

**COUNTY OF ONEIDA,
NEW YORK**

*Basic Financial Statements, Required
Supplementary Information, Supplemental
Schedules, and Federal and New York
State Department of Transportation
Financial Assistance Schedules for the
Year Ended December 31, 2013 and
Independent Auditors' Reports*

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Oneida, New York (the "County") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oneida-Herkimer Solid Waste Management Authority and the Mohawk Valley Community College, which are shown as discretely presented component units. We also did not audit the financial statements of the Oneida Tobacco Asset Securitization Corporation, which represent 28%, 37%, and 15%, respectively, of the assets, fund balance, and revenues of the non-major governmental funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units and the blended component unit is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Oneida Tobacco Asset Securitization Corporation were not audited in accordance with *Government Auditing Standards*.

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Oneida, New York, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Drescher & Malecki LLP

July 18, 2014

COUNTY OF ONEIDA, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2013

As management of the County of Oneida (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2013. Certain data from the prior year has been reclassified to conform with the current year presentation. All amounts, unless otherwise indicated, are expressed in dollars.

Financial Highlights

- ◆ The assets of the primary government of the County, which excludes the Oneida-Herkimer Solid Waste Authority and the Mohawk Valley Community College, exceeded total liabilities and at the close of the most recent fiscal year by \$95,222,746 (*net position*). The County has an unrestricted net deficit of \$13,867,267 at December 31, 2013.
- ◆ The primary government's total net position decreased by \$2,394,783 during the current fiscal year. The decrease is primarily caused by the change in certain accounting policies described in note 2 to these financial statements and increased liabilities associated with other postemployment benefits and retirement obligations.
- ◆ As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$48,773,841, an increase of \$2,316,513 in comparison with the prior year. This increase is mainly attributed to operations in the General Fund.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,806,378 or 2.7 percent of total General Fund expenditures.
- ◆ Net positions for the discretely presented component units, the Oneida-Herkimer Solid Waste Authority and the Mohawk Valley Community College, were \$35,865,973 at December 31, 2013 and \$40,450,985 at August 31, 2013, respectively.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise

to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-60 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's budgetary comparison schedules for the General Fund and the Debt Service Fund, and for its postemployment benefits obligation. Required supplementary information can be found on pages 61-63 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. The additional supplementary information can be found on pages 64-65 of this report.

The Federal Awards section presents the County's Schedule of Expenditures of Federal Awards. This section can be found on pages 66-78 of this report. The New York State Department of Transportation section presents the County's Schedule of New York State Department of Transportation Assistance Funds Expended and can be found on pages 79-83.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$95,222,746 at the close of the most recent fiscal year.

The County's combined net position for fiscal year ended December 31, 2013 decreased from \$97,617,529 to \$95,222,746. By far, the largest portion of the County's net position, \$88,918,523, reflects its investment in capital assets (e.g. land, buildings, machinery and equipment and infrastructure) net of any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$20,171,490, represents resources subject to external restrictions on how they may be used and are reported as restricted net position. The remaining category of total net position, \$13,867,267, is considered to be an unrestricted net deficit.

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

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2013	2012 (as restated)	2013	2012	2013	2012 (as restated)
Current assets	\$ 129,478,974	\$ 126,449,912	\$ 20,851,905	\$ 19,817,298	\$ 150,330,879	\$ 146,267,210
Capital assets	253,731,519	246,618,748	28,758,493	29,087,105	282,490,012	275,705,853
Total assets	383,210,493	373,068,660	49,610,398	48,904,403	432,820,891	421,973,063
Deferred outflows of resources	639,361	-	237,402	-	876,763	-
Current liabilities	57,036,023	57,989,569	8,864,952	11,146,199	65,900,975	69,135,768
Non-current liabilities	251,909,975	237,499,940	20,580,921	17,719,826	272,490,896	255,219,766
Total liabilities	308,945,998	295,489,509	29,445,873	28,866,025	338,391,871	324,355,534
Deferred inflows of resources	83,037	-	-	-	83,037	-
Net position:						
Net investment in capital assets	74,109,540	68,579,018	14,808,983	11,367,279	88,918,523	79,946,297
Restricted	20,171,490	21,383,597	-	-	20,171,490	21,383,597
Unrestricted	(19,460,211)	(12,383,464)	5,592,944	8,671,099	(13,867,267)	(3,712,365)
Total net position	\$ 74,820,819	\$ 77,579,151	\$ 20,401,927	\$ 20,038,378	\$ 95,222,746	\$ 97,617,529

At the end of the current fiscal year, the County's governmental activities is able to report positive balances in two categories of net position; net investment in capital assets and restricted net position. The County's governmental activities reports a \$19,460,211 unrestricted net deficit.

The business-type activity reports positive balances in both unrestricted net position and net investment in capital assets.

The County's total net position decreased \$2,394,783 during the current fiscal year. This decrease was primarily caused by the increase in non-current liabilities. The non-current liabilities of the County increased \$17,271,130.

Table 2 presents the changes in net position for the years ended December 31, 2013 and December 31, 2012:

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

	Governmental activities		Business-type activities		Total	
	Years Ended December 31,		Years Ended December 31,		Years Ended December 31,	
	2013	2012 (as restated)	2013	2012	2013	2012 (as restated)
Revenues:						
Program revenues	\$ 162,880,609	\$ 151,176,953	\$ 16,376,623	\$ 17,942,880	179,257,232	169,119,833
General revenues	213,310,199	208,093,835	-	-	213,310,199	208,093,835
Total revenues	<u>376,190,808</u>	<u>359,270,788</u>	<u>16,376,623</u>	<u>17,942,880</u>	<u>392,567,431</u>	<u>377,213,668</u>
Total expenses	<u>378,949,140</u>	<u>353,576,659</u>	<u>16,013,074</u>	<u>18,269,774</u>	<u>394,962,214</u>	<u>371,846,433</u>
Change in net position	(2,758,332)	5,694,129	363,549	(326,894)	(2,394,783)	5,367,235
Net position—beginning, as restated	<u>77,579,151</u>	<u>71,885,022</u>	<u>20,038,378</u>	<u>20,365,272</u>	<u>97,617,529</u>	<u>92,250,294</u>
Net position—ending	<u>\$ 74,820,819</u>	<u>\$ 77,579,151</u>	<u>\$ 20,401,927</u>	<u>\$ 20,038,378</u>	<u>\$ 95,222,746</u>	<u>\$ 97,617,529</u>

Governmental activities decreased the County’s net position by \$2,758,332. The decrease in net position is primarily due to the accrual of long-term liabilities. Operations of the business-type activities increased the County’s net position by \$363,579 for the year ended December 31, 2013.

A summary of sources of revenues for the years ended December 31, 2013 and December 31, 2012 is presented below in Table 3.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2013	2012	Dollars	Percent
Charges for services	\$ 43,844,738	\$ 43,706,419	\$ 138,319	0.3
Operating and capital grants	119,035,871	107,470,534	11,565,337	10.8
Property taxes and tax items	75,599,642	73,314,654	2,284,988	3.1
Non-property taxes	132,348,283	129,508,401	2,839,882	2.2
Use of money and property	2,595,119	2,121,832	473,287	22.3
Other	<u>2,767,155</u>	<u>3,148,948</u>	<u>(381,793)</u>	<u>(12.1)</u>
Total revenues	<u>\$ 376,190,808</u>	<u>\$ 359,270,788</u>	<u>\$ 16,920,020</u>	4.7

- ◆ Operating and capital grants increased \$11,565,337 or 10.8 percent from the prior year, primarily due to increased economic assistance and opportunity grants and increased transportation grants.
- ◆ Property taxes and tax items increased by \$2,284,988, or 3.1 percent from the prior year, which is the result of a property tax increase.

- ◆ Non-property taxes (primarily sales tax) increased by \$2,839,882, or 2.2 percent from the prior year, which is a result of favorable sales within the County as compared to the prior year.

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

A summary of program expenses of governmental activities for the years ended December 31, 2013 and 2012 is presented below.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2013	2012	Dollars	Percent
General government support	\$ 67,938,151	\$ 64,375,918	\$ 3,562,233	5.5
Education	19,626,751	22,818,115	(3,191,364)	(14.0)
Public safety	65,700,417	45,011,764	20,688,653	46.0
Health	11,104,219	19,445,523	(8,341,304)	(42.9)
Transportation	30,665,186	27,597,689	3,067,497	11.1
Economic assistance and opportunity	168,399,894	160,336,672	8,063,222	5.0
Culture and recreation	1,039,380	1,011,702	27,678	2.7
Home and community services	3,803,546	2,932,377	871,169	29.7
Interest and fiscal charges	10,671,596	10,012,945	658,651	6.6
Total program expenses	<u>\$ 378,949,140</u>	<u>\$ 353,542,705</u>	<u>\$ 25,406,435</u>	7.2

The County saw the largest increase in the public safety category, which increased \$20,688,653 or 46.0 percent, from the prior year. Much of this increase is due to increasing retirement and personnel expenses. The County also saw an increase of \$8,063,222, or 5 percent, in the economic assistance and opportunity category.

The County's most significant expense categories for governmental activities are economic assistance and opportunity (primarily composed of social service costs), which accounts for approximately 44.4 percent of program expenses; general government support expenses, which accounts for approximately 17.9 percent of program expenses; and public safety expenses which are approximately 17.3 percent of program expenses.

Business-type activities. Business-type activities (Sewer and Workers' Compensation Funds) increased the County's total net position by \$363,549. Operating revenues and expenses for the year ended December 31, 2013 decreased 8.7 percent and 12.4 percent, respectively, from the year ended December 31, 2012.

A summary of operating revenues and operating expenses for the County's business-type activities for the years ended December 31, 2013 and 2012 is presented on the following page.

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

	Year Ended December 31,		Increase/(decrease)	
	2013	2012	Dollars	Percent
Program revenues	\$ 16,376,623	\$ 17,942,880	\$ (1,566,257)	(8.7)
Total expenses	16,013,074	18,269,774	(2,256,700)	(12.4)
Change in net position	363,549	(326,894)	690,443	n/a
Net position—beginning	20,038,378	20,365,272	(326,894)	(1.6)
Net position—ending	\$ 20,401,927	\$ 20,038,378	\$ 363,549	1.8

The most significant source of revenues relating to the County’s business-type activities is charges for services, which decreased by 8.7 percent during 2013. This was primarily due to a decrease in Workers’ Compensation premiums charged to participants.

Operating expenses decreased by \$2,256,700 or 12.4%. This decrease is primarily due to decreased expenses for Workers’ Compensation claims. Expenses related to sewer system repairs also decreased in 2013 from the previous year.

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

	Year Ended December 31,		Increase/(decrease)	
	2013	2012	Dollars	Percent
Charges for services—Sewer	\$ 13,165,112	\$ 12,813,549	\$ 351,563	2.7
Charges for services—Workers' Compensation	3,154,449	5,129,331	(1,974,882)	(38.5)
Operating grants and contributions—Sewer	57,062	-	57,062	n/a
Total program revenues	\$ 16,376,623	\$ 17,942,880	\$ (1,566,257)	(8.7)
Sewer Fund expenses	\$ 12,858,625	\$ 13,140,443	\$ (281,818)	(2.1)
Workers' Compensation Fund expenses	3,154,449	5,129,331	(1,974,882)	(38.5)
Total program expenses	\$ 16,013,074	\$ 18,269,774	\$ (2,256,700)	(12.4)

Financial Analysis of the Government’s Funds

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

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

As of the end of the current fiscal year, the County governmental funds reported combined ending fund balances of \$48,773,841, an increase of \$2,316,513 in comparison with the prior year. This is the net result of the operating surpluses achieved in most all funds. Only the Road Machinery Fund, reported within

other governmental funds, reported a deficit from current year activities. The most significant surplus, \$1,657,659, was reported by the General Fund.

Unassigned fund balance is \$8,806,378 or approximately 2.1 percent of total governmental expenditures. Additionally, the County's *assigned fund balances* total \$7,149,124 or 1.7 percent of total governmental expenditures. Together, *unassigned* and *assigned fund balance* represents \$15,955,502, or 3.9 percent of total governmental expenditures. *Restricted fund balance* of \$27,603,435 represents resources that are restricted for a special purpose. *Nonspendable* amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. *Nonspendable* fund balance consists of \$14,904 of prepaid items at December 31, 2013.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,806,378, while total fund balance was \$35,396,216. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 2.6 percent of total General Fund expenditures, while total fund balance represents approximately 10.3 percent of that same amount. The fund balance of the General Fund increased by \$1,657,659 during the current fiscal year, primarily due to increased sales tax and property tax receipts, as well as expenditure containment.

The fund balance in the Debt Service Fund increased from \$308,039 at December 31, 2012 to \$615,340 at December 31, 2013. The increase results from the effects of an advanced refunding of debt.

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

The unrestricted net position of Sewer Fund at December 31, 2013, amounted to \$5,592,944 and the total net position was \$20,401,927. During 2013, this total net position increased \$363,549 consisting of \$847,129 in operating income and net non-operating revenues and expenses totaling \$(483,580).

General Fund Budgetary Highlights

The County adopts an annual appropriated budget for all governmental funds, except for the Capital Projects Fund, and the Oneida Tobacco Asset Securitization Corporation, which adopts its own budget. Budgetary comparison schedules for the General Fund and Debt Service Fund have been provided in the Required Supplementary Information section of this report to demonstrate compliance with the budgets.

Original budget compared to final budget. During the year, the budget is modified, primarily to reflect the acceptance of new state and federal grants. These grants explain the majority of increases in appropriations and revenue from the original adopted budget final budget. Significant grants for which the budget was modified were for tourism and snowmobile trails. The largest supplemental appropriation was to account for the gross sales taxes proceeds received from New York State that are then paid by the County to the towns and villages. These pass through amounts are not included in the adopted budget totals. This adjustment in 2013 was for \$37,625,441 and increases the non-property tax items revenue and the general government support expenditures.

A summary of the General Fund results of operations for the year ended December 31, 2013 is presented in Table 7 on the following page.

Table 7—Summary of General Fund Results of Operations

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and other financing sources	\$ 315,920,848	\$ 355,554,948	\$ 346,766,783	\$ (8,788,165)
Expenditures and other financing uses	318,110,013	363,635,224	345,109,124	18,526,100
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (2,189,165)	\$ (8,080,276)	\$ 1,657,659	\$ 9,737,935

The County’s adopted budget assumed that the General Fund would require the use of \$1,897,460 of appropriated fund balance to meet operational needs. Additionally, outstanding encumbrances from the prior year resulted in the appropriation of \$291,705 of fund balance.

