

**COUNTY OF OSWEGO**

**Oswego, New York**

**FINANCIAL REPORT**

**December 31, 2013**

COUNTY OF OSWEGO  
FOR THE YEAR ENDED DECEMBER 31, 2013

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### INDEPENDENT AUDITOR'S REPORT

County Legislature  
County of Oswego  
Oswego, New York

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

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

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the County of Oswego Industrial Development Agency, which represent 99% and 45%, respectively, of the assets and revenues of the component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the County of Oswego Industrial Development Agency, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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## **Opinions**

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

## **Emphasis of a Matter**

During the year ended December 31, 2013, the County of Oswego implemented Governmental Accounting Standards Board Statement Number 65, "Items Previously Reported as Assets and Liabilities." Our opinion is not modified with respect to this matter.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and Schedule of Funding Progress on pages 3 through 3h, and 37 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining and individual non-major fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2014, on our consideration of the Oswego County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oswego County's internal control over financial reporting and compliance.

*Cianchi, D'Intino, Little, McKeown, & Company, LLP*

September 23, 2014  
Ithaca, New York

COUNTY OF OSWEGO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Our discussion and analysis of the County of Oswego's (the County) financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2013. Please read it in conjunction with the County's financial statements, which begin on page 4.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$144,383,249 (net position) compared to \$155,750,967 in 2012.
- The County's governmental net position decreased by \$11,367,718 or 7.3%. The County is in compliance with Governmental Accounting Standards Board (GASB) Statement Number 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This Statement requires the County to record a liability for a portion of the Actuarial Accrued Liability. The County recorded an additional liability and an expense of \$9,427,934 in 2013.
- During the year, the County had expenditures that were \$11,367,718 more than the \$193,398,217 generated in tax and other revenues for all the government's activities. This compares to last year when expenditures exceeded revenues by \$14,973,615.
- The General Fund recorded a decrease in fund balance of \$10,168,805 in 2013 and had a fund balance at the end of the year of \$44,198,232. The main reasons were because of lower than expected State revenues and transfers that were budgeted but not made.
- The County's long-term obligations increased by \$2,685,131 or 2.4% during the current fiscal year.
- The resources available for appropriation were \$4,793,063 less than budgeted and expenditures were \$8,835,716 favorable when compared to budget. One reason for the differences in budget versus actual is the approval of grants and awards by the County Legislature which cross fiscal years. The County Legislature approves the grants to be rolled over into the subsequent years' budget.

#### **USING THIS ANNUAL REPORT**

The discussion and analysis provided here are intended to serve as an introduction to the County of Oswego's (the County's) basic financial statements. The County's financial statements consist of the three components: government-wide financial statements, fund financial statements and the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

The Statement of Net Position and the Statement of Activities (on pages 4 through 5a) provide information about the County as a whole and present a long-term view of the County's finances. Governmental Fund financial statements start on page 6. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the County's operations in greater detail than the Government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements, the annual report contains other information in the form of (1) combining statements for those funds that are not considered major funds and, therefore, are not presented individually in the basic financial statements, and (2) statements comparing results of operations to budgetary statements for the General Fund.

COUNTY OF OSWEGO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

### Reporting the County as a Whole

Our analysis of the County as a whole begins on page 4, with the Government-wide financial statements. The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer the question of whether the County, as a whole, is better or worse off as a result of the year's activities. These statements include *all* assets, liabilities, and deferred inflows/outflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Those two statements report the County's net position and changes in it. The Statement of Net Position presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. One can think of the County's net position as one way to measure the County's financial health. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. One needs to consider other nonfinancial factors, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

In the Statement of Net Position and the Statement of Activities, we separate the County into two kinds of activities:

**Governmental Activities:** Most of the County's services are reported in this category, including public safety, public health, economic assistance, transportation, and general administration. Property and sales taxes, and state and federal grants finance most of these activities.

**Component units:** The County includes two separate legal entities in its report - the Soil and Water Conservation District and the Industrial Development Agency. Although legally separate, these "component units" are important because the County is financially accountable for them. Complete financial statements for the Soil and Water Conservation District and Industrial Development Agency can be obtained from their administrative offices at 3105 State Route 3, Fulton, New York 13069 and 44 West Bridge Street, Oswego, New York 13126, respectively.

### Reporting the County's Most Significant Funds

#### Governmental Fund Financial Statements

Analysis of the County's Major Funds begins on page 6. The Governmental Fund financial statements provide detailed information about the most significant funds - not the County as a whole. Some funds are required to be established by State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants.

**Governmental Funds:** All of the County's services are reported in the 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 be readily converted to cash. The Governmental Fund financial statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The relationship (or differences) between Governmental *Activities* (reported in the Government-wide financial statements) and Governmental *Funds* is explained in a reconciliation following the Governmental Fund financial statements.

COUNTY OF OSWEGO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

**The County as Trustee:** The County is the trustee, or fiduciary, for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the County's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 13 and 14. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**THE COUNTY AS A WHOLE**

The County's net position for the fiscal year ended December 31, 2013 decreased from \$155,750,967 to \$144,383,249. Last year's net position decreased by \$(14,973,615). By far, the largest portion of the County's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens: consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position represents resources restricted due to external restrictions on how they may be used and are reported as restricted net position.

The remaining category of total net position is unrestricted and may be used to meet the government's ongoing obligations and services to creditors and citizens.

Our analysis below focuses on the net position (Figure 1), and changes in net position (Figure 2), of the County's Governmental Activities.

**Figure 1**  
**Net Position**  
*(In thousands)*

	<b>Total Primary Government</b>		<b>Percent Change</b>
	<b>2012</b>	<b>2013</b>	<b>2012 - 2013</b>
<i>Current assets</i>	\$ 89,399	\$ 75,820	(15.2%)
<i>Other noncurrent assets</i>	19,815	22,714	14.6%
<i>Capital assets</i>	177,945	178,139	0.1%
<b>Total Assets</b>	<b>287,159</b>	<b>276,673</b>	<b>(3.7%)</b>
<i>Current liabilities</i>	25,878	24,889	(3.8%)
<i>Noncurrent liabilities</i>	105,530	107,401	1.8%
<b>Total Liabilities</b>	<b>131,408</b>	<b>132,290</b>	<b>0.7%</b>
<i>Investment in net capital assets</i>	165,498	164,989	(0.3%)
<i>Restricted</i>	21,478	22,325	3.9%
<i>Unrestricted</i>	(31,225)	(42,931)	(37.5%)
<b>Total Net Position (Restated)</b>	<b>\$ 155,751</b>	<b>\$ 144,383</b>	<b>(7.3%)</b>

The net position of the County's Governmental Activities decreased by (7.3%) or \$11,367,718. Unrestricted net (deficit), the portion of resources which can be used to finance day-to-day operations without constraints, decreased from \$(31,225,297 restated) at December 31, 2012 to \$(42,930,699) at December 31, 2013.



COUNTY OF OSWEGO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

The County's governmental revenues increased by 3.5% or \$6,527,574. The total cost of all governmental programs and services increased by 1.4% or \$2,921,677. Expenses increased during the year primarily due to greater depreciation expenses and inflationary increases, offset by an decrease in debt interest, as interest rates are lower. Our analysis in Figure 2 considers the operations of Governmental Activities.

