

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 statements 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 22 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 \$40,308,517 which was an increase of \$2,160,414 from last year's total. The modified General Fund budget included a \$5.7 million projected operating deficit, however, actual results showed an operating surplus of \$6.2 million. This favorable budget result is due to final expenditure savings of \$19.2 million from the budgeted amounts, primarily for employee related expenses and contracted services. Sales tax revenues exceed the budgeted amounts, but overall revenues were less than budgeted.

The other governmental funds operating deficit for 2011 was \$2.6 million, which includes a Capital Fund deficit of \$3.2 million, offset by an operating surplus of \$0.6 million in the County Road and Road Machinery Funds. The Capital Fund deficit is due to timing differences between project expenditures and the subsequent receipt of federal and state reimbursements.

A comparative overview of the governmental funds' results for 2011 and 2010 follows. This includes more detailed information about sources and uses of funds in each year.

Table 5 - Oneida County Governmental Funds

	Summary of Revenue and Expenditures 2011 and 2010 (In Millions)			
	2011		2010	
	<u>Revenues</u>	<u>% of Total</u>	<u>Revenues</u>	<u>% of Total</u>
Sales tax and other nonproperty items	\$ 125.8	32.4%	122.0	31.2%
Real property taxes	71.7	18.5%	67.7	17.3%
Departmental income, fees, and interest	34.2	8.8%	34.1	8.7%
State and federal aid	117.4	30.2%	122.4	31.3%
All other sources	<u>39.5</u>	<u>10.1%</u>	<u>44.7</u>	<u>11.5%</u>
Total revenue	\$ <u>388.6</u>	<u>100.0%</u>	<u>390.9</u>	<u>100.0%</u>

COUNTY OF ONEIDA, NEW YORK
Management's Discussion and Analysis, Continued

Summary of Revenue and Expenditures
2011 and 2010 (In Millions)

	2011		2010	
	<u>Expenditures</u>	<u>% of Total</u>	<u>Expenditures</u>	<u>% of Total</u>
General governmental support	\$ 66.4	17.2%	67.7	16.9%
Education	23.8	6.2%	23.2	5.8%
Public safety	39.5	10.2%	42.9	10.7%
Public health	20.0	5.2%	20.4	5.1%
Transportation	32.8	8.5%	35.3	8.8%
Economic assistance and opportunity	158.9	41.1%	162.7	40.6%
Culture and recreation	1.7	0.4%	2.3	0.6%
Home and community services	2.6	0.6%	3.6	0.9%
Debt service	20.3	5.3%	20.4	5.1%
Other	<u>20.4</u>	<u>5.3%</u>	<u>22.0</u>	<u>5.5%</u>
Total expenditures	\$ <u>386.4</u>	<u>100.0%</u>	<u>400.5</u>	<u>100.0%</u>

General Fund Budget Highlights

The statement on page 63 shows both adopted and final modified budget totals compared with actual results for the General Fund in 2011. The significant variances between the adopted and the final budget for 2011 were as follows:

Original budget	\$ 306,275,446
2011 additional appropriations from:	
Encumbrance carryovers	180,309
Supplemental appropriations from additional revenue	5,179,629
Supplemental budget for gross sales tax adjustment	<u>35,827,690</u>
Final budget	\$ <u>347,463,074</u>

Capital Asset and Debt Administration

Capital Assets

At December 31, 2011 and 2010, the County had \$275.4 million and \$267.9 million, respectively, invested in a broad range of capital assets including equipment, a jail, buildings, roads, bridges, and sewer lines and plant (see pages 44 and 45).

COUNTY OF ONEIDA, NEW YORK
Management's Discussion and Analysis, Continued

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

	2011		<u>Totals</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Land	\$ 11.8	-	11.8
Land improvements	1.4	-	1.4
Buildings and improvements	58.9	6.8	65.7
Construction in progress	101.9	18.5	120.4
Machinery and equipment	14.1	0.4	14.5
Infrastructure	<u>58.0</u>	<u>3.6</u>	<u>61.6</u>
Totals	\$ <u>246.1</u>	<u>29.3</u>	<u>275.4</u>

	2010		<u>Totals</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Land	\$ 11.8	-	11.8
Land improvements	1.9	-	1.9
Buildings and improvements	62.1	7.2	69.3
Construction in progress	91.6	17.6	109.2
Licensed vehicles	4.0	0.1	4.1
Machinery and equipment	9.9	0.3	10.2
Infrastructure	<u>57.6</u>	<u>3.8</u>	<u>61.4</u>
Totals	\$ <u>238.9</u>	<u>29.0</u>	<u>267.9</u>

The County's 2012 capital budget anticipates a spending level of \$14.6 million for capital projects, to be funded by \$9.6 million in bonding and \$5.0 million in State and Federal Aid.

Bonds

At year end, the County had \$210.8 million in bonds outstanding (see note 14 on page 55 for additional details).

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
General obligation bonds (backed by the County)	\$ 195.6	-	195.6
General obligation revenue bonds (backed by specific revenues)	-	<u>15.2</u>	<u>15.2</u>
Totals	\$ <u>195.6</u>	<u>15.2</u>	<u>210.8</u>

COUNTY OF ONEIDA, NEW YORK
Management's Discussion and Analysis, Continued

2012 Economic Factors and Budget

The County's elected and appointed officials considered many factors when setting the fiscal year 2012 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 May 2012 stood at 8.5% versus 7.7% a year ago. This compares with the May 2012 State unemployment rate of 8.6%, and the national rate of 8.2% (these percentages are not seasonally adjusted).

For the period May 2011 through May 2012, the national average CPI increased 1.7% for all items. The core CPI (which excludes food and energy costs) increased 2.3% (these percentages are not seasonally adjusted).

The 2012 sales tax budget of \$90.0 million was a \$3.0 million increase compared to the 2011 budgeted amount. This projection was based on the fact that 2011 actual sales tax receipts were \$89.1 million which exceeded the 2011 budget by over \$2.0 million. The reasons for the increase were higher retail gas prices and collection of sales tax on food and beverage sales at the Oneida Indian Nation Turning Stone Casino Complex through a third party lease agreement. The County anticipates that the actual sales tax receipts for 2012 will meet its budgeted total.

Medicaid continues to be a major expenditure for County government. In 2012 New York State approved Part F of Chapter 56 of the laws of 2012 which changes the method for calculating local share caps for State fiscal years 2013-14 and 2014-15 and caps the local share of Medicaid costs permanently at the SFY 2014-15 level with no further increases.

Calculated calendar year amounts are used to construct the State fiscal year caps. Under the new State Legislation, effective April 1, 2013, the calendar year 2013 local share will equal the calendar year 2012 amount plus 2%. The calendar year 2014 amount will equal calendar year 2013 plus 1%. These amounts will now be used to calculate State fiscal years 2013-14 and 2014-15. The new cap structure will provide significant savings to the county in the future. The County's budgeted Medicaid expense is \$55.7 million for 2012.

Oneida County's non-management employees are represented by four labor unions under five contracts. Only one contract is current as of July 2012. Two others have been approved by the union membership and are pending Board of Legislators ratification, scheduled for August 2012.

The County's 2012 general fund budget anticipates a \$2.1 million operating deficit. County officials continue to closely monitor expenditures in an attempt to reduce spending and provide some financial resources for use in preparing the 2013 budget.

COUNTY OF ONEIDA, NEW YORK
Management's Discussion and Analysis, Continued

GASB 45 Update

In 2007, the County contracted with the BPA - Harbridge Consulting Group for actuarial services mandated by GASB Statement No. 45. The actuaries have completed their review and analysis of the County's Other Postemployment Benefits (OPEB). It should be noted that, at December 31, 2011, the County had designated \$1,000,000 of fund balance to begin funding for its OPEB liability. The County has accrued \$15,495,898 in these 2011 audited statements. See note 13 to the financial statements (page 51) for further details.

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, 2011

	Primary Government			Component Units
	Governmental activities	Business-type activities	Total	
Assets:				
Cash and equivalents	\$ 25,516,093	10,387,031	35,903,124	32,129,439
Deposits with trustees	-	-	-	1,576,236
Investments	-	-	-	3,275,332
Receivables:				
Taxes	32,703,980	-	32,703,980	-
Student tuition and fees, net	-	-	-	1,556,041
Student loans recievable, net	-	-	-	1,292,859
Other	3,597,453	4,238,032	7,835,485	2,825,464
Due from:				
State and federal governments	52,395,763	-	52,395,763	-
Other governments	2,235,337	9,190,553	11,425,890	4,547,366
Business-type activities	117,552	-	117,552	-
Inventory	-	-	-	464,920
Restricted assets	-	-	-	20,206,484
Other assets	2,096,197	-	2,096,197	1,684,035
Capital assets (net of accumulated depreciation)	246,150,312	29,254,714	275,405,026	93,099,634
Total assets	364,812,687	53,070,330	417,883,017	162,657,810
Liabilities:				
Current portion of long-term debt	18,223,189	1,247,466	19,470,655	7,193,684
Accounts payable	9,553,999	410,813	9,964,812	6,677,064
Accrued liabilities	33,021,724	16,072,261	49,093,985	-
Accrued interest	1,541,530	163,381	1,704,911	-
Bond anticipation notes payable	-	-	-	2,200,000
Due to:				
Other governments	10,799,306	-	10,799,306	-
Governmental funds	-	117,552	117,552	-
Fiduciary funds	-	3,053	3,053	-
Accrued closure costs	-	-	-	3,072,763
Other liabilities	-	-	-	3,987,278
Deferred revenue	1,545,926	-	1,545,926	4,664,985
Long-term debt, net of current portion	205,056,656	14,690,532	219,747,188	96,909,730
Total liabilities	279,742,330	32,705,058	312,447,388	124,705,504
Net assets:				
Investments in capital assets, net of related debt	50,547,245	14,022,882	64,570,127	3,358,757
Restricted:				
Nonexpendable	2,096,197	-	2,096,197	20,823,477
Expendable	13,593,417	-	13,593,417	10,637,429
Unrestricted	18,833,498	6,342,390	25,175,888	3,132,643
Total net assets	85,070,357	20,365,272	105,435,629	37,952,306
Total liabilities and net assets	\$ 364,812,687	53,070,330	417,883,017	162,657,810

See accompanying notes to financial statements.

