

COUNTY OF ONEIDA,  
NEW YORK

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS AND BASIC  
FINANCIAL STATEMENTS

For the Year Ended  
December 31, 2007

# COUNTY OF ONEIDA, NEW YORK

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Oneida, New York, as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Oneida, New York's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oneida-Herkimer Solid Waste Management Authority which represent 52%, 17%, and 32%, respectively, of the assets, net assets, and revenues of the discretely presented component units. We also did not audit the financial statements of The Oneida Tobacco Asset Securitization Corporation, which represent 29%, 51%, and 9%, respectively of the assets, net assets, and revenues of the other governmental funds. Those financial statements were audited by other auditors whose reports, thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Oneida-Herkimer Solid Waste Management Authority and Oneida Tobacco Asset Securitization Corporation, is based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Oneida, New York, as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the County of Oneida, New York adopted the provisions of GASB No. 45 "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions" in 2007, which changes its method of accounting for postretirement benefits.

The management's discussion and analysis and budgetary comparison information on pages 3-12 and 64-65, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*D'Arcangelo + Co., LLP*

July 18, 2008

Utica, New York

**COUNTY OF ONEIDA, NEW YORK**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007

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Our discussion and analysis of the County of Oneida, New York's financial performance provides an overview of the County's financial activities for the year ended December 31, 2007 with comparative information for the year ended December 31, 2006. This document should be read in conjunction with the County's financial statements which follow this narrative.

**1. FINANCIAL HIGHLIGHTS**

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

***Governmental Activities***

- The assets of Oneida County's Governmental Activities exceeded its liabilities at December 31, 2007, by \$85,394,115, which is illustrated in the statements as "net assets" (pages 13 and 14).
- The total net assets attributable to Governmental Activities increased by \$1,674,618.
- At December 31, 2007, Oneida County's governmental funds reported combined ending fund balances of \$62,132,426, an increase of \$1,327,369 from the prior year (pages 15 and 16).
- The modified 2007 budget anticipated a reduction in the General Fund balance of \$7,602,661; however, the actual operating surplus was \$144,104, resulting in a budget surplus of \$7,746,765 (page 64).
- At the end of 2007, the unreserved fund balance for the General Fund was \$34,420,470. Of this total, \$8,000,000 was designated for Fiscal Stability, \$10,331,090 was appropriated for the 2008 budget, \$700,000 was designated for pending tax certiorari, \$500,000 was designated for Economic and Community Development, \$500,000 for GASB 45 OPEB costs, \$300,000 for "Pay-As-You-Go" Capital Projects and \$604,612 was designated for the joint activity fund (page 15).
- In 2007, the County's credit ratings remained in the "A" category and have been assigned a stable or neutral outlook by all three credit rating agencies.
- In 2007, the County adopted GASB 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" (OPEB). As a result, the County has included a liability of \$3.5 million included in long term debt.

***Business-Type Activities***

- The assets of Oneida County's Business-Type Activities exceeded its liabilities at December 31, 2007, by \$12,710,925 which is illustrated in the statements as "net assets" (pages 18 and 19).
- The total net assets attributable to Business-Type activities decreased by \$454,117.

## **2. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

## **3. GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

**COUNTY OF ONEIDA, NEW YORK**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2007**

**4. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and Other Assets	142.3	132.7	25.4	21.8
Capital Assets, (Net of Accumulated Depreciation)	<u>188.0</u>	<u>174.1</u>	<u>25.6</u>	<u>23.6</u>
Total Assets	<u>330.3</u>	<u>306.8</u>	<u>51.0</u>	<u>45.4</u>
Other Liabilities	66.2	59.7	25.1	19.8
Long-Term Debt Outstanding	<u>178.7</u>	<u>163.4</u>	<u>13.2</u>	<u>12.4</u>
Total Liabilities	<u>244.9</u>	<u>223.1</u>	<u>38.3</u>	<u>32.2</u>
<b>Net Assets</b>				
Invested in Capital Assets, (Net of Related Debt)	19.9	18.4	12.6	11.4
Unrestricted	<u>65.5</u>	<u>65.3</u>	<u>.1</u>	<u>1.8</u>
Total Net Assets	<u>85.4</u>	<u>83.7</u>	<u>12.7</u>	<u>13.2</u>

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Revenues</b>				
<b>Program Revenues</b>				
Charges for Services	40.3	37.1	13.2	13.5
Operating Grants and Contributions	105.3	105.3	0.0	0.0
Capital Grants and Contributions	9.4	13.6	0.0	0.0
<b>General Revenues</b>				
Real Property Taxes	56.7	56.7	0.0	0.0
Other Taxes and Items	<u>131.0</u>	<u>104.2</u>	<u>0.0</u>	<u>0.0</u>
Total Revenues	<u>342.7</u>	<u>316.9</u>	<u>13.2</u>	<u>13.5</u>
<b>Program Expenses</b>				
General Government Support	60.8	26.4	0.0	0.0
Education	19.1	20.2	0.0	0.0
Public Safety	38.6	34.0	0.0	0.0
Public Health	18.5	16.7	0.0	0.0
Transportation	34.0	35.1	0.0	0.0
Economic Assistance and Opportunity	145.9	140.3	0.0	0.0
Culture and Recreation	4.4	2.4	0.0	0.0
Home and Community Services	2.6	2.8	13.1	13.6
Interest on Long-Term Debt	11.0	9.5	0.0	0.0
Unallocated Depreciation	<u>6.1</u>	<u>5.4</u>	<u>.6</u>	<u>0.6</u>
Total Program Expenses	<u>341.0</u>	<u>292.8</u>	<u>13.7</u>	<u>14.2</u>
<b>Increase (Decrease) in Net Assets</b>	<u>1.7</u>	<u>24.1</u>	<u>(.5)</u>	<u>(.7)</u>



**COUNTY OF ONEIDA, NEW YORK**

## Management's Discussion and Analysis

For the Year Ended December 31, 2007

Net assets may serve over time as one useful indicator of a government's financial condition. The assets of Oneida County's Governmental Activities exceeded its liabilities at December 31, 2007, by \$85.4 million. This reflects a \$1.7 million increase over the 2006 net assets amount, due to continued investment in capital assets in excess of depreciation and outstanding debt and modest operating surpluses achieved in the County's General and Other Governmental Funds (see discussion of Fund Financial Statements).

Table 3 presents the cost of each of the County's four largest governmental programs: public health, public safety, transportation, and economic assistance and opportunity, as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions. The General Government Support program expenditures in 2007 increased significantly due to a change in accounting that requires the County to record the gross sales tax payments to the towns and villages as General fund revenue and expense. The "pass through" amount of \$32,186,237 is included in general government support expenses while the gross revenue for that same amount is included in the "General Revenues" category under Nonproperty Tax Items. General government support is not a true program, and therefore we have not included it in Table 3.

Table 3 - Governmental Activities (In Millions)

	2007		2006	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Public Health	18.5	2.1	16.7	1.5
Public Safety	38.6	29.5	34.0	24.9
Transportation	34.0	10.7	35.1	11.9
Economic Assistance and Opportunity	<u>145.9</u>	<u>64.0</u>	<u>140.3</u>	<u>57.0</u>
Totals	<u>237.0</u>	<u>106.3</u>	<u>226.1</u>	<u>95.3</u>

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

Table 4 - Business-Type (In Millions)

	2007		2006	
	<u>Sewer</u>	<u>WCF</u>	<u>Sewer</u>	<u>WCF</u>
Total Assets	34.7	16.3	28.6	16.8
Net Assets	12.7	0.0	13.2	0.0
Changes in Net Assets	(.5)	0.0	(.7)	0.0

**5. FUND FINANCIAL STATEMENTS**

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

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

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

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

**6. FUND FINANCIAL ANALYSIS**

As the County completed the year, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of \$62.1 million which was an increase of \$1.3 million from last year's total of \$60.8 million. The adopted General Fund Budget included a \$7.2 million projected operating deficit, however, actual results showed an operating surplus of \$.1 million. Salaries, including fringe benefits, ended the year with a \$2.2 million favorable budget variance, sales tax receipts exceeded budget by \$.6 million, and interest income was \$1.2 million higher than budgeted. Various other program expense savings account for the remaining budget surplus.

**COUNTY OF ONEIDA, NEW YORK**

## Management's Discussion and Analysis

For the Year Ended December 31, 2007

The other Governmental Funds operating surplus for 2007 was \$1.2 million, which includes a Capital Fund surplus of \$2.5 million and an OTASC deficit of \$1.7 million. The Capital surplus is due to timing differences between recognition of bond revenues in 2007 and the subsequent project expenditures in 2008. The OTASC deficit is due to debt service expenses exceeding the Tobacco revenues received.

A comparative overview of the Governmental Funds results for 2007 and 2006 follows. This includes more detailed information about sources and uses of funds in each year.

Table 5 - Oneida County Governmental Funds  
Summary of Revenues and Expenditures  
2007 and 2006 (In Millions)

	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
	<u>Revenues</u>	<u>% of Total</u>	<u>Revenues</u>	<u>% of Total</u>
Sales Tax and Other				
Nonproperty Items	\$ 123.7	32.8%	\$ 97.1	28.4%
Real Property Taxes	57.8	15.3%	59.3	17.3%
Departmental Income, Fees, and Interest	34.9	9.3%	33.5	9.8%
State and Federal Aid	114.7	30.4%	119.0	34.8%
All Other Sources	45.6	12.2%	33.2	9.7%
Total Revenues	<u>\$ 376.7</u>	<u>100.0%</u>	<u>\$ 342.1</u>	<u>100.0%</u>
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
	<u>Expenditures</u>	<u>% of Total</u>	<u>Expenditures</u>	<u>% of Total</u>
General Governmental				
Support	\$ 63.2	16.8%	\$ 28.2	8.4%
Education	20.3	5.4%	22.0	6.6%
Public Safety	39.6	10.5%	36.3	10.8%
Public Health	19.4	5.2%	18.2	5.4%
Transportation	36.8	9.8%	37.6	11.2%
Economic Assistance and Opportunity	153.4	40.9%	152.6	45.6%
Culture and Recreation	4.8	1.3%	2.6	0.8%
Home and Community Services	2.7	0.7%	3.0	0.9%
Debt Service	18.1	4.8%	17.5	5.2%
Other	17.1	4.6%	17.0	5.1%
Total Expenditures	<u>\$ 375.4</u>	<u>100.0%</u>	<u>\$ 335.0</u>	<u>100.0%</u>

**COUNTY OF ONEIDA, NEW YORK**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2007**

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**7. GENERAL FUND BUDGET HIGHLIGHTS**

The statement on page 64 shows both adopted and final modified budget totals compared with actual results for the General Fund in 2007. The significant variances between the adopted and the final budget for 2007 were as follows:

Original Budget	\$ 284,936,561
2007 Additional Appropriations	
Encumbrance Carryovers	389,836
Supplemental Appropriations from Additional Revenue	5,710,207
Supplemental Budget for Gross Sales Tax Adjustment	<u>32,186,237</u>
Final Budget	<u>\$ 323,222,841</u>

**8. CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At December 31, 2007 and 2006, the County had \$213.6 million and \$197.7 million, respectively, invested in a broad range of capital assets including equipment, a jail, buildings, roads, bridges, and sewer lines and plant (see pages 45 and 46).