**Figure 2**  
**Changes in Net Position**  
**(In thousands)**

	<b>Total Primary Government</b>		<b>Percent Change</b>
	<b>2012</b>	<b>2013</b>	<b>2012 - 2013</b>
<b>REVENUES</b>			
<i>Program Revenues:</i>			
Charges for services	\$ 23,985	\$ 23,924	(0.3%)
Operating grants	53,372	52,150	(2.3%)
Capital grants	2,471	2,710	9.7%
<i>General Revenues:</i>			
Property taxes and tax items	61,410	61,530	0.2%
Sales taxes	41,279	41,721	1.1%
Tobacco settlement	1,778	1,751	(1.5%)
Use of money and property	676	534	(21.0%)
Other revenues	1,413	8,632	510.9%
Other taxes	487	446	(8.4%)
<b>Total Revenues</b>	<b>\$ 186,871</b>	<b>\$ 193,398</b>	<b>3.5%</b>
<b>PROGRAM EXPENSES</b>			
General government	\$ 29,662	\$ 30,441	2.6%
Education	10,503	11,434	8.9%
Public safety	29,194	28,612	(2.0%)
Public health	13,474	13,122	(2.6%)
Transportation	26,646	29,924	12.3%
Economic assistance and opportunity	77,240	76,660	(0.8%)
Culture and recreation	1,274	1,737	36.3%
Home and community services	12,057	11,174	(7.3%)
Interest on long-term debt	1,794	1,662	(7.4%)
<b>Total Expenses</b>	<b>\$ 201,844</b>	<b>\$ 204,766</b>	<b>1.4%</b>
<b>(DECREASE) IN NET POSITION</b>	<b>\$ (14,973)</b>	<b>\$ (11,368)</b>	<b>24.1%</b>

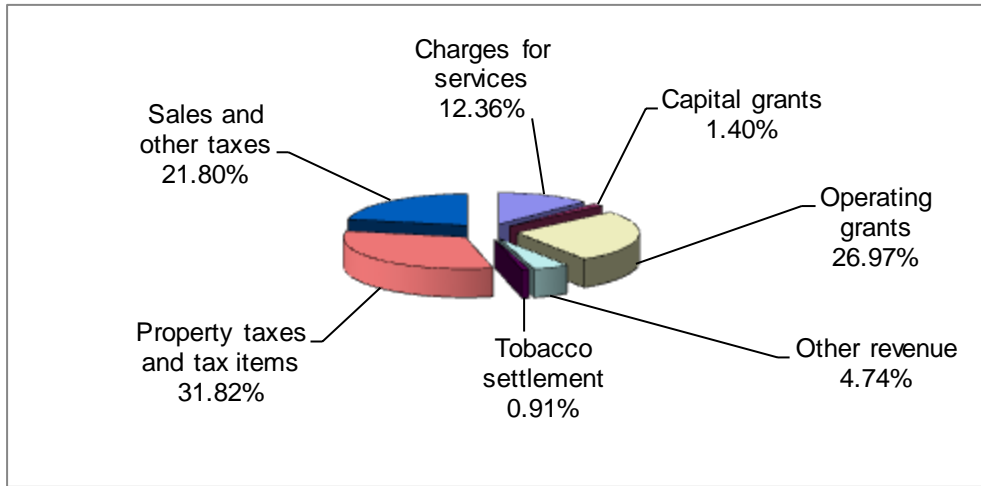
**Governmental Activities**

Pilot agreements totaled \$11,722,140 in 2012 and \$11,966,367 in 2013. These amounts are included within property taxes and tax items, and indicate an overall 0.2% increase from 2012 to 2013, mainly due to an increase in the PILOT agreement with one of the nuclear energy plants.

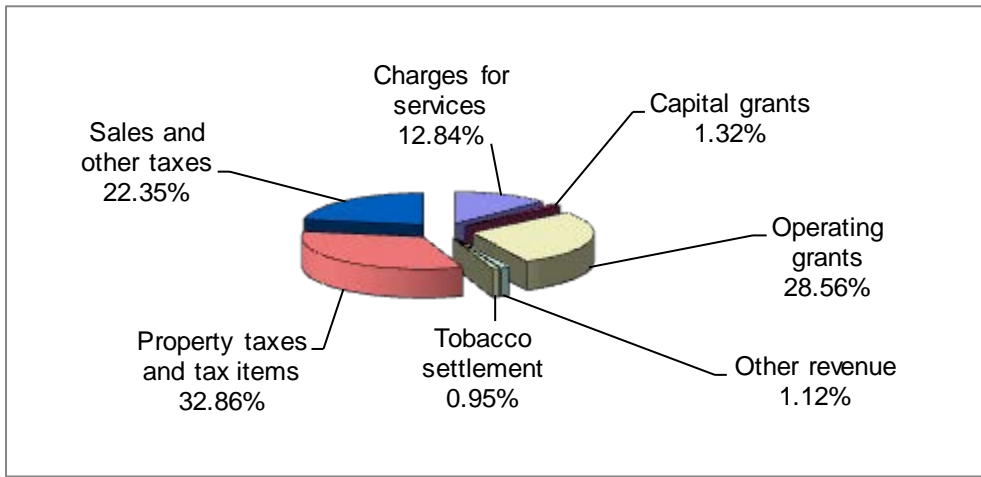
Sales taxes increased \$442,004 or 1.1% from 2012 to 2013. Other revenues increased \$7,218,575, primarily due to a change in estimate for the landfill postclosure of \$6,305,429.

COUNTY OF OSWEGO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2013

**Figure 3**  
**Revenues by Source**  
**2013**



**Figure 4**  
**Revenues by Source**  
**2012**

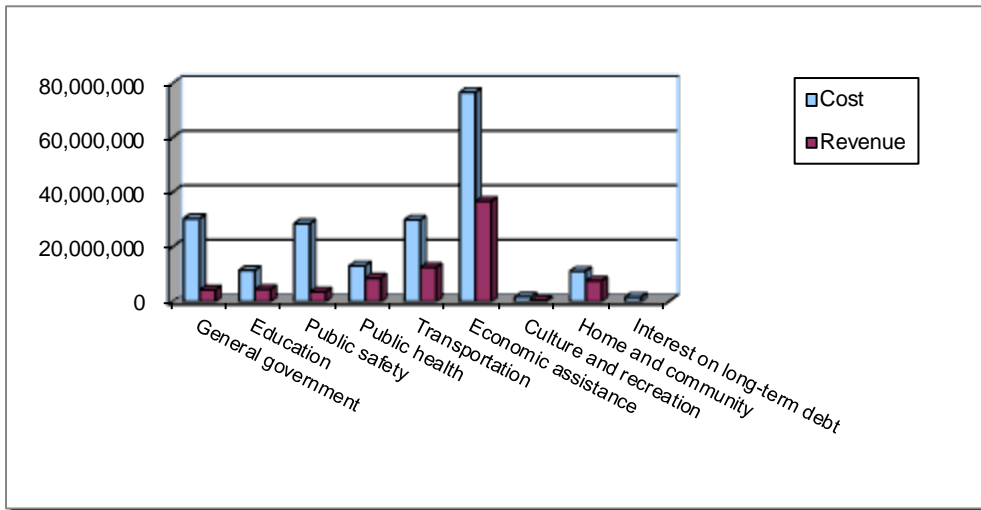


The cost of all Governmental Activities this year was \$204,765,935. However, as shown in the Statement of Activities, the amount taxpayers ultimately financed for these activities through general revenues was \$125,981,737 because some of the cost was paid by those who directly benefited from the programs, or other governments and organizations subsidized certain programs with grants and contributions. Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, were \$78,784,198. The County paid for the remaining "public benefit" portion of Governmental Activities with \$114,614,019 in taxes and with other revenues, such as interest, general entitlements and change in estimates.

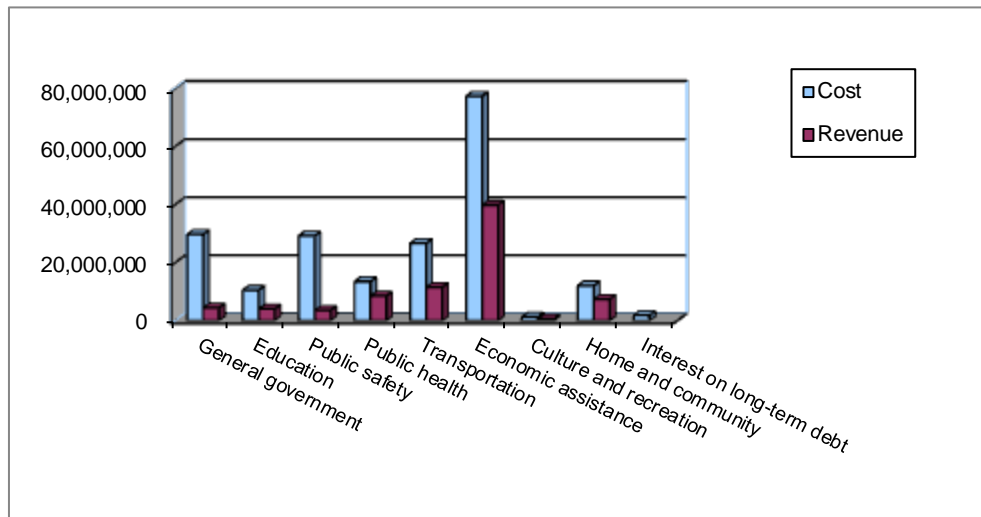
COUNTY OF OSWEGO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2013

The total cost less revenues generated by activities, or the net cost, for each of the County's programs is presented in Figures 5 and 6 for 2013 and 2012. The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

**Figure 5**  
**Net Program Cost**  
**Governmental Activities**  
**2013**



**Figure 6**  
**Net Program Cost**  
**Governmental Activities**  
**2012**



COUNTY OF OSWEGO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

**THE COUNTY'S FUNDS**

As the County completed the year, its Governmental Funds, as presented in the balance sheet on page 6, reported a combined fund balance of \$55,758,983, which is below last year's total of \$66,642,731 mainly due to the use of \$15,459,757 of fund balance in the General Fund, much of which was not recovered. Figure 7 shows the changes in fund balance for the County's Funds.