COUNTY OF ONEIDA, NEW YORK
Statement of Activities
Year ended December 31, 2011

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total	
Primary government								
Governmental activities:								
General government support	\$ 65,530,838	9,000,480	3,062,157	251,113	(53,217,088)	-	(53,217,088)	-
Education	22,687,685	1,977,382	7,569,233	-	(13,141,070)	-	(13,141,070)	-
Public safety	40,805,086	6,925,307	1,477,528	308,318	(32,093,933)	-	(32,093,933)	-
Public health	19,444,118	1,979,245	15,224,708	-	(2,240,165)	-	(2,240,165)	-
Transportation	32,848,464	9,889,603	4,203,287	4,879,245	(13,876,329)	-	(13,876,329)	-
Economic development and opportunity	153,098,671	7,391,073	79,400,513	-	(66,307,085)	-	(66,307,085)	-
Culture and recreation	1,645,211	104,901	266,383	-	(1,273,927)	-	(1,273,927)	-
Home and community service	2,919,087	1,018,093	-	-	(1,900,994)	-	(1,900,994)	-
Interest on long-term debt	10,578,877	-	473,834	-	(10,105,043)	-	(10,105,043)	-
Unallocated depreciation	7,479,185	-	-	-	(7,479,185)	-	(7,479,185)	-
Total government activities	357,037,222	38,286,084	111,677,643	5,438,676	(201,634,819)	-	(201,634,819)	-
Business-type activities:								
Sewer fund	9,328,215	11,778,885	-	-	-	2,450,670	2,450,670	-
Internal service fund	4,745,788	4,728,635	-	-	-	(17,153)	(17,153)	-
Total primary government	371,111,225	54,793,604	111,677,643	5,438,676	(201,634,819)	2,433,517	(199,201,302)	-
Component units:								
Oneida-Herkimer Solid Waste Management Authority	20,308,055	24,979,134	-	-	-	-	-	4,671,079
Mohawk Valley Community College	74,052,442	44,342,596	26,601,558	-	-	-	-	(3,108,288)
Total component units	\$ 94,360,497	69,321,730	26,601,558	-	-	-	-	1,562,791
General revenues:								
Real property taxes, levied for general purposes					66,628,221	-	66,628,221	-
Real property tax items					5,607,891	-	5,607,891	-
Non-property tax items (sales tax and PILOTs)					125,751,087	-	125,751,087	-
Tobacco revenues and interest					5,832,348	17,153	5,849,501	-
Total general revenues					203,819,547	17,153	203,836,700	-
Change in net assets					2,184,728	2,450,670	4,635,398	1,562,791
Net assets at beginning of year					82,885,629	17,914,602	100,800,231	36,389,515
Net assets at end of year					\$ 85,070,357	20,365,272	105,435,629	37,952,306

See accompanying notes to financial statements.

COUNTY OF ONEIDA, NEW YORK
Balance Sheet - Governmental Funds
December 31, 2011

<u>Assets</u>	<u>General</u>	<u>Debt Service</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
Cash and equivalents	\$ 10,687,001	-	10,095,071	20,782,072
Deposits with trustees	-	91,179	4,642,842	4,734,021
Taxes receivable	172,729,627	-	-	172,729,627
Other receivables	2,058,066	377,825	1,161,562	3,597,453
Due from:				
State and federal governments	52,395,763	-	-	52,395,763
Other governments	2,235,337	-	-	2,235,337
Other funds	181,063	989,164	3,933,476	5,103,703
Other assets	75,669	-	-	75,669
Total assets	<u>\$ 240,362,526</u>	<u>1,458,168</u>	<u>19,832,951</u>	<u>261,653,645</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	8,390,780	-	1,163,219	9,553,999
Accrued liabilities	30,835,398	770,741	1,415,585	33,021,724
Due to:				
Other governments	10,776,493	-	22,813	10,799,306
Other funds	3,089,945	23,952	1,872,254	4,986,151
Deferred revenue	161,780,047	133,151	1,070,750	162,983,948
Total liabilities	<u>214,872,663</u>	<u>927,844</u>	<u>5,544,621</u>	<u>221,345,128</u>
Fund balances:				
Restricted	12,952,686	194,568	-	13,147,254
Assigned - appropriated	2,286,265	276,000	8,802,461	11,364,726
Assigned - unappropriated	-	59,756	5,485,869	5,545,625
Unassigned	10,250,912	-	-	10,250,912
Total fund balances	<u>25,489,863</u>	<u>530,324</u>	<u>14,288,330</u>	<u>40,308,517</u>
Total liabilities and fund balances	<u>\$ 240,362,526</u>	<u>1,458,168</u>	<u>19,832,951</u>	<u>261,653,645</u>

See accompanying notes to financial statements.

COUNTY OF ONEIDA, NEW YORK
Reconciliation of Governmental Funds Balance Sheet
to the Government - Wide Statement of Net Assets
December 31, 2011

Fund balances - total governmental funds	\$ 40,308,517
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	246,150,312
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	23,432,903
Long-term liabilities including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(224,821,375)</u>
Total net assets at end of year	<u>\$ 85,070,357</u>

See accompanying notes to financial statements.

COUNTY OF ONEIDA, NEW YORK
Statement of Revenue, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year ended December 31, 2011

	<u>General fund</u>	<u>Debt service</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
Revenue:				
Real property taxes	\$ 66,112,816	-	-	66,112,816
Other tax items	5,607,891	-	-	5,607,891
Non-property tax items	125,751,087	-	-	125,751,087
Departmental income	14,423,806	-	1,406,989	15,830,795
Intergovernmental charges	12,077,964	692,333	2,656,364	15,426,661
Use of money and property	2,031,320	56,506	981	2,088,807
Licenses and permits	35,436	-	6,310	41,746
Fines and forfeitures	806,111	-	-	806,111
Sale of property and compensation for loss	570,943	-	55,230	626,173
Miscellaneous local sources	1,187,395	-	218,852	1,406,247
Interfund revenues	90,820	-	3,735,852	3,826,672
State and federal aid	105,745,355	473,834	11,173,809	117,392,998
Tobacco revenues	-	-	3,743,541	3,743,541
Total revenue	<u>334,440,944</u>	<u>1,222,673</u>	<u>22,997,928</u>	<u>358,661,545</u>
Expenditures:				
General government support	61,740,895	2,775	4,620,940	66,364,610
Education	23,112,629	732,630	-	23,845,259
Public safety	38,454,581	-	1,054,916	39,509,497
Public health	19,947,798	-	20,484	19,968,282
Transportation	4,424,785	-	28,359,498	32,784,283
Economic assistance and opportunity	155,810,804	-	3,059,131	158,869,935
Culture and recreation	1,671,112	-	36,545	1,707,657
Home and community services	2,616,759	-	-	2,616,759
Debt service:				
Principal	-	11,062,037	40,000	11,102,037
Interest	-	<u>5,520,762</u>	<u>3,652,050</u>	<u>9,172,812</u>
Total expenditures	<u>307,779,363</u>	<u>17,318,204</u>	<u>40,843,564</u>	<u>365,941,131</u>
Excess (deficiency) of revenue over expenditures	<u>26,661,581</u>	<u>(16,095,531)</u>	<u>(17,845,636)</u>	<u>(7,279,586)</u>
Other financing sources (uses):				
Proceeds of obligations - serial bonds	-	-	9,440,000	9,440,000
Transfers from other funds	-	14,680,425	5,788,960	20,469,385
Transfers to other funds	<u>(20,469,385)</u>	-	-	<u>(20,469,385)</u>
Total other financing sources (uses)	<u>(20,469,385)</u>	<u>14,680,425</u>	<u>15,228,960</u>	<u>9,440,000</u>
Net change in fund balances	6,192,196	(1,415,106)	(2,616,676)	2,160,414
Fund balances at beginning of year	<u>19,297,667</u>	<u>1,945,430</u>	<u>16,905,006</u>	<u>38,148,103</u>
Fund balances at end of year	<u>\$ 25,489,863</u>	<u>530,324</u>	<u>14,288,330</u>	<u>40,308,517</u>

See accompanying notes to financial statements.

COUNTY OF ONEIDA, NEW YORK
 Reconciliation of Governmental Funds Statement of Revenue, Expenditures, and
 Changes in Fund Balances to the Government-Wide Statement of Activities
 Year ended December 31, 2011

Net change in fund balances - total governmental funds \$ 2,160,414

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 are allocated over their useful lives as depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay expenditures	\$ 18,161,582	
Depreciation expense	<u>(10,948,178)</u>	7,213,404

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 515,405

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

Principal paid on bonds	16,539,241	
Bonds issued	(14,870,000)	
OTASC interest accretion	<u>(1,517,010)</u>	152,231

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

Accrued interest	210,316	
Postemployment benefits	(2,693,669)	
Compensated absences	15,604	
Accrued workers' compensation	(758,362)	
ERS pension	(4,569,040)	
Amortization of bond issuance and original issuance discount	<u>(61,575)</u>	<u>(7,856,726)</u>

Change in net assets of governmental activities \$ 2,184,728

See accompanying notes to financial statements.