Final budget compared to actual results. The General Fund had a favorable variance from final budgetary appropriations of \$18,526,100. The primary positive variances were realized in economic assistance and opportunity, general government support, and public safety.

Capital Asset and Debt Administration

Capital assets. The County’s investment in capital assets for its governmental and business-type activities as of December 31, 2013 amounts to \$282,490,012 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, infrastructure, and machinery and equipment.

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

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

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2013	2012	2013	2012	2013	2012
Land	\$ 11,783,969	\$ 11,783,969	\$ -	\$ -	\$ 11,783,969	\$ 11,783,969
Construction in progress	22,880,880	108,432,422	7,003,496	18,953,794	29,884,376	127,386,216
Land improvements	610,952	1,038,901	-	-	610,952	1,038,901
Buildings and building improvements	115,244,933	55,670,249	16,976,128	6,383,772	132,221,061	62,054,021
Equipment	13,274,930	12,580,769	1,373,087	261,807	14,648,017	12,842,576
Licensed vehicles	-	-	-	65,082	-	65,082
Infrastructure	89,935,855	57,112,438	3,405,782	3,422,650	93,341,637	60,535,088
Total	\$ 253,731,519	\$ 246,618,748	\$ 28,758,493	\$ 29,087,105	\$ 282,490,012	\$ 275,705,853

Total governmental activities capital asset additions for 2013 were \$18,594,201, with major additions being to infrastructure and buildings and improvements during the year ended December 31,2013. Governmental activities’ depreciation for 2013 was \$11,431,307.

Business-type activities had capital asset acquisitions of \$299,088 for 2013, primarily due to equipment additions. Business-type activities' depreciation for 2013 was \$627,700.

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

Long-term debt. The County currently has approximately \$209 million in total bonded debt for functions considered governmental activities. This includes serial bonds (and accreted interest on capital appreciation bonds) and bonds issued by the Oneida Tobacco Asset Securitization Corporation (the "OTASC").

Table 9—Debt and Long-Term Liabilities

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2013	2012 (as restated)	2013	2012 (as restated)	2013	2012 (as restated)
Net bonds payable	\$ 120,979,957	\$ 120,237,352	\$ 18,725,178	\$ 16,685,595	\$ 139,705,135	\$ 136,922,947
Bond premium	1,221,213	-	495,776	-	1,716,989	-
OTASC bonds and accreted interest	86,964,222	85,309,874	-	-	86,964,222	85,309,874
Workers' Compensation	4,703,714	5,328,046	8,079,382	10,130,060	12,783,096	15,458,106
Compensated absences	2,698,284	2,626,975	87,816	101,164	2,786,100	2,728,139
Retirement obligation	10,365,442	4,162,027	314,787	134,781	10,680,229	4,296,808
Claims and judgements	406,001	406,001	-	-	406,001	406,001
Other postemployment benefits	24,571,142	18,935,084	807,045	622,516	25,378,187	19,557,600
Total	\$ 251,909,975	\$ 237,005,359	\$ 28,509,984	\$ 27,674,116	\$ 280,419,959	\$ 264,679,475

As previously discussed, the OTASC is considered a component unit of the County and its long-term debt is included within the non-current liabilities of the County. The long-term debt of OTASC at December 31, 2013 is \$86,964,222. OTASC was created by the County in 2001 for the purpose of issuing bonds backed by the County's interests in the national tobacco Master Settlement Agreement ("MSA") in exchange for the County's future rights to a portion of this revenue stream. The County was entitled to the proceeds of this sale as compensation.

The County's Sewer Fund, business-type activity, also has long-term debt issued which is recorded as a liability. The outstanding amount consists primarily of serial bonds. The outstanding principal totals \$19,220,954 as of December 31, 2013.

The County also has recorded debt for deferred pension liabilities and compensated absences.

The County has an "A1" rating from Moody's Investors Service and an AA- rating from Standard & Poor's.

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

Economic Factors and Next Year's Budgets

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

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

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

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

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

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

Other significant budget considerations include:

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

Despite these factors, Oneida County was able to develop a budget for 2014 which did not rely heavily upon fund balance, contained no increase in the property tax levy, and did not recognize any settlement revenue funds from the above noted Oneida Indian Nation settlement agreement.

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

- ◆ The Federal Aviation Administration (FAA) announced in late December of 2013 that Griffiss International Airport would be one of six sites nationwide with authorization to test commercial unmanned aerial systems (UAS), commonly referred to as drones.
- ◆ In October of 2013, New York State announced the "Nano Utica" Initiative, a \$1.5 billion public-private partnership that would be spearheaded by the newly merged SUNY College of Nanoscale Science and Engineering (CNSE) and SUNYIT. Construction of the Computer Chip Commercialization Center (Quad-C) is currently underway at the Marcy campus and is scheduled for completion by the end of 2014.
- ◆ The Marcy Nanocenter at SUNYIT, a 450-acre greenfield on the State University of New York Institute of Technology campus, continues to be marketed to the advanced manufacturing/semiconductor industry, and recently received approval of a critical permit from the US Army Corps of Engineers enabling Mohawk Valley Edge to continue various infrastructure improvements, site grading, wetlands mitigation and road improvements to make this site more attractive to semiconductor and nanoelectronics companies.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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COUNTY OF ONEIDA, NEW YORK
Statement of Net Position
December 31, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Oneida-Herkimer Solid Waste Management Authority	Mohawk Valley Community College August 31, 2013
ASSETS					
Cash and cash equivalents	\$ 2,759,941	\$ 13,430,269	\$ 16,190,210	\$ 3,724,883	\$ 21,908,438
Restricted cash	24,060,001	-	24,060,001	4,274,165	150,050
Deposits with trustees	4,745,657	-	4,745,657	-	491,641
Investments	-	-	-	12,815,673	4,136,649
Property taxes receivable (net of allowance for uncollectibles)	34,748,652	-	34,748,652	-	-
Other receivables	3,556,117	4,987,993	8,544,110	4,725,017	1,958,380
Sudent loan receivable, net	-	-	-	-	1,368,694
Intergovernmental receivables	59,853,038	2,133,342	61,986,380	-	4,262,325
Internal balances	(259,336)	259,336	-	-	-
Due from agency fund	-	-	-	-	-
Other assets	-	-	-	57,236	61,100
Inventories	-	-	-	-	655,134
Prepays	14,904	40,965	55,869	293,057	523,040
Other assets	-	-	-	-	48,438
Restricted assets	-	-	-	14,683,879	-
Capital assets not being depreciated	98,522,393	7,003,496	105,525,889	-	-
Capital assets, net of accumulated depreciation	155,209,126	21,754,997	176,964,123	44,598,994	44,329,911
Total assets	<u>383,210,493</u>	<u>49,610,398</u>	<u>432,820,891</u>	<u>85,172,904</u>	<u>79,893,800</u>
DEFERRED OUTFLOW OF RESOURCES					
Deferred loss on refunding	639,361	237,402	876,763	-	-
Total deferred outflows of resources	<u>639,361</u>	<u>237,402</u>	<u>876,763</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable	9,052,571	328,528	9,381,099	1,244,225	4,231,304
Accrued liabilities	36,952,392	607,361	37,559,753	399,726	-
Intergovernmental payables	10,917,668	-	10,917,668	-	-
Due to related organizations	-	-	-	-	416,434
Unearned revenue	113,392	-	113,392	641,087	3,014,620
Other liabilities	-	-	-	-	1,573,121
Noncurrent liabilities:					
Due within one year	13,864,588	7,191,141	21,055,729	5,475,000	491,935
Due within more than one year	238,045,387	21,318,843	259,364,230	41,546,893	27,346,126
Total liabilities	<u>308,945,998</u>	<u>29,445,873</u>	<u>338,391,871</u>	<u>49,306,931</u>	<u>37,073,540</u>
NET POSITION					
Net investment in capital assets	74,109,540	14,808,983	88,918,523	3,619,630	35,945,146
Restricted for:				15,247,888	5,804,954
Tax Certiorari	2,575,000	-	2,575,000	-	-
Economic development	-	-	-	-	-
Handicap parking	5,418	-	5,418	-	-
Retirement contributions	84,357	-	84,357	-	-
Fiscal stability	12,500,000	-	12,500,000	-	-
Sheriff forfeiture	4,607	-	4,607	-	-
Debt	4,887,626	-	4,887,626	-	-
Capital projects	114,482	-	114,482	-	-
Unrestricted	(19,460,211)	5,592,944	(13,867,267)	16,998,455	(1,299,115)
Total net position	<u>\$ 74,820,819</u>	<u>\$ 20,401,927</u>	<u>\$ 95,222,746</u>	<u>\$ 35,865,973</u>	<u>\$ 40,450,985</u>

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

COUNTY OF ONEIDA, NEW YORK
Statement of Activities
Year Ended December 31, 2013

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		
					Governmental Activities	Business-type Activities	Total	Oneida-Herkimer Solid Waste Management Authority	Mohawk Valley Community College August 31, 2013
Primary government:									
Governmental activities:									
General government support	\$ 67,938,151	\$ 14,059,011	\$ 3,962,677	\$ 71,009	\$ (49,845,454)	\$ -	\$ (49,845,454)	\$ -	\$ -
Education	19,626,751	4,815,350	6,472,200	-	(8,339,201)	-	(8,339,201)	-	-
Public safety	65,700,417	8,590,246	1,909,699	745,842	(54,454,630)	-	(54,454,630)	-	-
Health	11,104,219	1,290,605	14,668,262	-	4,854,648	-	4,854,648	-	-
Transportation	30,665,186	8,265,512	3,821,792	6,603,064	(11,974,818)	-	(11,974,818)	-	-
Economic assistance and opportunity	168,399,894	6,510,940	79,849,032	-	(82,039,922)	-	(82,039,922)	-	-
Culture and recreation	1,039,380	91,861	175,819	-	(771,700)	-	(771,700)	-	-
Home and community services	3,803,546	221,213	713,737	42,738	(2,825,858)	-	(2,825,858)	-	-
Interest and fiscal charges	10,671,596	-	-	-	(10,671,596)	-	(10,671,596)	-	-
Total governmental activities	<u>378,949,140</u>	<u>43,844,738</u>	<u>111,573,218</u>	<u>7,462,653</u>	<u>(216,068,531)</u>	<u>-</u>	<u>(216,068,531)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Sewer Fund	12,858,625	13,165,112	57,062	-	-	363,549	363,549	-	-
Workers' Compensation Fund	3,154,449	3,154,449	-	-	-	-	-	-	-
Total business-type activities	<u>16,013,074</u>	<u>16,319,561</u>	<u>57,062</u>	<u>-</u>	<u>-</u>	<u>363,549</u>	<u>363,549</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 394,962,214</u>	<u>\$ 60,164,299</u>	<u>\$ 111,630,280</u>	<u>\$ 7,462,653</u>	<u>(216,068,531)</u>	<u>363,549</u>	<u>(215,704,982)</u>	<u>-</u>	<u>-</u>
Component units:									
Solid Waste Management Authority	\$ 20,585,098	\$ 25,141,287	\$ 2,435,713	\$ -	-	-	6,991,902	-	-
Mohawk Valley Community College	72,808,376	46,103,365	23,066,729	383,344	-	-	-	(3,254,938)	-
Total component units	<u>\$ 93,393,474</u>	<u>\$ 71,244,652</u>	<u>\$ 25,502,442</u>	<u>\$ 383,344</u>	<u>-</u>	<u>-</u>	<u>6,991,902</u>	<u>(3,254,938)</u>	<u>-</u>
General revenues:									
Real property taxes and tax items	-	-	-	-	75,599,642	-	75,599,642	-	-
Non-property taxes	-	-	-	-	132,348,283	-	132,348,283	-	-
Use of money and property	-	-	-	-	2,595,119	-	2,595,119	448,092	324,128
Fines and forfeitures	-	-	-	-	589,338	-	589,338	-	-
Sale of property and compensation for loss	-	-	-	-	585,292	-	585,292	-	-
Miscellaneous	-	-	-	-	1,592,525	-	1,592,525	-	1,931,278
Total general revenues	-	-	-	-	<u>213,310,199</u>	<u>-</u>	<u>213,310,199</u>	<u>448,092</u>	<u>2,255,406</u>
Change in net position	-	-	-	-	(2,758,332)	363,549	(2,394,783)	7,439,994	(999,532)
Net position—beginning, as restated	-	-	-	-	<u>77,579,151</u>	<u>20,038,378</u>	<u>97,617,529</u>	<u>28,425,979</u>	<u>41,450,517</u>
Net position—ending	-	-	-	-	<u>\$ 74,820,819</u>	<u>\$ 20,401,927</u>	<u>\$ 95,222,746</u>	<u>\$ 35,865,973</u>	<u>\$ 40,450,985</u>

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

COUNTY OF ONEIDA, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,030,746	\$ -	\$ 729,195	\$ 2,759,941
Restricted cash	15,283,864	-	8,776,137	24,060,001
Deposits with trustees	-	60,614	4,685,043	4,745,657
Property taxes receivable (net of allowance for uncollectibles)	219,741,561	-	-	219,741,561
Other receivables	1,853,924	688,911	1,013,282	3,556,117
Due from other funds	798,785	560,086	1,700,939	3,059,810
Intergovernmental receivables	59,853,038	-	-	59,853,038
Prepaid items	4,054	-	10,850	14,904
Total assets	<u>\$ 299,565,972</u>	<u>\$ 1,309,611</u>	<u>\$ 16,915,446</u>	<u>\$ 317,791,029</u>
LIABILITIES				
Accounts payable	\$ 7,490,194	\$ -	\$ 1,562,377	\$ 9,052,571
Accrued liabilities	33,920,179	-	1,251,865	35,172,044
Due to other funds	1,345,724	657,316	1,316,106	3,319,146
Intergovernmental payables	10,894,855	-	22,813	10,917,668
Unearned revenues	113,392	-	-	113,392
Total liabilities	<u>53,764,344</u>	<u>657,316</u>	<u>4,153,161</u>	<u>58,574,821</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue—property taxes	210,322,375	-	-	210,322,375
Unavailable revenue—PILOTS	83,037	-	-	83,037
Unavailable revenue—outside agency debt	-	36,955	-	36,955
Total deferred inflows of resources	<u>210,405,412</u>	<u>36,955</u>	<u>-</u>	<u>210,442,367</u>
FUND BALANCES				
Nonspendable	4,054	-	10,850	14,904
Restricted	15,283,864	200,023	12,119,548	27,603,435
Committed	5,200,000	-	-	5,200,000
Assigned	6,101,920	415,317	631,887	7,149,124
Unassigned	8,806,378	-	-	8,806,378
Total fund balances	<u>35,396,216</u>	<u>615,340</u>	<u>12,762,285</u>	<u>48,773,841</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 299,565,972</u>	<u>\$ 1,309,611</u>	<u>\$ 16,915,446</u>	<u>\$ 317,791,029</u>

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

COUNTY OF ONEIDA, NEW YORK
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2013

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

Total fund balances—governmental funds (page 18)	\$ 48,773,841
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$401,220,504 and the accumulated depreciation is \$147,488,985.	253,731,519
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To recognize interest accrual on long term debt. Accrued interest for general obligation bonds is \$1,519,431 and accrued interest on OTASC bonds is \$260,917 at year end.	(1,780,348)
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Uncollected property taxes of \$25,329,466 and uncollected bond payments of \$36,955 are not available to pay for current period expenditures and therefore are recorded as deferred inflows of resources in the funds, but are considered government-wide revenues.	25,366,421
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In the fund financial statements the amount paid to the escrow agent to refund debt is recorded as an expenditure, however in the government-wide statements the difference between the amount paid to the escrow agent and the amount of debt retired is recorded as a deferred outflow of resources.	639,361
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Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds, as follows:

Bonds payable	(120,979,957)	
Unamortized bond premium	(1,221,213)	
OTASC bonds and accreted interest	(87,443,624)	
Discount on OTASC bonds	479,402	
Workers' compensation	(4,703,714)	
Compensated absences	(2,698,284)	
Retirement obligations	(10,365,442)	
Judgments and claims	(406,001)	
Other post-employment benefits	<u>(24,571,142)</u>	<u>(251,909,975)</u>

Total net position—governmental activities	<u>\$ 74,820,819</u>
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The notes to the financial statements are an integral part of this statement.