**Figure 7**  
**Governmental Funds**  
**Fund Balance at Years Ended**  
**(In thousands)**

	2012	2013	Percent Change
<i>General Fund</i>	\$ 54,367	\$ 44,198	(18.7%)
<i>OTASC Fund</i>	3,312	3,409	2.9%
<i>Non-Major Governmental Funds</i>	8,964	8,152	(9.1%)
<b>Totals</b>	<b>\$ 66,643</b>	<b>\$ 55,759</b>	<b>(16.3%)</b>

The General Fund balance decreased primarily due to a decrease in State and Federal revenues and budgeted transfers not occurring. The OTASC Fund increased due to payments of principal and interest being lower than prior years. Other Governmental Funds decreased mainly due to capital project expenditures exceeding revenues.

**General Fund Budgetary Highlights**

Over the course of the year, the County Legislature revised the County budget several times. These budget amendments consisted of budget transfers between functions, which did not increase the overall budget. In addition to these transfers, the County Legislature increased the overall budget to provide for various grants where the majority of the funding came from federal and state sources.

After these adjustments, the actual charges to appropriations (expenditures) were below the final budget amounts. The most significant positive variances occurred in the County's general government, public safety and economic assistance and opportunity accounts. The positive variances of \$1,973,132 (General Government), \$1,622,899 (Public Safety), and \$1,748,721 (Economic Assistance and Opportunity) occurred primarily due to decreases in contractual expenditures; less stimulus monies available, and community block grants approved in the current year which cross fiscal years.

Resources available for appropriation were \$(4,793,063) below the final budgeted amounts. State and federal sources, which cross fiscal years, were below the final budget by \$(4,497,425). A positive variance of \$714,910 occurred in the non-property tax items due to an increase in sales tax revenue.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of December 31, 2013, the County had \$178,138,642, net of accumulated depreciation, invested in a broad range of capital assets, including buildings, machinery and equipment, roads and bridges. This amount represents a net increase (including additions and deductions) of 0.1% or \$193,729 over last year.

COUNTY OF OSWEGO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

**Figure 8**  
**Capital Assets, Net of Depreciation**  
**(In thousands)**

	<b>Total Primary Government</b>		<b>Percent Change</b>
	<b>2012</b>	<b>2013</b>	<b>2012 - 2013</b>
<i>Land</i>	\$ 6,469	\$ 6,469	0%
<i>Construction-in-progress</i>	26,543	23,375	(11.9%)
<i>Buildings and improvements</i>	50,091	48,569	(3.0%)
<i>Equipment</i>	8,625	10,347	20.0%
<i>Infrastructure</i>	86,217	89,379	3.7%
<b>Totals</b>	<b>\$ 177,945</b>	<b>\$ 178,139</b>	<b>0.1%</b>

**Debt Administration**

Debt, both short-term and long-term, considered a liability of Governmental Activities, increased in 2013 by \$2,685,131 as shown in Figure 9. The recognition of additional postemployment benefit liabilities of \$9,427,934, offset by principal bond payments of \$2,403,986 caused total long-term liabilities to increase. Of the total debt, \$15,365,000 was subject to the constitutional debt limit and represented 3.95% of the County's statutory debt limit.

The County adopted resolutions, dated May 15, 2003, to establish a Local Development Corporation (LDC) and passed a local law to sell its rights to receive payments expected to become due under the master settlement agreement, related consent decree and final judgment with various tobacco companies. On December 18, 2003, the LDC sold the rights associated with this settlement. This sale was recorded in the new Oswego Tobacco Asset Securitization Corporation (OTASC) Fund, and the bonds associated with this debt are shown as component unit bonds. The County is not legally liable for the bonds issued by the OTASC.

**Figure 9**  
**Outstanding Debt at Years Ended**  
**(In thousands)**

	<b>Total Primary Government</b>		<b>Percent Change</b>
	<b>2012</b>	<b>2013</b>	<b>2012 - 2013</b>
<i>Serial bonds</i>	\$ 16,935	\$ 15,365	(9.3%)
<i>Amortization on serial bonds</i>	500	438	(12.4%)
<i>Component unit bonds</i>	14,425	13,653	(5.4%)
<i>Landfill closure and post closure costs</i>	19,960	13,655	(31.6%)
<i>Claims and judgments</i>	6,689	8,749	30.8%
<i>Compensated absences</i>	2,397	2,303	(3.9%)
<i>Other postemployment benefits</i>	49,548	58,976	19.0%
<b>Totals</b>	<b>\$ 110,454</b>	<b>\$ 113,139</b>	<b>2.4%</b>

COUNTY OF OSWEGO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

The County's bond rating is currently Aa3.

The County does not purchase insurance to pay its obligations under Workers' Compensation Law and has claims and judgments of \$8,749,445 outstanding at year end compared with \$6,688,862 last year. Other obligations include future landfill maintenance costs. More detailed information about the County's long-term liabilities is presented in Note 3-B-4 to the basic financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The County's elected and appointed officials considered many factors, including the current economy, when setting the fiscal year ending December 31, 2014 budget tax rates and fees.

Unemployment in Oswego County averaged 10.4% in 2013 and 10.6% in 2012. Inflation was 1.5% in 2013 and 1.7% in 2012.

These indicators were taken into account when adopting the General Fund budget for 2014. Amounts available for appropriation in the General Fund budget are \$147,347,753, an increase of 1.0% over the adopted December 31, 2013 budget of \$145,996,063.

Real property taxes for the 2014 adopted budget increased to \$42,841,569, an increase of 0.4% over the 2013 budget of \$42,664,531. Appropriations increased \$2,215,141 or 1.0% for the 2014 budget, mainly due to inflation factors.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and 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 the report or need any additional financial information, contact Fred Beardsley, County Treasurer, 46 East Bridge Street, Oswego, New York 13126.