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

	<u>2007</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Land	\$ 11.8	\$ 0.0	\$ 11.8
Land Improvements	3.2	0.0	3.2
Construction	114.7	21.3	136.0
Licensed Vehicles	3.0	.1	3.1
Machinery and Equipment	6.7	.1	6.8
Infrastructure	<u>48.6</u>	<u>4.1</u>	<u>52.7</u>
Totals	<u>\$ 188.0</u>	<u>\$ 25.6</u>	<u>\$ 213.6</u>

**COUNTY OF ONEIDA, NEW YORK**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2007**

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

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

The County's 2008 capital budget anticipates a spending level of \$46.7 million for capital projects, to be funded by \$29.5 million in bonding and \$17.2 million in State and Federal Aid. The County issued a BAN in April 2008 for \$27.9 million.

***Bonds***

At year end, the County had \$179.9 million in bonds outstanding (see Note 12 on page 57 for additional detail).

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

	Governmental	Business-Type	Totals
	Activities	Activities	
General Obligation Bonds (Backed by the County)	\$ 167.1	\$ 0.0	\$ 167.1
General Obligation Revenue Bonds (Backed by Specific Revenues)	0.0	12.8	12.8
Totals	<u>\$ 167.1</u>	<u>\$ 12.8</u>	<u>\$ 179.9</u>

**9. 2007 ECONOMIC FACTORS AND BUDGET**

The County's elected and appointed officials considered many factors when setting the fiscal year 2008 budget, tax levy, and fees that will be charged for the business-type activities. One of these factors is the economy. Unemployment in the County at the end of June 2008 stood at 5.2% versus 4.0% a year ago. This compares with the June 2008 State unemployment rate of 5.2%, and the national rate of 5.7% (these percentages are not seasonally adjusted).

For the period June 2007 through June 2008, the national average CPI increase for all items was 5.0%.

## **COUNTY OF ONEIDA, NEW YORK**

### **Management's Discussion and Analysis**

**For the Year Ended December 31, 2007**

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Sales tax is budgeted for 2008 at \$82,750,000. In 2005, the County Board of Legislators adopted a resolution of necessity and the NYS Legislature passed legislation (with the Governor signing into law) authorizing the County to impose an additional increase to the sales tax of 1.5%. This tax began March 1, 2005, with an expiration date of November 30, 2007. This tax was reduced to 1% effective September 1, 2006. All of the proceeds of this additional sales tax are retained by the County, which aggregated \$26,630,442 in 2007.

In July 2007, the New York State Legislature (with the Governor signing into law) approved the extension of the additional sales tax imposed in 2005 at the amended rate of three quarters of one percent (3/4%) effective December 1, 2007 until November 30, 2009, unless the Oneida County Board of Legislators resolves to further reduce the rate of this additional tax to one half of one percent no less than ninety days prior to November 30, 2008. The 2008 budget anticipated a \$5.0 million reduction in sales tax revenue due to this lower rate. The appropriated fund balance of \$10.3 million for 2008 was used in part to replace this lost revenue.

Medicaid continues to be a major expenditure for County Government. In 2005, New York State approved legislation mandating the State takeover the Medicaid program in 2008. The plan limited local Medicaid payments at the 2005 calendar year level, effective January 1, 2006, and adjusted by a growth rate of 3.5%, or actual costs, whichever is less. Under this plan, the annual inflation factor was lowered to 3.3% in 2007 and 3.0% for 2008 and years thereafter. In 2008, the State assumed all local Medicaid costs into the State budget, but counties are still required to provide an annual payment to the State which, at the County's option, is based on either: 1) The capped local contribution methodology (base payment increase by 3.0% annually) or, 2) A fixed percentage of local sales tax revenue to be intercepted from the County sales tax payments on a monthly basis. The County has opted to continue the capped local contribution method. The 2008 budgeted Medicaid expense is \$50.2 million.

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

Oneida County's non-management employees are represented by four labor unions. Four of the five labor contracts are current as of July 2008. The Police Benevolent Association contract, covering approximately 120 employees, is currently under negotiation, having expired on December 31, 2006.

The 2008 budget anticipates an operating deficit of \$10.3 million, which is to be funded with a portion of the 2005 tobacco securitization proceeds. County officials are closely monitoring the 2008 activity in conjunction with the preparation of the 2009 budget.

**10. GASB 45 UPDATE**

In 2007, the County contracted with the BPA – Harbridge Consulting Group for actuary services mandated by GASB 45. The actuaries have completed their review and analysis of the County's Other Post Employment Benefits (OPEB). It should be noted that, at December 31, 2006, the County designated \$500,000 of their unreserved fund balance to begin funding for their OPEB liability. At the time of this writing, there is a resolution pending approval of the Board of Legislators that would increase this designation to \$1.0 million in 2008. The County has accrued \$3,562,744 in these 2007 audited statements. See Note 11 to the financial statements (Page 50) for further details.

**11. CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

**COUNTY OF ONEIDA, NEW YORK**

**STATEMENT OF NET ASSETS**

**December 31, 2007**

	Governmental Activities	Business Type	Primary Government Total	Component Units
<b>Assets</b>				
Cash and Cash Equivalents	\$ 43,410,833	\$ 6,143,805	\$ 49,554,638	\$ 22,269,081
Deposits With Trustees	5,135,134		5,135,134	16,428,284
Investments				3,950,579
Receivables				
Taxes Receivable	22,945,481		22,945,481	
Student Tuition, Loans, and Fees Receivable (Net)				2,396,123
Other Receivables	3,578,431	3,118,054	6,696,485	3,234,235
Due From				
State and Federal Governments	53,888,667		53,888,667	
Other Governments	416,302	10,287,763	10,704,065	3,718,187
Governmental Funds		5,810,985	5,810,985	
Business-Type Activities	4,683,895		4,683,895	
Inventory				449,275
Other Assets	8,271,509		8,271,509	1,931,951
Capital Assets (Net of Accumulated Depreciation)	<u>187,967,598</u>	<u>25,590,579</u>	<u>213,558,177</u>	<u>81,884,583</u>
Total Assets	<u>\$ 330,297,850</u>	<u>\$ 50,951,186</u>	<u>\$ 381,249,036</u>	<u>\$ 136,262,298</u>
<b>Liabilities</b>				
Accounts Payable	\$ 20,934,018	\$ 6,013,304	\$ 26,947,322	\$ 4,843,779
Accrued Liabilities	27,943,966	14,306,627	42,250,593	
Due To				
Other Governments	9,758,824		9,758,824	
Governmental Funds		4,683,895	4,683,895	
Business-Type Activities	5,810,985		5,810,985	
Fiduciary Funds	150,330	63,839	214,169	
Overpayments and Collections in Advance	29,720		29,720	
Accrued Closure Costs				1,149,647
Other Liabilities				1,771,781
Deferred Revenue	1,548,934		1,548,934	4,353,469
Noncurrent Liabilities				
Due Within One Year	33,913,415	2,606,244	36,519,659	6,174,211
Due in More Than One Year	<u>144,813,543</u>	<u>10,566,352</u>	<u>155,379,895</u>	<u>90,808,832</u>
Total Liabilities	<u>244,903,735</u>	<u>38,240,261</u>	<u>283,143,996</u>	<u>109,101,719</u>
<b>Net Assets</b>				
Invested in Capital Assets (Net of Related Debt)	19,852,258	12,625,702	32,477,960	(8,329,660)
Restricted				
Nonexpendable				592,275
Expendable				20,599,602
Unrestricted	<u>65,541,857</u>	<u>85,223</u>	<u>65,627,080</u>	<u>14,298,362</u>
Total Net Assets	<u>85,394,115</u>	<u>12,710,925</u>	<u>98,105,040</u>	<u>27,160,579</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 330,297,850</u>	<u>\$ 50,951,186</u>	<u>\$ 381,249,036</u>	<u>\$ 136,262,298</u>

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



**COUNTY OF ONEIDA, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2007**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		Component Units
					Business-Type Activities	Total	
<b>Primary Government</b>							
Governmental Activities							
General Government Support	\$ 60,813,084	\$ 3,616,268	\$ 292,255	\$ (45,347,636)	\$	\$ (45,347,636)	\$
Education	19,109,295	5,462,286		(11,742,118)		(11,742,118)	
Public Safety	38,599,833	1,812,174	691,909	(29,520,757)		(29,520,757)	
Public Health	18,469,106	1,717,899	14,658,276	(2,092,931)		(2,092,931)	
Transportation	33,967,058	10,335,306	8,421,862	(10,730,544)		(10,730,544)	
Economic Assistance and Opportunity	145,902,386	7,686,951	74,182,391	(64,033,044)		(64,033,044)	
Culture and Recreation	4,390,474	7,116	124,661	(4,258,697)		(4,258,697)	
Home and Community Services	2,586,346	492,766	951,649	(1,141,931)		(1,141,931)	
Interest on Long-Term Debt (Excludes Direct Expenses of the Various Programs)	11,058,488			(11,058,488)		(11,058,488)	
Unallocated Depreciation (Excludes Direct Depreciation Expenses of the Various Programs)	6,066,907			(6,066,907)		(6,066,907)	
Total Governmental Activities	340,962,978	40,276,847	105,287,051	(185,993,054)		(185,993,054)	
Business-Type Activities							
Sewer Fund	8,973,628	8,454,972	64,539		(454,117)	(454,117)	
Internal Service Fund	4,710,649	4,710,649					
Total Primary Government	\$ 354,647,255	\$ 53,442,468	\$ 105,287,051	\$ (185,993,054)	\$ (454,117)	\$ (186,447,171)	
<b>Component Units</b>							
Solid Waste Authority	\$ 19,394,215	\$ 24,397,006	\$ 480,847				5,483,638
Community College	52,140,730	16,720,721	34,486,734				810,933
Total Component Units	\$ 71,534,945	\$ 41,117,727	\$ 34,967,581				6,294,571
<b>General Revenues</b>							
Real Property Taxes, Levied for General Purposes				56,652,187		56,652,187	
Real Property Tax Items				2,747,180		2,747,180	
Nonproperty Tax Items (Sales Tax and PILOTs)				123,676,973		123,676,973	
Tobacco Revenues and Interest				4,591,332		4,591,332	
Total General Revenues				187,667,672		187,667,672	
Change in Net Assets				(454,117)		(454,117)	
Net Assets, Beginning of Year				83,719,497		96,884,539	20,866,008
Net Assets, End of Year				\$ 85,394,115	\$ 12,710,925	\$ 98,105,040	\$ 27,160,579

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

**COUNTY OF ONEIDA, NEW YORK**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**(INCLUDING THE RECONCILIATION OF TOTAL GOVERNMENTAL**  
**FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES)**  
**December 31, 2007**