COUNTY OF ONEIDA, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds
Year Ended December 31, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Real property taxes	\$ 67,652,210	\$ -	\$ -	\$ 67,652,210
Real property tax items	5,624,828	-	-	5,624,828
Non-property tax items	132,348,283	-	-	132,348,283
Departmental income	12,570,445	-	1,403,825	13,974,270
Intergovernmental charges	18,453,777	481,858	3,047,392	21,983,027
Use of money and property	2,215,852	66,786	634	2,283,272
Licenses and permits	65,279	-	12,600	77,879
Fines and forfeitures	589,338	-	-	589,338
Sale of property and compensation for loss	544,045	-	41,247	585,292
Miscellaneous	1,276,926	-	591,225	1,868,151
Interfund revenues	84,645	-	3,908,926	3,993,571
State aid	49,407,311	126,842	6,139,367	55,673,520
Federal aid	55,933,844	382,667	7,045,740	63,362,251
Tobacco settlement revenue	-	-	3,815,357	3,815,357
Total revenues	<u>346,766,783</u>	<u>1,058,153</u>	<u>26,006,313</u>	<u>373,831,249</u>
EXPENDITURES				
Current:				
General government support	65,969,852	83,782	42,694	66,096,328
Education	19,988,138	-	-	19,988,138
Public safety	46,501,205	-	-	46,501,205
Health	19,334,257	-	-	19,334,257
Transportation	4,098,100	-	16,907,945	21,006,045
Economic assistance and opportunity	161,663,798	-	3,651,549	165,315,347
Culture and recreation	1,025,107	-	-	1,025,107
Home and community services	3,191,388	-	-	3,191,388
Debt service:				
Principal	-	13,013,805	120,000	13,133,805
Interest	-	5,046,020	3,639,750	8,685,770
Capital outlay	-	-	21,635,800	21,635,800
Total expenditures	<u>321,771,845</u>	<u>18,143,607</u>	<u>45,997,738</u>	<u>385,913,190</u>
Excess (deficiency) of revenues over expenditures	<u>24,994,938</u>	<u>(17,085,454)</u>	<u>(19,991,425)</u>	<u>(12,081,941)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	17,310,626	6,635,222	23,945,848
Transfers out	(23,337,279)	-	(608,569)	(23,945,848)
Refunding bonds issued	-	11,035,085	-	11,035,085
Premium on refunding bonds issued	-	1,347,546	-	1,347,546
Proceeds from issuance of debt	-	-	14,316,325	14,316,325
Payment to escrow agent	-	(12,300,502)	-	(12,300,502)
Total other financing sources (uses)	<u>(23,337,279)</u>	<u>17,392,755</u>	<u>20,342,978</u>	<u>14,398,454</u>
Net change in fund balances	1,657,659	307,301	351,553	2,316,513
Fund balances—beginning	<u>33,738,557</u>	<u>308,039</u>	<u>12,410,732</u>	<u>46,457,328</u>
Fund balances—ending	<u>\$ 35,396,216</u>	<u>\$ 615,340</u>	<u>\$ 12,762,285</u>	<u>\$ 48,773,841</u>

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

COUNTY OF ONEIDA, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances—Governmental Funds to the Statement of Activities
Year Ended December 31, 2013

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

Net change in fund balances—total governmental funds (page 20) \$ 2,316,513

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

Capital asset additions	\$ (18,594,201)	
Capital asset disposals, net of depreciation	50,123	
Depreciation expense	<u>11,431,307</u>	7,112,771

The issuance of long-term debt (e.g., bonds, capital leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on serial bonds	\$ 13,013,805	
Refunded bonds	11,595,000	
Issuance of serial bonds	(14,316,325)	
Issuance of refunding bonds	(11,035,085)	
Net activity of premium on refunding bonds	(1,221,213)	
Increase in OTASC bonds	(1,639,169)	
Discount on OTASC bonds	(25,429)	
Deferred loss on refunding	<u>639,361</u>	(2,989,055)

Governmental funds report interest expenditures on long-term debt when such interest is paid. However, in the statement of activities interest on long-term debt is reported as an expense as it accrues. (271,670)

In the statement of activities, certain operating expenses: compensated absences (vacation & sick leave), amounts due to retirement systems, judgments and claims, and other post-employment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences is as follows:

Compensated absences	\$ (71,309)	
Retirement obligations	(6,203,415)	
Other post-employment benefits	(5,636,058)	
Workers' compensation	<u>624,332</u>	(11,286,450)

Property tax and other revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,359,559

Change in net position of governmental activities \$ (2,758,332)

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

COUNTY OF ONEIDA, NEW YORK
Statement of Net Position—Proprietary Funds
December 31, 2013

	Business-type Activities		
	Sewer	Workers' Compensation	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,539,464	\$ 5,890,805	\$ 13,430,269
Other receivables	4,987,993	-	4,987,993
Intergovernmental receivables	-	2,133,342	2,133,342
Prepaid items	40,965	-	40,965
Due from other funds	326,584	-	326,584
Total current assets	<u>12,895,006</u>	<u>8,024,147</u>	<u>20,919,153</u>
Noncurrent assets:			
Capital assets not being depreciated	7,003,496	-	7,003,496
Capital assets, net of accumulated depreciation	21,754,997	-	21,754,997
Total noncurrent assets	<u>28,758,493</u>	<u>-</u>	<u>28,758,493</u>
Total assets	<u>41,653,499</u>	<u>8,024,147</u>	<u>49,677,646</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred charge on refunding	237,402	-	237,402
Total deferred outflows of resources	<u>237,402</u>	<u>-</u>	<u>237,402</u>
LIABILITIES			
Current liabilities:			
Accounts payable	300,692	27,836	328,528
Accrued liabilities	607,361	-	607,361
Due to other funds	-	67,248	67,248
Long-term debt-current	4,516,131	2,675,010	7,191,141
Total current liabilities	<u>5,424,184</u>	<u>2,770,094</u>	<u>8,194,278</u>
Noncurrent liabilities:			
Long-term debt—excluding current portion	16,064,790	5,254,053	21,318,843
Total noncurrent liabilities	<u>16,064,790</u>	<u>5,254,053</u>	<u>21,318,843</u>
Total liabilities	<u>21,488,974</u>	<u>8,024,147</u>	<u>29,513,121</u>
NET POSITION			
Net investment in capital assets	14,808,983	-	14,808,983
Unrestricted	5,592,944	-	5,592,944
Total net position	<u>\$ 20,401,927</u>	<u>\$ -</u>	<u>\$ 20,401,927</u>

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

COUNTY OF ONEIDA, NEW YORK
Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds
For the Year Ended December 31, 2013

	Business-type Activities		
	Sewer	Workers' Compensation	Total Enterprise Funds
Operating revenues:			
Departmental income	\$ 13,165,112	\$ -	\$ 13,165,112
Charges for services—intergovernmental	-	3,138,196	3,138,196
Other operating revenues	-	-	57,062
Total operating revenues	<u>13,165,112</u>	<u>3,138,196</u>	<u>16,360,370</u>
Operating expenses:			
Salaries and wages	2,214,192	267,813	2,482,005
Employee benefits	1,339,945	-	1,339,945
Contractual expenses	8,136,146	2,886,636	11,022,782
Depreciation	627,700	-	627,700
Total operating expenses	<u>12,317,983</u>	<u>3,154,449</u>	<u>15,472,432</u>
Operating income (loss)	<u>847,129</u>	<u>(16,253)</u>	<u>887,938</u>
Non-operating revenues (expenses):			
Interest subsidies	57,062	-	57,062
Use of money and property	-	16,253	16,253
Financing interest expense	(540,642)	-	(540,642)
Total non-operating revenues (expenses)	<u>(483,580)</u>	<u>16,253</u>	<u>(524,389)</u>
Change in net position	363,549	-	363,549
Total net position—beginning	<u>20,038,378</u>	<u>-</u>	<u>20,038,378</u>
Total net position—ending	<u>\$ 20,401,927</u>	<u>\$ -</u>	<u>\$ 20,401,927</u>

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

COUNTY OF ONEIDA, NEW YORK
Statement of Cash Flows—Proprietary Funds
For the Year Ended December 31, 2013

	Business-type Activities		
	Sewer	Workers' Compensation	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from charges for services	\$ 12,729,287	\$ 5,083,289	17,812,576
Cash payments contractual expenses	(8,299,957)	(5,064,470)	(13,364,427)
Cash payments personal services and benefits	(3,310,438)	(267,813)	(3,578,251)
Internal activity—payment made from County	<u>-</u>	<u>66,670</u>	<u>66,670</u>
Net cash provided by (used for) operating activities	<u>1,118,892</u>	<u>(182,324)</u>	<u>936,568</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interest earned on bank accounts	<u>-</u>	<u>16,253</u>	<u>16,253</u>
Net cash provided by non-capital financing activities	<u>-</u>	<u>16,253</u>	<u>16,253</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital expenditures	(299,088)	-	(299,088)
Proceeds from serial bonds	8,579,841	-	8,579,841
Principal payments on long-term debt	(6,044,482)	-	(6,044,482)
Interest paid on long term debt	<u>(1,051,571)</u>	<u>-</u>	<u>(1,051,571)</u>
Net cash provided by capital and related financing activities	<u>1,184,700</u>	<u>-</u>	<u>1,184,700</u>
Net (decrease) increase in cash and cash equivalents	2,303,592	(166,071)	2,137,521
Cash and cash equivalents—beginning	<u>5,235,872</u>	<u>6,056,876</u>	<u>11,292,748</u>
Cash and cash equivalents—ending	<u>\$ 7,539,464</u>	<u>\$ 5,890,805</u>	<u>\$ 13,430,269</u>

(continued)

COUNTY OF ONEIDA, NEW YORK
Statement of Cash Flows—Proprietary Funds
For the Year Ended December 31, 2013

	(concluded)		
	Business-type Activities		
	Sewer	Workers' Compensation	Total Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 847,129	\$ (16,253)	830,876
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	627,700	-	627,700
(Increase) in other receivable	(435,825)	-	(435,825)
Decrease in due from other governments	-	1,945,093	1,945,093
(Increase) in prepaid items	(40,965)	-	(40,965)
Increase in accrued liabilities	73,032	-	73,032
(Decrease) in accounts payable	(172,440)	(152,608)	(325,048)
(Decrease) increase in due to other funds	(105,475)	66,670	(38,805)
(Decrease) in compensated absences liability	(13,348)	(2,025,226)	(2,038,574)
(Decrease) in workers' compensation liability	(25,451)	-	(25,451)
Increase in retirement obligation	180,006	-	180,006
Increase in other postemployment liability	184,529	-	184,529
Total adjustments	271,763	(166,071)	105,692
Net cash provided by (used for) operating activities	\$ 1,118,892	\$ (182,324)	\$ 936,568

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

COUNTY OF ONEIDA, NEW YORK
Statement of Fiduciary Net Position—Agency Fund
December 31, 2013

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 7,956,917
Total assets	<u>\$ 7,956,917</u>
LIABILITIES	
Agency liabilities	\$ 7,956,917
Total liabilities	<u>\$ 7,956,917</u>

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

COUNTY OF ONEIDA, NEW YORK
Notes to the Financial Statements
December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-Wide Financial Statements

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

Financial Reporting Entity

The County was established in 1798 and is governed by the County Charter, County Law, other general laws of the State of New York and various local laws. The County Charter provides for a County Executive form of government. At December 31, 2013 the County Legislature, which is the legislative body responsible for the overall operation of the County, consisted of 29 legislators, one from each of the County's legislative districts. The County Executive is the Chief Executive Officer of the County. The County Comptroller is the Chief Fiscal Accounting and Auditing Officer of the County.

Independently elected officials of the County at December 31, 2013 included:

County Executive	District Attorney
County Legislators (29)	County Clerk
County Comptroller	Sheriff

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

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

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

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

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

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

The Authority's ten-member board, which consists of four members appointed by the County Executive and confirmed by the County Legislature, three members by the County Legislature, and three by Herkimer County, has complete responsibility for its management and financial operations. County officials do not exercise oversight responsibility for the Authority operations, and the County does not provide assistance to the Authority. However, the County is obligated to finance deficits, if necessary, and the County is a joint guarantor with Herkimer County on the revenue bonds disclosed in note 11.

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

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

providing substantial funding for the operation of the College. MVCC is included based on its August 31, 2013 fiscal year end. The annual financial report can be obtained from the Vice President for Administrative Services, 1101 Sherman Drive, Utica, New York 13502.

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

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

Basis of Presentation—Government-wide Financial Statements

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

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

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

Basis of Presentation—Fund Financial Statements

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

The County reports the following major governmental funds:

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

The County reports two major proprietary funds as follows:

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

Additionally, the County reports the following fund types:

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

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

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

Fiduciary Fund—Fiduciary Funds are used to account for assets held by the County in a trustee or custodial capacity, and therefore are not available to support the County’s programs. The following is the County’s Fiduciary Fund:

- ◆ *Agency Fund*— Account for money received and held by the County in the capacity of trustee, custodian, or agent. The Agency Fund is custodial in nature and do not involve measurement of results of operations.