COUNTY OF ONEIDA, NEW YORK
Statement of Net Assets - Proprietary Funds
December 31, 2011

<u>Assets</u>	<u>Enterprise Sewer Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
Current assets:			
Cash and equivalents	\$ 3,589,594	6,797,437	10,387,031
Other receivable	4,210,623	27,409	4,238,032
Due from other governments	-	9,190,553	9,190,553
Capital assets, net of accumulated depreciation	<u>29,254,714</u>	<u>-</u>	<u>29,254,714</u>
Total assets	<u>\$ 37,054,931</u>	<u>16,015,399</u>	<u>53,070,330</u>
<u>Liabilities</u>			
Current liabilities:			
Current portion of long-term debt	1,247,466	-	1,247,466
Accounts payable	260,743	150,070	410,813
Accrued liabilities	269,537	15,802,724	16,072,261
Accrued interest	163,381	-	163,381
Due to other funds	58,000	62,605	120,605
Long-term debt, net of current portion	<u>14,690,532</u>	<u>-</u>	<u>14,690,532</u>
Total liabilities	<u>16,689,659</u>	<u>16,015,399</u>	<u>32,705,058</u>
Net assets:			
Investment in capital assets, net of related debt	14,022,882	-	14,022,882
Unrestricted net assets	<u>6,342,390</u>	<u>-</u>	<u>6,342,390</u>
Total net assets	<u>20,365,272</u>	<u>-</u>	<u>20,365,272</u>
Total liabilities and net assets	<u>\$ 37,054,931</u>	<u>16,015,399</u>	<u>53,070,330</u>

See accompanying notes to financial statements.

COUNTY OF ONEIDA, NEW YORK
 Statement of Revenue, Expenses, and Changes in Net Assets
 Proprietary Funds
 Year ended December 31, 2011

	Enterprise Sewer Fund	Workers' Compensation Fund	Total
Operating revenue:			
Departmental income	\$ 11,778,885	-	11,778,885
Intergovernmental charges	-	4,714,280	4,714,280
Miscellaneous	-	14,355	14,355
Total operating revenue	<u>11,778,885</u>	<u>4,728,635</u>	<u>16,507,520</u>
Operating expenses:			
Personnel services	2,158,574	312,797	2,471,371
Employee benefits	989,196	-	989,196
Contractual expenses	4,934,212	4,432,991	9,367,203
Depreciation	622,940	-	622,940
Total operating expenses	<u>8,704,922</u>	<u>4,745,788</u>	<u>13,450,710</u>
Income (loss) from operations	<u>3,073,963</u>	<u>(17,153)</u>	<u>3,056,810</u>
Non-operating revenue (expenses):			
Use of money and property	-	17,153	17,153
Interest expense	<u>(623,293)</u>	<u>-</u>	<u>(623,293)</u>
Total non-operating revenues (expenses)	<u>(623,293)</u>	<u>17,153</u>	<u>(606,140)</u>
Net income	<u>2,450,670</u>	<u>-</u>	<u>2,450,670</u>
Net assets at beginning of year	<u>17,914,602</u>	<u>-</u>	<u>17,914,602</u>
Net assets at end of year	<u>\$ 20,365,272</u>	<u>-</u>	<u>20,365,272</u>

See accompanying notes to financial statements.

COUNTY OF ONEIDA, NEW YORK
Statement of Cash Flows - Proprietary Funds
Year ended December 31, 2011

	Enterprise <u>Sewer Fund</u>	Workers' Compensation <u>Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from charges for services	\$ 11,105,228	5,249,536	16,354,764
Cash payments contractual expenses	(4,877,796)	(4,407,811)	(9,285,607)
Cash payments personal services and benefits	(2,935,140)	(312,797)	(3,247,937)
Other operating revenue	<u>-</u>	<u>14,355</u>	<u>14,355</u>
Net cash provided by operating activities	<u>3,292,292</u>	<u>543,283</u>	<u>3,835,575</u>
Cash flows from investing activities:			
Principal payments on long-term debt	(736,239)	-	(736,239)
Interest expense	(638,397)	-	(638,397)
Payments for capital assets	<u>(889,005)</u>	<u>-</u>	<u>(889,005)</u>
Net cash used in investing activities	<u>(2,263,641)</u>	<u>-</u>	<u>(2,263,641)</u>
Cash flows from non-capital financing activities -			
interest income	<u>-</u>	<u>17,153</u>	<u>17,153</u>
Net increase (decrease) in cash and equivalents	1,028,651	560,436	1,589,087
Cash and equivalents at beginning of year	<u>2,560,943</u>	<u>6,237,001</u>	<u>8,797,944</u>
Cash and equivalents at end of year	<u>\$ 3,589,594</u>	<u>6,797,437</u>	<u>10,387,031</u>
Reconciliation of income (loss) from operations to net			
cash provided by operating activities:			
Income (loss) from operations	3,073,963	(17,153)	3,056,810
Adjustments to reconcile income (loss) from operations			
to net cash provided by operating activities:			
Depreciation and amortization	622,940	-	622,940
Changes in assets and liabilities:			
Accounts receivable	(194,121)	195,088	967
Due from other governments	-	278,223	278,223
Accounts payable and accrued expenses	56,416	25,180	81,596
Due to/from other funds	(479,536)	61,945	(417,591)
Due to employers retirement system	119,650	-	119,650
Compensated absences	4,529	-	4,529
Other postemployment liability	<u>88,451</u>	<u>-</u>	<u>88,451</u>
Net cash provided by operating activities	<u>\$ 3,292,292</u>	<u>543,283</u>	<u>3,835,575</u>
Non-cash operating information - employee benefits			
financed by employee retirement system debt	<u>\$ 119,650</u>	<u>-</u>	<u>119,650</u>

See accompanying notes to financial statements.

COUNTY OF ONEIDA, NEW YORK
Statement of Net Assets - Fiduciary Funds
December 31, 2011

<u>Assets</u>	<u>Deferred Compensation</u>	<u>Agency</u>
Cash and equivalents	\$ 24,466,052	6,588,308
Due from other funds	-	3,053
Total assets	<u>\$ 24,466,052</u>	<u>6,591,361</u>
<u>Liabilities</u>		
Agency liabilities	-	6,591,361
Deferred compensation	24,466,052	-
Total liabilities	<u>\$ 24,466,052</u>	<u>6,591,361</u>

See accompanying notes to financial statements.

COUNTY OF ONEIDA, NEW YORK
Statement of Net Assets - Discretely
Presented Component Units
December 31, 2011

	Mohawk Valley Community <u>College</u>	Oneida- Herkimer Solid Waste Management <u>Authority</u>	<u>Total</u>
Assets:			
Cash and equivalents	\$ 20,859,302	11,270,137	32,129,439
Deposits with trustees	1,426,186	-	1,426,186
Investments	3,275,332	-	3,275,332
Receivables:			
Student tuition and fees receivable, net	1,556,041	-	1,556,041
Student loans receivable, net	1,292,859	-	1,292,859
Other receivables	367,290	2,458,174	2,825,464
Due from other governments	4,547,366	-	4,547,366
Inventory	464,920	-	464,920
Restricted assets	150,050	20,206,484	20,356,534
Other assets	498,532	1,185,503	1,684,035
Capital assets, net of accumulated depreciation	<u>43,977,770</u>	<u>49,121,864</u>	<u>93,099,634</u>
Total assets	<u>\$ 78,415,648</u>	<u>84,242,162</u>	<u>162,657,810</u>
Liabilities:			
Current portion of long-term debt	1,933,684	5,260,000	7,193,684
Accounts payable and accrued liabilities	4,232,501	2,444,563	6,677,064
Bond anticipation notes payable	2,200,000	-	2,200,000
Accrued closure costs	-	3,072,763	3,072,763
Other liabilities	3,331,302	655,976	3,987,278
Deferred revenue	4,664,985	-	4,664,985
Long-term debt net of current portion	<u>48,414,340</u>	<u>48,495,390</u>	<u>96,909,730</u>
Total liabilities	<u>64,776,812</u>	<u>59,928,692</u>	<u>124,705,504</u>
Net assets:			
Invested in capital assets, net of related debt	5,194,950	(1,836,193)	3,358,757
Restricted:			
Nonexpendable	616,993	20,206,484	20,823,477
Expendable	4,694,250	5,943,179	10,637,429
Unrestricted	<u>3,132,643</u>	<u>-</u>	<u>3,132,643</u>
Total net assets	<u>13,638,836</u>	<u>24,313,470</u>	<u>37,952,306</u>
Total liabilities and net assets	<u>\$ 78,415,648</u>	<u>84,242,162</u>	<u>162,657,810</u>

See accompanying notes to financial statements.

COUNTY OF ONEIDA, NEW YORK
Statement of Revenue, Expenses, and Changes in Net Assets
Discretely Presented Component Units
Year ended December 31, 2011

	Mohawk Valley Community College	Oneida- Herkimer Solid Waste Management Authority	Total
Operating revenues:			
Student tuition and fees, net	\$ 11,916,106	-	11,916,106
Federal grants and contracts	17,843,577	-	17,843,577
State and local grants and contracts	8,739,230	-	8,739,230
Nongovernmental grants and contracts	1,061,903	-	1,061,903
Auxiliary enterprises:			
Residential life	2,579,173	-	2,579,173
Bookstore (net of costs of goods sold)	1,179,535	-	1,179,535
Auxiliary services corporation service fees	108,200	-	108,200
Tipping fees	-	16,810,176	16,810,176
Solid waste service charge	-	2,046,896	2,046,896
Refuse bag sales	-	2,023,750	2,023,750
Recyclable sales	-	2,888,723	2,888,723
Other operating revenue	914,872	1,209,589	2,124,461
Total operating revenue	<u>44,342,596</u>	<u>24,979,134</u>	<u>69,321,730</u>
Operating expenses:			
Educational and general expenditures	50,193,094	-	50,193,094
Scholarships	14,979,007	-	14,979,007
Dormitory operations	2,327,724	-	2,327,724
Auxiliary services enterprises	844,546	-	844,546
College promotion and development	1,039,060	-	1,039,060
Loan cancellations and allowance for doubtful loans	11,496	-	11,496
Personal services	-	5,198,394	5,198,394
Contractual services	-	5,838,429	5,838,429
Other expenses	3,091	4,466,016	4,469,107
Depreciation	3,366,841	3,617,006	6,983,847
Total operating expenses	<u>72,764,859</u>	<u>19,119,845</u>	<u>91,884,704</u>
Income (loss) from operations	<u>(28,422,263)</u>	<u>5,859,289</u>	<u>(22,562,974)</u>
Nonoperating revenues (expenses):			
State operating aid	12,275,291	-	12,275,291
County chargebacks	2,424,104	-	2,424,104
Local appropriations	7,280,100	-	7,280,100
Investment income	1,187,250	-	1,187,250
Interest income	-	454,619	454,619
Interest expense	-	(1,597,897)	(1,597,897)
Contribution to retire debt	1,998,423	-	1,998,423
Income from affiliated entities	500,000	-	500,000
Interest on capital asset-related debt	(1,287,583)	-	(1,287,583)
Other nonoperating revenue	936,390	96,835	1,033,225
Other nonoperating expenses	-	(141,767)	(141,767)
Total nonoperating revenues (expenses)	<u>25,313,975</u>	<u>(1,188,210)</u>	<u>24,125,765</u>
Net increase (decrease) in net assets	(3,108,288)	4,671,079	1,562,791
Net assets at beginning of year	16,747,124	19,642,391	36,389,515
Net assets at end of year	<u>\$ 13,638,836</u>	<u>24,313,470</u>	<u>37,952,306</u>

See accompanying notes to financial statements.