	General	Debt Service	Other Governmental Funds	Totals
<b>Assets</b>				
Cash and Cash Equivalents	\$ 27,653,030	\$	\$ 15,757,803	\$ 43,410,833
Deposits with Trustees		172,422	4,962,712	5,135,134
Taxes Receivable (Net of Allowance for Uncollectibles of \$157,710)	76,967,953			76,967,953
Other Receivables	2,375,413	674,821	528,197	3,578,431
Due From				
State and Federal Governments	53,842,698		45,969	53,888,667
Other Governments	416,302			416,302
Other Funds	2,999,789	7,685,093	12,261,538	22,946,420
Other Assets	<u>1,824,465</u>		<u>6,447,044</u>	<u>8,271,509</u>
<b>Total Assets</b>	<b><u>\$ 166,079,650</u></b>	<b><u>\$ 8,532,336</u></b>	<b><u>\$ 40,003,263</u></b>	<b><u>\$ 214,615,249</u></b>
<b>Liabilities and Fund Equity</b>				
Accounts Payable	\$ 10,687,468	\$ 7,575,636	\$ 2,670,914	\$ 20,934,018
Accrued Liabilities	27,455,485		488,481	27,943,966
Due To				
Other Governments	9,688,619		70,205	9,758,824
Other Funds	9,693,371		14,530,471	24,223,842
Overpayments and Collections in Advance	29,720			29,720
Deferred Revenue	<u>68,615,563</u>	<u>332,631</u>	<u>644,259</u>	<u>69,592,453</u>
<b>Total Liabilities</b>	<b><u>126,170,226</u></b>	<b><u>7,908,267</u></b>	<b><u>18,404,330</u></b>	<b><u>152,482,823</u></b>
<b>Fund Equity</b>				
<b>Fund Equity - Reserved</b>				
Special Reserves	4,849,499			4,849,499
Reserve for Encumbrances	639,455		8,534,365	9,173,820
<b>Fund Equity - Unreserved</b>				
Designated for Subsequent Year's Expenditures	10,331,090	150,000		10,481,090
Designated for Fiscal Stability	8,000,000	175,687		8,175,687
Designated for Tax Certiorari	700,000			700,000
Designated for Economic and Community Development	500,000			500,000
Designated for Post Employment Benefits	500,000			500,000
Designated for Capital Projects	300,000			300,000
Designated for Joint Activity	604,612			604,612
Undesignated - Major Funds	13,484,768	298,382		13,783,150
Undesignated - Non Major Funds				
Special Grant			164,920	164,920
County Road			343,814	343,814
Capital			1,287,243	1,287,243
OTASC			11,101,160	11,101,160
Road Machinery			<u>167,431</u>	<u>167,431</u>
<b>Total Fund Equity</b>	<b><u>39,909,424</u></b>	<b><u>624,069</u></b>	<b><u>21,598,933</u></b>	<b><u>62,132,426</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$ 166,079,650</u></b>	<b><u>\$ 8,532,336</u></b>	<b><u>\$ 40,003,263</u></b>	
Amounts reported for governmental activities in the statement of net assets are different due to the following:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				187,967,598
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.				14,021,049
Long-term liabilities, including bonds payable, are not due and payable in the current-period and therefore are not reported in the funds.				<u>(178,726,958)</u>
<b>Net Assets of Governmental Activities</b>				<b><u>\$ 85,394,115</u></b>

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

**COUNTY OF ONEIDA, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2007**

	General	Debt Service	Other Governmental Funds	Total
<b>Revenues</b>				
Real Property Taxes	\$ 55,032,785	\$	\$	\$ 55,032,785
Other Real Property Tax Items	2,747,179			2,747,179
Nonproperty Tax Items	123,676,973			123,676,973
Departmental Income	15,264,523		92,624	15,357,147
Intergovernmental Charges	10,637,660	665,715	3,925,446	15,228,821
Use of Money and Property	2,418,298	625,218	408,295	3,451,811
Licenses and Permits	16,390		6,980	23,370
Fines and Forfeitures	794,694			794,694
Sale of Property and Compensation for Loss	487,246		53,685	540,931
Miscellaneous Local Sources	1,210,420	81,000	40,713	1,332,133
Interfund Revenues	65,511		3,859,523	3,925,034
State and Federal Aid	99,705,738		14,987,339	114,693,077
Tobacco Revenues			4,214,237	4,214,237
<b>Total Revenues</b>	<u>312,057,417</u>	<u>1,371,933</u>	<u>27,588,842</u>	<u>341,018,192</u>
<b>Other Financing Sources</b>				
Transfers from Other Funds		11,173,644	5,914,328	17,087,972
Proceeds of Obligations - Serial Bonds			18,583,200	18,583,200
<b>Total Revenues and Other Financing Sources</b>	<u>312,057,417</u>	<u>12,545,577</u>	<u>52,086,370</u>	<u>376,689,364</u>
<b>Expenditures</b>				
General Governmental Support	56,850,891	8,496	6,321,765	63,181,152
Education	19,476,714	729,656	73,661	20,280,031
Public Safety	37,430,394		2,184,412	39,614,806
Public Health	19,362,079			19,362,079
Transportation	6,642,568		30,194,052	36,836,620
Economic Assistance and Opportunity	150,293,859		3,149,636	153,443,495
Culture and Recreation	2,112,490		2,711,521	4,824,011
Home and Community Services	2,656,346			2,656,346
Debt Service				
Principal		8,204,344	650,000	8,854,344
Interest		3,599,174	5,621,965	9,221,139
<b>Total Expenditures</b>	<u>294,825,341</u>	<u>12,541,670</u>	<u>50,907,012</u>	<u>358,274,023</u>
<b>Other Financing (Uses)</b>				
Transfers to Other Funds	(17,087,972)			(17,087,972)
<b>Total Expenditures and Other Financing Uses</b>	<u>311,913,313</u>	<u>12,541,670</u>	<u>50,907,012</u>	<u>375,361,995</u>
<b>Excess Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>				
	144,104	3,907	1,179,358	1,327,369
<b>Fund Balance, Beginning of Year</b>	<u>39,765,320</u>	<u>620,162</u>	<u>20,419,575</u>	<u>60,805,057</u>
<b>Fund Balance, End of Year</b>	<u>\$ 39,909,424</u>	<u>\$ 624,069</u>	<u>\$ 21,598,933</u>	<u>\$ 62,132,426</u>

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

**COUNTY OF ONEIDA, NEW YORK**  
**RECONCILIATION OF THE STATEMENT OF REVENUES AND**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2007**

Net Changes in Fund Balance - Total Governmental Funds		\$ 1,327,369
<p>Capital Outlays to purchase or build capital assets are reported in Governmental Funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their useful lives as depreciation expense in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.</p>		
	Depreciation Expense	8,696,639
	Capital Outlays	<u>(22,602,097)</u>
		13,905,458
<p>Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.</p>		
	Bond Proceeds, Net	18,583,200
	Repayment Bond Principal	<u>(8,854,344)</u>
		(9,728,856)
<p>Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.</p>		
	Accrued Interest	(156,484)
	Postemployment Benefits	(3,447,995)
	Compensated Absences	217,516
	Accrued Worker' Compensation	(226,991)
	Judgements and Claims	(108,000)
	Accreted Interest	<u>(1,680,863)</u>
		(5,402,817)
<p>Revenues in statement of activities that do not provide current financial resources and are not reported as revenue in the funds.</p>		
		1,619,402
<p>In the statement of activities, only the loss on the disposal of certain assets is reported, whereas in the governmental funds, the loss is not recorded as a decrease in financial resources.</p>		
		<u>(45,938)</u>
Change in Net Assets Governmental Activities		<u>\$ 1,674,618</u>

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

**COUNTY OF ONEIDA, NEW YORK**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**December 31, 2007**

	Enterprise Sewer Fund	Workers' Compensation Fund	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 214,105	\$ 5,929,700	\$ 6,143,805
Other Receivables	3,046,721	71,333	3,118,054
Due From			
State and Federal Governments		10,287,763	10,287,763
Governmental funds	5,810,985		5,810,985
Capital Assets (Net of Accumulated Depreciation)	<u>25,590,579</u>		<u>25,590,579</u>
Total Assets	<u>\$ 34,662,390</u>	<u>\$ 16,288,796</u>	<u>\$ 50,951,186</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 4,249,623	\$ 1,763,681	\$ 6,013,304
Accrued Liabilities	226,360	14,080,268	14,306,628
Due to Other Funds	4,302,886	444,847	4,747,733
Due Within One Year	2,606,244		2,606,244
Due in More Than One Year	<u>10,566,352</u>		<u>10,566,352</u>
Total Liabilities	<u>21,951,465</u>	<u>16,288,796</u>	<u>38,240,261</u>
<b>Net Assets</b>			
Invested in Capital Assets (Net of Related Debt)	12,625,702		12,625,702
Unrestricted	<u>85,223</u>		<u>85,223</u>
Total Net Assets	<u>12,710,925</u>		<u>12,710,925</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 34,662,390</u>	<u>\$ 16,288,796</u>	<u>\$ 50,951,186</u>

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

**COUNTY OF ONEIDA, NEW YORK**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2007**

	Enterprise Sewer Fund	Workers' Compensation Fund	Total
<b>Operating Revenues</b>			
Departmental Income	\$ 8,435,933	\$	\$ 8,435,933
Sale of Property and Compensation for Loss	1,523		1,523
Miscellaneous Local Sources	6,556		6,556
Intergovernmental Charges		3,950,904	3,950,904
Miscellaneous		495,683	495,683
Total Operating Revenues	<u>8,444,012</u>	<u>4,446,587</u>	<u>12,890,599</u>
<b>Operating Expenses</b>			
Personnel Services	2,340,003	279,761	2,619,764
Employee Benefits	895,764		895,764
Contractual Expenses	5,133,245	4,430,888	9,564,133
Depreciation	604,616		604,616
Total Operating Expenses	<u>8,973,628</u>	<u>4,710,649</u>	<u>13,684,277</u>
<b>Net Operating (Loss)</b>	<u>(529,616)</u>	<u>(264,062)</u>	<u>(793,678)</u>
<b>Nonoperating Revenue</b>			
Use of Money and Property	75,499	264,062	339,561
Total Nonoperating Revenue	<u>75,499</u>	<u>264,062</u>	<u>339,561</u>
<b>Net (Loss)</b>	(454,117)		(454,117)
<b>Net Assets, Beginning of Year</b>	<u>13,165,042</u>		<u>13,165,042</u>
<b>Net Assets, End of Year</b>	<u>\$ 12,710,925</u>	<u>\$ 0</u>	<u>\$ 12,710,925</u>

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

**COUNTY OF ONEIDA, NEW YORK**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2007**

	Enterprise Sewer Fund	Workers' Compensation Fund	Total
Cash Flows from (Used by) Operating Activities			
Cash Flows from Providing Services	\$ 4,136,033	\$ 3,806,965	\$ 7,942,998
Cash Payments Contractual Expenses	463,627	(5,035,545)	(4,571,918)
Cash Payments Personal Services and Benefits	(3,074,058)	(187,122)	(3,261,180)
Other Operating Revenues	<u>8,079</u>	<u>495,683</u>	<u>503,762</u>
Net Cash Flows from (Used by) Operating Activities	<u>1,533,681</u>	<u>(920,019)</u>	<u>613,662</u>
Cash Flows from (Used by) Capital and Related Financing Activities			
Principal Payments on Debt	(967,000)		(967,000)
Proceeds from Debt	1,600,000		1,600,000
Interest Expense	(665,155)		(665,155)
Payments to Contractors	<u>(1,833,112)</u>		<u>(1,833,112)</u>
Net Cash (Used by) Capital and Related Financing Activities	<u>(1,865,267)</u>		<u>(1,865,267)</u>
Cash Flows from Investing Activities			
Interest Income	<u>75,499</u>	<u>264,062</u>	<u>339,561</u>
Net Cash Flows from Investing Activities	<u>75,499</u>	<u>264,062</u>	<u>339,561</u>
Net (Decrease) in Cash and Cash Equivalents	(256,087)	(655,957)	(912,044)
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>470,192</u>	<u>6,585,657</u>	<u>7,055,849</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 214,105</u>	<u>\$ 5,929,700</u>	<u>\$ 6,143,805</u>

Reconciliation of Operating Income to Net Cash Flows from (Used by) Operating Activities