COUNTY OF OSWEGO  
STATEMENT OF NET POSITION  
DECEMBER 31, 2013

	Component Units		
	Governmental Activities	Soil and Water Conservation District	Industrial Development Agency 7/31/2013
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and cash equivalents	\$ 25,960,002	\$ 69,871	\$ 4,157,387
Restricted cash and cash equivalents	150,827	32,003	4,671,258
Taxes receivable, net	22,687,808		
Accounts receivable, net	10,184,910	3,505	10,054,723
Due from state and federal governments	14,448,588		
Due from other governments	22,264	18,766	
Prepaid expenses	2,365,581		1,182,220
Inventories		2,707	
<b>Total Current Assets</b>	<b>75,819,980</b>	<b>126,852</b>	<b>20,065,588</b>
Noncurrent Assets:			
Restricted cash and cash equivalents	21,113,654		
Restricted investments	1,600,825		
Land and construction in progress	29,844,181		
Capital assets, net of accumulated depreciation (See Note 2-B-6)	148,294,461		
<b>Total Assets</b>	<b>276,673,101</b>	<b>126,852</b>	<b>20,065,588</b>
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Accounts payable	7,469,895		500
Accrued liabilities	1,461,615	2,267	
Interest payable	676,880		
Due to other governments	8,769,688		72,500
Unearned revenue	641,946		
Retained percentages	130,337		
Current portion of long-term liabilities	5,738,986		3,502
<b>Total Current Liabilities</b>	<b>24,889,347</b>	<b>2,267</b>	<b>76,502</b>
Long-term liabilities, net of current portion:			
Other postemployment benefits	58,976,310		
Other long-term liabilities	48,424,195		949,623
<b>Total Liabilities</b>	<b>132,289,852</b>	<b>2,267</b>	<b>1,026,125</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	164,988,941		
Restricted	22,325,007		14,088,579
Unrestricted (deficit)	(42,930,699)	124,585	4,950,884
<b>Total Net Position</b>	<b>\$ 144,383,249</b>	<b>\$ 124,585</b>	<b>\$ 19,039,463</b>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF OSWEGO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b><u>FUNCTIONS/PROGRAMS</u></b>				
Primary Government:				
Governmental Activities:				
General government	\$ 30,441,153	\$ 3,950,865	\$ 345,047	\$ _____
Education	11,434,420	_____	4,558,763	_____
Public safety	28,612,109	876,412	2,738,291	_____
Public health	13,121,867	3,368,391	5,294,444	_____
Transportation	29,923,877	5,036,627	4,804,880	2,709,746
Economic assistance and opportunity	76,659,578	3,687,310	33,122,478	_____
Culture and recreation	1,737,375	185,299	392,905	_____
Home and community services	11,173,183	6,819,234	893,506	_____
Interest on long-term debt	1,662,373	_____	_____	_____
Total Governmental Activities	204,765,935	23,924,138	52,150,314	2,709,746
Total Primary Government	\$ 204,765,935	\$ 23,924,138	\$ 52,150,314	\$ 2,709,746
Component Units:				
Soil and Water Conservation District	\$ 857,524	\$ 58,865	\$ 732,332	\$ _____
Industrial Development Agency	519,875	405,625	_____	_____
Total Component Units	\$ 1,377,399	\$ 464,490	\$ 732,332	\$ -0-

Net (Expense) and Changes in Net Position brought forward

**GENERAL REVENUES**

Taxes:

- Property taxes, levied for general purposes
- Property tax items
- Sales taxes
- Other taxes
- Tobacco settlement payments
- Use of money and property
- Miscellaneous
- Gain on sale of capital assets
- Change in estimate - landfill postclosure
- Total General Revenues

Change in Net Position

Net Position - Beginning, as restated

Net Position - Ending

See Independent Auditor's Report and Notes to Financial Statements



Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Component Units	
	Soil and Water Conservation District	Industrial Development Agency 7/31/2013
\$ (26,145,241)	\$ _____	\$ _____
(6,875,657)	_____	_____
(24,997,406)	_____	_____
(4,459,032)	_____	_____
(17,372,624)	_____	_____
(39,849,790)	_____	_____
(1,159,171)	_____	_____
(3,460,443)	_____	_____
(1,662,373)	_____	_____
(125,981,737)	-0-	-0-
(125,981,737)	-0-	-0-
_____	(66,327)	_____
_____	_____	(114,250)
-0-	(66,327)	(114,250)
-0-	(66,327)	(114,250)
44,936,569	_____	_____
16,593,534	_____	177,641
41,721,413	_____	_____
446,059	_____	_____
1,751,232	_____	_____
534,023	_____	9,922
2,321,416	47,245	92,134
4,344	_____	_____
6,305,429	_____	_____
114,614,019	47,245	279,697
(11,367,718)	(19,082)	165,447
155,750,967	143,667	18,874,016
\$ <u>144,383,249</u>	\$ <u>124,585</u>	\$ <u>19,039,463</u>

COUNTY OF OSWEGO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2013

	<u>Major Funds</u>			Total Governmental Funds
	<u>General Fund</u>	<u>OTASC Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>	
<b><u>ASSETS</u></b>				
Assets:				
Cash and cash equivalents - Unrestricted	\$ 25,295,223	\$	\$ 538,223	\$ 25,833,446
- Restricted	<u>20,980,593</u>	<u>133,061</u>	<u>150,827</u>	<u>21,264,481</u>
Restricted investments		<u>1,600,825</u>		<u>1,600,825</u>
Taxes receivable (net)	<u>22,687,808</u>			<u>22,687,808</u>
Tobacco settlement receivable		<u>1,675,000</u>		<u>1,675,000</u>
Due from other funds	<u>1,364,364</u>		<u>8,352,277</u>	<u>9,716,641</u>
Due from state and federal governments	<u>12,852,243</u>		<u>1,596,345</u>	<u>14,448,588</u>
Due from other governments	<u>22,264</u>			<u>22,264</u>
Other receivables, net	<u>6,493,489</u>		<u>1,751,417</u>	<u>8,244,906</u>
Prepaid expenses	<u>2,365,581</u>			<u>2,365,581</u>
 Total Assets	 <u>\$ 92,061,565</u>	 <u>\$ 3,408,886</u>	 <u>\$ 12,389,089</u>	 <u>\$ 107,859,540</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 5,423,046	\$	\$ 2,035,549	\$ 7,458,595
Due to other funds	<u>16,017,211</u>		<u>1,364,365</u>	<u>17,381,576</u>
Due to other governments	<u>8,769,688</u>			<u>8,769,688</u>
Compensated absences	<u>1,722,039</u>		<u>580,638</u>	<u>2,302,677</u>
Retained percentages			<u>130,337</u>	<u>130,337</u>
Unearned revenues			<u>126,335</u>	<u>126,335</u>
 Total Liabilities	 <u>31,931,984</u>	 <u>-0-</u>	 <u>4,237,224</u>	 <u>36,169,208</u>
Deferred Inflows of Resources:				
Unavailable revenues	<u>15,931,349</u>			<u>15,931,349</u>
Fund Balances:				
Nonspendable	<u>2,365,581</u>			<u>2,365,581</u>
Restricted	<u>18,760,775</u>	<u>3,408,886</u>	<u>2,370,645</u>	<u>24,540,306</u>
Assigned	<u>3,031,719</u>		<u>5,781,220</u>	<u>8,812,939</u>
Unassigned	<u>20,040,157</u>			<u>20,040,157</u>
 Total Fund Balances	 <u>44,198,232</u>	 <u>3,408,886</u>	 <u>8,151,865</u>	 <u>55,758,983</u>
 Total Liabilities and Fund Balances	 <u>\$ 92,061,565</u>	 <u>\$ 3,408,886</u>	 <u>\$ 12,389,089</u>	 <u>\$ 91,928,191</u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF OSWEGO  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2013

Total Governmental Fund Balances		\$ <u>55,758,983</u>
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.</p>		
Historical cost	\$ 475,147,365	
Accumulated depreciation	<u>(297,008,723)</u>	<u>178,138,642</u>
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.</p>		
		<u>15,415,738</u>
<p>Internal Service Funds are used by management to charge the costs of certain activities, such as health and workers' compensation insurance. The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Position.</p>		
		<u>(2,229,187)</u>
<p>Certain accrued expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in Governmental Funds.</p>		
		<u>(1,051,551)</u>
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Bonds payable	\$ (15,365,000)	
Other postemployment benefits	(58,976,310)	
Component unit bonds payable	(13,653,495)	
Landfill closure and postclosure costs	<u>(13,654,571)</u>	<u>(101,649,376)</u>
Net Position of Governmental Activities		<u>\$ 144,383,249</u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF OSWEGO  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Major Funds			Total Governmental Funds
	General Fund	OTASC Debt Service Fund	Non-Major Governmental Funds	
<b><u>REVENUES</u></b>				
Real property taxes	\$ 44,399,696	\$	\$	\$ 44,399,696
Real property tax items	16,593,534			16,593,534
Nonproperty tax items	42,041,310			42,041,310
Departmental income	10,641,357		6,838,000	17,479,357
Intergovernmental charges	273,171		2,867,981	3,141,152
Use of money and property	453,940	76,390	589,798	1,120,128
Licenses and permits	73,806		10,000	83,806
Fines and forfeitures	226,322			226,322
Sale of property and compensation for loss	126,429	1,751,232	1,963,928	3,841,589
Miscellaneous local sources	1,072,277		846,172	1,918,449
Interfund revenues			857,434	857,434
State sources	24,459,295		4,287,362	28,746,657
Federal sources	22,203,387		3,903,700	26,107,087
Total Revenues	<u>162,564,524</u>	<u>1,827,622</u>	<u>22,164,375</u>	<u>186,556,521</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General governmental support	25,932,841	62,245		25,995,086
Education	11,434,420			11,434,420
Public safety	20,010,252			20,010,252
Public health	10,490,189			10,490,189
Transportation	1,647,393		15,989,305	17,636,698
Economic assistance and opportunity	67,734,501		2,619,709	70,354,210
Culture and recreation	907,407			907,407
Home and community services	1,601,121		6,396,082	7,997,203
Employee benefits	933,334		201,030	1,134,364
Debt service principal and interest		1,663,383	2,435,494	4,098,877
Capital outlay			11,352,506	11,352,506
Total Expenditures	<u>140,691,458</u>	<u>1,725,628</u>	<u>38,994,126</u>	<u>181,411,212</u>
Excess of Revenues (Expenditures)	<u>21,873,066</u>	<u>101,994</u>	<u>(16,829,751)</u>	<u>5,145,309</u>
<b><u>OTHER FINANCING (USES) SOURCES</u></b>				
Interfund transfers in	5,000		16,497,814	16,502,814
Interfund transfers (out)	(32,046,871)	(5,000)	(480,000)	(32,531,871)
Total Other Financing (Uses) Sources	<u>(32,041,871)</u>	<u>(5,000)</u>	<u>16,017,814</u>	<u>(16,029,057)</u>
Excess of (Expenditures) Revenues and Other Financing (Uses) Sources	<u>(10,168,805)</u>	<u>96,994</u>	<u>(811,937)</u>	<u>(10,883,748)</u>
Fund Balances, Beginning	<u>54,367,037</u>	<u>3,311,892</u>	<u>8,963,802</u>	<u>66,642,731</u>
Fund Balances, Ending	<u>\$ 44,198,232</u>	<u>\$ 3,408,886</u>	<u>\$ 8,151,865</u>	<u>\$ 55,758,983</u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF OSWEGO  
 RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