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

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

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when

a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

Budgetary Information

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

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

- ◆ Prior to October 5th, the County Executive, submits to the County Legislature a tentative budget for the following fiscal year to commence on January 1.
- ◆ The tentative budget includes expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers' comments.
- ◆ The Legislature acts on the tentative budget no later than the date of the second Board of Legislators' meeting in November.

- ◆ The County Executive is authorized to approve budget transfers within departments and/or individual funds. However, revisions in excess of \$5,000 must be approved by the Legislature.
- ◆ Formal annual budgetary accounts are adopted and employed for control of all governmental funds except the Capital Projects Fund. Appropriations for all budgets lapse at fiscal year-end. Budgetary control over individual capital projects is provided by Legislative approval or bond authorizations and provision of bond indebtedness.
- ◆ Total expenditures for each object may not legally exceed the total appropriations for that object. Encumbrances outstanding at year-end are accounted for by an assignment of fund balance. During the year ended December 31, 2013, supplemental appropriations in the amount of \$45,525,211 were approved in the General Fund. These additional appropriations were primarily funded by increases to estimated revenues.

Encumbrances— Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of budgetary control in all governmental funds. The County considers encumbrances to be significant for amounts that are encumbered in excess of \$100,000.

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

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

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

Receivables

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

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

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

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

Unearned revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial purposes. At December 31, 2013, the County reported unearned revenues within the General Fund of \$113,392, the majority of which represent prepaid rents.

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15-20
Infrastructure	10-65
Licensed vehicles	8
Machinery and equipment	5-25
Land improvements	20

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has one type, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, this item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, payments in lieu of taxes (“PILOTS”), and reimbursements from outside agencies. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

Net Position Flow Assumption—Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide and

proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

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

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

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

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

Revenues and Expenditures/Expenses

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

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

enforcement agent for tax liens on such property. County taxes collected by the cities are remitted to the County periodically.

Uncollected property taxes assumed by the County as a result of the settlement proceedings are reported as receivables in the General Fund to maintain central control and provide for tax settlement and enforcement proceedings. The portion of the receivable \$10,138,356 and \$573,393 that represents taxes re-levied for schools and villages respectively is recognized as a liability and is included in due to other governments. Another portion of the receivable, \$24,672,648, that is not considered available under the modified accrual basis of accounting, i.e. not collected within sixty days, is recorded as a deferred inflow of resources.

Tax rates are calculated using assessments prepared by individual town and city assessors as adjusted by the New York State Board of Equalization and Assessment for the purpose of comparability. The total taxable assessed value of real property included in the tax levy of 2013 is approximately \$10.2 billion. The total County levy, including all charge backs, for 2013 was \$71.9 million. County tax rates vary by each assessing unit due to differences in equalization rates. The statutory maximum tax rate is 1.5% of the 5-year average of the equalized assessment. The 2013 levy represents approximately 42.1% of the maximum statutory levy.

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

Compensated Absences—According to various union contracts, County employees are entitled to personal leave, sick leave, compensatory time, and vacations annually as follows:

Personal leave	0-4 days
Sick leave	12 days
Compensatory time	10 days
Vacation	5-20 days

Vacation time vests for both union and non-union employees to a maximum of 21 days. Accordingly, liabilities for vacation time of \$2,004,480 are reported as long-term debt for the governmental funds in the government-wide financial statements. These payments are also budgeted annually without accrual and expenditure will be recorded when paid. Similar liabilities related to services rendered to the Sewer Fund are included in accrued liabilities of the enterprise fund in the amount of \$61,628.

Additional accrued liabilities of \$78,890 and \$614,914 are reported within long-term debt for the governmental activities in the government-wide financial statements for the value of sick leave and compensatory time, respectively, which will eventually be paid the employee upon retirement. Likewise, liabilities of \$4,549 and \$21,639 for sick leave and compensatory time, respectively, are reported in the Sewer Fund.

Payment of compensated absences recorded as long-term debt in the government-wide financial statements is dependent upon many factors; therefore, timing of future payment is not readily

determinable. However, management believes that sufficient resources will be made available for the future payment of compensated absences when such payments become due.

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

The Sewer Fund recognizes revenue as services are provided.

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

Interfund Revenues—The County allocates General Fund costs incurred in the general administration of the County to other funds based on their proportionate benefit of the total costs allocated. In 2013, the County has reported interfund revenues in the General Fund of \$84,645 representing an allocation of costs to various special revenue funds and the enterprise fund. The amounts are reported as general government support expenditures in the General Fund as well as in the benefiting funds.

Long-term obligations—In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Debt issuance costs are expensed in the period incurred.

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

Other

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

Medicaid Services—The New York State Department of Health processes payments for Medicaid services through a third-party contractor. The County is subsequently billed for its share of expenditures as established by State laws and regulations. Chapter 58 of Laws of 2006 capped County Medicaid costs at calendar 2006 levels and an annual growth rate of 3.0 percent, based on each County's local share of expenditures in 2005. In 2012, the state legislature amended the law (Part F) to reduce the counties increase to 2.0 percent in 2013, 1.0 percent in 2014 and 0 percent thereafter.

Adoption of New Accounting Pronouncements—During the year ended December 31, 2013, the County implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, No. 65, *Items Previously Reported as Assets and Liabilities*, and

No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. GASB Statement No. 61 clarifies the manner in determining whether or not an organization should be included as a component unit. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 66 improves accounting and financial reporting for a governmental entity by resolving conflicting guidance that resulted from the issuance of Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB Statements No. 61 and 66 did not have a material impact on the County's financial position or results from operations. Other than that discussed in Note 2, GASB Statement No. 65 did not have a material impact on the County's financial position or results from operations.

Future Impacts of Accounting Pronouncements— The County has not completed the process of evaluating the impact that will result from adopting No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*; No. 69, *Government Combinations and Disposals of Government Operations*; and No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* effective for the year ending December 31, 2014; and No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—and amendment of GASB Statement No. 68* effective for the year ended December 31, 2015. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 67, 68, 69, 70 and 71 will have on its financial position and results of operations when such statements are adopted.

2. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR NET POSITION

Primary Government

As discussed in Note 1, during the year ended December 31, 2013, the County implemented GASB Statement No. 65. As a result of this implementation, existing OTASC bond issuance costs are expensed. Net position at December 31, 2012 has been restated to remove unamortized bond issuance costs of \$1,454,121.

Based upon the change noted below, the County is recognizing debt and related items issued by the County on the College's behalf within the primary government. Net position at December 31, 2012 has been restated \$11,765,168 to reflect this change.

Mohawk Valley Community College

The College changed its method of revenue recognition for capital appropriations for the full amount of capital projects funded by the State and County at the time the capital assets were purchased. The College no longer recognizes the related debt incurred by the State and County for these projects on its financial statements as recommended by the State University of New York. The effect of this change on the current year's financial statements is a restatement of beginning net position 2012 of \$31,197,983. Components of this restatement are deposits with trustees, \$(469,812); accrued interest expense, \$453,339; long-term liabilities, \$31,214,456.

Contributions of capital assets are now recognized when the assets are purchased by the State and County, as opposed to when the State and County make debt service payments on related borrowings. The

College believes that this is a preferable method of revenue recognition and that it more accurately depicts the nature of the transaction.

Oneida-Herkimer Solid Waste Management Authority

The Authority implemented the standards of GASB 65 during the year ended December 31, 2013. As a result, debt issuance costs, except any portion related to prepaid issuance costs, are recognized as an expense in the period incurred. The retroactive adoption of the standard resulted in a reduction to beginning of period unrestricted net assets of \$627,785.

Summary

The effect of these changes to beginning net position is summarized below:

	Net Position		
	Primary	Component Units	
	Governmental	Business-type Activities	
	Governmental Activities	OHSWMA	MVCC
Beginning net position, as previously reported	\$ 90,798,440	\$ 29,053,764	\$ 10,252,534
Change in recognition of MVCC debt and related items	(11,765,168)	-	-
Recognition of unamortized bond issuance costs	(1,454,121)	(627,785)	-
Cumulative effect of change in application of MVCC	-	-	31,197,983
Beginning net position, as restated	<u>\$ 77,579,151</u>	<u>\$ 28,425,979</u>	<u>\$ 41,450,517</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Cash at year-end consisted of:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total Balance
Petty cash (uncollateralized)	\$ 7,712	\$ 200	\$ -	\$ 7,912
Deposits	<u>26,802,670</u>	<u>13,430,069</u>	<u>7,956,917</u>	<u>48,189,656</u>
Total	<u>\$ 26,810,382</u>	<u>\$ 13,430,269</u>	<u>\$ 7,956,917</u>	<u>\$ 48,197,568</u>

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

	December 31, 2013	
	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 2,291,317	\$ 2,270,064
Uninsured:		
Collateral held by bank's agent in County's name	50,956,646	45,919,592
Total deposits	<u>\$ 53,247,963</u>	<u>\$ 48,189,656</u>

Cash equivalents—Cash equivalents, in the case of OTASC, include money market accounts and U.S. Treasury obligations. These cash equivalents are carried at fair value as displayed below:

	December 31, 2013	
	Bank Balance	Carrying Amount
Money market and U.S. Treasury obligations	<u>\$ 9,560</u>	<u>\$ 9,560</u>

Custodial credit risk—deposits—Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2013, all of the County's deposits were insured or collateralized.

Restricted cash—Total governmental activities restricted cash of \$24,060,001 represents \$8,776,137 restricted for County capital projects and \$15,283,864 to support restricted fund balance. These deposits were fully covered by FDIC insurance or collateral held by escrow agents in the name of the County.

Deposits with trustees—Under terms of OTASC's bond indenture agreements, \$4,685,043 is held at December 31, 2013 by a trust company to provide for various functions of bond repayments. Likewise, as reported in the Debt Service Fund, the County has \$60,614 held by trustees.

Oneida-Herkimer Solid Waste Authority Component Unit—Cash and cash equivalents consist of cash deposits in banks, and other short-term investments, whether unrestricted or restricted, with an original maturity of three months or less. Cash deposits with financial institutions are either covered by federal depository insurance or collateralized by securities held by the pledging bank's trust department in the Authority's name, or U.S. Government and/or federal agency securities held by the Trustee. The Authority reported \$3,724,883 unrestricted cash and \$4,274,165 restricted cash at December 31, 2013. The Authority reported unrestricted and restricted investments of \$12,815,673 and \$14,609,430 at December 31, 2013. Investments consist of money market funds with underlying investments in obligations of the U.S. government and repurchase agreements.

The Authority's restricted investments at December 31, 2013 follows:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury Notes/Bonds/Bills	\$ 5,708,416	\$ 2,368,749	\$ -	\$ -	\$ 3,339,667
Repurchase Agreements	3,184,000	-	3,184,000	-	-
Certificates of Deposit	5,203,218	1,493,784	3,709,434	-	-
Federal Agency Securities	513,796	141,412	84,847	287,537	-
	<u>\$14,609,430</u>	<u>\$ 4,003,945</u>	<u>\$ 6,978,281</u>	<u>\$ 287,537</u>	<u>\$ 3,339,667</u>

MVCC Component Unit—At August 31, 2013, the College and its component units had unrestricted deposits of \$14,711,343 and \$7,197,095, respectively. The College's deposits were insured or collateralized by securities held by pledging financial institutions in the College's name with a carrying value of \$3,920,872. The College's component units had deposits with trustees of \$491,641. These deposits represent bond proceeds not yet expended for new construction, and required reserves for debt service. The College's component units held \$150,050 of restricted cash, and \$4,274,165 of investments at August 31, 2013.

4. RECEIVABLES

Other receivables as of December 31, 2013, are as follow:

Governmental funds:

Various fees and charges:

General Fund	\$ 1,853,924
Debt Service Fund	688,911
Other governmental funds	1,013,282
Total	<u>\$ 3,556,117</u>

Enterprise funds:

Various fees and charges

Sewer Fund	\$ 4,987,993
Total	<u>\$ 4,987,993</u>

The County has recorded property taxes receivable of \$219,741,561, net of an allowance of \$166,385 for uncollectible amounts, at December 31, 2013. The County and the Oneida Nation of Indians (the "Nation") had been in litigation for over twenty years regarding real property taxes on land claimed by the Nation. As of December 31, 2013, the County has recorded \$184,992,909 in property taxes receivable from the Nation; however, since the County does not anticipate the collection of such receivable within 60 days it has recorded an offsetting amount within deferred inflows of resources in the fund financial statements.

Intergovernmental receivables in the governmental funds primarily represent claims for reimbursement of expenditures in administering various mental health and social service programs. Amounts are net of related advances from New York State. Intergovernmental receivables in the Workers' Compensation Fund represent amounts due primarily from other local municipalities for future workers compensation claims. Amounts accrued at December 31, 2013 are presented on the following page.

Governmental funds:	
General Fund	
Due from State and Federal	\$ 53,481,111
Due from other governments	<u>6,371,927</u>
Total	<u>\$ 59,853,038</u>
Enterprise funds:	
Worker's Compensation Fund	
	\$ 2,133,342
	<u>\$ 2,133,342</u>

MVCC Component Unit—The following is a summary of the receivables and their respective allowances reported by the College at August 31, 2013:

	<u>Gross</u> <u>Receivable</u>	<u>Allowance</u>	<u>Net</u> <u>Receivable</u>
Primary Institution:			
Tuition and fees receivable	\$ 1,828,960	\$ (200,000)	\$ 1,628,960
Student loans receivable	1,710,868	(342,174)	1,368,694
Component Unit:			
Tuition and fees receivable	<u>561,234</u>	<u>(231,814)</u>	<u>329,420</u>
Total	<u>\$ 4,101,062</u>	<u>\$ (773,988)</u>	<u>\$ 3,327,074</u>

Oneida-Herkimer Solid Waste Authority Component Unit—Receivables are carried at original invoice amount less an estimate made for doubtful receivables. The allowance for doubtful accounts approximated \$346,000 at December 31, 2013. Receivables, net, of \$4,725,017 at December 31, 2013 include \$2,000,000 representing amounts due the Authority from New York State under a Municipal Waste Reduction and Recycling State Assistance Program.