Operating (Loss)	\$ (529,616)	\$ (264,062)	\$ (793,678)
Adjustment to Reconcile Operating Income to Net Cash			
Flows from Operating Activities			
Depreciation	604,616		604,616
(Increase) Decrease in Assets Other Than Cash			
Receivables	(316,618)	(58,319)	(374,937)
Due From Other Governments		(85,620)	(85,620)
Due From Other Funds	(3,983,282)		(3,983,282)
Increase (Decrease) in Liabilities			
Accounts Payable and Accrued Expenses	3,989,416	(604,657)	3,384,759
Deferred Revenue			
Due Other Funds	<u>1,769,165</u>	<u>92,639</u>	<u>1,861,804</u>
Net Cash Flows from (Used by) Operating Activities	<u>\$ 1,533,681</u>	<u>\$ (920,019)</u>	<u>\$ 613,662</u>

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

**COUNTY OF ONEIDA, NEW YORK**  
**STATEMENT OF NET ASSETS - FIDUCIARY FUNDS**  
**December 31, 2007**

	<u>Deferred Compensation</u>	<u>Agency</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$	\$ 58,239,476
Investments	22,196,437	
Due from Other Funds		214,169
Total Assets	<u>\$ 22,196,437</u>	<u>\$ 58,453,645</u>
<b>Liabilities</b>		
Accrued Liabilities	\$	\$ 58,453,645
Deferred Compensation Plan	<u>22,196,437</u>	
Total Liabilities	<u>22,196,437</u>	<u>58,453,645</u>
<b>Total Net Assets</b>	<u>\$ 0</u>	<u>\$ 0</u>

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



**COUNTY OF ONEIDA, NEW YORK**  
**STATEMENT OF NET ASSETS-DISCRETELY**  
**PRESENTED COMPONENT UNITS**  
**December 31, 2007**

	Community College	Solid Waste Authority	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 16,930,127	\$ 5,338,954	\$ 22,269,081
Deposits With Trustees	1,679,812	14,748,472	16,428,284
Investments	3,950,579		3,950,579
Receivables			
Student Tuition and Fees Receivable, Net	749,183		749,183
Student Loans Receivable, Net	1,646,940		1,646,940
Other Receivables	199,343	3,034,892	3,234,235
Due From			
Other Governments	3,718,187		3,718,187
Inventory	449,275		449,275
Other Assets	238,281	1,693,670	1,931,951
Capital Assets (Net of Accumulated Depreciation)	36,556,542	45,328,041	81,884,583
Total Assets	\$ 66,118,269	\$ 70,144,029	\$ 136,262,298
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities	\$ 2,681,436	\$ 2,162,343	4,843,779
Accrued Closure Costs		1,149,647	1,149,647
Other Liabilities	1,154,810	616,971	1,771,781
Deferred Revenue	4,353,469		4,353,469
Noncurrent Liabilities			
Due Within One Year	1,749,211	4,425,000	6,174,211
Due in More Than One Year	33,671,672	57,137,160	90,808,832
Total Liabilities	43,610,598	65,491,121	109,101,719
<b>Net Assets</b>			
Invested in Capital Assets (Net of Related Debt)	7,904,459	(16,234,119)	(8,329,660)
Restricted - Nonexpendable	592,275		592,275
Restricted - Expendable	5,851,130	14,748,472	20,599,602
Unrestricted	8,159,807	6,138,555	14,298,362
Total Net Assets	22,507,671	4,652,908	27,160,579
<b>Total Liabilities and Net Assets</b>	<b>\$ 66,118,269</b>	<b>\$ 70,144,029</b>	<b>\$ 136,262,298</b>

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

**COUNTY OF ONEIDA, NEW YORK**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**For the Year Ended December 31, 2007**

	Community College	Solid Waste Authority	Total
<b>Operating Revenues</b>			
Student Tuition and Fees (Net)	\$ 11,711,924	\$	\$ 11,711,924
Federal Grants and Contracts	6,759,109		6,759,109
State and Local Grants and Contracts	4,717,633		4,717,633
Nongovernmental Grants and Contracts	705,850		705,850
Auxiliary Enterprises			
Residential Life	2,120,498		2,120,498
Bookstore (Net of Cost of Goods Sold)	737,731		737,731
Auxillary Services Corporation Service Fees	89,820		89,820
Tipping Fees		16,881,742	16,881,742
Solid Waste Service Charge		2,100,338	2,100,338
Blue Bag Sales		1,921,866	1,921,866
Recyclable Sales		2,411,978	2,411,978
Other Operating Revenues	618,153	423,550	1,041,703
Total Operating Revenues	<u>27,460,718</u>	<u>23,739,474</u>	<u>51,200,192</u>
<b>Operating Expenses</b>			
Educational and General Expenditures	38,871,669		38,871,669
Scholarships and Donations	6,834,363		6,834,363
Dormitory Operations	1,876,482		1,876,482
Auxillary Services Enterprises	712,471		712,471
College Promotion and Development	207,905		207,905
Loan Cancellations and Allowance for Doubtful Loans	335,031		335,031
Personal Services		4,388,303	4,388,303
Contractual Services		5,141,272	5,141,272
Other Deductions	42,024	3,530,947	3,572,971
Depreciation	2,295,562	3,707,827	6,003,389
Total Operating Expenses	<u>51,175,507</u>	<u>16,768,349</u>	<u>67,943,856</u>
<b>Operating Income (Loss)</b>	<u>(23,714,789)</u>	<u>6,971,125</u>	<u>(16,743,664)</u>
<b>Nonoperating Revenues (Expenses)</b>			
State Operating Aid	11,498,356		11,498,356
County Chargebacks	2,060,748		2,060,748
Local Appropriations	6,862,059		6,862,059
Investment Income	942,523		942,523
Interest on Loans Receivable	68,343		68,343
Interest Income		657,532	657,532
Interest Expense		(2,385,557)	(2,385,557)
Capital Contribution to Retire Debt	801,685		801,685
Interest on Capital Asset-Related Debt	(965,223)		(965,223)
Other Nonoperating Revenues	3,257,231	480,847	3,738,078
Other Nonoperating Expenses		(240,309)	(240,309)
Net Nonoperating Revenues (Expenses)	<u>24,525,722</u>	<u>(1,487,487)</u>	<u>23,038,235</u>
<b>Net Increase in Net Assets</b>	810,933	5,483,638	6,294,571
<b>Net Assets (Deficit), Beginning of Year</b>	<u>21,696,738</u>	<u>(830,730)</u>	<u>20,866,008</u>
<b>Net Assets, End of Year</b>	<u>\$ 22,507,671</u>	<u>\$ 4,652,908</u>	<u>\$ 27,160,579</u>

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

## **COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Background***

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

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

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

#### ***Financial Reporting Entity***

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

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

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for State and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. The more significant accounting policies established in U.S. GAAP and used by the County are discussed on the following pages.

## COUNTY OF ONEIDA, NEW YORK

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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### **(a) Reporting Entity**

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

### **(b) Discretely Presented Component Units**

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

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

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

## **COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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The Community College maintains a dormitory corporation known as the Mohawk Valley Community College Dormitory Corporation (Dormitory Corporation). The purpose of the Dormitory Corporation is to provide student resident facilities on the campus of the Community College. Although the Dormitory Corporation is a separate, legal entity, it shares the same Board of Trustees with the Community College and carries out operations which are integrally related to the Community College and is, therefore, blended in the financial reporting entity of the Community College pursuant to GASB Statement Number 39. The Dormitory Corporation uses a fiscal year end of July 31. All of the financial data for the Dormitory Corporation was derived from the Mohawk Valley Community College Dormitory Corporation independently audited financial statements for its fiscal year ended July 31, 2007.

The Community College maintains an auxiliary service corporation known as the Auxiliary Services Corporation of Mohawk Valley Community College (Auxiliary Corporation). This Auxiliary Corporation is a campus-based not-for-profit corporation which, as an independent contractor, operates, manages, and promotes educationally related services for the benefit of the campus community. Although the Auxiliary Corporation is a separate legal entity, it carries out operations which are integrally related to the Community College and is, therefore, blended in the financial reporting entity of the Community College. The Auxiliary Corporation uses a fiscal year end of June 30. All of the financial data for the Auxiliary Corporation was derived from the Auxiliary Services Corporation independently audited financial statements for its fiscal year ended June 30, 2007.

The Community College maintains a foundation known as the Mohawk Valley Community College Foundation. The Foundation is a not-for-profit educational corporation and nongovernmental legal entity which operates to further support the educational objectives of the College. A majority of the operating funds of the Foundation, which are raised through independent sources, are used to provide scholarships and grants to students of MVCC. Although the Foundation is a separate legal entity, it carries out operations which are integrally related to the Community College and is therefore blended in the financial reporting entity of the Community College. All of the financial data for this corporation was derived from the Foundation's independently audited financial statements for its fiscal year ended August 31, 2007.

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

## COUNTY OF ONEIDA, NEW YORK

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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

As part of its operating plans, the Authority has generated net losses during its initial years of operation. These losses resulted primarily from interest on long-term debt and landfill siting costs incurred prior to 1995. These costs were funded from bond proceeds. The Authority generated net income during 2007. The Authority continues to cover all operating cash requirements from its operations and cash reserves. In addition, the Authority's ability to meet its cash flow needs is supported by a Solid Waste Management Agreement between the Authority and the Counties which calls for a service fee to be paid to the Authority under certain circumstances.

The Authority's ten-member board, which consists of four members appointed by the County Executive and confirmed by the County Legislature, three members by the County Legislature, and three by Herkimer County, has complete responsibility for its management and financial operations. County officials do not exercise oversight responsibility for the Authority operations, and the County does not provide assistance to the Authority. However, the County is obligated to finance deficits, if necessary, and the County is a joint guarantor with Herkimer County on the revenue bonds disclosed in Note 12.

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

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

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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***(c) Blended Component Unit***

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

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

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

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

The OTASC is considered a component unit (blended presentation) of the County based on the guidance provided in GASB Statement No. 14 and Technical Bulletin No. 2004-1 and is included as part of the County's financial reporting entity as of December 31, 2007.

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

***(d) Basic Financial Statements - Government-Wide Statements***

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

## COUNTY OF ONEIDA, NEW YORK

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. All direct expenses incurred are charged to the corresponding function. Capital asset additions that cannot be identified to a specific function are allocated based on total expenses by program.

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

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

### ***(e) Basic Financial Statements - Fund Financial Statements***

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



## COUNTY OF ONEIDA, NEW YORK

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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The following fund types are used by the County:

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

- General Fund - includes the general (operating) account and the joint venture account (Herkimer-Oneida Comprehensive Planning Program). The joint venture fund was established in 1963 whereas Oneida and Herkimer County participate jointly. The Oneida County Board of Legislators adopts the budget of the joint venture; the Oneida County Executive appoints the Board's Commissioner; and, the Oneida County Comptroller serves as the joint venture's fiscal officer and performs all necessary accounting services. The joint venture is not authorized to issue its own debt and both counties have an ongoing financial responsibility to the joint venture as its existence depends upon the funding from each county as well as State and Federal grants. The General Fund is presented as a major fund and is used to account for all financial resources except those required to be accounted for in another fund.
- Debt Service Fund - used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

- Special Grant Fund - to account for the use of Federal monies received under the Workforce Investment Act.
- County Road Fund - to account for the repairs and maintenance of County roads in accordance with New York State laws.
- Road Machinery Fund - to account for the purchase of highway machinery and equipment in accordance with New York State laws.
- Capital Fund - used to account for the acquisition, construction, and/or reconstruction of major capital assets.

## COUNTY OF ONEIDA, NEW YORK

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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

- Enterprise Sewer Fund – used to account for the operations of the Sewer District. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity; (a) is financed with debt that is solely secured by a pledge of the net revenues; (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or; (c) establishes fees and charges based on a pricing policy designed to recover similar costs.
- Workers' Compensation Fund - accounts for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The Internal Service Fund is used to account for the operations of the workers' compensation self-insurance program.