Net Change in Fund Balances - Total Governmental Funds \$ (10,883,748)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay	\$ 12,055,331	
Depreciation expense	<u>(11,857,875)</u>	<u>197,456</u>

Sales of capital assets are reported net of the book value of the asset in the Statement of Activities; on the Statement of Revenues, Expenditures, and Changes in Fund Balances, the sale is reported at the amount received. This is the book value of assets sold.

(3,727)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

536,873

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Repayment of debt principal	\$ 2,341,415	
Change in estimate - landfill postclosure	<u>6,305,429</u>	<u>8,646,844</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds.

Change in interest payable	\$ 117,989	
Change in other postemployment benefits	<u>(9,427,934)</u>	<u>(9,309,945)</u>

Internal Service Funds are used by management to charge the costs of certain activities, such as workers compensation and insurance, to individual funds. The net (expense) of the Internal Service Fund is reported with Governmental Activities.

(551,471)

Change in Net Position of Governmental Activities		\$ <u><u>(11,367,718)</u></u>
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See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF OSWEGO  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2013

		Governmental Activities <u>Internal Service Fund</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and cash equivalents	\$	<u>126,556</u>
Accounts receivable, net		<u>201,682</u>
Due from other funds		<u>7,664,935</u>
Total Current Assets		<u>7,993,173</u>
Total Assets		<u>7,993,173</u>
<b><u>LIABILITIES</u></b>		
Current Liabilities:		
Accounts payable		<u>11,300</u>
Accrued liabilities		<u>1,415,094</u>
Total Current Liabilities		<u>1,426,394</u>
Noncurrent Liabilities:		
Other liabilities		<u>8,795,966</u>
Total Noncurrent Liabilities		<u>8,795,966</u>
Total Liabilities		<u>10,222,360</u>
<b><u>NET POSITION</u></b>		
Unrestricted		<u>(2,229,187)</u>
Total Net (Deficit)	\$	<u><u>(2,229,187)</u></u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF OSWEGO  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013

		Governmental Activities
		<u>Internal Service Fund</u>
<b><u>OPERATING REVENUES</u></b>		
Charges for services		\$ 2,382,561
Interfund transfer		<u>16,029,057</u>
Other operating revenues		<u>3,530,374</u>
Total Operating Revenues		<u>21,941,992</u>
<b><u>OPERATING EXPENSES</u></b>		
Salaries and wages		<u>37,184</u>
Fringe benefits		<u>16,348</u>
Contractual services		<u>50,041</u>
Benefits and awards		<u>22,393,315</u>
Total Operating Expenses		<u>22,496,888</u>
(Loss) from Operations		<u>(554,896)</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>		
Interest income		<u>3,425</u>
Donated services		<u>          </u>
Total Nonoperating Revenues		<u>3,425</u>
Change in Net Position		(551,471)
Total Net (Deficit), Beginning		<u>(1,677,716)</u>
Total Net (Deficit), Ending		<u>\$ (2,229,187)</u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF OSWEGO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Governmental Activities <u>Internal Service Fund</u>
Cash Flows from Operating Activities:	
Cash received from providing services	\$ <u>20,382,732</u>
Cash payments - Employees	<u>(51,287)</u>
Cash payments - Suppliers	<u>(49,781)</u>
Cash payments - Benefits and awards	<u>(20,286,211)</u>
Net Cash (Used) by Operating Activities	<u>(4,547)</u>
Cash Flows from Non-Capital Financing Activities:	
Net Cash Provided by Non-Capital Financing Activities	<u>-0-</u>
Cash Flows from Capital and Related Financing Activities:	
Net Cash Provided by Capital and Related Financing Activities	<u>-0-</u>
Cash Flows from Investing Activities:	
Interest income received	<u>3,425</u>
Net Cash Provided by Investing Activities	<u>3,425</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,122)</u>
Cash and Cash Equivalents, January 1,	<u>127,678</u>
Cash and Cash Equivalents, December 31,	<u>\$ <u>126,556</u></u>
Reconciliation of (Loss) from Operations to Net Cash (Used) by Operating Activities:	
(Loss) from operations	\$ <u>(554,896)</u>
(Increase) in interfund receivable	<u>(1,614,721)</u>
Decrease in other receivables	<u>55,461</u>
Increase in accounts payable	<u>260</u>
Increase in accrued liabilities	<u>2,107,104</u>
Increase in other liabilities	<u>2,245</u>
Net Cash (Used) by Operating Activities	<u>\$ <u>(4,547)</u></u>

See Independent Auditor's Report and Notes to Financial Statements



COUNTY OF OSWEGO  
 STATEMENT OF NET POSITION  
 FIDUCIARY FUNDS  
DECEMBER 31, 2013

	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents - Unrestricted	\$ 695	\$ 1,667,798
Accounts receivable		1,136,888
Securities and mortgages	27,106,847	
 Total Assets	 <u>27,107,542</u>	 <u>\$ 2,804,686</u>
<b><u>LIABILITIES</u></b>		
Agency liabilities		\$ 2,804,686
 Total Liabilities	 <u>-0-</u>	 <u>\$ 2,804,686</u>
<b><u>NET POSITION</u></b>		
Held in Trust for Deferred Compensation	\$ <u>27,107,542</u>	

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF OSWEGO  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION  
 FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013

		Private Purpose Trust Fund
	<b><u>ADDITIONS</u></b>	
Contributions		\$ 3,444,958
Investment earnings		<u>1</u>
Total Additions		<u>3,444,959</u>
	<b><u>DEDUCTIONS</u></b>	
Total Deductions		<u>-0-</u>
Change in Net Position		3,444,959
Net Position - Beginning		<u>23,662,583</u>
Net Position - Ending		<u>\$ 27,107,542</u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Note 1 - Summary of Significant Accounting Policies

The financial statements of the County of Oswego (the County) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the County's accounting policies are described below.

A. Financial Reporting Entity

The County, which was established in 1816, is governed by County Law and other general laws of the State of New York and various local laws. The County Legislature, which is the legislative body responsible for the overall operation of the County, consists of twenty-five legislators, one from each district. Each County Legislator has one vote. The Chairman of the County Legislature serves as Chief Executive Officer and the County Treasurer serves as Chief Fiscal Officer of the County. The County provides the following basic services: public safety (including district attorney, assigned counsel, sheriff, probation, and jail), education (partial tuition to community colleges and tuition and transportation of handicapped children), public health, mental health, social services, highway maintenance, culture and recreation programs, planning, landfill, and resource recovery programs.