COUNTY OF ONEIDA, NEW YORK

Notes to Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies

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 (the State), 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.

(a) Financial Reporting Entity

The accompanying basic financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (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. GAAP. GASB is responsible for establishing U.S. GAAP for State and local governments through its pronouncements (Statements and 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.

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) Financial Reporting Entity, Continued

The financial reporting entity consists of the County (primary government) and organizations for which the primary government is financially accountable and the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. 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 government.

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

(b) Discretely Presented Component Units

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

Mohawk Valley Community College (Community College or MVCC) - The Community College was founded in 1946 with the County as the local sponsor under provisions of Article 126 of the New York State Education Law. The Community 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 Community College's budget is subject to the approval of the County Executive and the County Legislature, with the County providing substantial funding for the operation of the College.

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 accounting principles generally accepted in the United States of America 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 operation known as the Mohawk Valley Community College Dormitory Corporation (Dormitory Corporation). The purpose of the not-for-profit 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 No. 39. The Dormitory Corporation uses a fiscal year end of July 31. All of the financial data for

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Discretely Presented Component Units, Continued

the Dormitory Corporation was derived from the Mohawk Valley Community College Dormitory Corporation independently audited financial statements for its fiscal year ended July 31, 2011.

The Community College maintains an auxiliary service corporation known as the Auxiliary Services Corporation of Mohawk Valley Community College, Inc. (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 for its fiscal year ended June 30, 2011.

The Community College maintains a foundation known as the Mohawk Valley Community College Foundation, Inc. (the Foundation). The Foundation is a not-for-profit educational corporation and nongovernmental legal entity which operates to further support the educational objectives of the Community 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, 2011.

Although each of these entities are separate and distinct legal entities, they carry out operations that are integrally related to the Community College and are, therefore, blended in the financial reporting entity of the Community College.

Financial statements of the Community College and these 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.

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 Public Authorities Law to provide solid waste management services and to plan and implement a modern integrated solid waste management system for the benefit of Oneida and Herkimer Counties (the Counties). The Authority's initial capitalization for the facilities as well as short-term funding of administrative and operating costs were provided from the issuance of approximately \$50

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Discretely Presented Component Units, Continued

million of Solid Waste System Revenue Bonds. The Authority currently owns and operates nine operational solid waste management facilities and one closed facility. These facilities are as follows: an administration facility, a recycling center, three solid waste transfer stations, a green waste composting facility, a land clearing debris facility, a household hazardous waste facility; a regional landfill, and a closed ash landfill.

The Authority's ten-member board, which consists of four members appointed by the County Executive and confirmed by the County Legislature, three members by the County Legislature, and three by Herkimer County, has complete responsibility for its management and financial operations. County officials do not exercise oversight responsibility for the Authority operations, and the County does not provide assistance to the Authority. However, the County is obligated to finance deficits, if necessary, and the County is a joint guarantor with Herkimer County on the revenue bonds disclosed in note 13.

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

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

(c) Blended Component Units

The following blended component unit is reported as another governmental fund:

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 all or any of the rights, titles, and interest 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.

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 of December 31, 2011.

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Blended Component Units, Continued

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.

The following blended component unit is included in the County's General Fund.

The Herkimer-Oneida Comprehensive Planning Program is a joint venture that was established in 1963 in which Oneida and Herkimer Counties participate. The Oneida County Board of Legislators adopts the budget of the joint venture; the Oneida County Executive appoints the Board's Commissioner; and, the Oneida County Comptroller serves as the joint venture's fiscal officer and performs all necessary accounting services. The joint venture is not authorized to issue its own debt and both counties have an ongoing financial responsibility to the joint venture as its existence depends upon the funding from each county as well as State and Federal grants.

The Herkimer-Oneida Comprehensive Planning Program 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 of December 31, 2011.

The financial statements of Herkimer-Oneida Comprehensive Planning Program can be obtained at the Comptroller's Office of the County located at 800 Park Avenue, Utica, New York 13501.

(d) 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 are reported on a full accrual, economic resources measurement focus basis of accounting, 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 related program revenues, operating and capital

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Basic Financial Statements - Government-Wide Statements, Continued

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.

(e) Basic Financial Statements - Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental 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:

Governmental Funds - 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 - The General Fund is presented as a major fund and is the principal operating fund that is used to account for all operations not required to be recorded in other funds.

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 (except those presented in the discretely presented component units).

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.

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Basic Financial Statements - Fund Financial Statements, Continued

- 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.

Proprietary Funds - The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The accounting principles generally accepted in the United States of America 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 Statement No. 9. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally would not be reported as components of operating income. The following is a description of the proprietary funds of the County:

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

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 Statement 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 Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures 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 resource 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 funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Available means collectible within the current period or within 60 days after year end to be used to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Accrual Basis - Proprietary and fiduciary fund types and discretely presented component units are accounted for using the accrual basis of accounting. Under this method, revenues including unbilled amounts are recognized when earned and expenses are recorded when the liabilities are incurred, regardless of the timing of related cash inflows and outflows. Capital assets, the related outstanding debt and other long-term liabilities related to activities of the proprietary and fiduciary fund types, and the discretely presented component units, are recorded within these fund types.

Operating revenues and expenses generally result from the proprietary funds' principal operations, providing services and producing and delivering goods. Non-operating revenues and expenses are reported as capital and related financing activities, non-capital financing activities, or investing activities which normally would not be reported as components of operating income.

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Measurement Focus and Basis of Accounting, Continued

Enterprise funds apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the FASB, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedures. The County has elected not to adopt the option as allowed by paragraph 7 of GASB Statement No. 20 to adopt all FASB pronouncements issued after November 30, 1989.

(g) Discretely Presented Component Units

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 Statement No. 39. As part of its 2011 annual budget, the Community College received \$7,280,100 in operating contributions from the County.

(h) 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.

(i) Cash, Cash Equivalents, and Investments

State statutes require that collateral be pledged at 105 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.

(j) Receivables

Receivables are recorded at cost net of allowance for uncollectible accounts.

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Inventory

The Community 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. Purchases of inventoriable items in the other funds are not considered material and are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

(l) 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.

(m) Equity and Fund Balance Classifications

In the government-wide statements equity is classified as net assets and displayed in three components:

- i) Investment in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- ii) Restricted net assets - consists of net assets with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

In fiscal 2011, the County implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). GASB 54 changed the classification of fund balance to focus on the constraints imposed on resources in governmental funds, instead of the previous focus on availability for appropriation.

Fund balance is now broken down into five different classifications: nonspendable, restricted, committed, assigned, and unassigned.

- i) Nonspendable consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Equity and Fund Balance Classifications, Continued

- ii) Restricted consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- iii) Committed consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The County Legislature is the decision-making authority that can, by Board resolution, commit fund balance.
- iv) Assigned consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.
- v) Unassigned represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the County spends funds in the following order: restricted, committed, assigned, unassigned.

Fund	Restricted	Fund Balance Assigned			Fund Balance Unassigned	Total Fund Balance (Deficit) Unreserved
		Appropriated for Subsequent Year's Budget	Other Assigned Fund Balance	Unappropriated		
Major governmental funds:						
General fund (A)	\$ 12,952,686	2,054,687	231,578	-	10,250,912	25,489,863
Debt service (V)	194,568	276,000	-	59,756	-	530,324
Total major funds	13,147,254	2,330,687	231,578	59,756	10,250,912	26,020,187
Nonmajor funds:						
Road machinery (M)	-	-	1,859	385,541	-	387,400
Capital projects (H)	-	-	8,791,476	(207,214)	-	8,584,262
Joint training (J)	-	-	-	171,631	-	171,631
County road (D)	-	-	9,126	475,590	-	484,716
OTASC (OT)	-	-	-	4,660,321	-	4,660,321
Total nonmajor funds	-	-	8,802,461	5,485,869	-	14,288,330
Total governmental activities	\$ 13,147,254	2,330,687	9,034,039	5,545,625	10,250,912	40,308,517

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(n) Capital Assets/Property, Plant, and Equipment

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:

Buildings and improvements	15-50 Years
Infrastructure	10-65 Years
Licensed vehicles	8 Years
Machinery and equipment	5-25 Years
Land improvements	20 Years
Construction	15-50 Years

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

For the Authority, estimated useful lives are as follows (in years): 20 for building, 3-20 for equipment and machinery, 5 for motor vehicles, 15 for land improvements, and 8-50 for regional landfill.

(o) Deferred Revenue

Deferred revenue arises when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the County before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the County has legal claim to the resources, the liability for deferred revenues is removed and revenues are recognized.