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

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

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

## COUNTY OF ONEIDA, NEW YORK

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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### *(f) Measurement Focus And Basis Of Accounting*

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

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

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

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

### *(g) Discretely Presented Component Units*

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

## COUNTY OF ONEIDA, NEW YORK

### Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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*Community College* - accounts for the operations of MVCC. The accounts of the Community College Funds are derived from the annual financial statements of MVCC for the fiscal year ended August 31, 2007.

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

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

The Community College is considered to be a major component unit due to its significance relative to other component units and the nature and significance of its relationship to the primary government as described by GASB No. 39. As part of its 2007 annual budget, the Community College received \$6,862,059 in operating contributions from the County.

*Oneida Herkimer Solid Waste Management Authority* - The Authority’s financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### ***(h) Adoption of New Accounting Standard***

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45 (GASB 45) “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, which addresses the accounting and reporting requirements for the costs and liabilities associated with such benefits. Other post-employment benefits are collectively referred to as OPEB. The most common type of OPEB is health care for retirees.

In the past, liabilities for retiree medical payments were accounted for on a “pay-as-you-go” basis. That is, the post-retirement cost for the fiscal year was equal to the cash paid County-wide for retiree medical premiums in the fiscal year. No cost was recognized until the actual payment was made. There was no financial disclosure of the potential future magnitude of these liabilities.

## COUNTY OF ONEIDA, NEW YORK

### Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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The GASB 45 accounting standard for postretirement medical benefits is similar to the GASB standard for pension benefits. The general concept is that pension and other post retirement benefits are part of an exchange of salaries and benefits for services rendered. Although pension and post-retirement medical benefits are not paid until retirement they are still considered compensation for employee services. Therefore, a cost for these benefits should be recognized while the employee is working. A second goal of the GASB 45 standard is to improve financial disclosure of post-retirement liabilities to allow a reader of government financial disclosures to assess the potential demands on the government's future cash flows. Specifically the standard requires the following:

- Disclose the annual cost of the benefits as the Annual Required Contribution (the ARC). The ARC is based on accrual accounting and actuarial analysis. This is the amount of funds that must be included in the annual operating budget to fully fund the OPEB liability over time. GASB does not require that an entity fund the ARC.
- Disclose the Net OPEB Obligation (NOO). The NOO is the cumulative difference between the ARC and the County's contributions to a plan and is a liability on the government's balance sheet.
- Disclose the funding policy with regards to paying for the county-wide postretirement medical benefits.
- Disclose the funded status of the benefit. That is the difference between assets and liabilities. The liabilities are based on an actuarial valuation.
- Disclose the actuarial methods and assumptions used to determine the ARC and the liabilities.

GASB 45 is effective for the County's fiscal year ending December 31, 2007, and was adopted by the County on January 1, 2007 on a prospective basis. The effect of adopting GASB 45 resulted in increasing Long Term Debt by \$3,562,744. See Note 11 for further information on Postemployment Benefits.

#### **(i) Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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***(j) Cash, Cash Equivalents, and Investments***

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

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

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

***(k) Inventories - Community College***

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

***(l) Interfund Transactions***

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

***(m) Fund Balance Reserves***

Portions of fund equity are segregated for future use and are, therefore, not available for appropriation or expenditure. Designation of unreserved fund balances in governmental funds indicates the use of these resources in the ensuing year's budget or tentative plans for future use. (See Note 14 for further detail.)

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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**(n) Capital Assets/Property, Plant, And Equipment**

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

Infrastructure	10-65 Years
Licensed Vehicles	8 Years
Machinery and Equipment	5-25 Years
Land Improvements	20 Years
Construction	15-50 Years

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

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

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

**(o) Compensated Absences**

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

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

## COUNTY OF ONEIDA, NEW YORK

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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

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

It is the County's policy to accrue all costs associated with earned, but not yet paid, compensated absences of all employees involved in the operations of the County's reporting entity. The total accrued liability for compensated absences relating to the governmental and proprietary funds at December 31, 2007, are \$2,238,741 and \$92,967, respectively.

Employees of the Community College accrue vacation leave in varying amounts and are subject to various maximum accruals based on contract group. The recorded liability for vacation leave, including the Community College's share of fringe benefits, is \$791,508. The recorded liability for vacation leave for ASC and MVCCDC amounted to \$26,089. Employees also earn sick leave each month subject to a maximum of 225 or 180 days, depending on contract group. Only Association of Mohawk Valley College Administrators (AMVA) members and excluded administrators are entitled to receive a benefit for sick leave accumulated upon retirement. The accumulated sick leave for these employees is used to pay for postretirement health insurance costs. A liability of \$4,212,492 has been recognized representing the present value of these payments at August 31, 2007.

### ***(p) Retirement Plans***

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

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



## COUNTY OF ONEIDA, NEW YORK

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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The Authority participates in the New York State and Local Employees' Retirement System (System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL).

### **(g) Budgetary Data**

*Budget Policies* - are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. The budget is amended by the Legislature for increased grants or State Aid received during the year.

No later than October 5, the County Executive submits a tentative budget to the County Legislature for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing them.

Public hearings are conducted to obtain taxpayer comments.

The budget is legally enacted through passage of legislative resolution or by provisions in the County Charter no later than the date of the second Board of Legislators' meeting in November.

The County Executive is authorized to transfer budgeted amounts within departments and/or individual funds. However, revisions in excess of \$5,000 must be approved by the County Legislature.

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

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

## COUNTY OF ONEIDA, NEW YORK

### Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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#### **(r) Revenues**

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

#### **(s) Expenditures**

Expenditures are recognized when the related fund liability is incurred.

#### **(t) Medicaid Claims**

Physicians, hospitals, pharmacists, and others who provide services to public assistance recipients and other individuals enrolled in the Medical Assistance Program are entitled to reimbursement of the defined cost of such services through the Federal, State, and locally funded Medicaid programs. The County participates in a State-wide system to process and pay such claims. At any point in time, unpaid claims for services rendered by providers are either being processed by the system or are still to be reported by the providers. During 2006, the Office of the State Comptroller issued Medicaid Cap Legislation. Under this law, Medicaid liabilities paid subsequent to December 31, 2007 will be paid from expendable and available resources of 2008. Thus, no 2007 accrual for Medicaid claims is required.

#### **(u) Insurance**

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

#### **(v) Public Entity Risk Pool**

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

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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***(w) Accrued and Post-Closure Monitoring Closure Costs***

The Authority maintains an ash landfill which has reached full capacity. In accordance with New York State Department of Environmental Conservation (NYSDEC) Regulations, the Authority has implemented certain landfill closure and post-closure requirements. At December 31, 2007, management has accrued \$1,149,647 for estimated post-closure costs. Due to changes in technology, or changes in regulations, actual costs may be different from the current accrual. Based on NYSDEC requirements, \$1,236,591 of cash, certificates of deposit, and U.S. obligations has been restricted for this purpose at December 31, 2007, in the Authority's financial statements.

***(x) Restricted Resources***

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

***(y) Other Significant Accounting Policies***

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

**2. DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS**

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

***(a) Total Fund Balances Of Governmental Funds Compared To Net Assets Of Governmental Activities***

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

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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***(b) Statement of Revenues, Expenditures, and Changes In Fund Balance Compared To Statement of Activities***

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

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

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

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

**3. CUSTODIAL AND CONCENTRATION OF CREDIT RISK**

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

As of December 31, 2007, \$35,928,940 of the County's total bank balances of \$53,417,526 were exposed to custodial credit risk. Deposits totaling \$31,321,535 were collateralized by the financial institution in the name of the County and \$4,607,405 of the County's bank balances were collateralized by the financial institution, but not in the name of the County.

## **COUNTY OF ONEIDA, NEW YORK**

### **Notes to Basic Financial Statements**

**For the Year Ended December 31, 2007**

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As of August 31, 2007, \$13,152,454 of the Community College's total bank balances of \$13,676,648 were exposed to custodial credit risk. Deposits totaling \$9,571,620 were collateralized by the financial institution in the name of the College, and \$3,580,834 of the College's bank balances were collateralized by the financial institution, but not in the name of the College.

The carrying amount of cash and cash equivalents for the Authority at December 31, 2007, is comprised entirely of cash deposits in banks and short-term investments. The corresponding bank balances for the unrestricted and restricted cash were entirely covered by Federal Deposit Insurance Corporation insurance, collateral held in the pledging banks' trust department in the Authority's name, or U.S. Government and/or Federal agency securities held by the Trustee.

#### **4. PROPERTY TAXES AND COLLECTION**

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

The recognition of revenue from real property taxes is considered available to finance current operations if collected within 60 days after the end of the year. The net receivables collected during 2007 and within the first sixty days of 2008 are recognized as revenues in 2007.

The County is permitted in accordance with Section 10 of Article VIII of the New York State Constitution to levy taxes: (a) up to 1.5% of the five-year average full assessed valuation of taxable real property, for general governmental services other than the payment of principal and interest on long-term debt, (b) in unlimited amounts for the payment of principal and interest on long-term debt, and (c) in unlimited amounts for capital appropriations (budgetary appropriations for objects or purpose for which a period of probable usefulness is provided by Section 11.00 of local finance law). At December 31, 2007, the County utilized approximately 46.1% of its constitutional tax limit.

## **COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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Uncollected school district and village taxes assumed by the County for enforcement through December 31, 2007, were \$9,173,503 and \$488,553, respectively. Such amounts will be paid to the school districts and villages by April 1, 2008, and are included in the amounts due to other governments in the accompanying basic financial statements. Any such taxes remaining unpaid at year end are relieved as County taxes on December 31.

### **5. SALES TAX**

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

Effective September 1, 1992, the County imposed a 4% sales tax. The sharing formula for the first 3% of the sales tax remains the same as described above. For the additional 1% of sales tax the County shares half of the collections within the cities of Utica, Rome, and Sherrill with the cities. If in the period from September 1, 1994, to August 31, 1995, and continuing for any subsequent extension of the additional 1% sales tax, the gross collections related to the additional 1% sales tax shall be distributed to various towns and villages for each of the four quarters of this or any subsequent extension in an amount which shall be the greater of the following: (a) one dollar for every resident of the County residing within a town or an incorporated village located within a town according to the last decennial Federal census; or (b) in the event that the total collections within the County for the first four quarters of this period or for any subsequent four-quarter period shall exceed the sum of \$17.7 million, then a sum equivalent to one-half of the County's net share received after collection of such \$17.7 million; or (c) any such amount as shall otherwise be provided for by any statute of the State of New York. In the event of any extensions of the 1% sales tax for four consecutive quarters after August 31, 1995, and in the event that should the County's local share of Medicaid costs exceed \$30 million for such extended four consecutive quarter periods, then and in that event, the distribution as aforesaid to the towns shall be no greater than the previous four consecutive quarters. The additional 1% sales tax expired on November 30, 2005, but was extended to November 30, 2007.

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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

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

The general funds' nonproperty tax item, which amounted to \$123,679,973 is comprised primarily of sales tax. At December 31, 2007, this amount included an accrual of approximately \$3,501,449 for sales tax collected by the State of New York in 2008 relating to 2007 vendor sales.

Effective January 1, 2007, and in accordance with guidance received from the New York State Comptroller's Office, the County began to budget and recognize sales tax revenue on a gross basis and budget and record an expenditure for the amount of sales tax revenue shared with local municipalities. Previously, this activity was reported in the Agency Fund. As of December 31, 2007, \$32,186,237 was recorded as both a revenue and an expenditure in the County's General Fund for sales tax shared with local municipalities.