All governmental activities and functions performed for the County are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government, which is the County, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement Number 14, "The Reporting Entity," as amended by GASB Statement Number 39, "Determining Whether Certain Organizations are Component Units" and GASB Statement Number 61, "The Financial Reporting Entity: Omnibus".

The decision to include a potential component unit in the County's reporting entity is based on several criteria set forth in GASB Statement Number 14, as amended by GASB Statement Number 39, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following are included as discretely presented component units:

The Industrial Development Agency is a Public Benefit Corporation created by state legislation to promote the economic welfare, recreation opportunities, and prosperity of County inhabitants. Members of the agency are appointed by the Board of Legislators which exercises no oversight responsibility. The agency members have complete responsibility for management of the agency and accountability for fiscal matters. The County is not liable for agency bonds or notes. The Industrial Development Agency is considered a component unit of the County and is discretely presented. The Industrial Development Agency's fiscal year end is July 31, and the amounts reported in combined basic financial statements are for the year ended July 31, 2013.

The Oswego County Soil and Water Conservation District was established in October of 1945 under provisions of Article 3, Section 30, of the General Municipal Law. The Soil and Water Conservation District is considered a component unit of the County and is discretely presented.

COUNTY OF OSWEGO  
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During 2003, in accordance with the laws of New York State, and the securitization of its future tobacco settlement proceeds, the Oswego Tobacco Asset Securitization Corporation (OTASC) was established. OTASC is organized as a not-for-profit local development corporation that purchased the rights to the tobacco settlement proceeds from the County. OTASC in turn, pledged and assigned all of its rights as security and as a source of payment to the New York Counties Tobacco Trust III, which issued in aggregate \$79,680,000 of Tobacco Settlement Pass-Through Bonds. The proceeds from securitizing its future proceeds amounted to \$22,150,000 and were recognized in the 2003 financial statements of the County. OTASC is deemed to be a blended component unit of the County. The bonds issued by OTASC are not obligations of the County.

Complete financial statements of individual component units can be obtained from their respective administrative offices.

**B. Basic Financial Statements**

The County's basic financial statements include both Government-wide (reporting the County as a whole) and Governmental Fund financial statements (reporting the County's funds.) Both the Government-wide and Governmental Fund financial statements categorize primary activities as either Governmental or Business-type. The County's general governmental support, education, public safety, health, transportation, highways and streets, economic assistance and opportunity, culture and recreation, and home and community services are classified as Governmental Activities. Services relating to workers' compensation administration and health insurance administration are classified as Internal Services, and are allocated to Governmental Activities.

**1. Government-wide Financial Statements**

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government and for the County's discretely presented component units. Government-wide financial statements do not include the activities reported in the Fiduciary Funds or fiduciary component units. This Government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

In the Government-wide Statement of Net Position, the Governmental Activities column is presented on a consolidated basis, and is 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 position is reported in three parts – investment in net capital assets; restricted; and unrestricted. The County first utilizes restricted resources to finance qualifying activities.

The Statement of Activities reports both the gross and net cost for each of the County's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the program or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the County.

The County does not allocate indirect costs. Indirect costs are reported in the function entitled "general government."

COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
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FOR THE YEAR ENDED DECEMBER 31, 2013

2. Governmental Fund Financial Statements

The financial transactions of the County are reported in individual funds in the Governmental Fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The County records its transactions in the funds described below:

a. Governmental Funds

Governmental Funds 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 Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position. The following are the County's Governmental Funds:

1) Major Funds

General Fund - Principal operating fund which includes all operations not required to be recorded in other funds.

OTASC Debt Service Fund - Accounts for current payments of principal and interest on the Tobacco Settlement Pass-through Bonds and current receipts of tobacco settlement proceeds.

2) Non-Major Funds

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

County Road Fund - Accounts for expenditures for highway purposes authorized by Section 114 of the Highway Law.

Road Machinery Fund - Accounts for the purchase, repair, maintenance, and storage of highway machinery, tools, and equipment pursuant to Section 133 of the Highway Law.

Refuse and Garbage Fund - Accounts for the expense of operation and program income of the energy recovery facility.

Special Grant Fund - Accounts for funds received under the Workforce Investment Act (WIA).

Capital Project Funds - Account for financial resources to be used for the acquisition, construction, or renovation of major capital facilities other than those financed by the Enterprise or Internal Service Funds. The County utilizes separate funds to account for capital projects benefiting the following programs: general government, transportation, sanitation, recreation, and public safety.

COUNTY OF OSWEGO  
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Debt Service Fund - Accounts for current payments of principal and interest on general obligation long-term debt (and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness).

Permanent Funds - Resources legally restricted to the extent that only earnings and not principal may be used for purposes that support the reporting government's programs.

b. Proprietary Funds

The Proprietary Funds are used to account for activities which are similar to those often found in the private sector. The cost of providing goods or services to the general public are financed or recovered primarily through user fees. The measurement focus is upon determination of operating income, changes in net position, financial position, and cash flows. The following Proprietary Funds are utilized:

Internal Service Fund - Accounts for special activities or services provided by one department to other departments or to other governments on a cost-reimbursement basis, and for insurance coverage when the Board has decided to have a self-insurance program on an actuarial basis. The reimbursements and premiums are treated as operating revenues of the Internal Service Fund and as expenditures/expenses of the reimbursing or insured fund. Included is the following:

Self-Insurance Funds for Workers' Compensation and Health Insurance - Accounts for the accumulation of resources for payment of compensation, assessments, and other obligations under the Workers' Compensation Law, Article 5. Health insurance is used to account for the accumulation of resources for payment of health insurance benefits.

c. Fiduciary Funds

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

Private Purpose Trust Fund - Reports all trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The County uses this fund to report deferred compensation funds for its employees.

Agency Funds - Account for money received and held by the County in the capacity of trustee, custodian, or agent. The Agency Funds are custodial in nature and do not involve measurement of results of operations. The most significant of the County's Agency Funds are mortgage tax and social service trust funds.

C. Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures/expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
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Accrual Basis - The Government-wide financial statements and the Proprietary and Fiduciary Fund financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the County's assets, liabilities, and deferred outflows/inflows of resources, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual Basis - Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. The County considers property tax receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year. All other revenues deemed collectible within one year after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when received. Exceptions to this general rule are that 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

D. Cash and Cash Equivalents/Investments

For financial statement purposes, the County considers all highly liquid investments with original maturities of three months or less as cash equivalents. Investments consist of certificates of deposit with original maturities greater than three months and are valued at cost, which approximates fair value.

E. Inventory

Inventory associated with Governmental Activities is considered immaterial at year end.

F. Real Property Taxes

Real property taxes for County purposes are levied and become a lien on the property in January of each year based on County budget requirements. These taxes are apportioned among the subdivisions of the County (the Cities of Fulton and Oswego and 22 towns) on the basis of the calculated full valuation of taxable property and among properties within the subdivisions on an ad valorem basis. Included in the amount levied by the County and spread upon the tax rolls are: taxes for town, fire protection and fire district, and special improvement district purposes; non-city school district taxes transmitted to the County for collection in accordance with statutory provisions and certain other items.

The City of Fulton assumes the responsibility for enforcing collection of delinquent City and County taxes within its boundaries. County taxes levied within the City of Oswego are enforced by the County. City taxes levied prior to January 1, 2000 within the City of Oswego are enforced by the City. Taxes levied on or after January 1, 2000 are enforced by the County. All other jurisdictions normally receive payment in full from the collecting officers or the County, and tax assets arising from the levy or re-levy of taxes and tax items of those jurisdictions become the property and enforcement responsibility of the County. Real property taxes not paid within a timely period are generally included in County tax sale proceedings, and the County may ultimately take title to those parcels for which taxes have not been paid.

COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
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City School District tax delinquencies relating to parcels located outside the cities are also the enforcement responsibility of the County. City School District taxes which remain unpaid are subject to tax sale proceedings without being re-levied, and, subject to normal processing delays, the districts are generally made whole at the time of collection or tax sale, whichever is earlier.

Property taxes levied for 2013 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2013, and expected to be collected within the first 60 days of 2013, are recognized as revenues in the General Fund in 2013. Net receivables estimated to be collectible subsequent to the first 60 days of 2013 are reflected as a deferred inflow of resources. Deferred property tax revenues totaled \$15,415,738 at December 31, 2013. No amounts have been deferred in the Statement of Net Position.