5. CAPITAL ASSETS

Governmental activities—Capital asset activity for the primary government’s governmental activities, for fiscal year ended December 31, 2013, was as follows:

	Primary Government—Governmental Activities			
	Balance 1/1/2013	Additions and Reclassifications	Deletions and Reclassifications	Balance 12/31/2013
Capital assets, not being depreciated:				
Land	\$ 11,783,969	\$ -	\$ -	\$ 11,783,969
Construction in progress	108,432,422	-	(85,551,542)	22,880,880
Total capital assets not being depreciated	<u>120,216,391</u>	<u>-</u>	<u>(85,551,542)</u>	<u>34,664,849</u>
Capital assets, being depreciated:				
Land improvements	8,641,102	-	-	8,641,102
Buildings and building improvements	102,811,868	62,710,629	-	165,522,497
Infrastructure	117,527,893	38,230,057	-	155,757,950
Equipment	<u>34,209,857</u>	<u>3,205,057</u>	<u>(780,808)</u>	<u>36,634,106</u>
Total capital assets being depreciated	<u>263,190,720</u>	<u>104,145,743</u>	<u>(780,808)</u>	<u>366,555,655</u>
Less accumulated depreciation for:				
Land improvements	(7,602,201)	(427,949)	-	(8,030,150)
Buildings and building improvements	(47,141,619)	(3,135,945)	-	(50,277,564)
Infrastructure	(60,415,455)	(5,406,640)	-	(65,822,095)
Equipment	<u>(21,629,088)</u>	<u>(2,460,773)</u>	<u>730,685</u>	<u>(23,359,176)</u>
Total accumulated depreciation	<u>(136,788,363)</u>	<u>(11,431,307)</u>	<u>730,685</u>	<u>(147,488,985)</u>
Total capital assets, being depreciated, net	<u>126,402,357</u>	<u>92,714,436</u>	<u>(50,123)</u>	<u>219,066,670</u>
Governmental activities capital assets, net	<u>\$ 246,618,748</u>	<u>\$ 92,714,436</u>	<u>\$ (85,601,665)</u>	<u>\$ 253,731,519</u>

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

Governmental activities:	
General government support	\$ 950,807
Public safety	1,186,882
Public health	74,994
Transportation	8,909,313
Economic assistance and opportunity	74,469
Home and community service	<u>234,842</u>
Total depreciation expense—governmental activities	<u>\$ 11,431,307</u>

Business-type activities—Capital asset activity for the primary government’s business-type activities (Enterprise Sewer Fund), for fiscal year ended December 31, 2013, is presented below:

	Balance 1/1/2013	Additions and Reclassifications	Deletions and Reclassifications	Balance 12/31/2013
Capital assets, not being depreciated:				
Construction in progress	\$ 18,953,794	\$ -	\$ (11,950,298)	\$ 7,003,496
Total capital assets not being depreciated	<u>18,953,794</u>	<u>-</u>	<u>(11,950,298)</u>	<u>7,003,496</u>
Capital assets, being depreciated:				
Land improvements	53,682	-	-	53,682
Buildings and improvements	20,956,994	11,011,496	-	31,968,490
Infrastructure	9,659,254	131,736	-	9,790,990
Machinery and equipment	47,843,288	1,106,154	(148,438)	48,801,004
Total capital assets being depreciated	<u>78,513,218</u>	<u>12,249,386</u>	<u>(148,438)</u>	<u>90,614,166</u>
Less accumulated depreciation for:				
Land improvements	(53,682)	-	-	(53,682)
Buildings and building improvements	(14,573,222)	(419,140)	-	(14,992,362)
Infrastructure	(6,236,604)	(148,604)	-	(6,385,208)
Equipment	(47,516,399)	(59,956)	148,438	(47,427,917)
Total accumulated depreciation	<u>(68,379,907)</u>	<u>(627,700)</u>	<u>148,438</u>	<u>(68,859,169)</u>
Total capital assets, being depreciated, net	<u>10,133,311</u>	<u>11,621,686</u>	<u>-</u>	<u>21,754,997</u>
Business-type activities capital assets, net	<u>\$ 29,087,105</u>	<u>\$ 11,621,686</u>	<u>\$ (11,950,298)</u>	<u>\$ 28,758,493</u>

Discretely Presented Component Units

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

	Balance 12/31/2013
Construction in progress	\$ 103,284
Land	3,213,958
Land improvements	37,493,325
Buildings and improvements	21,648,429
Equipment and machinery	9,582,310
Vehicles	7,238,502
Office equipment	292,236
Total capital assets	<u>79,572,044</u>
Less: accumulated depreciation	<u>(34,973,050)</u>
Total capital assets, net	<u>\$ 44,598,994</u>

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

	Balance 1/1/2013 (restated)	Additions	Deletions	Balance 12/31/2013 (restated)
Capital assets:				
Buildings and improvements	\$ 97,120,436	\$ 644,736	\$ -	\$ 97,765,172
Vehicles, Equipment, and Library books	<u>13,787,834</u>	<u>1,013,319</u>	<u>(268,580)</u>	<u>14,532,573</u>
Total capital assets being depreciated	<u>110,908,270</u>	<u>1,658,055</u>	<u>(268,580)</u>	<u>112,297,745</u>
Less accumulated depreciation for:				
Buildings and improvements	(61,850,833)	(1,843,499)	-	(63,694,332)
Vehicles, Equipment, and Library books	<u>(12,214,076)</u>	<u>(588,837)</u>	<u>268,580</u>	<u>(12,534,333)</u>
Total accumulated depreciation	<u>(74,064,909)</u>	<u>(2,432,336)</u>	<u>268,580</u>	<u>(76,228,665)</u>
Total capital assets, being depreciated, net	<u>\$ 36,843,361</u>	<u>\$ (774,281)</u>	<u>\$ -</u>	<u>\$ 36,069,080</u>

In addition to the capital assets reported above, the College reports net capital assets of its discretely presented component units in the amount of \$8,260,831.

6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at December 31, 2013, were as follows:

	General Fund	Nonmajor Funds	Total Governmental Funds
Salary and employee benefits	\$ 9,928,207	\$ 741,390	\$ 10,669,597
Sales tax	9,236,245	-	9,236,245
Social services accruals	8,706,236	-	8,706,236
Due MVCC	1,820,025	-	1,820,025
Retainages	-	510,475	510,475
Other liabilities	<u>4,229,466</u>	<u>-</u>	<u>4,229,466</u>
Total	<u>\$ 33,920,179</u>	<u>\$ 1,251,865</u>	<u>\$ 35,172,044</u>

7. PENSION OBLIGATIONS

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

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

Funding Policy—The Systems are noncontributory except for employees who joined the New York State and Local Employees’ Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of membership and employees who join on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3% of their salary for their entire length of service. Those joining after April 1, 2012 (Tier 6) are required to contribute three percent (3%) of their annual salary until March 31, 2013, after which the contribution percentage will be based on salary. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employer’s contributions based on salaries paid during the New York State Local Retirement System’s fiscal year ending March 31. Included in the amount billed to the County are amounts for MVCC. The College reimburses its share to the County.

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

	ERS
<u>Year</u>	<u>Contribution</u>
2013	\$ 16,060,289
2012	15,520,450
2011	11,737,403

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

	ERS	TRS
<u>Year</u>	<u>Contribution</u>	<u>Contribution</u>
2013	\$ 1,584,733	\$ 418,670
2012	1,362,725	362,231
2011	1,019,897	256,248

8. OTHER POSTEMPLOYMENT BENEFITS

Plan description—An actuarial valuation of the Oneida County Post-Employment Benefit Plan (the “Plan”) was performed as of January 1, 2013. The County sponsors and administers a single employer defined benefit plan to all employees 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 three plans (RMSCO Traditional, RMSCO PPO 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 contribution requirements of Plan members and the County are established and may be amended by the County Legislature. The County Legislature has negotiated several collective

bargaining agreements, which include obligations of Plan members and the County. The required contribution is based on projected pay-as-you-go financing requirements.

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%

The County recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The County governmental activities and business-type activities contributed \$1,973,196 and \$64,809, respectively, for the fiscal year ended December 31, 2013.

The County's annual other postemployment benefit ("OPEB") cost is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 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:

As of December 31, 2013		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Annual required contribution	\$ 7,856,465	\$ 258,041
Interest on net OPEB obligation	888,272	29,175
Adjustment to annual required contribution	<u>(1,135,483)</u>	<u>(37,294)</u>
Annual OPEB costs (expense)	7,609,254	249,922
Contributions made	<u>(1,973,196)</u>	<u>(64,809)</u>
Increase in net OPEB obligation	5,636,058	185,113
Net OPEB obligation—beginning of year	<u>18,935,084</u>	<u>622,516</u>
Net OPEB obligation—end of year	<u>\$ 24,571,142</u>	<u>\$ 807,629</u>

As of December 31, 2012

	Governmental Activities	Business-type Activities
Annual required contribution	\$ 5,997,267	\$ 196,977
Interest on net OPEB obligation	703,797	23,116
Adjustment to annual required contribution	(942,453)	(30,352)
Annual OPEB costs (expense)	5,758,611	189,741
Contributions made	(1,826,655)	(59,995)
Increase in net OPEB obligation	3,931,956	129,746
Net OPEB obligation—beginning of year	15,003,128	492,770
Net OPEB obligation—end of year	<u>\$ 18,935,084</u>	<u>\$ 622,516</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2013 and the preceding two years were as follows:

Year Ended December 31,	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 7,859,176	\$ 2,038,005	25.9%	\$ 25,378,771
2012	5,948,352	1,886,650	31.7%	19,557,600
2011	5,419,780	2,637,660	48.7%	15,495,898

Funding Status and Funding Progress—As of December 31, 2013, the plan was not funded. The annual required contribution for 2013 was determined based on an actuarial valuation performed as of January 1, 2013. The actuarial accrued liability for benefits was \$76,045,449. There were no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$67,931,374 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll is 111.9 percent. As of December 31, 2013, the County has had three actuarial valuations performed.

Actuarial Methods and Assumptions—Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding funded status of the Plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The actuarial valuation was performed utilizing the projected unit credit method. The results shown above are based on the baseline assumptions with respect to the medial inflation rate. The actuarial assumptions included annual healthcare cost trend rate of 8.70% initially, decreased by increments to an ultimate rate of 6.58% after five years. The rate also includes a 4.691% inflation assumption. The County's unfunded actuarial accrued liability is being amortized as a level dollar amount over a 30 year period.

Discretely Presented Component Units

Mohawk Valley Community College

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

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

- Professional Association
 - Retired before January 1, 1994 – 50% individual and 35% for spouse/family
 - Retired on or after January 1, 1994 – 50% individual only
 - Effective September 1, 2009, up to five retirees per year receive \$300 per day of accrued sick leave, up to \$36,000, credited to pay the retiree's share of health insurance premiums. Once these funds have been exhausted payment reverts to 50% of the individual only.
 - Total of 10 employees for 1997-98 and 1998-99 years combined – 10 years at date of retirement coverage and premium rate: after 10 – years – 50% individual only

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

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

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

	For the year ended August 31,	
	2013	2012
Annual required contribution	\$ 2,848,677	\$ 3,608,747
Interest on net OPEB obligation	457,489	354,727
Adjustment to annual required contribution	(635,977)	(512,846)
Annual OPEB cost (expense)	2,670,189	3,450,628
Contributions made	(650,910)	(881,553)
Increase in net OPEB obligation	2,019,279	2,569,075
Net OPEB obligation—beginning of year	15,469,722	13,080,647
Net OPEB obligation—end of year	\$ 17,489,001	\$ 15,649,722

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Year Ended August 31,	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 2,670,189	\$ 650,910	24%	\$ 17,669,001
2012	3,450,628	881,553	26%	15,469,722
2011	2,836,104	659,501	23%	13,080,647

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that is useful in determining whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability. The projection of benefits is based on the types of benefits provided under the substantive Plan at the time of the valuation date and on the pattern of cost-sharing between the employer and Plan members. In addition, the projections do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and Plan members of the future. The actuarial calculations reflect a long-term perspective; actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Actuarial Methods and Assumptions—The actuarial cost method used to calculate the costs of the Plan for age, disability, vested and surviving spouse's benefits is known as the Projected Unit Credit Actuarial Cost Method. Under this method, each participant's projected benefit is calculated at all possible ages based on the Plan provisions as well as the initial date and actuarial assumptions. The actuarial assumptions included annual healthcare cost trend rate of 7.5% initially, reduced by decrements to an ultimate rate of 4.3% after ten years. The discount rate as of September 1, 2012 and August 31, 2013 was 3% per year compounded annually. This is the rate used to discount future benefit liabilities into today's dollars. The College's unfunded actuarial accrued liability is being amortized as a level dollar amount over a 30 year period. A single amortization base is re-amortized each year (open basis, as defined by GASB).

9. RISK MANAGEMENT

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

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

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

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

The estimated accrued claims of \$12,783,096 reported in the Fund at December 31, 2013 are based upon the requirements of GASB, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statement and the amount of the loss can be reasonable estimated. A receivable has been recorded for amounts due from other municipalities that participate in the program. All liabilities are recorded at their value as of December 31, 2013. The changes since December 31, 2011 in the Fund's accrued claims liabilities were as follows:

Year Ended December 31,	Beginning of Year Liability	Claims and Changes in Estimates	Claims Payments	Balance at Year End
2013	\$ 15,458,105	\$ 1,786,182	\$ 4,461,191	\$ 12,783,096
2012	15,802,724	4,080,930	4,425,549	15,458,105

The County’s portion of their liability is recorded within the governmental and sewer funds. Governmental activities and the sewer fund have recorded liabilities for workers’ compensation claims in the amount of \$4,703,714 and \$150,319, at December 31, 2013, respectively. 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 \$755,039 accrued at December 31, 2013 in the General Fund for claims reported and those incurred, but not yet reported and are 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.

10. LONG-TERM DEBT

Long-term debt is reported in the government-wide financial statements. The following describes the County's long-term debt transactions.

Bond indebtedness—The County borrows money 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 expenditure when such amounts are due.

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

Business-type activities' interest expense was directly related 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, 2013 are summarized as shown on the following pages.