**6. STUDENT LOANS AND FEES RECEIVABLE**

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

<u>Account</u>	<u>Gross Receivable</u>	<u>Allowance</u>	<u>Receivable</u>
Tuition and Fees Receivable	\$ 1,027,683	\$ (278,500)	\$ 749,183
Student Loans Receivable	\$ 2,075,109	\$ (428,169)	\$ 1,646,940

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007**7. CAPITAL ASSETS**

Capital asset activity of the Primary Government for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 11,782,504	\$ 1,465	\$ _____	\$ 11,783,969
Capital Assets Being Depreciated				
Land Improvements	8,262,872	385,050		8,647,922
Construction	136,601,552	11,485,580		148,087,132
Infrastructure	79,096,034	7,112,098		86,208,132
Machinery and Equipment	12,850,834	2,752,416	40,905	15,562,345
Licensed Vehicles	<u>7,288,696</u>	<u>865,488</u>	<u>622,986</u>	<u>7,531,198</u>
Subtotal	<u>244,099,988</u>	<u>22,600,632</u>	<u>663,891</u>	<u>266,036,729</u>
Accumulated Depreciation				
Land Improvements	5,058,196	409,037		5,467,233
Construction	30,338,161	3,017,493		33,355,654
Infrastructure	34,017,049	3,595,996		37,613,045
Machinery and Equipment	7,885,609	1,019,066	38,866	8,865,809
Licensed Vehicles	<u>4,475,400</u>	<u>655,047</u>	<u>579,087</u>	<u>4,551,360</u>
Subtotal	<u>81,774,415</u>	<u>8,696,639</u>	<u>617,953</u>	<u>89,853,100</u>
Net Capital Assets	<u>\$ 174,108,077</u>	<u>\$ 13,905,458</u>	<u>\$ 45,938</u>	<u>\$ 187,967,598</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government Support	\$ 266,222
Public Safety	1,063,091
Public Health	23,773
Transportation	1,202,332
Economic Assistance and Opportunity	68,160
Culture and Recreation	334
Home and Community Service	5,820
Unallocated Depreciation	<u>6,066,907</u>
Total Governmental Activities Expense	<u>\$ 8,696,639</u>



**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

Capital Asset activity of the Business-Type Activities for the year ended December 31, 2007, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital Assets Being Depreciated</b>				
Land Improvements	\$ 53,682	\$	\$	\$ 53,682
Construction	31,151,844	2,609,235		33,761,079
Infrastructure	9,659,254			9,659,254
Machinery and Equipment	47,105,418	3,425	43,720	47,065,123
Licensed Vehicles	<u>351,792</u>		<u>55,000</u>	<u>296,792</u>
Subtotal	<u>88,321,990</u>	<u>2,612,660</u>	<u>98,720</u>	<u>90,835,930</u>
<b>Accumulated Depreciation</b>				
Land Improvements	53,682			53,682
Construction	12,058,383	419,140		12,477,523
Infrastructure	5,344,982	148,604		5,493,586
Machinery and Equipment	47,013,821	15,648	43,720	46,985,749
Licensed Vehicles	<u>268,587</u>	<u>21,224</u>	<u>55,000</u>	<u>234,811</u>
Subtotal	<u>64,739,455</u>	<u>604,616</u>	<u>98,720</u>	<u>65,245,351</u>
<b>Net Capital Assets</b>	<u>\$23,582,535</u>	<u>\$ 2,008,044</u>	<u>\$</u>	<u>\$ 25,590,579</u>

Depreciation expense was charged to functions as follows:

Enterprise Sewer Fund \$ 604,616

A summary of the book value of property, plant, and equipment of the Component Units at December 31, 2007, is as follows:

Land and Land Improvements	\$ 33,220,349
Buildings and Building Improvements	111,936,853
Equipment, Machinery, and Library Books	20,714,707
Motor Vehicles	<u>5,745,959</u>
	171,617,868
Less Accumulated Depreciation and Amortization	<u>89,733,285</u>
Property, Plant, and Equipment, Net	<u>\$ 81,884,583</u>

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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**8. RESTRICTED ASSETS HELD BY TRUSTEE**

**(a) Authority**

In accordance with the terms of bond indentures and NYSDEC, the use of certain assets is restricted for specific purposes. These assets, principally cash and cash equivalents are administered by a trustee on behalf of the Authority and at December 31, 2007, include the following accounts:

Debt Service Reserve Fund - contingency fund to be utilized in case of default	\$ 7,286,395
Construction Projects Fund and Bond Redemption and Improvement Fund - for any additional capital expenditures which may be incurred by the Authority	1,325,510
Debt Service and Sinking Fund – to fund semi-annual debt service obligations	4,766,227
Accrued interest on restricted assets	74,506
Rebate Fund – interest earned required to be paid to the United States	9,140
Restricted Assets for Landfill Planning Design and Construction	50,103
Restricted Assets for Post-Closure Monitoring Costs	<u>1,236,591</u>
Total	<u>\$ 14,748,472</u>

**(b) Community College**

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

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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

	<u>DASNY</u>	<u>Other</u>	<u>Total</u>
Cash and Cash Equivalents	\$ <u>127,380</u>	\$ _____	\$ <u>127,380</u>

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>	
	<u>Fair Value</u>	<u>Less Than 1</u>
U.S. Treasury Note/Bond	\$ 298,308	\$ 298,308
U.S. Treasury Bill	<u>306,748</u>	<u>306,748</u>
Total	\$ <u>605,056</u>	\$ <u>605,056</u>

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

Deposits with trustees at July 31, 2007 are comprised of uninvested cash and short-term U.S Treasury Bills and Notes/Bonds.

**(c) Oneida Tobacco Asset Securitization Corporation**

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

**9. INVESTMENTS**

Investments at August 31, 2007, for the component units are as follows:

	<u>Market</u>	<u>Cost</u>
U.S. Government and Agency Debt Securities	\$ 600,052	\$ 608,167
Corporate Debt Securities	182,174	184,670
Corporate Equity Securities	1,598,528	1,182,055
Mutual Funds	<u>1,569,825</u>	<u>1,346,413</u>
Total Marketable Securities	\$ <u>3,950,579</u>	\$ <u>3,321,305</u>

## **COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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### **10. PENSION PLAN**

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

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

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

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

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

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b><u>ERS</u></b>			
<u>County</u>			
Contribution Rate	<u>8.9-17.8%</u>	<u>9.8-15.8%</u>	<u>10.3-19.4%</u>
Contributions	\$ <u>6,733,116</u>	\$ <u>6,209,935</u>	\$ <u>6,758,475</u>
<u>Authority</u>			
Contribution Rate	<u>8.9-11.1%</u>	<u>9.8-15.8%</u>	<u>10.3-13.1%</u>
Contributions	\$ <u>272,226</u>	\$ <u>251,357</u>	\$ <u>292,276</u>
<u>Community College</u>			
Contribution Rate	<u>9.0-13.3%</u>	<u>9.9-19.0%</u>	<u>11.6-17.3%</u>
Contributions	\$ <u>526,889</u>	\$ <u>534,912</u>	\$ <u>575,661</u>
<b><u>TRS (College Only)</u></b>			
Contribution Rate	<u>8.60%</u>	<u>7.97%</u>	<u>5.63%</u>
Contributions	\$ <u>195,886</u>	\$ <u>183,357</u>	\$ <u>125,153</u>

The 2007 contributions include group term life insurance, which the State of New York consolidates with the pension contributions.

TIAA/CREF is a defined contribution retirement plan which provides benefits through annuity contracts and provides retirement and death benefits to those employees that elected to participate in the optional retirement program. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service. TIAA/CREF is noncontributory except for employees who joined after July 27, 1976, who contribute 3.00% to 3.75% of their salary. Employer contributions range from 5% to 15% depending upon when the employee was hired. Employee contributions are deducted from their salaries and are sent on a current basis to TIAA/CREF. Financial reports of the plan may be obtained by writing to: TIAA/CREF, 730 Third Avenue, New York, New York 10017. The College's pension contributions to TIAA/CREF for fiscal years 2007, 2006, and 2005, were \$1,278,726, \$1,239,231, and \$1,230,886, respectively.

**11. POSTRETIREMENT HEALTH CARE BENEFITS****(a) *The County***

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

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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

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

For the year ended December 31, 2007 the County contributed \$1,764,893 toward the cost of insurance, while the plan members contributed \$1,808,302.

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

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

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

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

	For the Year Ended <u>December 31, 2007</u>
<b>Annual OPEB Cost and Net OPEB Obligation</b>	
Annual Required Contribution	\$ 5,329,397
Interest on Net OPEB Obligation	0
Adjustment to Annual Required Contribution	<u>0</u>
Annual OPEB Cost	5,329,397
Contributions Made	<u>(1,766,653)</u>
Increase in Net OPEB Obligation	3,562,744
Net OPEB Obligation – Beginning of Year	<u>0</u>
Net OPEB Obligation – End of Year	<u>\$ 3,562,744</u>
Annual OPEB Cost	\$ 5,329,397
Percentage of Annual OPEB Cost Contributed	33.15%
Net OPEB Obligation at End of Year	\$ 3,562,744
<b>Funded Status</b>	
Actuarial Accrued Liability (AAL)	\$ 54,039,451
Actuarial Value of Assets	0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 54,039,451
Funded Ratio (Assets as a Percentage of AAL)	0.00%
Annual Covered Payroll	Not Available
UAAL as a Percentage of Covered Payroll	Not Available
<b>Actuarial Methods and Assumptions</b>	
Investment Rate of Return	4.691%
Expected Return on Plan Assets	N/A
Expected Return on Employer's Assets	4.691%
Rate of Compensation Increase	N/A
Inflation Rate	3.00%
<b>Assumed Pre-65 Medical Trend Rates at December 31</b>	
Health Care Cost Trend Rate Assumed for Next Fiscal Year	10.00%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	5.00%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2016

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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	For the Year Ended <u>December 31, 2007</u>
<b>Assumed Post-65 Medical Trend Rates at December 31</b>	
Health Care Cost Trend Rate Assumed for Next Fiscal Year	8.00%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	5.00%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2016
<b>Assumed Prescription Drug Trend Rates at December 31</b>	
Health Care Cost Trend Rate Assumed for Next Fiscal Year	12.00%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	5.00%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2016
<b>Additional Information</b>	
Actuarial Cost Method	Projected Unit Credit
Amortization Method	N/A
Amortization Period	Single Amortization Period
Amortization Period (in Years)	30.00
Amortization Period Status	Open
Method Used to Determine Actuarial Value of Assets	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined results are subject to continual revision as actual results are compared to past expectations and new estimates are made in the future.

***(b) Community College***

Plan Description: The College sponsors and administers an employer defined benefit plan (Blue Cross/Blue/Shield Traditional) for Professional Association, Administrators' Association and Exempt Employees which provides postemployment health insurance coverage to its retired employees meeting certain qualifications (i.e. Age 55 with 5 years of full-time continuous service). Employees belonging to UPSEU are covered under a choice of three plans (REMSCO PPO, REMSCO Traditional, and REMSCO MVP) administered by Oneida County. Substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the 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.



## COUNTY OF ONEIDA, NEW YORK

### Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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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 each 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 Only

#### 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 Only

For the year ended August 31, 2007, the College contributed \$3,545,821 toward the cost of insurance, while the plan members contributed \$940,374. The Association of Mohawk Valley College Administrators (AMVA) members and excluded administrators are entitled to receive a benefit for sick leave accumulated upon retirement. The accumulated sick leave for these employees is used for postretirement health insurance cost. A liability of \$4,212,492 for termination benefits has been recognized representing the present values of those payments at September 1, 2006. This liability remains.