Taxes receivable at December 31, 2013 are summarized as follows:

Delinquent tax installment agreements	\$	2,094,695
Delinquent taxes		12,512,313
Delinquent Village taxes		303,276
Delinquent City taxes		1,020,108
Tax sale certificates		33,169
Property acquired for taxes		775,560
School taxes		5,764,024
Other		209,663
Allowance for uncollectible taxes		<u>(25,000)</u>
 Totals	 \$	 <u>22,687,808</u>

School taxes included in the 2013 rolls totaled \$6,399,015, including interest and penalties.

G. Receivables

Receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the County to reimburse it for expenditures incurred pursuant to state and federally funded programs.

H. Capital Assets

All capital assets are valued 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 estimated useful lives of the assets. Governmental capital assets purchased or acquired with an original cost of over \$5,000 for equipment and land, \$100,000 for buildings, and \$200,000 for infrastructure, which have a useful life greater than one year are capitalized. The estimated useful lives for governmental capital assets are as follows:

Buildings	40 years
Machinery and equipment	5 - 20 years
Infrastructure	40 years



COUNTY OF OSWEGO  
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I. Self-Insurance

1. General Liability

The County assumes the liability for most risk including comprehensive general liability, auto liability, and law enforcement liability. Judgments and claims are recorded when it is probable an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The liability is funded by annual budget appropriations from the Governmental Funds. It is management's belief that any estimated current contingent loss liabilities (i.e., those to be liquidated with available financial resources in the ensuing fiscal year), of Governmental Fund types are not significant. All revenues and expenditures related to the County's general liability self-insurance plan are recorded in the General Fund.

2. Workers' Compensation

The County participates in a Self-Insurance Plan established to pay claims and judgments for workers' compensation. The guidance provided by GASB Statement Number 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," indicates these activities should be accounted for in an Internal Service Fund. Accordingly, the County accounts for the activities of this pool in an Internal Service Fund.

In addition to the County, participation in the Plan is available to, and includes, each of the 22 towns, 10 villages, and two cities within the County. Funding of the Plan is determined annually by the County Legislature. Payments are collected through the annual tax levy for towns and cities, and are billed annually to villages. The County has not recognized any liability for claims and judgments that may have been incurred but not yet reported to the County because it is management's belief that these amounts are not significant. The County has reserved equity of approximately \$1,000,000 within the Internal Service Fund to provide for future claim losses.

Outstanding claims, as actuarially determined by an independent consultant, amounted to \$8,749,445 at December 31, 2013.

A summary of claim activity is as follows:

Year Ended December 31,	Liability Beginning of Year	Claims and Changes in Estimates	Claim Payments	Liability End of Year
2012	\$ 7,564,441	\$ 4,750,095	\$ 4,214,495	8,100,041
2013	8,100,041	7,253,913	6,604,509	8,749,445

J. Compensatory Absences

The County's employees are granted vacation, sick leave, and other leave benefits as defined in agreements between the County and four representative units. In the event of termination, an employee is entitled to payment for accumulated vacation. Upon retirement, an employee is entitled to vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations.

Estimated vacation accumulated by employees is recorded as an expense when earned. The liability for compensated absences is \$2,302,677 for Governmental Activities. Governmental Fund compensated absences expense is recorded in the functional area in which it is earned.

Payment of vacation recorded in the Governmental Funds is dependent upon many factors. Therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation when such payment becomes due.

COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
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K. Equity Classifications

1. Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net resources with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted - Consists of all other net resources that do not meet the definition of "restricted" or "net investment in capital assets."

2. Governmental Fund Financial Statements

Governmental Fund equity is classified as fund balance. Proprietary Fund equity is classified the same as in the Government-wide financial statements. Any capital gains or interest earned on reserve fund resources becomes part of the respective reserve fund. While a separate bank account is not necessary for each reserve fund, a separate identity for each reserve fund must be maintained.

The County is in compliance with GASB Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions" which changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- **Nonspendable**  
Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- **Restricted**  
Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation.
- **Committed**  
Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, which requires the same level of formal action to remove said constraint.

COUNTY OF OSWEGO  
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- **Assigned**  
Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned**  
Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The County has adopted resolutions to commit fund balance. Currently, fund balance is assigned by the County Treasurer for encumbrances and designations and the County Legislature, by resolution, approves fund balance appropriations for next year's budget. The County has not formally adopted a policy defining the order in which to apply expenditures against fund balances. However, the County's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

L. Revenues

Substantially all Governmental Fund revenues are accrued. Property tax receivables expected to be received later than 60 days after year end are deferred. In applying GASB Statement Number 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 eligibility requirements, other than time requirements, are met are reported as advances by the provider and unearned revenue by the recipient. Resources transmitted before time requirements are met are reported as a deferred outflow of resources by the provider and a deferred inflow of resources by the recipient. Subsidies and grants to Proprietary Funds which finance either capital or current operations are reported as nonoperating revenue based on GASB Statement Number 33.

M. Interfund Activity

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. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements reflect 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. Transfers between Governmental or Proprietary Funds are netted as part of the reconciliation to the Government-wide financial statements.

N. Deferred Outflows and Inflows of Resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
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In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of deferred inflow, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund Balance Sheet. The governmental funds report unavailable revenues from loans receivable and taxes receivable that remain uncollected collected after 60 days after year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Note 2 - Stewardship, Compliance and Accountability

A. Deficit Fund Balance

The Internal Service Fund reported a deficit fund balance of \$(2,229,187) as of December 31, 2013. This deficit was due to the County not fully funding the accrued liability for the workers compensation and health insurance portion of Internal Service Fund. There was a deficit fund balance as of December 31, 2012 of \$(1,677,716).

Note 3 - Detail Notes

A. Assets

1. Investment Policy

The County's investment policies are governed by state statutes. State statutes provide that the County may invest funds only when those funds are not currently needed and may invest only in government obligations and secured time deposits with commercial banks or trust companies. Investments are recorded at cost. The market value of investments at December 31, 2013 approximates cost. In addition, the County has its own written investment policy. The County's monies must be deposited in Federal Deposit Insurance Corporation (the FDIC) insured commercial banks or trust companies located within the state.

The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit at the value of all deposits not covered by the FDIC. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the state and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least the cost of the repurchase agreement.

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. 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. GASB Statement Number 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
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Investments, including investments by OTASC, are stated at fair value.

2. Cash and Investments

The County's aggregate bank balances of \$50,520,853 and the discretely presented component units' balances of \$8,930,519 are either insured or collateralized with securities held by the pledging financial institution in the County and IDA's names, respectively.

Pooled Cash - During 2013, the County pooled its cash from all funds, except for cash required by law to be segregated, into a concentration account for investment purposes. County officials decided to apply all interest earned on these investments to the General Fund, with the exception of reserve funds and bonded indebtedness.

Cash restricted in the General Fund at December 31, 2013 is for capital and insurance reserves, cash restricted in the OTASC fund is for bond payments, and cash restricted in the Special Grant Fund is for community development activities.

In addition, the County has investments in securities at December 31, 2013 of \$27,106,847 as deferred compensation assets, and \$1,600,825 in OTASC investments.

3. Long-term Receivables

The County has contracted with Operation Oswego County, Inc. (OOC), a not-for-profit corporation, to supervise the development of an industrial park, lease sites, and manage and operate said park. As of December 31, 2013, the amounts advanced by the County to OOC for land purchases total approximately \$222,494 which, according to the contract, will be reimbursed to the County if and when the park sites are developed and sold or leased. The County charges the payments made to OOC to expenditures of the Capital Projects Fund in the year they were made and includes the associated asset in the Statement of Net Position. During 2013, the County contracted with OOC for the lease of space at the Oswego County Business Expansion Center. The advances above have been reduced by \$38,563 for the lease of this space.

This receivable is not reflected in the County's financial statements at December 31, 2013; however, had it been reflected, it would have been substantially offset by an allowance for doubtful accounts in the Government-wide financial statements and deferred inflows of resources in the Governmental Fund financial statements.

The Internal Service Fund has a mortgage receivable of \$54,820 and an accounts receivable for Workers Compensation of \$146,862 on December 31, 2013. These receivables are reflected in the County's financial statements.