Statute provides the authority for the County to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

(p) 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 Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(p) Compensated Absences, Continued

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 days upon termination, they will be paid for the difference of the time earned and the accumulated 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 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, 2011 are \$2,421,936 and \$93,715, 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 \$1,133,578. The recorded liability for vacation leave for to OTASC and the Dormitory Corporation amounted to \$39,201. 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 postemployment health insurance costs. A liability of \$13,080,647 has been recognized representing the present value of these postemployment health insurance costs at August 31, 2011.

Certain employees of the Authority are eligible to receive postemployment benefits with the Authority funding 50% of the premium. A liability of \$442,561 has been recognized representing the percent value of those postemployment health insurance costs.

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) 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 (NYSERS), a cost-sharing multiple-employer 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 participates in the Employees' Retirement System, the New York Teachers' Retirement System (NYSTRS), and the Teachers' Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF).

The Authority participates in the New York State and Local Employees' Retirement System.

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL).

(r) Accrued Liabilities and Long-term Obligations

Payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are recorded when paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

(s) Revenue

Substantially all governmental fund revenue is 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 Statement No. 33. In applying GASB Statement 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.

(t) Expenditures

Expenditures are recognized when the related fund liability is incurred.

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(u) 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. 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. Under this law, Medicaid liabilities paid subsequent to December 31, 2011 will be paid from expendable and available resources of 2012. Thus, no 2011 accrual for Medicaid claims is required.

(v) 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.

(w) 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 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.

(x) 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, 2011, management has accrued \$3,072,763 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, \$3,324,236 of cash, certificates of deposit, and U.S. obligations have been restricted for this purpose at December 31, 2011 in the Authority's financial statements.

(y) 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.

(z) Subsequent Events

The County has evaluated events after December 31, 2011, and through July 10, 2012, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(2) Explanation of Certain 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.

(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 Revenue, Expenditures, and Changes in Fund Balances Compared to Statement of Activities

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

Long-Term Revenue and Expense 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.

Capital Related Differences - Capital related differences include the difference between proceeds from 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 expenditures for the purchase of capital items in the governmental fund statements and depreciation expense on those items in the Statement of Activities.

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 when paid, 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 Financial Statements, Continued

(3) Stewardship, Compliance, and Accountability

(a) Budgetary Data

Budget Policies - budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. 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.

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.

Public hearings are conducted to obtain taxpayer comments.

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 Legislator's meeting in November.

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.

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

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

(b) Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances at year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(4) 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, 2011, \$45,105,786 of the County's total bank balances of \$48,605,786 were exposed to custodial credit risk. Deposits totaling \$45,105,786 were collateralized by the financial institution in the name of the County and none of the County's bank balances were collateralized by the financial institution under a different name.

As of August 31, 2011, \$3,823,902 of the Community College's total bank balances of \$15,058,035 were exposed to custodial credit risk. Deposits totaling \$3,823,902 were collateralized by the financial institution in the name of the Community College, and none of the Community College's bank balances were collateralized by the financial institution under a different name.

The carrying amount of cash and cash equivalents for the Authority at December 31, 2011 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 in the Authority's name, or U.S. Government and/or Federal agency securities held by the Trustee.

(5) 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.

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 2011 and within the first sixty days of 2012 are recognized as revenues in 2011. Net receivables estimated to be collectible subsequent to the first 60 days of 2012 are reflected as deferred revenues.

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(5) Property Taxes and Collection

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, 2011, the County utilized approximately 41.86% of its constitutional tax limit.

Uncollected school district and village taxes assumed by the County for enforcement through December 31, 2011 were \$10,114,283 and \$631,258, respectively. Such amounts will be paid to the school districts and villages by April 1, 2012, 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.

Taxes receivable at December 31, 2011 are recorded net of an estimated allowance for uncollectible accounts of \$156,902.

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

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(6) Sales Tax, Continued

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, 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 3/4% until November 30, 2009. In 2009, the New York State Legislature approved the extension of both the 1% and 3/4% tax through November 30, 2011.

Sales tax revenue is 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.

(7) Student Loans and Fees Receivable

Receivables of the Community College 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>
Community college tuition and fees receivable	\$ 1,434,240	(195,000)	1,239,240
Student loans receivable	1,616,074	(323,215)	1,292,859
Community college component unit - tuition and fees receivable	<u>485,778</u>	<u>(168,977)</u>	<u>316,801</u>
	<u>\$ 3,536,092</u>	<u>(687,192)</u>	<u>2,848,900</u>

(8) Capital Assets

Capital asset activity of the primary government for the year ended December 31, 2011 was as follows:

	<u>Balance December 31, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2011</u>
Capital assets not being depreciated:				
Land	\$ 11,783,969	-	-	11,783,969
Construction in progress	<u>91,634,992</u>	<u>10,276,216</u>	<u>-</u>	<u>101,911,208</u>
Total capital assets not being depreciated	<u>103,418,961</u>	<u>10,276,216</u>	<u>-</u>	<u>113,695,177</u>

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(8) Capital Assets, Continued

	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2011</u>
Capital assets being depreciated:				
Land improvements	\$ 8,641,102	-	-	8,641,102
Building and improvements	102,810,215	-	-	102,810,215
Infrastructure	108,156,432	5,148,348	-	113,304,780
Machinery and equipment	<u>32,240,339</u>	<u>2,816,522</u>	<u>(1,332,350)</u>	<u>33,724,511</u>
Total capital assets being depreciated	<u>251,848,088</u>	<u>7,964,870</u>	<u>(1,332,350)</u>	<u>258,480,608</u>
Accumulated depreciation:				
Land improvements	6,746,279	427,948	-	7,174,227
Buildings and improvements	40,690,544	3,226,154	-	43,916,698
Infrastructure	50,584,275	4,725,161	-	55,309,436
Machinery and equipment	<u>18,309,043</u>	<u>2,568,915</u>	<u>(1,252,846)</u>	<u>19,625,112</u>
Total accumulated depreciation	<u>116,330,141</u>	<u>10,948,178</u>	<u>(1,252,846)</u>	<u>126,025,473</u>
Net capital assets	\$ <u>238,936,908</u>	<u>7,292,908</u>	<u>(79,504)</u>	<u>246,150,312</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

General government support	\$ 485,693
Public safety	1,162,084
Public health	31,257
Transportation	1,444,493
Economic assistance and opportunity	49,797
Home and community service	295,669
Unallocated depreciation	<u>7,479,185</u>

Total governmental activities expense \$ 10,948,178

Capital asset activity of the business-type activities for the year ended December 31, 2011 was as follows:

	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2011</u>
Capital assets not being depreciated:				
Land	\$ -	-	-	-
Construction in progress	<u>17,650,733</u>	<u>850,418</u>	-	<u>18,501,151</u>
Total capital assets not being depreciated	<u>17,650,733</u>	<u>850,418</u>	-	<u>18,501,151</u>

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(8) Capital Assets, Continued

	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2011</u>
Capital assets being depreciated:				
Land improvements	\$ 53,682	-	-	53,682
Building and improvements	20,956,994	-	-	20,956,994
Infrastructure	9,659,254	-	-	9,659,254
Machinery and equipment	47,395,356	18,851	(13,454)	47,400,753
Licensed vehicles	<u>416,628</u>	<u>19,736</u>	<u>-</u>	<u>436,364</u>
Total capital assets being depreciated	<u>78,481,914</u>	<u>38,587</u>	<u>(13,454)</u>	<u>78,507,047</u>
Accumulated depreciation:				
Land improvements	53,682	-	-	53,682
Building and improvements	13,734,943	419,140	-	14,154,083
Infrastructure	5,939,398	148,604	-	6,088,002
Machinery and equipment	47,077,979	39,733	-	47,117,712
Licensed vehicles	<u>337,996</u>	<u>15,463</u>	<u>(13,454)</u>	<u>340,005</u>
Total accumulated depreciation	<u>67,143,998</u>	<u>622,940</u>	<u>(13,454)</u>	<u>67,753,484</u>
Net capital assets	<u>\$ 28,988,649</u>	<u>266,065</u>	<u>-</u>	<u>29,254,714</u>

Depreciation expense was charged to functions as follows:

Enterprise sewer fund	\$ 622,940
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A summary of the book value of property, plant, and equipment of the component units at December 31, 2011 is as follows:

Construction in progress	\$ 14,039,324
Land and improvements	35,534,087
Building and improvements	128,994,786
Equipment, machinery and library books	20,805,088
Motor vehicles	<u>6,880,300</u>
	206,253,585
Less accumulated depreciation and amortization	<u>113,153,951</u>
Property, plant, and equipment, net	<u>\$ 93,099,634</u>

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(9) 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, 2011, include the following accounts:

Debt Service Reserve Fund - contingency fund to be utilized in case of default	\$ 10,673,260
Construction Projects Fund and Bond Redemption and Improvement Fund - for any additional capital expenditures which may be incurred by the Authority	2,352,678
Restricted assets required for debt service	3,772,509
Accrued interest on restricted assets	74,449
Rebate Fund - interest earned required to be paid to, the United States	9,352
Restricted assets for post-closure monitoring costs	<u>3,324,236</u>
Total	\$ <u>20,206,484</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 Dormitory of State of New York (DASNY), deposits with trustees represent required reserves for debt service and building replacement, together with earnings on such funds. In accordance with GASB Statement No. 3, the Community College has categorized its investments by investment type.

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

	<u>DASNY</u>	<u>Other</u>	<u>Total</u>
Cash and equivalents	\$ 258,022	78,500	336,522
<u>Investment Type</u>		<u>Fair Value</u>	
U.S. Treasury Bill		\$ 80,229	
U.S. Agencies		<u>203,579</u>	
Total		\$ <u>283,808</u>	

All investments mature in less than one year.

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(9) Restricted Assets Held by Trustee, Continued

(b) Community College, Continued

The Dormitory Corporation 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 of \$1,426,186 at July 31, 2011 in the component unit is comprised of uninvested cash and short-term U.S Treasury Bills and Notes/Bonds.