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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Effective September 1, 2006, the College's annual other post employment benefit (OPEB) cost for all employee health insurance benefits is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the College's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the College's net OPEB obligation:

	For the Year Ended <u>August 31, 2007</u>
<b>Annual OPEB Cost and Net OPEB Obligation</b>	
Annual Required Contribution	\$ 2,304,813
Interest on Net OPEB Obligation	0
Adjustment to Annual Required Contribution	0
Annual OPEB Cost	2,304,813
Contributions Made	<u>(664,542)</u>
Increase in Net OPEB Obligation	1,640,271
Net OPEB Obligation – Beginning of Year	0
Prior Period Liability Record	<u>4,212,492</u>
Net OPEB Obligation – End of Year	<u>\$ 5,852,763</u>
Annual OPEB Cost	\$ 2,304,813
Percentage of Annual OPEB Cost Contributed	28.83%
Net OPEB Obligation at End of Year	\$ 5,852,763
<b>Funded Status</b>	
Actuarial Accrued Liability (AAL)	\$ 21,256,977
Actuarial Value of Assets	0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 21,256,977
Funded Ratio (Assets as a Percentage of AAL)	0.00%
Annual Covered Payroll	Not Available
UAAL as a Percentage of Covered Payroll	Not Available
<b>Actuarial Methods and Assumptions</b>	
Investment Rate of Return	5.25%
Expected Return on Plan Assets	N/A
Expected Return on Employer's Assets	5.25%
Rate of Compensation Increase	N/A
Inflation Rate	3.00%

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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	As Of <u>August 31, 2007</u>
<b>Assumed Pre-65 Medical Trend Rates at August 31</b>	
Health Care Cost Trend Rate Assumed for Next Fiscal Year	9.50%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	5.00%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2016
<b>Assumed Post-65 Medical Trend Rates at August 31</b>	
Health Care Cost Trend Rate Assumed for Next Fiscal Year	8.00%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	5.00%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2016
<b>Assumed Prescription Drug Trend Rates at August 31</b>	
Health Care Cost Trend Rate Assumed for Next Fiscal Year	12.50%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	5.00%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2016
<b>Additional Information</b>	
Actuarial Cost Method	Projected Unit Credit
Amortization Method	N/A
Amortization Period	Single Amortization Period
Amortization Period (in Years)	30.00
Amortization Period Status	Open
Method Used to Determine Actuarial Value of Assets	N/A

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

**COUNTY OF ONEIDA, NEW YORK**  
Notes to Basic Financial Statements  
For the Year Ended December 31, 2007

**12. NONCURRENT LIABILITIES**

Noncurrent liability balances and activity are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds	\$ 155,729,719	\$ 20,264,065	\$ (8,854,344)	\$ 167,139,440	\$ 28,821,140
Accrued Interest	819,416	156,484		975,900	975,900
Postemployment Benefits		3,447,995		3,447,995	
Compensated Absences	2,456,257	5,365,606	(5,583,122)	2,238,741	2,238,741
Accrued Workers' Compensation	4,321,141	1,269,755	(1,042,764)	4,548,132	1,500,884
Judgments and Claims	268,750	108,000		376,750	376,750
Total Governmental Activities	<u>\$ 163,595,283</u>	<u>\$ 30,611,905</u>	<u>\$(15,480,230)</u>	<u>\$ 178,726,958</u>	<u>\$ 33,913,415</u>
<b>Business Type Activities</b>					
Bonds	\$ 12,210,189	\$ 1,600,000	\$ (967,000)	\$ 12,843,189	\$ 2,391,589
Accrued Interest	116,812	4,876		121,688	121,688
Postemployment Benefits		114,749		114,749	
Compensated Absences	98,199	139,061	(144,293)	92,967	92,967
Total Business Type Activities	<u>\$ 12,425,200</u>	<u>\$ 1,858,686</u>	<u>\$(1,111,293)</u>	<u>\$ 13,172,596</u>	<u>\$ 2,606,244</u>
<b>Component Units</b>					
Bonds	\$ 93,836,264	\$ 6,241,815	\$(10,237,831)	\$ 89,840,248	\$ 5,817,366
Premium on Bonds	319,323		(78,838)	240,485	78,838
Leases	303,981		(72,028)	231,953	78,007
Compensated Absences	5,013,468		(4,195,874)	817,594	200,000
Postemployment Benefits		5,852,763		5,852,763	
Total Component Units	<u>\$ 99,473,036</u>	<u>\$ 12,094,578</u>	<u>\$(14,584,571)</u>	<u>\$ 96,983,043</u>	<u>\$ 6,174,211</u>

Accrued Interest – represents interest accrued, yet unpaid, at December 31, 2007, which is included in the Government-Wide and Enterprise Sewer Fund statement of net assets.

The County borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment and construction of buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities for governmental funds are maintained separately and represents a reconciling item between the fund and government-wide statements except for those amounts which relate to and are, therefore, accounted for in the proprietary fund types and discretely presented component units. Interest associated with long-term debt is recorded as an expenditure when such amounts are due. Interest expense for governmental and business type activities for the year ended December 31, 2007, was \$11,058,488 and \$665,155, respectively.

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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

Details relating to general obligation (serial) bonds of the County outstanding at December 31, 2007, are summarized as follows:

Description of Issue	Final Maturity	Interest Rate	Balance
<b>Governmental Activities</b>			
Improvement, 1990	2009	7.10	\$ 192,500
Improvement, 1995	2010	4.70-5.00	1,461,739
Improvement, 1996	2014	5.30-5.40	3,385,000
Advance Refunding, 1998	2012	4.00-5.50	5,295,000
Improvement, 1998	2014	4.875-5.05	6,737,116
Improvement, 1999	2015	4.50-4.75	5,556,945
Improvement, 2000	2019	5.00-5.375	3,132,605
Improvement, 2001	2020	4.25-5.00	7,134,120
Improvement, 2002	2022	4.25-4.75	6,160,000
Improvement, 2003	2018	3.50-3.55	6,629,000
Pension, 2004	2009	2.54-3.76	1,900,000
Improvement, 2005	2020	3.50-4.10	11,980,000
Improvement, 2006	2021	4.00-4.25	8,222,240
Improvement, 2007	2008	4.00-4.99	18,583,200
Tobacco Settlement Bonds	2040	5.25-6.63	80,769,975
			167,139,440
<b>Business-Type Activities</b>			
Improvement, 1998	2014	4.00-5.50	126,000
Sewer District EFC, 1999	2018	4.313	585,000
Improvement, 2000	2019	5.00-5.375	153,600
Sewer District EFC, 2001	2015	3.43-4.83	575,000
Improvement, 2006	2021	4.00-4.25	9,803,589
Improvement, 2007	2007	4.00-4.99	1,600,000
			12,843,189
<b>Community College:</b>			
Bonds Issued by DASNY	2014-2028	4.00-6.13	13,275,333
Improvement, 2005	2036	3.00	8,470,000
Serial Bonds – County	2002-2019	4.00-8.75	6,773,240
			28,518,573
<b>Authority:</b>			
Refunding Bonds	2015	4.10-6.75	23,435,000
Revenue Bonds 2007	2027	4.125-4.20	5,730,000
Note Payable-EFC	2007	0	32,156,675
			61,321,675
<b>Total Reporting Entity</b>			<b>\$269,822,877</b>

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

Principal and interest payments due on serial bonds outstanding at December 31, 2007, for the Primary Government and component units are as follows:

	Primary Government		Business-Type		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 28,821,140	\$ 7,375,342	\$ 2,391,589	\$ 523,165	\$ 5,817,366	\$ 4,023,972
2009	9,332,343	6,190,775	747,000	427,535	6,101,546	3,757,981
2010	8,967,579	5,687,412	757,000	396,170	6,404,963	4,089,531
2011	8,634,913	5,197,343	757,000	364,477	7,208,260	3,431,670
2012	8,742,973	4,768,597	773,200	332,383	9,636,811	4,067,180
2013-2017	34,413,572	19,292,121	4,116,000	1,146,619	21,504,155	9,580,464
2018-2022	36,491,944	9,694,499	3,301,400	289,178	14,369,027	5,521,847
2023-2027	15,837,481	2,966,700			15,048,746	2,257,877
2028-2032	7,138,806	26,107,049			1,954,374	453,670
2033-2037	4,284,896	31,202,888			1,795,000	137,100
2038-2040	4,473,793	30,557,215				
Total	<u>\$ 167,139,440</u>	<u>\$ 149,039,941</u>	<u>\$ 12,843,189</u>	<u>\$ 3,479,527</u>	<u>\$ 89,840,248</u>	<u>\$ 37,321,292</u>

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

***Capital Leases***

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

The following is a schedule of future minimum lease payments required under the above agreements and the present value of the net minimum lease payments at August 31, 2007:

	Principal	Interest	Total
2008	\$ 78,007	\$ 15,737	\$ 93,744
2009	84,482	9,263	93,745
2010	50,916	3,055	53,971
2011	18,548	624	19,172
Total	<u>\$ 231,953</u>	<u>\$ 28,679</u>	<u>\$ 260,632</u>

Lease payments made for the fiscal year ended August 31, 2007 amounted to \$72,028 principal and \$21,716 in interest.

# COUNTY OF ONEIDA, NEW YORK

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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## *Participation In The County's Debt Service*

Centro has a capital financing agreement with the County which covers County bonding on behalf of Centro for Buses. The amount due from the Authority under this agreement is \$353,347 at December 31, 2007, and is also included as a receivable and deferred revenue in the Debt Service Fund.

## *DASNY Financing Arrangements*

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

## *Advance Refunding*

At December 31, 2007, the County had approximately \$15,673,193 in United States government securities deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on \$15,010,000 of outstanding serial bonds that were previously defeased. Since the serial bonds are considered to be defeased, the liability for those bonds has been removed from the County's financial statements.

## *Debt Limit*

At December 31, 2007, the County had exhausted approximately 15.9% of its constitutional debt limit.

## **13. INTERFUND TRANSACTIONS**

<u>Fund</u>	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 2,999,789	\$ 9,693,371	\$	\$ 17,087,972
Debt Service	7,685,093		11,173,644	
Fiduciary				
Other Governmental Funds	12,261,538	14,530,471	5,914,328	
Business Type	5,810,985	4,747,733		
Agency	214,169			
Total Activities	<u>\$ 28,971,574</u>	<u>\$ 28,971,574</u>	<u>\$ 17,087,972</u>	<u>\$ 17,087,972</u>

- Transfers of \$5,828,340 from the General Fund to the County Road Fund and Capital Fund were for capital improvements on County roadways, infrastructure, and buildings.
- Transfers of \$85,988 to the Special Grant Fund (other governmental funds) provide local support for the Work Force Investment Program.
- Transfers of \$11,173,644 from the General Fund to the Debt Service Fund were for payment of the County's annual debt service requirements.

## COUNTY OF ONEIDA, NEW YORK

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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### **14. FUND BALANCE – SPECIAL RESERVES**

State statutes require the County to reserve excess revenues over expenditures under the STOP DWI Program for use in the program in the following fiscal year. The amount of excess STOP DWI Program funds reserved in the General Fund at December 31, 2007, was \$863,622.

The Civil Practice Law and Rules stipulates that the County's share of Sheriff forfeitures which are not used in the year received can only be used for law enforcement or protection purposes in future years. The amount of forfeitures reserved for in the General Fund at December 31, 2007, was \$19,302.