Description	Year Issue/ Maturity	Interest Rate	Issue Amount	1/1/2013 Balance (as restated)	Increases	Decreases	12/31/2013 Balance
Governmental activities—serial bonds issued by the County							
Improvement, 1996	1996/2013	5.3/5.4	\$ 15,775,000	\$ 900,000	\$ -	\$ 900,000	\$ -
Improvement, 1999	1999/2015	4.5/4.75	10,125,888	854,454	-	-	854,454
Improvement, 2000	2000/2014	5.0/5.375	9,964,055	1,805	-	1,805	-
Improvement, 2003	2003/2018	3.5/3.55	8,436,700	3,686,000	-	3,686,000	-
Improvement, 2005	2005/2020	3.5/4.1	14,150,000	6,930,000	-	5,955,000	975,000
Improvement, 2006	2006/2021	4.0/4.25	8,071,411	4,935,000	-	3,825,000	1,110,000
Improvement, 2008	2008/2022	3.0/5.7	18,583,200	13,926,000	-	1,226,000	12,700,000
Current Refunding, 2008	2008/2014	3.5/5.0	9,783,132	2,996,279	-	1,905,793	1,090,486
Bond, 2009	2009/2023	3.0/4.0	19,252,645	14,685,000	-	1,660,000	13,025,000
Bond, tax 2009	2009/2023	3.38/5.25	7,515,000	6,150,000	-	525,000	5,625,000
Bond, exempt 2009	2009/2014	0.95/3.0	4,441,667	1,830,000	-	905,000	925,000
Taxable BABS, 2009	2009/2024	4.409/5.587	9,975,000	9,975,000	-	-	9,975,000
Refunding, 2010	2010/2020	2.0/5.0	7,013,305	5,790,660	-	659,220	5,131,440
Refunding, 2011	2011/2022	2.5/4.0	4,398,005	4,039,515	-	492,030	3,547,485
Build America Bonds	2010/2025	4.249/5.932	1,327,000	12,403,000	-	907,000	11,496,000
Bond, 2012	2012/2027	2.0/3.25	19,465,000	19,465,000	-	748,000	18,717,000
Advance Refunding, 2013	2013/2021	3.0/5.0	10,801,048	-	10,801,048	-	10,801,048
Bond, 2013	2013/2028	2.0/3.125	14,074,450	-	14,074,450	-	14,074,450
Total Governmental activities—serial bonds issued by the County			\$193,152,506	\$ 108,567,713	\$ 24,875,498	\$ 23,395,848	\$ 110,047,363
Governmental activities—serial bonds issued on behalf of MVCC							
Improvement, 1999	1999/2015	4.5/4.75		201,238	-	-	201,238
Improvement, 2000	2000/2014	5.0/5.375		1,800	-	-	1,800
Improvement, 2003	2003/2018	3.5/3.55		114,000	-	114,000	-
Improvement, 2005	2005/2020	3.5/4.1		195,000	-	170,000	25,000
Improvement, 2008	2008/2022	3.0/5.7		229,000	-	29,000	200,000
Current Refunding, 2008	2008/2014	3.5/5.0		213,721	-	209,207	4,514
Bond, 2009	2009/2023	3.0/4.0		60,000	-	60,000	-
Bond, exempt 2009	2009/2014	0.95/3.0		365,000	-	180,000	185,000
Taxable BABS, 2009	2009/2024	4.409/5.587		1,390,000	-	-	1,390,000
Build America Bonds	2010/2025	4.249/5.932		3,565,000	-	225,000	3,340,000
Refunding, 2010	2011/2022	2.0/5.0		3,104,400	-	135,780	2,968,620
Refunding, 2011	2011/2022	2.5/4.0		30,480	-	2,970	27,510
Bond, 2012	2012/2027	2.0/3.25		2,200,000	-	87,000	2,113,000
Advance Refunding, 2013	2013/2021	3.0/5.0		-	234,037	-	234,037
Bond, 2013	2013/2028	2.0/3.125		-	241,875	-	241,875
Total Governmental activities—serial bonds issued on behalf of MVCC				\$ 11,669,639	\$ 475,912	\$ 1,212,957	\$ 10,932,594
Business-type activities:							
Sewer Fund:							
Sewer District, EFC	1999/2018	4.313	1,016,290	330,000	-	55,000	275,000
Improvement, 2000	2000/2014	5.0/5.375	225,000	26,395	-	13,195	13,200
Sewer District, EFC, 2001	2001/2015	3.43/4.83	1,004,584	230,000	-	75,000	155,000
Improvement, 2006	2006/2021	4.0/4.25	10,178,589	6,765,000	-	5,375,000	1,390,000
Improvement, 2008	2008/2022	3.0/5.7	16,000,000	1,200,000	-	100,000	1,100,000
Bond, 2009	2009/2023	3.0/4.0	1,891,667	1,530,000	-	130,000	1,400,000
Bond, 2009 (exempt)	2009/2023	3.38/5.25	1,058,333	455,000	-	215,000	240,000
Improvement, 2009	2009/2014	0.95/3.0	2,685,000	2,685,000	-	-	2,685,000
Refunding, 2010	2010/2020	2.0/5.0	34,940	64,940	-	-	64,940
Build America Bonds	2010/2025	4.25/5.93	300,000	282,000	-	18,000	264,000
EFC BAN 2011	1995/2014	0.0/0.7	3,117,260	3,117,260	-	12,000	3,105,260
EFC BAN 2013	2013/2014	0	3,552,863	-	3,552,863	-	3,552,863
Advance Refunding, 2013	2013/2021	3.0/5.0	4,479,915	-	4,479,915	-	4,479,915
Total business-type activities bonded debt				\$ 16,685,595	\$ 8,032,778	\$ 5,993,195	\$ 18,725,178

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

	Governmental Activities		Issued by County of behalf of Component Unit		Business-Type Activities	
	Serial Bonds		MVCC		Enterprise Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 11,591,403	\$ 4,837,899	\$ 872,354	\$ 571,944	\$ 4,406,460	\$ 499,310
2015	11,297,312	4,302,212	1,166,458	542,890	1,403,290	454,168
2016	10,751,400	3,372,863	1,151,945	380,745	4,879,518	414,538
2017	10,912,615	2,955,225	1,156,700	332,023	1,310,685	346,323
2018	10,864,638	2,518,281	1,167,662	280,778	1,317,700	294,099
2019-2023	40,378,000	6,851,997	3,859,475	779,959	5,052,525	637,678
2024-2028	14,252,000	973,778	1,558,000	98,728	355,000	20,926
Total	\$ 110,047,368	\$ 25,812,256	\$ 10,932,594	\$ 2,987,066	\$ 18,725,178	\$ 2,667,041

In the current year, the County issued \$14,316,325 of general obligation serial bonds: \$14,074,450 for governmental purposes and \$241,845 for MVCC purposes. The bonds mature March 15, 2028 and bear an interest rate of 2.00% to 3.125%.

On March 27, 2013, the County issued \$15,515,000 of refunding bonds, which refunded the previously issued 2003 serial bonds and partially refunded the 2005 and 2006 serial bond issuances. The bonds mature April 1, 2021 and bear an interest rate of 3% to 5%. The bonds were issued at a \$1,894,608 premium and included \$115,469 of issuance costs. As a result, the original 2003 bonds are refunded and the liability of those bonds, \$3,200,000, (\$3,104,000 governmental purposes and \$96,000 MVCC) has been removed from the financial statements. The 2005 serial bond issuance was partially refunded; \$5,125,000, (\$4,975,000 governmental purposes and \$150,000 MVCC) has been removed from the financial statements. The 2006 serial bond issuance was also partially refunded; \$8,000,000 (\$4,730,000 governmental purposes and \$3,270,000 Sewer Fund) has been removed from the financial statements. As of December 31, 2013 the County has defeased \$16,325,000 bonds. The refunded bonds will produce a net present value debt service savings of \$780,798. The premium on the refunding bonds, is being amortized on a straight line basis over the life of the respective bonds.

Participation in the County's Debt Service—The Central New York Regional Transit Authority (“Centro”) has a capital financing agreement with the County which covers County bonding on behalf of Centro for buses. The amount due from Centro under this agreement is \$36,955 at December 31, 2013, and is also included as receivable and deferred inflow in the Debt Service Fund.

Oneida Tobacco Asset Securitization Corporation—Changes in OTASC’s long-term debt for the year ended December 31, 2013 are as follows:

	Balance 1/1/2013	Increases	Decreases	Balance 12/31/2013	Due Within One Year
Tobacco Settlement Bonds:					
Series 2005	\$ 62,340,000	\$ -	\$ 120,000	\$ 62,220,000	\$ 435,000
Subordinate Turbo CABs:					
Series 2005 - Original Principal	14,684,111	-	-	14,684,111	-
Accreted Interest	8,780,344	1,759,169	-	10,539,513	-
Total Subordinated Turbo CABs	23,464,455	1,759,169	-	25,223,624	-
Less:					
Bond discount	(494,581)	-	(15,179)	(479,402)	(15,179)
Total OTASC	\$ 85,309,874	\$ 1,759,169	\$ 104,821	\$ 86,964,222	\$ 419,821

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

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

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

Year ended December 31,	Principal	Interest
2013	\$ 435,000	\$ 3,312,000
2014	475,000	2,909,125
2015	450,000	2,746,625
2016	455,000	2,571,625
2017	865,000	2,362,250
Thereafter	59,540,000	8,660,850
2023-2027	\$ 62,220,000	\$ 22,562,475

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

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

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

Other Long-Term Liabilities—Consists of liabilities relating to compensated absences, post-employment obligations, judgments and claims, and workers' compensation. As explained in Note 1, the County records the value of governmental fund and enterprise fund type compensated absences in governmental activities and business-type activities, respectively. The payment of compensated absences, post-employment obligations, and judgments and claims is dependent on many factors and, therefore, cannot be reasonable estimated as to future timing of payment. The annual budgets of the operating funds provide for such as amounts become payable.

	Balance 1/1/2013 (as restated)	Additions	Decreases	Balance 12/31/2013	Due Within One Year
Governmental activities:					
Bonds payable	\$ 108,567,713	\$ 24,875,498	\$ 23,395,848	\$ 110,047,363	\$ 11,591,403
MVCC	11,669,639	475,912	1,212,957	10,932,594	872,354
Premium	-	1,347,546	126,333	1,221,213	168,443
Net bonds payable	120,237,352	26,698,956	24,735,138	122,201,170	12,632,200
OTASC bonds and accreted interest	85,309,874	1,759,169	104,821	86,964,222	419,821
Workers' compensation	5,328,046	-	624,332	4,703,714	235,186
Compensated absences	2,626,975	4,229,398	4,158,089	2,698,284	131,349
Retirement obligations	4,162,027	10,365,442	4,162,027	10,365,442	446,032
Claims and judgments	406,001	-	-	406,001	-
Other postemployment benefits	18,935,084	7,609,254	1,973,196	24,571,142	-
Total governmental activities	<u>\$ 237,005,359</u>	<u>\$ 50,662,219</u>	<u>\$ 35,757,603</u>	<u>\$ 251,909,975</u>	<u>\$ 13,864,588</u>
Business-type activities:					
Serial bonds	\$ 16,685,595	\$ 8,032,778	\$ 5,993,195	\$ 18,725,178	\$ 4,406,460
Premium	-	547,063	51,287	495,776	68,383
Net bonds payable	16,685,595	8,579,841	6,044,482	19,220,954	4,474,843
Workers' compensation	10,130,060	1,786,181	3,836,859	8,079,382	2,682,526
Compensated absences	101,164	111,918	125,266	87,816	5,058
Retirement obligations	134,781	329,210	149,204	314,787	28,714
Other postemployment benefits	622,516	249,922	65,393	807,045	-
Total business-type activities	<u>\$ 27,674,116</u>	<u>\$ 11,057,072</u>	<u>\$ 10,221,204</u>	<u>\$ 28,509,984</u>	<u>\$ 7,191,141</u>

Mohawk Valley Community College—The following is a summary of changes in long-term debt for the year ended August 31, 2013:

Description	Balance 9/1/2012	Increases	Decreases	Change in Accounting Principle	Balance 8/31/2013
Primary Institution:					
Serial bonds—County	\$ 11,669,639	\$ -	\$ -	\$ 11,669,639	\$ -
DASNY bonds	19,544,816	-	-	19,544,816	-
Capital leases	208,303	-	84,369	-	123,934
Component Units:					
Serial Bonds—MVCCDC	7,595,000	-	500,000	-	7,095,000
	<u>\$ 39,017,758</u>	<u>\$ -</u>	<u>\$ 584,369</u>	<u>\$ 31,214,455</u>	<u>\$ 7,218,934</u>

Oneida-Herkimer Solid Waste Management Authority— The following is a summary of changes in long-term debt for the year ended December 31, 2013:

Description	Maturity	Interest Rate	Balance 1/1/2013	Increases	Decreases	Balance 12/31/2013
Refunding bonds	2014	4.2/5.5%	\$ 6,700,000	\$ -	\$ 3,915,000	\$ 2,785,000
Revenue bonds 2007	2027	4.125/5.2	4,735,000	-	230,000	4,505,000
EFC bonds	2026	3.63/4.77%	25,750,000	-	1,360,000	24,390,000
Revenue bonds 2011	2025	4.0/5.0%	10,725,000	-	-	10,725,000
			<u>\$47,910,000</u>	<u>\$ -</u>	<u>\$ 5,505,000</u>	<u>\$42,405,000</u>

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

For the year ending December 31,	OHSWMA		
	Principal	Interest	Total
2014	5,475,000	\$ 1,820,138	\$ 7,295,138
2015	2,380,000	1,639,868	4,019,868
2016	2,445,000	1,540,237	3,985,237
2017	2,520,000	1,436,066	3,956,066
2018	2,595,000	1,322,894	3,917,894
2019-2023	14,390,000	4,696,159	19,086,159
2024-2027	12,600,000	1,046,650	13,646,650
Total principal	\$ 42,405,000	<u>\$ 13,502,012</u>	<u>\$ 55,907,012</u>
Less current installments	5,475,000		
Bonds, less current installments	<u>\$ 36,930,000</u>		

11. NET POSITION AND FUND BALANCE

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

- ◆ **Net investment in capital assets**—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Capital assets, net of accumulated depreciation		\$ 253,731,519
Related debt:		
Serial bonds issued	(120,979,957)	
Refunding bond premium	(1,221,213)	
Deferred charge on refunding	639,361	
OTASC bonds	(76,424,709)	
Serial bonds issued on behalf of MVCC	<u>10,932,594</u>	(187,053,924)
Unspent proceeds reported within the Capital Projects Fund		<u>7,431,945</u>
Net investment in capital assets		<u>\$ 74,109,540</u>

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

Fund Balance—GASB defines the different types of fund balances that a governmental entity must use for financial reporting purposes as the fund balance categories listed below:

- ◆ **Nonspendable**—Amount of assets that cannot be spent in the current period because of their form or because they must be maintained intact. As of December 31, 2013, the County had \$14,904 of prepaid expenditures that were classified as nonspendable funds.
- ◆ **Restricted**—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. As of December 31, 2013, the County had the following restricted funds:

	General Fund	Debt Service Fund	Non-Major Funds	Total
Tax Certiorari	\$ 2,575,000	\$ -	\$ -	\$ 2,575,000
Handicapped parking fees	5,418	-	-	5,418
Retirement costs	84,357	-	-	84,357
Fiscal stability	12,500,000	-	-	12,500,000
Debt service	-	200,023	4,687,603	4,887,626
Sheriff forfeiture	4,607	-	-	4,607
Capital Projects	<u>114,482</u>	<u>-</u>	<u>7,431,945</u>	<u>7,546,427</u>
Total restricted fund balance	<u>\$ 15,283,864</u>	<u>\$ 200,023</u>	<u>\$ 12,119,548</u>	<u>\$ 27,603,435</u>

- ◆ **Committed**—Amounts that are subject to a purpose constraint imposed by a formal action of the County’s highest level of decision-making authority, or by its designated body or official. As of December 31, 2013, the County Legislature has committed \$1,000,000 to post-employment benefits, \$2,500,000 to health insurance payments and \$1,700,000 to economic development.
- ◆ **Assigned**—Amounts that are subject to a purpose constraint that represents an intended use established by the County’s Legislature, or by its designated body or official. The purpose of the 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.