(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 a balance of \$4,642,842, which 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.

(10) Investments

Investments at August 31, 2011 for the component units are as follows:

	<u>Fair value</u>	<u>Cost</u>
U.S. Government and agency debt securities	\$ 226,987	213,699
Corporate debt securities	374,573	347,503
Corporate equity securities	988,222	1,010,430
Mutual funds	<u>1,685,550</u>	<u>1,661,197</u>
Total marketable securities	\$ <u>3,275,332</u>	<u>3,232,829</u>

(11) Short-Term Debt

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

At August 31, 2011, the Collage had an outstanding BAN for \$2,200,000 with an annual interest rate ranging from 1.05% to 1.75% and maturing on May 10, 2012.

The following is a summary of changes in short-term debt for the year ended August 31, 2011:

	Balance September 1, 2010	Issued	Redeemed	Balance August 31, 2011
BANs	\$ _____	<u>2,200,000</u>	_____	<u>2,200,000</u>

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(12) Pension Plans

The County participates in the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. 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 Mohawk Valley County Community College are also offered the optional Teachers' Insurance and Annuity College Retirement Equities Fund 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, 110 State Street, Albany, New York 12244.

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined after January 1, 2010, employees in NYSERS contribute 3% of their salary throughout their active membership and those in NYSTRS contribute 3.5% throughout their active membership. 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:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>ERS</u>			
County:			
Contribution rate	<u>12.7 - 22.7%</u>	<u>9.1 - 21.6%</u>	<u>7.0 - 14.3%</u>
Contributions	<u>\$ 11,737,403</u>	<u>8,812,141</u>	<u>5,826,516</u>
Authority:			
Contribution rate	<u>15.8%</u>	<u>11.3%</u>	<u>7.0 - 8.6%</u>
Contributions	<u>409,345</u>	<u>388,528</u>	<u>239,807</u>

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(12) Pension Plans, Continued

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Community College:			
Contribution rate	<u>12.6 - 21.3%</u>	<u>9.0 - 15.2%</u>	<u>6.9 - 9.2%</u>
Contributions	<u>1,019,897</u>	<u>737,714</u>	<u>436,724</u>
TRS (College only):			
Contribution rate	<u>8.62%</u>	<u>6.19%</u>	<u>7.63%</u>
Contributions	<u>256,248</u>	<u>177,869</u>	<u>191,366</u>

The 2011 contributions include group term life insurance, which the State of New York consolidates with the pension contributions.

Pursuant to Chapter 105 of the Laws of 2010, the New York State Legislature authorized local governments to make available a retirement incentive program with estimated total costs to the County of \$3,359,411. The cost of the program is billed and paid over five years beginning in 2011 and will include interest at 5.0%. Future principal and interest payments to maturity are as follows:

Year ending December 31,	<u>Government-wide</u>		<u>Business type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 754,605	-	17,793	-
2013	565,049	189,556	13,323	4,470
2014	607,427	147,178	14,323	3,470
2015	652,984	101,621	15,397	2,396
2016	<u>701,957</u>	<u>52,648</u>	<u>16,553</u>	<u>1,240</u>
	<u>\$ 3,282,022</u>	<u>491,003</u>	<u>77,389</u>	<u>11,576</u>

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

- For State fiscal year 2010-11, the amount in excess of the graded rate of 9.5 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- For subsequent State fiscal years in which the Systems' average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

The law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program. The County did participate in this program in 2011 and recorded a liability of \$1,329,279 at December 31, 2011.

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(12) Pension Plans, Continued

Future principal and interest payments to maturity are as follows:

Year ending December 31,	<u>Government-wide</u>		<u>Business type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 166,675	-	5,473	-
2013	107,481	59,194	3,529	1,944
2014	112,853	53,822	3,706	1,767
2015	118,496	48,179	3,891	1,582
2016	124,616	42,059	4,086	1,387
2017 - 2021	<u>656,897</u>	<u>176,478</u>	<u>21,576</u>	<u>5,789</u>
	<u>\$ 1,287,018</u>	<u>379,732</u>	<u>42,261</u>	<u>12,469</u>

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% to 3.75% of their salary. Employer contributions range from 5% to 15% depending upon when the employee was hired. 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 2011, 2010 and 2009 were \$1,676,849, \$1,551,426 and \$1,432,045, respectively.

(13) Postemployment Health Care Benefits

(a) The County

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

Funding Policy: The County's contributions towards participant premiums are subject to the following contribution schedule:

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

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(13) Postemployment Health Care Benefits, Continued

(a) The County, Continued

For the year ended December 31, 2011, the County contributed \$2,637,660 toward the cost of insurance.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

Effective January 1, 2007, the County's annual other post employment benefit (OPEB) cost for all employee health insurance benefits is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

	<u>For the Year Ended December 31, 2011</u>
Annual OPEB Cost and Net OPEB Obligation:	
Annual required contribution	\$ 5,621,526
Interest on net OPEB obligation	596,403
Adjustment to annual required contribution	<u>(798,149)</u>
Annual OPEB cost	5,419,780
Contributions made	<u>(2,637,660)</u>
Increase in net OPEB obligation	2,782,120
Net OPEB obligation - beginning of year	<u>12,713,778</u>
Net OPEB obligation - end of year	\$ 15,495,898
Annual OPEB cost	\$ <u>5,419,780</u>
Percentage of annual OPEB cost contributed	48.67%
Net OPEB obligation at end of year	\$ <u>15,495,898</u>

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(13) Postemployment Health Care Benefits, Continued

(a) The County, Continued

Funded Status:

Actuarial accrued liability (AAL)	\$ 60,206,917
Actuarial value of assets	-
Unfunded actuarial accrued liability (UAAL)	60,206,917
Funded ratio (assets as a percentage of AAL)	0.00%
Annual covered payroll	\$ <u>64,050,659</u>
UAAL as a percentage of covered payroll	94.00%

Actuarial methods and assumptions:

Investment rate of return	4.691%
Expected return on plan assets	N/A
Expected return on employer's assets	4.691%
Rate of compensation increase	N/A
Inflation rate	3.00%

Assumed Pre-65 Medical Trend Rates at December 31:

Health care cost trend rate assumed for next fiscal year	9.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%
Fiscal year that the rate reaches the ultimate trend rate	2020

Assumed Post-65 Medical Trend Rates at December 31:

Health care cost trend rate assumed for next fiscal year	7.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	8.00%
Fiscal year that the rate reaches the ultimate trend rate	2020

Assumed Prescription Drug Trend Rates at December 31:

Health care cost trend rate assumed for next fiscal year	8.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%
Fiscal year that the rate reaches the ultimate trend rate	2020

Additional information:

Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Amortization period	Single amortization period
Amortization period (in years)	30.00
Amortization period status	Open
Method used to determine actuarial value of assets	N/A

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(13) Postemployment Health Care Benefits, Continued

(a) The County, Continued

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined results are subject to continual revision as actual results are compared to past expectations and new estimates are made in the future. The actuarial methods and assumptions used are designed to reduce short-term volatility in reported amounts and reflect a long-term perspective.

(b) Community College

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

	For the Year Ended August 31, 2011
Annual OPEB Cost and Net OPEB Obligation:	
Annual required contribution	\$ 2,932,575
Interest on net OPEB obligation	351,307
Adjustment to annual required contribution	<u>(447,778)</u>
Annual OPEB cost	2,836,104
Contributions made	<u>(659,501)</u>
Increase in net OPEB obligation	2,176,603
Net OPEB obligation - beginning of year	10,904,044
Net OPEB obligation - end of year	\$ <u>13,080,647</u>
Annual OPEB cost	\$ <u>2,836,104</u>
Percentage of annual OPEB cost contributed	<u>23.25%</u>
Funded Status:	
Actuarial accrued liability (AAL)	30,914,983
Actuarial value of assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ 30,914,983

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(13) Postemployment Health Care Benefits, Continued

(b) Community College, Continued

Funded ratio (assets as a percentage of AAL)	0.00%
Annual covered payroll	\$ 23,176,338
UAAL as a percentage of covered payroll	133.39%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined results are subject to continual revision as actual results are compared to past expectations and new estimates are made in the future. The actuarial methods and assumptions used are designed to reduce short-term volatility in reported amounts and reflect a long-term perspective.

(14) Noncurrent Liabilities

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	\$ 195,755,298	16,387,010	(16,539,241)	195,603,067	12,760,800
Accrued interest	1,438,121	1,541,530	(1,438,121)	1,541,530	1,541,530
Postemployment benefits	12,309,428	2,693,669	-	15,003,097	-
NYSERS Chapter 57 2010 amortization	-	1,287,018	-	1,287,018	166,675
NYSERS 2010 retirement incentive	-	3,282,022	-	3,282,022	754,605
Compensated absences	2,437,540	5,291,958	(5,307,562)	2,421,936	2,421,936
Accrued workers' compensation	4,560,343	1,645,396	(887,034)	5,318,705	1,755,173
Judgments and claims	364,000	-	-	364,000	364,000
Total governmental activities	<u>\$ 216,864,730</u>	<u>32,128,603</u>	<u>(24,171,958)</u>	<u>224,821,375</u>	<u>19,764,719</u>
Business-type activities:					
Bonds	15,967,868	439,297	(1,175,333)	15,231,832	1,224,200
Accrued interest	178,688	163,381	(178,688)	163,381	-
NYSERS Chapter 57 2010 amortization	-	42,261	-	42,261	5,473
NYSERS 2010 retirement incentive	-	77,389	-	77,389	17,793
Postemployment benefits	404,350	88,451	-	492,801	-
Compensated absences	89,186	13,447	(8,918)	93,715	-
Total business-type activities	<u>\$ 16,640,092</u>	<u>824,226</u>	<u>(1,362,939)</u>	<u>16,101,379</u>	<u>1,247,466</u>
Component units:					
Bonds	80,044,320	15,455,220	(6,525,122)	88,974,418	6,911,806
Premium on bonds	66,929	75,900	-	142,829	-
Leases	18,547	414,906	(143,273)	290,180	81,878
Compensated absences	1,169,621	3,158	-	1,172,779	200,000
Postemployment benefits - MVCC	10,904,044	2,176,603	-	13,080,647	-
Postemployment benefits - Authority	289,947	152,614	-	442,561	-
Total component units	<u>\$ 92,493,408</u>	<u>18,278,401</u>	<u>(6,668,395)</u>	<u>104,103,414</u>	<u>7,193,684</u>

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(14) Noncurrent Liabilities, Continued

Accrued Interest - represents interest accrued and unpaid at December 31, 2011, which is included in the government-wide and enterprise sewer fund statement of net assets.