IRS regulations mandated that a reserve be established from the proceeds of the Tobacco Securitization Pool #5 due to the County's decision to use the proceeds for working capital. The amount designated in the General Fund at December 31, 2007 was \$3,962,662.

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

### **15. OBLIGATIONS UNDER LEASES**

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

### **16. SIGNIFICANT CLAIMS AND CONTINGENT LIABILITIES**

#### ***Judgments and Claims***

The reporting entity of the County is subject to various claims and legal actions in the ordinary conduct of its affairs. Such claims and legal actions, in the opinion of management, are not expected to have a material effect on the financial condition of any of the components of the County's reporting entity. However, at December 31, 2007, the County recorded a liability of \$376,750 for potential losses.

#### ***Federal and State Funded Programs***

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



**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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***Grants***

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

**17. RISK MANAGEMENT**

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

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

The estimated accrued claims of \$14,080,268 reported in the fund at December 31, 2007, are based upon the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A receivable has been recorded for amounts due from other municipalities that participate in the program. All liabilities are recorded at their value as of December 31, 2007. Changes in the fund's accrued claims liabilities for the year ended December 31, 2007, are as follows:

<u>Beginning of Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Year End</u>
\$ 16,144,744	\$ 1,341,753	\$ 3,406,229	\$ 14,080,268

**COUNTY OF ONEIDA, NEW YORK**

Notes to Basic Financial Statements

For the Year Ended December 31, 2007

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

In addition to its workers' compensation program, the County is self-insured for the Major Medical portion of its health insurance. Under this program, the County accounts in the General Fund for claims in the General Fund with maximum exposure of \$100,000 per person per year and \$1,000,000 per person per lifetime. The County has \$900,073 accrued at December 31, 2007, in the General Fund for claims reported and those incurred but not yet reported and is included in accounts payable. Remaining health insurance and dental coverage is provided through commercial insurance.

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

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

**COUNTY OF ONEIDA, NEW YORK**  
**COMBINED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES**  
**AND EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended December 31, 2007**

	General			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Real Property Taxes	\$ 54,997,283	\$ 54,997,283	\$ 55,032,785	\$ 35,502
Real Property Tax Items	2,448,000	2,448,000	2,747,179	299,179
Nonproperty Tax Items	90,393,200	122,579,437	123,676,973	1,097,536
Departmental Income	16,629,859	16,762,391	15,264,523	(1,497,868)
Intergovernmental Charges	11,112,322	11,416,822	10,637,660	(779,162)
Use of Money and Property	1,104,857	1,104,857	2,418,298	1,313,441
Licenses and Permits	15,600	15,600	16,390	790
Fines and Forfeitures	876,287	917,287	794,694	(122,593)
Sale of Property and Compensation for Loss	413,232	523,972	487,246	(36,726)
Miscellaneous Local Sources	895,808	1,329,815	1,210,420	(119,395)
Interfund Revenues	56,230	56,230	65,511	9,281
State and Federal Aid	<u>98,762,793</u>	<u>103,468,486</u>	<u>99,705,738</u>	<u>(3,762,748)</u>
<b>Total Revenues</b>	<u>277,705,471</u>	<u>315,620,180</u>	<u>312,057,417</u>	<u>(3,562,763)</u>
<b>Expenditures</b>				
General Governmental Support	27,003,428	58,854,852	56,850,891	2,003,961
Education	21,063,847	21,135,022	19,476,714	1,658,308
Public Safety	37,767,942	38,906,514	37,430,394	1,476,120
Public Health	19,134,931	20,125,155	19,362,079	763,076
Transportation	6,361,838	7,214,784	6,642,568	572,216
Economic Assistance and Opportunity	151,006,471	154,243,521	150,293,859	3,949,662
Culture and Recreation	2,119,659	2,216,853	2,112,490	104,363
Home and Community Services	<u>3,390,473</u>	<u>3,412,168</u>	<u>2,656,346</u>	<u>755,822</u>
<b>Total Expenditures</b>	<u>267,848,589</u>	<u>306,108,869</u>	<u>294,825,341</u>	<u>11,283,528</u>
<b>Surplus Revenues Over Expenditures</b>				
<b>Before Other Financing Sources (Uses)</b>	<u>9,856,882</u>	<u>9,511,311</u>	<u>17,232,076</u>	<u>7,720,765</u>
<b>Other Financing Sources (Uses)</b>				
Appropriation of Prior Year's Fund Balance	7,231,090	7,602,661		(7,602,661)
Transfers to Other Funds	<u>(17,087,972)</u>	<u>(17,113,972)</u>	<u>(17,087,972)</u>	<u>26,000</u>
<b>Total Other Financing (Uses)</b>	<u>(9,856,882)</u>	<u>(9,511,311)</u>	<u>(17,087,972)</u>	<u>(7,576,661)</u>
<b>Revenues and Other Financing Sources</b>				
<b>Over Expenditures and Other Financing (Uses)</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 144,104</u>	<u>\$ 144,104</u>

**COUNTY OF ONEIDA, NEW YORK**  
**COMBINED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES**  
**AND EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**For the Year Ended December 31, 2007**

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental Charges	\$ 667,531	\$ 667,531	\$ 665,715	\$ (1,816)
Use of Money and Property	275,000	275,000	625,218	350,218
Miscellaneous Local Sources			81,000	81,000
Total Revenues	<u>942,531</u>	<u>942,531</u>	<u>1,371,933</u>	<u>429,402</u>
<b>Expenditures</b>				
General Governmental Support	17,000	17,000	8,496	8,504
Education	729,656	729,656	729,656	
<b>Debt Service</b>				
Principal	8,204,344	8,204,344	8,204,344	
Interest	<u>3,599,175</u>	<u>3,599,175</u>	<u>3,599,174</u>	<u>1</u>
Total Expenditures	<u>12,550,175</u>	<u>12,550,175</u>	<u>12,541,670</u>	<u>8,505</u>
<b>Surplus Revenues Over Expenditures</b>				
<b>Before Other Financing Sources</b>	<u>(11,607,644)</u>	<u>(11,607,644)</u>	<u>(11,169,737)</u>	<u>437,907</u>
<b>Other Financing Sources</b>				
Transfers from Other Funds	<u>11,423,644</u>	<u>11,423,644</u>	<u>11,173,644</u>	<u>(250,000)</u>
Total Other Financing Sources	<u>11,423,644</u>	<u>11,423,644</u>	<u>11,173,644</u>	<u>(250,000)</u>
<b>Revenues and Other Financing Sources</b>				
<b>Over Expenditures and Other Financing (Uses)</b>	<u>\$ (184,000)</u>	<u>\$ (184,000)</u>	<u>\$ 3,907</u>	<u>\$ 187,907</u>

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

December 31, 2007

	Special Grant	County Road	Road Machinery	Capital	OTASC	Total Current Year
<b>Assets</b>						
Cash and Cash Equivalents	\$	14,226	\$ 14,827	\$ 15,702,683	\$ 26,067	\$ 15,757,803
Deposits with Trustees					4,962,712	4,962,712
Other Receivables	490,768	37,429				528,197
Due From						
State and Federal Governments				45,969		45,969
Other Funds		4,919,196	2,684,845	4,657,497		12,261,538
Other Assets				6,447,044		6,447,044
<b>Total Assets</b>	<u>\$ 490,768</u>	<u>\$ 4,970,851</u>	<u>\$ 2,699,672</u>	<u>\$ 20,406,149</u>	<u>\$ 11,435,823</u>	<u>\$ 40,003,263</u>
<b>Liabilities and Fund Equity</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 294,348	\$ 1,040,550	\$ 326,643	\$ 1,002,373	\$ 7,000	\$ 2,670,914
Accrued Liabilities	24,789	136,029			327,663	488,481
Deferred Revenue		644,259				644,259
Due to Other Governments				70,205		70,205
Due to Other Funds		2,778,688	2,202,535	9,549,248		14,530,471
Total Liabilities	<u>319,137</u>	<u>4,599,526</u>	<u>2,529,178</u>	<u>10,621,826</u>	<u>334,663</u>	<u>18,404,330</u>
<b>Fund Equity</b>						
Fund Balance - Reserved				8,497,080		8,534,365
Reserve for Encumbrances	6,711	27,511	3,063			
Fund Balance - Unreserved	164,920	343,814	167,431	1,287,243	11,101,160	13,064,568
Undesignated	171,631	371,325	170,494	9,784,323	11,101,160	21,598,933
Total Fund Equity				<u>20,406,149</u>	<u>11,435,823</u>	<u>40,003,263</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 490,768</u>	<u>\$ 4,970,851</u>	<u>\$ 2,699,672</u>	<u>\$ 20,406,149</u>	<u>\$ 11,435,823</u>	<u>\$ 40,003,263</u>

**COUNTY OF ONEIDA, NEW YORK**  
**COMBINING STATEMENT OF REVENUES AND OTHER FINANCING SOURCES, EXPENDITURES**  
**AND OTHER FINANCING USES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2007**

	Special Grant	County Road	Road Machinery	Capital	OTASC	Total Current Year
<b>Revenues</b>						
Departmental Income	\$	\$ 92,624	\$	\$	\$	\$ 92,624
Intergovernmental Charges		3,925,446				3,925,446
Use of Money and Property			31,200		377,095	408,295
Licenses and Permits		6,980				6,980
Sale of Property and Compensation for Loss		2,365	51,320			53,685
Miscellaneous Local Sources	21,674	18,597		442		40,713
Interfund Revenues	808,255	780,162	2,271,106			3,859,523
State and Federal Aid	2,359,921	3,221,393		9,406,025		14,987,339
Tobacco Revenues					4,214,237	4,214,237
<b>Total Revenues</b>	<u>3,189,850</u>	<u>8,047,567</u>	<u>2,353,626</u>	<u>9,406,467</u>	<u>4,591,332</u>	<u>27,588,842</u>
<b>Other Financing Sources</b>						
Transfers from Other Funds	85,988	5,828,340				5,914,328
Proceeds of Obligations				18,583,200		18,583,200
<b>Total Revenues and Other Financing Sources</b>	<u>3,275,838</u>	<u>13,875,907</u>	<u>2,353,626</u>	<u>27,989,667</u>	<u>4,591,332</u>	<u>52,086,370</u>
<b>Expenditures</b>						
General Government Support				6,272,334	49,431	6,321,765
Education				73,661		73,661
Public Safety				2,184,412		2,184,412
Transportation		13,762,500	2,205,249	14,226,303		30,194,052
Economic Assistance and Opportunity	3,149,636					3,149,636
Culture and Recreation				2,711,521		2,711,521
Payment of Principal					650,000	650,000
Interest Expense					5,621,965	5,621,965
<b>Total Expenditures</b>	<u>3,149,636</u>	<u>13,762,500</u>	<u>2,205,249</u>	<u>25,468,231</u>	<u>6,321,396</u>	<u>50,907,012</u>
Excess (Deficit) Revenues and Other Financing Sources Over Expenditures	126,202	113,407	148,377	2,521,436	(1,730,064)	1,179,358
<b>Fund Balance, Beginning of Year</b>	<u>45,429</u>	<u>257,918</u>	<u>22,117</u>	<u>7,262,887</u>	<u>12,831,224</u>	<u>20,419,575</u>
<b>Fund Balance, End of Year</b>	<u>\$ 171,631</u>	<u>\$ 371,325</u>	<u>\$ 170,494</u>	<u>\$ 9,784,323</u>	<u>\$ 11,101,160</u>	<u>\$ 21,598,933</u>