As of December 31, 2013, the following balances were considered to be assigned.

	General Fund	Debt Service	Special Grant	County Road	Road Machinery	Total
Encumbrances	\$ 1,697,974	\$ -	\$ -	\$ -	\$ -	\$ 1,697,974
Subsequent year's expenditures	4,403,946	-	-	-	-	4,403,946
Specific use	-	415,317	118,797	185,989	327,101	1,047,204
Total assigned fund balance	<u>\$ 6,101,920</u>	<u>\$ 415,317</u>	<u>\$ 118,797</u>	<u>\$ 185,989</u>	<u>\$ 327,101</u>	<u>\$ 7,149,124</u>

Significant encumbrances are amounts encumbered in excess of \$100,000. As of December 31, 2013, the County had three significant encumbrances.

Assigned Encumbrances:	
2014 Lenco Bearcat	\$ 292,797
Specialty vehicle	398,669
Parking lot development	486,847

Unassigned—Represents the residual classification of the government’s General Fund, and could report surplus or deficit. As of December 31, 2013, the unassigned fund balance was \$8,806,378.

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

12. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Interfund receivables, payables, and transfers of the County as of, and for the year ended December 31, 2013 are presented on the following page.

Fund	Interfund			
	Receivables	Payables	Transfers In	Transfers Out
Governmental activities:				
General Fund	\$ 798,785	\$ 1,345,724	\$ -	\$ 23,337,279
Debt service	560,086	657,316	17,310,626	-
Other nonmajor funds	1,700,939	1,316,106	6,635,222	608,569
Business-type activities:				
Sewer Fund	326,584	-	-	-
Workers' Compensation	-	67,248	-	-
Total	<u>\$ 3,386,394</u>	<u>\$ 3,386,394</u>	<u>\$ 23,945,848</u>	<u>\$ 23,945,848</u>

13. AGENCY FUND

An agency fund exists for employee withholding and temporary deposits funds. The following is a summary of changes in assets and liabilities for the fiscal year ended December 31, 2013.

	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013
ASSETS				
Cash and equivalents	\$ 7,851,847	\$ 234,538,783	\$ 234,433,713	\$ 7,956,917
Due from other funds	-	73,864,875	73,864,875	-
Total assets	<u>\$ 7,851,847</u>	<u>\$ 308,403,658</u>	<u>\$ 308,298,588</u>	<u>\$ 7,956,917</u>
LIABILITIES				
Agency liabilities	\$ 7,849,764	\$ 142,836,393	\$ 142,729,240	\$ 7,956,917
Due to other funds	2,083	165,567,265	165,569,348	-
Total liabilities	<u>\$ 7,851,847</u>	<u>\$ 308,403,658</u>	<u>\$ 308,298,588</u>	<u>\$ 7,956,917</u>

14. CONTINGENCIES

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

Pending Litigation—The County is involved in litigation arising in the ordinary course of its operations. The County has recorded a liability of \$406,001 as of December 31, 2013 for such claims.

Oneida Nation of Indians Litigation—On May 16, 2013, the Governor of the State of New York (“the State”) announced an agreement between the State, the Nation, the County and Madison County to settle land claims amounts due on real property taxes and provide future revenues to the State, the County and Madison County. The agreement requires New York State Legislative approval, approvals by Madison County and Oneida County, Department of Interior, the New York State Attorney General, as well as

judicial approval. The agreement received all necessary approvals on March 4, 2014. The County will be receiving \$2.5 million each year for 19.25 years. In addition the County will receive 25% of the State's payment (the State's payment from the Nation will be based upon 25% of its net gaming revenue from its slot machines at the Turning Stone Casino and Resort in Vernon, New York, which is operated by the Nation). Since the agreement has not received approval by all required entities as of December 31, 2013, the terms of the settlement agreement have not been reflected in these financial statements.

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

During 2011, the County negotiated a new consent order with NYSDEC to replace the consent order that was issued in 2007. This 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. The County is in compliance with the deadlines in the new compliance schedule. As of December 31, 2013 the County is unable to determine the range of the potential liability to the County.

The County issued additional bond anticipation notes in the amounts of \$1,280,171, \$1,397,792 and \$3,552,863 to finance phases I and IIA of the repairs to the sewers.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 18, 2014, which is the date the financial statements are available for issuance, and have determined there are no subsequent events, except what is discussed in “Oneida Nation of Indians Litigation” in Note 14, that require disclosure under generally accepted accounting principles.

REQUIRED SUPPLEMENTARY
INFORMATION

COUNTY OF ONEIDA, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual—General Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 67,180,248	\$ 67,180,248	\$ 67,652,210	\$ 471,962
Real property tax items	5,443,000	5,443,000	5,624,828	181,828
Nonproperty tax items	94,130,500	131,755,941	132,348,283	592,342
Departmental income	15,041,518	15,256,624	12,570,445	(2,686,179)
Intergovernmental charges	22,108,436	22,470,765	18,453,777	(4,016,988)
Use of money and property	2,282,719	2,282,719	2,215,852	(66,867)
Licenses and permits	30,100	38,100	65,279	27,179
Fines and forfeitures	834,611	834,611	589,338	(245,273)
Sale of property and compensation for loss	615,711	630,745	544,045	(86,700)
Miscellaneous	1,597,926	1,638,694	1,276,926	(361,768)
Interfund revenues	96,185	96,185	84,645	(11,540)
State aid	51,305,765	52,399,573	49,407,311	(2,992,262)
Federal aid	55,254,129	55,527,743	55,933,844	406,101
Total revenues	<u>315,920,848</u>	<u>355,554,948</u>	<u>346,766,783</u>	<u>(8,788,165)</u>
EXPENDITURES				
Current:				
General government support	31,574,364	70,506,636	65,969,852	4,536,784
Education	24,335,902	24,744,637	19,988,138	4,756,499
Public safety	44,875,390	48,035,613	46,501,205	1,534,408
Health	20,338,347	20,563,722	19,334,257	1,229,465
Transportation	4,482,469	4,579,355	4,098,100	481,255
Economic assistance and opportunity	165,729,291	166,988,279	161,663,798	5,324,481
Culture and recreation	1,036,301	1,029,519	1,025,107	4,412
Home and community services	2,762,411	3,850,184	3,191,388	658,796
Total expenditures	<u>295,134,475</u>	<u>340,297,945</u>	<u>321,771,845</u>	<u>18,526,100</u>
Excess of revenues over expenditures	<u>20,786,373</u>	<u>15,257,003</u>	<u>24,994,938</u>	<u>9,737,935</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(22,975,538)</u>	<u>(23,337,279)</u>	<u>(23,337,279)</u>	<u>-</u>
Total other financing sources (uses)	<u>(22,975,538)</u>	<u>(23,337,279)</u>	<u>(23,337,279)</u>	<u>-</u>
Net change in fund balances*	(2,189,165)	(8,080,276)	1,657,659	9,737,935
Fund balances—beginning	<u>33,738,557</u>	<u>33,738,557</u>	<u>33,738,557</u>	<u>-</u>
Fund balances—ending	<u>\$ 31,549,392</u>	<u>\$ 25,658,281</u>	<u>\$ 35,396,216</u>	<u>\$ 9,737,935</u>

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

COUNTY OF ONEIDA, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual— Debt Service Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental charges	\$ 427,713	\$ 427,713	\$ 481,858	\$ 54,145
Use of money and property	53,000	53,000	66,786	13,786
State aid	126,843	126,843	126,842	(1)
Federal aid	453,336	453,336	382,667	(70,669)
Total revenues	<u>1,060,892</u>	<u>1,060,892</u>	<u>1,058,153</u>	<u>(2,739)</u>
EXPENDITURES				
Current:				
General government support	16,000	127,519	83,782	43,737
Education	-	-	-	-
Debt service:				
Principal	14,265,000	14,277,000	13,013,805	1,263,195
Interest	5,623,978	5,611,978	5,046,020	565,958
Total expenditures	<u>19,904,978</u>	<u>20,016,497</u>	<u>18,143,607</u>	<u>1,872,890</u>
Excess (deficiency) of revenues over expenditures	<u>(18,844,086)</u>	<u>(18,955,605)</u>	<u>(17,085,454)</u>	<u>1,870,151</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	18,844,086	18,844,086	17,310,626	(1,533,460)
Refunding bonds issued	-	-	11,035,085	11,035,085
Premium on refunding bonds issued	-	-	1,347,546	1,347,546
Payment to escrow agent	-	-	(12,300,502)	(12,300,502)
Total other financing sources (uses)	<u>18,844,086</u>	<u>18,844,086</u>	<u>17,392,755</u>	<u>(1,533,460)</u>
Net change in fund balances	-	(111,519)	307,301	336,691
Fund balances—beginning	<u>308,039</u>	<u>308,039</u>	<u>308,039</u>	<u>-</u>
Fund balances—ending	<u>\$ 308,039</u>	<u>\$ 196,520</u>	<u>\$ 615,340</u>	<u>\$ 336,691</u>

COUNTY OF ONEIDA, NEW YORK
Schedule of Funding Progress—Other Postemployment Benefits Plan
Year Ended December 31, 2013

County:

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

College:

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
September 1, 2012	\$ -	\$ 24,025,432	\$ 24,025,432	0.0%	20,546,333	116.9%
September 1, 2011	-	33,608,006	33,608,006	0.0%	22,234,884	151.1%
September 1, 2010	-	30,914,983	30,914,983	0.0%	23,176,338	133.4%

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SUPPLEMENTAL SCHEDULES

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COUNTY OF ONEIDA, NEW YORK
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2013

	<u>Special Grant</u>	<u>County Road</u>	<u>Road Machinery</u>	<u>Capital Projects</u>	<u>OTASC</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 105,491	\$ 296,126	\$ 318,018	\$ -	\$ 9,560	\$ 729,195
Restricted cash	-	-	-	8,776,137	-	8,776,137
Deposits with trustees	-	-	-	-	4,685,043	4,685,043
Other receivables	278,507	613,593	570	120,612	-	1,013,282
Due from other funds	-	1,212,429	488,378	132	-	1,700,939
Prepaid items	-	-	-	-	10,850	10,850
Total assets	<u>\$ 383,998</u>	<u>\$ 2,122,148</u>	<u>\$ 806,966</u>	<u>\$ 8,896,881</u>	<u>\$ 4,705,453</u>	<u>\$ 16,915,446</u>
LIABILITIES						
Accounts payable	\$ 177,419	\$ 1,144,103	\$ 233,855	\$ -	\$ 7,000	\$ 1,562,377
Accrued liabilities	87,782	653,608	-	510,475	-	1,251,865
Due to other funds	-	138,448	246,010	931,648	-	1,316,106
Intergovernmental payables	-	-	-	22,813	-	22,813
Total liabilities	<u>265,201</u>	<u>1,936,159</u>	<u>479,865</u>	<u>1,464,936</u>	<u>7,000</u>	<u>4,153,161</u>
FUND BALANCES						
Nonspendable	-	-	-	-	10,850	10,850
Restricted	-	-	-	7,431,945	4,687,603	12,119,548
Assigned	118,797	185,989	327,101	-	-	631,887
Total fund balances	<u>118,797</u>	<u>185,989</u>	<u>327,101</u>	<u>7,431,945</u>	<u>4,698,453</u>	<u>12,762,285</u>
Total liabilities and fund balances	<u>\$ 383,998</u>	<u>\$ 2,122,148</u>	<u>\$ 806,966</u>	<u>\$ 8,896,881</u>	<u>\$ 4,705,453</u>	<u>\$ 16,915,446</u>

COUNTY OF ONEIDA, NEW YORK
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2013

	Special Grant	County Road	Road Machinery	Capital Projects	OTASC	Total Nonmajor Governmental Funds
REVENUES						
Departmental income	\$ -	\$ 1,403,825	\$ -	\$ -	\$ -	\$ 1,403,825
Intergovernmental charges	-	3,047,392	-	-	-	3,047,392
Use of money and property	-	-	-	-	634	634
Licenses and permits	-	12,600	-	-	-	12,600
Sale of property and compensation for loss	-	2,206	39,041	-	-	41,247
Miscellaneous	255,422	-	-	335,803	-	591,225
Interfund revenues	862,912	716,204	2,329,810	-	-	3,908,926
State aid	807,809	3,412,717	-	1,918,841	-	6,139,367
Federal aid	1,501,928	-	-	5,543,812	-	7,045,740
Tobacco settlement revenue	-	-	-	-	3,815,357	3,815,357
Total revenues	<u>3,428,071</u>	<u>8,594,944</u>	<u>2,368,851</u>	<u>7,798,456</u>	<u>3,815,991</u>	<u>26,006,313</u>
EXPENDITURES						
Current:						
General government support	-	-	-	-	42,694	42,694
Transportation	-	14,512,393	2,395,552	-	-	16,907,945
Economic assistance and opportunity	3,651,549	-	-	-	-	3,651,549
Debt service:						
Principal	-	-	-	-	120,000	120,000
Interest	-	-	-	-	3,639,750	3,639,750
Capital outlay	-	-	-	21,635,800	-	21,635,800
Total expenditures	<u>3,651,549</u>	<u>14,512,393</u>	<u>2,395,552</u>	<u>21,635,800</u>	<u>3,802,444</u>	<u>45,997,738</u>
Excess (deficiency) of revenues over expenditures	<u>(223,478)</u>	<u>(5,917,449)</u>	<u>(26,701)</u>	<u>(13,837,344)</u>	<u>13,547</u>	<u>(19,991,425)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	223,478	5,946,744	-	465,000	-	6,635,222
Transfers out	-	-	-	(608,569)	-	(608,569)
Proceeds of obligations	-	-	-	14,316,325	-	14,316,325
Total other financing sources (uses)	<u>223,478</u>	<u>5,946,744</u>	<u>-</u>	<u>14,172,756</u>	<u>-</u>	<u>20,342,978</u>
Net change in fund balances	-	29,295	(26,701)	335,412	13,547	351,553
Fund balances—beginning	118,797	156,694	353,802	7,096,533	4,684,906	12,410,732
Fund balances—ending	<u>\$ 118,797</u>	<u>\$ 185,989</u>	<u>\$ 327,101</u>	<u>\$ 7,431,945</u>	<u>\$ 4,698,453</u>	<u>\$ 12,762,285</u>