The County borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment and construction of buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide statements except for those amounts which relate to and are, therefore, accounted for in the proprietary fund types and discretely presented component units. Interest associated with long-term debt is recorded as an expenditure when such amounts are due.

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

Details relating to general obligation (serial) bonds of the County outstanding at December 31, 2011 are summarized as follows:

<u>Description of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Governmental Activities:			
Improvement, 1996	2014	5.30 - 5.40	\$ 1,775,000
Advance Refunding, 1998	2012	4.00 - 5.50	890,000
Improvement, 1999	2015	4.50 - 4.75	854,454
Improvement, 2000	2019	5.00 - 5.375	3,605
Improvement, 2003	2018	3.50 - 3.55	4,268,000
Improvement, 2005	2020	3.50 - 4.10	7,910,000
Improvement, 2006	2021	4.00 - 4.25	5,490,000
Improvement, 2008	2022	3.00 - 5.70	15,153,000
Current Refunding, 2008	2014	3.50 - 5.00	4,810,878
Bond, 2009	2023	3.00 - 4.00	16,250,000
Bond, tax 2009	2023	3.38 - 5.25	6,650,000
Bonds (exempt), 2009	2013	0.95 - 3.00	3,262,000
Taxable BABS, 2009	2024	4.409 - 5.587	9,435,000
Refunding 2010	2020	2.00 - 5.00	6,458,160
BAN 2011	2012	1.17 - 1.75	10,440,000
Refunding 2011	2012	2.50 - 4.00	4,398,000
Build America Bonds 2010 (MBBA Pool)	2025	4.249 - 5.932	13,270,000
Tobacco Settlement Bonds	2045	5.25 - 6.63	<u>84,284,970</u>
			<u>195,603,067</u>

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(14) Noncurrent Liabilities, Continued

<u>Description of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Business-Type Activities:			
Improvement, 1998	2014	4.00 - 5.50	\$ 15,000
Sewer District EFC, 1999	2018	4.313	385,000
Improvement, 2000	2019	5.00 - 5.375	39,595
Sewer District EFC, 2001	2015	3.43 - 4.83	300,000
Improvement, 2006	2021	4.00 - 4.25	7,385,000
Improvement, 2008	2022	4.00	1,300,000
Improvement, 2008	2023	3.00 - 4.00	1,655,000
Improvement, 2009	2013	0.95 - 3.5	663,000
Improvement, 2009	2024	4.409 - 5.887	2,685,000
Refunding 2010	2010	2.00 - 5.00	64,940
Bond	2010	4.25 - 5.93	300,000
Sewer District EFC BAN, 2011	2012	1.17 - 1.75	<u>439,297</u>
			<u>15,231,832</u>
Community College:			
DASNY Bonds	2010-2039	3.10 - 6.00	17,629,358
Serial Bonds - 2004A	2036	3.00	7,785,000
Serial Bonds - County	2010-2024	0.95 - 5.89	<u>10,390,060</u>
			<u>35,804,418</u>
Authority:			
Refunding Bonds	2014	4.20 - 5.50	10,410,000
Revenue Bonds 2007	2027	4.125 - 4.20	4,955,000
EFC Bonds	2026	3.63 - 4.77	27,080,000
Revenue Bonds 2011		4.00 - 5.00	<u>10,725,000</u>
			<u>53,170,000</u>
Total reporting entity			\$ <u>299,809,317</u>

Principal and interest payments due on serial bonds outstanding at December 31, 2011 for the primary government and component units are as follows:

	<u>General obligations</u>	<u>OTASC</u>	<u>Total Governmental Activities</u>	<u>Total Business-type Activities</u>	<u>Total Component Units</u>
Principal:					
2012	\$ 12,760,800	-	12,760,800	1,224,200	6,911,806
2013	11,298,818	-	11,298,818	1,251,195	7,196,098
2014	9,923,253	-	9,923,253	1,301,200	7,128,173
2015	9,372,577	-	9,372,577	1,403,290	4,333,799
2016	8,719,150	-	8,719,150	1,373,120	4,448,792
Thereafter	<u>59,243,499</u>	<u>84,284,970</u>	<u>143,528,469</u>	<u>8,678,827</u>	<u>58,955,750</u>
Total principal	<u>111,318,097</u>	<u>84,284,970</u>	<u>195,603,067</u>	<u>15,231,832</u>	<u>88,974,418</u>

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(14) Noncurrent Liabilities, Continued

	<u>General obligations</u>	<u>OTASC</u>	<u>Total Governmental Activities</u>	<u>Total Business-type Activities</u>	<u>Total Component Units</u>
Interest:					
2012	\$ 4,344,987	-	4,344,987	591,722	3,946,148
2013	3,728,252	-	3,728,252	548,360	3,612,574
2014	3,798,468	-	3,798,468	503,626	3,392,453
2015	3,470,210	-	3,470,210	456,797	3,151,206
2016	2,579,407	-	2,579,407	415,765	2,851,524
Thereafter	<u>8,472,591</u>	<u>154,539,104</u>	<u>163,011,695</u>	<u>1,275,374</u>	<u>19,842,317</u>
Total interest	<u>26,393,915</u>	<u>154,539,104</u>	<u>180,933,019</u>	<u>3,791,644</u>	<u>36,796,222</u>
Total principal and interest	<u>\$ 137,712,012</u>	<u>238,824,074</u>	<u>376,536,086</u>	<u>19,023,476</u>	<u>125,770,640</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.

Capital Leases

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

The following is a schedule of future minimum lease payments required under the above agreements and the present value of the net minimum lease payments at August 31, 2011:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 81,878	7,586	89,464
2013	84,368	5,095	89,463
2014	86,935	2,529	89,464
2015	<u>36,999</u>	<u>278</u>	<u>37,277</u>
Total	<u>\$ 290,180</u>	<u>15,488</u>	<u>305,668</u>

Lease payments made for the fiscal year ended August 31, 2011 amounted to \$143,274 in principal and \$17,549 in interest.

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 \$133,151 at December 31, 2011, and is also included as a receivable and deferred revenue in the Debt Service Fund.

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(14) Noncurrent Liabilities, Continued

Dormitory of the State of New York (DASNY)

The Community 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. Final maturity dates for the College's DASNY debt issues range from 2011 to 2039. Interest rates on the DASNY bonds range from 3.10% to 6.00%.

Advance Refunding

At December 31, 2011, the County had approximately \$6,817,792 in United States government securities deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on \$6,710,000 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.

Debt Limit

At December 31, 2011, the County had exhausted approximately 17% of its constitutional debt limit.

(15) Interfund Transactions

<u>Fund</u>	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 181,063	3,089,945	-	20,469,385
Debt service	989,164	23,952	14,680,425	-
Other governmental funds	3,933,476	1,872,254	5,788,960	-
Fiduciary funds	3,053	-	-	-
Business type	-	120,605	-	-
Total activities	<u>\$ 5,106,756</u>	<u>5,106,756</u>	<u>20,469,385</u>	<u>20,469,385</u>

- Transfers of \$6,426,660 from the General Fund to the County Road and Capital Funds were for capital improvements on County roadways, infrastructure, and buildings.
- Transfers of \$142,300 to the Special Grant Fund (other governmental funds) provide local support for the Work Force Investment Program.
- Transfers of \$13,900,425 from the General Fund to the Debt Service Fund were for payment of the County's annual debt service requirements.

(16) Fund Balance - Restricted

State statutes require the County to restrict excess revenue 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 restricted in the General Fund at December 31, 2011 was \$489,340.

The remaining General Fund restricted fund balance represents handicapped parking fees of \$5,548 and sheriff's forfeiture funds of \$14,406.

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(17) 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.

(18) Significant Claims and Contingent Liabilities

Judgments 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, 2011, the County recorded a liability of \$364,000 for potential losses.

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.

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.

(19) 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.

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.

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(19) Risk Management, Continued

The estimated accrued claims of \$15,802,724 reported in the fund at December 31, 2011 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, 2011. Changes in the fund's accrued claims liabilities for the year ended December 31, 2011 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>
\$ 15,737,826	4,496,375	4,431,477	\$ 15,802,724

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 \$1,755,173 accrued at December 31, 2011 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 employees are entitled to coverage under the New York State Unemployment Insurance Law. The County has elected to discharge its liability to the New York State Unemployment Insurance Fund by the benefit reimbursement method, a dollar-to-dollar reimbursement to the fund for benefits paid from the fund to former County employees and charged to the County's account.

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

COUNTY OF ONEIDA, NEW YORK
Notes to Financial Statements, Continued

(20) Sewer District Consent Order

The County, as the permit holder for the part-County Sewer District, was served with a Complaint by the New York State Department of Environmental Conservation (NYSDEC) on February 26, 2007, alleging violations of environmental statutes and regulations stemming from wet weather overflows at the Sauquoit Creek Pump Station. The County served an Answer to the Complaint on April 25, 2007. On July 11, 2007, the County and the State executed a Consent Order resolving the issues raised in the Complaint. The Consent Order required the payment of a fine of One Hundred Fifty Thousand Dollars (\$150,000) \$120,000.00 of which was paid on July 13, 2007 and the DEC is allowing the remaining \$30,000.00 to be applied by the County to an Environmental Benefit Project for the Sauquoit Creek Basin. The Consent Order contains a compliance schedule which calls for the completion of a study of the system within three years and the implementation of any repairs called for in the study by October 31, 2014. The County is in compliance with the deadlines in the compliance schedule. Bond anticipation notes were issued in April 2008 to pay a portion of this Sewer System & Plant Evaluation study in the amount of \$1,266,667. In 2009 the County borrowed an additional \$3,533,333 for this study.

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

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

COUNTY OF ONEIDA, NEW YORK
Statement of Revenue and Expenditures
Budget and Actual - General Fund
Year ended December 31, 2011

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget positive (negative)
Revenue:				
Real property taxes	\$ 64,357,332	64,357,332	66,112,816	1,755,484
Real property tax items	5,390,000	5,390,000	5,607,891	217,891
Nonproperty tax items	88,385,750	124,213,440	125,751,087	1,537,647
Departmental income	15,394,201	15,475,515	14,423,806	(1,051,709)
Intergovernmental charges	12,556,868	12,942,041	12,077,964	(864,077)
Use of money and property	2,174,037	2,174,037	2,031,320	(142,717)
Licenses and permits	20,100	20,100	35,436	15,336
Fines and forfeitures	813,400	828,400	806,111	(22,289)
Sale of property and compensation for loss	277,781	341,847	570,943	229,096
Miscellaneous local sources	1,589,798	1,726,000	1,187,395	(538,605)
Interfund revenues	98,269	98,269	90,820	(7,449)
State and federal aid	<u>107,019,157</u>	<u>111,197,227</u>	<u>105,745,355</u>	<u>(5,451,872)</u>
Total revenue	<u>298,076,693</u>	<u>338,764,208</u>	<u>334,440,944</u>	<u>(4,323,264)</u>
Expenditures:				
General governmental support	27,358,816	64,194,601	61,740,895	2,453,706
Education	23,951,849	23,586,515	23,112,629	473,886
Public safety	42,430,231	43,079,777	38,454,581	4,625,196
Public health	21,184,606	21,626,590	19,947,798	1,678,792
Transportation	5,579,170	5,602,689	4,424,785	1,177,904
Economic assistance and opportunity	161,101,417	164,316,532	155,810,804	8,505,728
Culture and recreation	1,741,488	1,741,488	1,671,112	70,376
Home and community services	<u>2,838,484</u>	<u>2,845,497</u>	<u>2,616,759</u>	<u>228,738</u>
Total expenditures	<u>286,186,061</u>	<u>326,993,689</u>	<u>307,779,363</u>	<u>19,214,326</u>
Surplus revenues over expenditures before other financing sources (uses)	<u>11,890,632</u>	<u>11,770,519</u>	<u>26,661,581</u>	<u>14,891,062</u>
Other financing sources (uses):				
Appropriation of prior year's fund balance	5,198,753	-	-	-
Bond proceeds	3,000,000	3,000,000	-	(3,000,000)
Transfers to other funds	<u>(20,089,385)</u>	<u>(20,469,385)</u>	<u>(20,469,385)</u>	<u>-</u>
Total other financing sources (uses)	<u>(11,890,632)</u>	<u>(17,469,385)</u>	<u>(20,469,385)</u>	<u>(3,000,000)</u>
Revenue and other financing sources over expenditures and other financing (uses)	<u>\$ -</u>	<u>(5,698,866)</u>	<u>6,192,196</u>	<u>11,891,062</u>

COUNTY OF ONEIDA, NEW YORK
Statement of Revenue and Expenditures
Budget and Actual - Debt Service Fund
Year ended December 31, 2011

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
Revenue:				
Intergovernmental charges	\$ 576,915	576,915	692,333	115,418
Use of money and property	100,000	100,000	56,506	(43,494)
State and federal aid	<u>473,833</u>	<u>473,833</u>	<u>473,834</u>	<u>1</u>
Total revenue	<u>1,150,748</u>	<u>1,150,748</u>	<u>1,222,673</u>	<u>71,925</u>
Expenditures:				
General governmental support	7,000	7,000	2,775	4,225
Education	732,630	732,630	732,630	-
Debt service:				
Principal	11,062,037	11,062,037	11,062,037	-
Interest	<u>5,579,506</u>	<u>5,579,506</u>	<u>5,520,762</u>	<u>58,744</u>
Total expenditures	<u>17,381,173</u>	<u>17,381,173</u>	<u>17,318,204</u>	<u>62,969</u>
Surplus revenue over expenditures before other financing sources (uses)	<u>(16,230,425)</u>	<u>(16,230,425)</u>	<u>(16,095,531)</u>	<u>134,894</u>
Other financing sources (uses):				
Appropriation of prior year's fund balance	1,550,000	1,550,000	-	(1,550,000)
Transfers from other funds	<u>14,680,425</u>	<u>14,680,425</u>	<u>14,680,425</u>	<u>-</u>
Total other financing sources (uses)	<u>16,230,425</u>	<u>16,230,425</u>	<u>14,680,425</u>	<u>(1,550,000)</u>
Revenue and other financing sources over expenditures and other financing (uses)	<u>\$ -</u>	<u>-</u>	<u>(1,415,106)</u>	<u>(1,415,106)</u>

COUNTY OF ONEIDA, NEW YORK
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

<u>Assets</u>	<u>Special Grant</u>	<u>County Road</u>	<u>Road Machinery</u>	<u>Capital</u>	<u>OTASC</u>	<u>Total</u>
Cash and equivalents	\$ 9,787	217,695	192,187	9,650,923	24,479	10,095,071
Deposits with trustees	-	-	-	-	4,642,842	4,642,842
Other receivables	368,340	398,322	369	394,531	-	1,161,562
Due from other funds	-	2,509,554	308,672	1,115,250	-	3,933,476
Total assets	<u>\$ 378,127</u>	<u>3,125,571</u>	<u>501,228</u>	<u>11,160,704</u>	<u>4,667,321</u>	<u>19,832,951</u>
 <u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	108,465	998,820	48,934	-	7,000	1,163,219
Accrued liabilities	97,968	511,237	-	806,380	-	1,415,585
Due to other funds	63	60,048	64,894	1,747,249	-	1,872,254
Due to other governments	-	-	-	22,813	-	22,813
Deferred revenue	-	1,070,750	-	-	-	1,070,750
Total liabilities	<u>206,496</u>	<u>2,640,855</u>	<u>113,828</u>	<u>2,576,442</u>	<u>7,000</u>	<u>5,544,621</u>
Assigned Fund balances:						
Assigned appropriated	-	9,126	1,859	8,791,476	-	8,802,461
Assigned unappropriated	171,631	475,590	385,541	(207,214)	4,660,321	5,485,869
Total fund balances	<u>171,631</u>	<u>484,716</u>	<u>387,400</u>	<u>8,584,262</u>	<u>4,660,321</u>	<u>14,288,330</u>
Total liabilities and fund balances	<u>\$ 378,127</u>	<u>3,125,571</u>	<u>501,228</u>	<u>11,160,704</u>	<u>4,667,321</u>	<u>19,832,951</u>

COUNTY OF ONEIDA, NEW YORK
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year ended December 31, 2011

	<u>Special Grant</u>	<u>County Road</u>	<u>Road Machinery</u>	<u>Capital</u>	<u>OTASC</u>	<u>Total</u>
Revenue:						
Departmental income	\$ -	1,406,989	-	-	-	1,406,989
Intergovernmental charges	-	2,656,364	-	-	-	2,656,364
Use of money and property	-	-	-	-	981	981
Licenses and permits	-	6,310	-	-	-	6,310
Sale of property and compensation for loss	-	804	54,426	-	-	55,230
Miscellaneous local sources	161,258	7,824	-	49,770	-	218,852
Interfund revenues	734,548	786,913	2,214,391	-	-	3,735,852
State and federal aid	2,021,025	3,714,108	-	5,438,676	-	11,173,809
Tobacco revenues	-	-	-	-	3,743,541	3,743,541
Total revenue	<u>2,916,831</u>	<u>8,579,312</u>	<u>2,268,817</u>	<u>5,488,446</u>	<u>3,744,522</u>	<u>22,997,928</u>
Expenditures:						
General government support	-	-	-	4,508,094	112,846	4,620,940
Public safety	-	-	-	1,054,916	-	1,054,916
Public health	-	-	-	20,484	-	20,484
Transportation	-	13,391,193	2,079,144	12,889,161	-	28,359,498
Economic assistance and opportunity	3,059,131	-	-	-	-	3,059,131
Culture and recreation	-	-	-	36,545	-	36,545
Debt service:						
Principal	-	-	-	-	40,000	40,000
Interest	-	-	-	-	3,652,050	3,652,050
Total expenditures	<u>3,059,131</u>	<u>13,391,193</u>	<u>2,079,144</u>	<u>18,509,200</u>	<u>3,804,896</u>	<u>40,843,564</u>
Deficiency of revenue over expenditures	<u>(142,300)</u>	<u>(4,811,881)</u>	<u>189,673</u>	<u>(13,020,754)</u>	<u>(60,374)</u>	<u>(17,845,636)</u>
Other financing sources and (uses):						
Proceeds of obligations	-	-	-	9,440,000	-	9,440,000
Transfers from other funds	142,300	5,266,660	-	380,000	-	5,788,960
Total other financing sources	<u>142,300</u>	<u>5,266,660</u>	<u>-</u>	<u>9,820,000</u>	<u>-</u>	<u>15,228,960</u>
Net change in fund balances	-	454,779	189,673	(3,200,754)	(60,374)	(2,616,676)
Fund balances at beginning of year	171,631	29,937	197,727	11,785,016	4,720,695	16,905,006
Fund balances at end of year	<u>\$ 171,631</u>	<u>484,716</u>	<u>387,400</u>	<u>8,584,262</u>	<u>4,660,321</u>	<u>14,288,330</u>