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FEDERAL AWARDS

COUNTY OF ONEIDA, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013

Federal Grantor Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct Grant:			
Farmers' Market Promotion Program	10.168	N/A	\$ 21,270
Passed through NYS Department of Family Assistance:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	2,376,874
Passed through NYS Department of Education:			
National School Lunch Program	10.555	N/A	26,712
Passed through NYS Division of Nutrition:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	C-025776	<u>1,086,971</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>3,511,827</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Grant:			
Supportive Housing Program	14.235	N/A	37,728
Passed through NY State Homes and Community Renewal:			
Community Development Block Grant	14.228	846HR40-11	<u>498,857</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>536,585</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Grant:			
State Criminal Alien Assistance Program	16.606	N/A	<u>23,614</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>23,614</u>
U.S. DEPARTMENT OF LABOR			
Passed through Herkimer County:			
Employment Service/Wagner-Peyser Funded Activities	17.207	N/A	2,435
WIA National Emergency Grants	17.277	N/A	8,271
Passed through NY State Office for the Aging:			
Senior Community Service Employment Program	17.235	N/A	56,034
Passed through Herkimer County:			
<i>WIA Cluster</i>			
WIA—Adult Program	17.258	N/A	312,389
WIA—Youth Activities	17.259	N/A	314,704
WIA—Dislocated Workers	17.278	N/A	<u>318,284</u>
<i>Total WIA Cluster</i>			<u>945,377</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>1,012,117</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Grant:			
Airport Improvement Program	20.106	3.36.0119.28.12	4,333,160
Airport Improvement Program	20.106	3.36.0119.29.12	263,525
Airport Improvement Program	20.106	3.36.0119.30.12	258,530
Airport Improvement Program	20.106	3.36.0119.31.13	2,250
Airport Improvement Program	20.106	3.36.0119.32.13	4,050
Airport Improvement Program	20.106	3.36.0119.33.13	<u>33,892</u>
<i>Total Airport Improvement Program</i>			<u>4,895,407</u>

(continued)

COUNTY OF ONEIDA, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013

Federal Grantor Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
			(continued)
Passed through NY State Department of Transportation:			
Highway Planning and Construction	20.205	C033459	404,532
Unified Planning Work	20.505	C033459	79,111
Passed through NY State Department of Education:			
Highway Planning and Construction	20.205	N/A	<u>10,144</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>5,389,194</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through NYS Department of Environmental Conservation:			
Water Quality Management Planning	66.454	C304490	<u>60,961</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>60,961</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through NY State Department of Health:			
Special Education—Grants for Infants and Families	84.181	C-027494	<u>145,339</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>145,339</u>
U.S. ELECTION ASSISTANCE COMMISSION			
Help America Vote Act Requirements Payments	90.401	N/A	<u>145,000</u>
TOTAL U.S. ELECTION ASSISTANCE COMMISSION			<u>145,000</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through NY State Office for the Aging:			
Special Programs for Aging, Title III , Part D	93.043	N/A	18,640
<i>Aging Cluster</i>			
Special Programs for Aging, Title III, Part B	93.044	N/A	318,580
Special Programs for Aging, Title III, Part C	93.045	N/A	364,604
Special Programs for Aging, Title III, Part C	93.045	N/A	520,065
Nutrition Services Incentive Program	93.053	N/A	<u>154,493</u>
<i>Total Aging Cluster</i>			<u>1,357,742</u>
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	N/A	231,689
Alzheimer's Disease Demonstration Grants to States	93.051	N/A	93,061
National Family Caregiver Support, Title III, Part E	93.052	N/A	166,134
Centers for Medicare and Medicaid Services	93.779	N/A	1,215
Centers for Medicare and Medicaid Services	93.779	N/A	1,188
Centers for Medicare and Medicaid Services	93.779	N/A	<u>37,422</u>
<i>Total Centers for Medicare and Medicaid Services</i>			<u>39,825</u>
<i>Temporary Assistance to Needy Families</i>			
Passed through Herkimer County:			
Temporary Assistance to Needy Families	93.558	N/A	263,148
Passed through NYS Office of Temporary and Disability Assistance:			
Temporary Assistance for Needy Families	93.558	N/A	<u>26,993,712</u>
<i>Total Temporary Assistance to Needy Families</i>			<u>27,256,860</u>

(continued)

COUNTY OF ONEIDA, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013

Federal Grantor Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
			(continued)
Passed through Health Research Inc.:			
Public Health Emergency Preparedness	93.069	1577-10	133,198
Passed through NYS Office of Temporary and Disability Assistance:			
Child Support Enforcement, Title IV-D	93.563	N/A	1,545,288
Refugee and Entrant Assistance-State Administered Programs	93.566	N/A	179,034
Low Income Home Energy Assistance (HEAP)	93.568	N/A	12,692,530
Passed through NYS Department of Health:			
Immunization Grant	93.268	C-028305	83,494
<i>Medical Assistance Program</i>			
Passed through NYS Department of Health:			
Medical Assistance Program	93.778	N/A	4,409,898
Passed through NYS Office of Alcoholism and Substance			
Medical Assistance Program	93.778	N/A	29,298
Passed through NYS Office of Mental Health:			
Medical Assistance Program	93.778	N/A	172,836
<i>Total Medical Assistance Program</i>			<u>4,612,032</u>
Passed through NYS Office of Children and Family Services:			
Child Care & Development Block Grant	93.575	N/A	6,571,263
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	506,435
Foster Care, title IV-E	93.658	N/A	3,692,850
Adoption Assistance	93.659	N/A	1,413,148
Social Services Block Grant	93.667	N/A	478,752
Chafee Foster Care Independence Program	93.674	N/A	117,647
Passed through NYS Office of Alcoholism and Substance:			
Abuse Services:			
Block Grants for Prevention & Treatment of Substance Abuse	93.959	N/A	79,627
Block Grants for Prevention & Treatment of Substance Abuse	93.959	27540	914,893
Block Grants for Prevention & Treatment of Substance Abuse	93.959	20560	473,078
<i>Total Block Grants for Prevention & Treatment of Substance Abuse</i>			<u>1,467,598</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>62,657,220</u>
U.S. DEPARTMENT OF SOCIAL SECURITY ADMINISTRATION			
Direct Grant:			
Social Security Disability Insurance	96.001	N/A	48,000
TOTAL U.S. DEPARTMENT OF SOCIAL SECURITY ADMINISTRATION			<u>48,000</u>

(continued)

COUNTY OF ONEIDA, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u> (concluded)
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through NY State Division of Homeland Security and			
Emergency Services:			
Homeland Security Grant Program	97.067	C-835094	36,853
Homeland Security Grant Program	97.067	N/A	90,800
Homeland Security Grant Program	97.067	C835080	131,596
Homeland Security Grant Program	97.067	C835090	73,340
Homeland Security Grant Program	97.067	C835000	317,101
Homeland Security Grant Program	97.067	N/A	85,861
Homeland Security Grant Program	97.067	N/A	80,058
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>815,609</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 74,345,466</u></u>

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

COUNTY OF ONEIDA, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of County of Oneida, New York (the "County") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

2. REPORTING ENTITY

The accompanying schedule of expenditures of federal awards presents the activity of federal financial assistance programs administered by the County of Oneida, New York, an entity as defined in the basic financial statements except that it does not include the federal financial assistance programs, if any, of Oneida-Herkimer Solid Waste Management Authority, Mohawk Valley Community College or Oneida Tobacco Asset Securitization Corporation.

3. NONMONETARY FEDERAL PROGRAMS

The County is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements, termed "nonmonetary programs." During the year ended December 31, 2013, \$214,269,780 of medical services and goods were received by County participants in the Medical Assistance Program (CFDA Number 93.778).

New York State makes payments of benefits directly to vendors, primarily utility companies, on behalf of eligible persons receiving Low-Income Home Energy Assistance (CFDA Number 93.568). Included in the amount presented on the schedule of expenditures of federal awards is \$11,856,042 in direct payments.

4. SUBRECIPIENTS

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

CFDA Number	Program Name	Amount Provided to Subrecipients
14.228	Utica Neighborhood Housing Services	\$ 474,307
20.507	Federal Transit Formula Grants	221,903
20.516	Job Access and Reserve Commute	191,700
93.959	Center for Family Life and Recovery	79,627
93.959	Insight House	914,893
93.959	Catholic Charities	473,078

5. RECONCILIATION

A reconciliation to the basic financial statements is available.

Certified Public Accountants

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Oneida, New York (the "County"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 18, 2014. Our report includes a reference to other auditors who audited the financial statements of the Oneida-Herkimer Solid Waste Authority, the Mohawk Valley Community College, and the Oneida Tobacco Asset Securitization Corporation, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Oneida Tobacco Asset Securitization Corporation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Drescher & Malecki LLP

July 18, 2014

Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Oneida, New York's, (the "County") compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Oneida Tobacco Asset Securitization Corporation, the Oneida-Herkimer Solid Waste Management Authority and the Mohawk Valley Community College, which received \$-0-, \$-0-, and \$34,937,436 in federal awards, respectively, which are not included in the County's schedule of expenditures of federal awards during the year ended December 31, 2013. Our audit, described below, did not include the operations of the Oneida Tobacco Asset Securitization Corporation, the Oneida-Herkimer Solid Waste Authority, and the Mohawk Valley Community College, because other auditors were engaged to perform such audits in accordance with OMB Circular A-133, as applicable.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

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

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

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

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

Drescher & Malecki LLP

July 18, 2014

COUNTY OF ONEIDA, NEW YORK
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

Part I. Summary of auditors' results

Financial Statements

Type of auditors' report issued: Unmodified*

* (which report refers to other auditors)

Internal control over financial reporting:

1. Material weakness (es) identified? _____ Yes ✓ No
2. Significant deficiency (ies) identified? _____ Yes ✓ None reported
3. Noncompliance material to financial statements noted? _____ Yes ✓ No

Federal Awards:

Internal control over major programs:

4. Material weakness (es) identified? _____ Yes ✓ No
5. Significant deficiency (ies) identified? _____ Yes ✓ None reported

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

6. Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133? _____ Yes ✓ No

7. The County's major programs were:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Airport Improvement Program	20.106
Low Income Home Energy Assistance Program	93.568
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048
Medical Assistance Program	93.778

8. Dollar threshold used to distinguish between Type A and Type B programs? \$ 2,230,364

9. Auditee qualified as low-risk auditee? ✓ Yes _____ No

COUNTY OF ONEIDA, NEW YORK
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

Part II. Financial statement findings section

No matters were reported.

Part III. Federal award findings and questioned costs section

No matters were reported.

COUNTY OF ONEIDA, NEW YORK
Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2013
(Follow Up on December 31, 2012 Findings)

No matters were reported in the prior year.

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NEW YORK STATE
DEPARTMENT OF TRANSPORTATION
FINANCIAL ASSISTANCE SCHEDULES AND REPORT

COUNTY OF ONEIDA, NEW YORK
Schedule of New York State Department of Transportation Assistance Expended
Year Ended December 31, 2013

<u>Program Title/Description</u>	<u>NYSDOT Contract/ Reference Number</u>	<u>NYSDOT Expenditures</u>
Consolidated Local Street and Highway Improvement Program (CHIPS)	M260000	\$ <u>4,039,717</u>
Marchicelli/Bond Match for Federal Aid Highway Projects (Highway and Bridge Reconstruction Projects): Middlesettlement Road	D032097	<u>116,782</u>
State Transit Operating Assistance	N/A	<u>236,742</u>
Airport Improvement Program	2905.29	240,731
	2905.30	14,640
	2905.31	14,363
	2905.32	125
	2905.33	225
	2905.34	<u>1,883</u>
Total Airport Improvement Program		<u>271,967</u>
Total New York State Department of Transportation Assistance Expended		<u>\$ 4,665,208</u>

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

COUNTY OF ONEIDA, NEW YORK
Notes to Schedule New York State Department of Transportation Assistance Expended
Year Ended December 31, 2013

1. BASIS OF PRESENTATION

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

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

2. MATCHING COSTS

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

Certified Public Accountants

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

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

Report on Compliance for New York State Transportation Assistance Programs

We have audited the compliance of the County of Oneida, New York's, (the "County") with the types of compliance requirements described in Draft Part 43 of the New York State Codification of Rules and Regulations ("NYCRR") that are applicable to each state transportation assistance program tested for the year ended December 31, 2013. The program tested is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each State Transportation Assistance Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its state transportation assistance program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of State Transportation Assistance Expended

We have audited the financial statements of the County as of and for the year ended December 31, 2013, and have issued our report thereon dated July 18, 2014, which contained an unmodified opinion on those financial statements and refers to other auditors. Our audit was conducted for the purpose of forming an opinion on the County's financial statements taken as a whole. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Draft Part 43 of NYCRR, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of State Transportation Assistance Expended is fairly stated in all material respects in relation to the financial statements as a whole.

Purpose of this Report

This report is intended solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over compliance. This report is for the information and use of the County Legislature, management, the New York State Department of Transportation, and the Office of the State Comptroller of the State of New York. Accordingly, this communication is not suitable for any other purpose.

Drescher & Malecki LLP

July 18, 2014

COUNTY OF ONEIDA, NEW YORK
Schedule of Findings and Questioned Costs
New York State Department of Transportation Assistance
For the Year Ended December 31, 2013

Part I. SUMMARY OF AUDITORS' RESULTS

New York State Department of Transportation Assistance:

Internal control over major programs:

- | | | | |
|---|-----------|---|---------------|
| 1. Material weakness (es) identified? | _____ Yes | _____ <input checked="" type="checkbox"/> | No |
| 2. Significant deficiency (ies) identified? | _____ Yes | _____ <input checked="" type="checkbox"/> | None Reported |

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

Unmodified

- | | | | |
|---|-----------|---|----|
| 3. Any audit findings disclosed that are required to be reported in accordance with Draft Part 43 of NYCRR? | _____ Yes | _____ <input checked="" type="checkbox"/> | No |
|---|-----------|---|----|

4. The County's programs tested were:

Name of Program

Consolidated Highway Improvement Program (CHIPS)

Part II. COMPLIANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.