4. Sales Tax

A 4% sales tax is levied in and for the County under the general authority of Article 29 of the Tax Law and specific authority of local law. This tax is administered and collected by the State Sales Tax Commission in the same manner as the State imposed 4% sales and compensating use tax. Net collections, meaning monies collected after deducting therefrom expenses of administration and collection and amounts refunded or to be refunded, but inclusive of any applicable penalties and interest, are paid by the State to the County on a monthly basis. The amount of sales taxes receivable at year end is \$5,020,835.

COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
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5. Other Receivables

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

Major Funds:	
General Fund:	
Sales tax collections	\$ 5,020,835
Health department fees	789,495
Other	<u>683,159</u>
Total General Fund	<u>\$ 6,493,489</u>
Non-Major Funds:	
Special Revenue Funds:	
County Road Fund:	
Sale of materials	\$ 32,319
Snow and ice	<u>744,198</u>
Total County Road Fund	<u>776,517</u>
Refuse and Garbage Fund:	
Sale of materials	<u>817,411</u>
Road Machinery Fund:	
Rental of equipment	<u>33,441</u>
Capital Projects Funds - General Services	<u>124,048</u>
Total Non-Major Governmental Funds	<u>\$ 1,751,417</u>

6. Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance at 12/31/12	Additions	Deletions	Balance at 12/31/13
<u>Governmental Activities</u>				
Nondepreciable:				
Land	\$ 6,468,896	\$	\$	\$ 6,468,896
Construction in progress	<u>26,543,161</u>	<u>3,564,398</u>	<u>(6,732,274)</u>	<u>23,375,285</u>
Total Nondepreciable	<u>33,012,057</u>	<u>3,564,398</u>	<u>(6,732,274)</u>	<u>29,844,181</u>
Depreciable:				
Buildings	120,369,302	1,553,028		121,922,330
Machinery and equipment	38,380,023	3,598,359	(290,336)	41,688,046
Infrastructure	<u>271,620,988</u>	<u>10,071,820</u>	<u>(290,336)</u>	<u>281,692,808</u>
Total Depreciable	<u>430,370,313</u>	<u>15,223,207</u>	<u>(290,336)</u>	<u>445,303,184</u>
Total Historical Cost	<u>463,382,370</u>	<u>18,787,605</u>	<u>(7,022,610)</u>	<u>475,147,365</u>
Less Accumulated Depreciation:				
Buildings	(70,278,491)	(3,075,245)		(73,353,736)
Machinery and equipment	(29,755,454)	(1,872,552)	286,609	(31,341,397)
Infrastructure	<u>(185,403,512)</u>	<u>(6,910,078)</u>	<u>(286,609)</u>	<u>(192,313,590)</u>
Total Accumulated Depreciation	<u>(285,437,457)</u>	<u>(11,857,875)</u>	<u>286,609</u>	<u>(297,008,723)</u>
Governmental Activities Capital Assets, Net	<u>\$ 177,944,913</u>	<u>\$ 6,929,730</u>	<u>\$ (6,736,001)</u>	<u>\$ 178,138,642</u>

COUNTY OF OSWEGO  
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Depreciation expense was charged to functions as follows:

<u>Governmental Activities</u>	
General governmental support	\$ 524,271
Public safety	1,006,928
Public health	120,040
Transportation	8,374,524
Economic assistance and opportunity	257,513
Culture and recreation	19,560
Home and community services	<u>1,555,039</u>
Total Governmental Activities Depreciation Expense	<u>\$ 11,857,875</u>

B. Liabilities

1. Pension Plans

a. General Information

The County participates in the New York State and Local Employees' Retirement System (The System). This is a cost sharing multiple-employer defined benefit retirement system, which provides retirement 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). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of funds.

The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

b. Funding Policy

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3% of their annual salary. Those joining NYSERS on or after January 1, 2010 are required to contribute 3% of their annual salary for their entire working career. Under the authority of the New York State Retirement and Social Security Law, the Comptroller shall certify annually the rates expressed as proportions of payroll of members which shall be used in computing the contributions required to be made by the employer to the Pension Accumulation Fund.

The County is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

<u>Year</u>	<u>ERS</u>
2013	\$ 9,474,924
2012	8,243,911
2011	7,041,020

COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

The County's contributions made to the System were equal to 100% of the contributions required for each of the years. The System's pension relief legislation (New York State Chapter 620, Laws of 2004) was enacted to provide employers with relief in payment of their annual ERS cost. This legislation provides several options to employers, including delaying their payments from December 15 to February 6 of the ensuing year, payment of a portion of their cost over an amortized period, and the means to issue serial bonds to provide funding for the employer's liability. In addition, the employer was given the option of making full payment on December 15 at a discounted amount. The County exercised its option of making payment on December 15, 2013, equal to 100% of the contributions required for the year.

The New York State Legislature has authorized local governments to make available retirement incentive programs. The County participates in early retirement programs when they are offered and has elected to pay the related cost over a five year amortization period, which includes interest at rates ranging from 8% to 8.5%. There is no remaining liability for these incentive programs at December 31, 2013.

2. Other Postemployment Benefits

The County is in compliance with GASB Statement Number 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." In the past, the County reported the cost of retiree health care on a "pay-as-you-go" basis.

The County of Oswego Healthcare Plan (Plan) is a single-employer defined benefit Healthcare Plan administered by the County of Oswego. The Plan provides medical, dental, and life insurance benefits to eligible retirees and their spouses. The County of Oswego assigns the authority to establish and amend benefit provisions to the County Legislature. The Plan does not issue a stand-alone financial report.

The contribution requirements of Plan members and the County are established and may be amended by the County Legislature. The County Legislature has negotiated several collective bargaining agreements, which include obligations of Plan members and the County. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2013, the County contributed \$4,015,202 to the Plan for current premiums. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit.

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement Number 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 of 30 years.



COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

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 to the County of Oswego Healthcare Plan:

Normal cost	\$ 6,106,008
Amortization of UAAL	8,110,373
Total Annual Required Contribution	14,216,381
Interest on net OPEB obligation	1,981,935
Adjustment to annual required contribution	(2,755,180)
Annual OPEB cost (expense)	13,443,136
Contributions made on behalf of 472 retirees	(4,015,202)
Increase in Net OPEB Obligation	9,427,934
 Net OPEB Obligation - January 1, 2013	 49,548,376
 Net OPEB Obligation - December 31, 2013	 \$ 58,976,310

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 13,443,136	29.9%	\$ 58,976,310
12/31/2012	\$ 12,658,414	25.5%	\$ 49,548,376
12/31/2011	\$ 12,160,815	25.4%	\$ 40,130,354

As of January 1, 2013, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$140,244,847; there are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$44,397,712 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 316%.

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

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposed are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques 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.

COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

In the January 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 4.7% initially reduced by decrements to an ultimate rate of 4.2% after seventy years. Both rates included a 2.9% inflation assumption.

3. Short-term Debt

a. Bond Anticipation Notes

Bond Anticipation Notes (BANs) issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as long-term debt when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

During the year ended December 31, 2013, no BANs were issued or redeemed.

4. Long-term Liabilities

At December 31, 2013, the total outstanding bonded indebtedness of the County, not including OTASC debt, aggregated \$15,365,000. The total outstanding debt was subject to the constitutional debt limit and represented 3.95% of its debt limit.

a. Serial Bonds

The County borrows money in order to acquire land or equipment or construct buildings and improvements. This 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, which are full faith and credit debt of the local government, are recorded in the Statement of Net Position. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

<u>Governmental Activities Bonds</u>	<u>Original Date Issued</u>	<u>Original Debt</u>	<u>Interest Rate</u>	<u>Date Final Maturity</u>	<u>2013 Amount Paid</u>	<u>Balance 12/31/13</u>
Public Improvement (Public Safety)	11/2010	\$ <u>18,460,000</u>	3.1-6.0%	03/21	\$ <u>1,570,000</u>	\$ <u>15,365,000</u>
Total		\$ <u>18,460,000</u>			\$ <u>1,570,000</u>	\$ <u>15,365,000</u>

b. Component Unit Debt

During 2003, OTASC issued serial bonds in connection with the securitization of the County's tobacco rights. The bonds carry an interest rate of 5.64% and include annual payments on June 1. Final payment is due in 2043, although OTASC has been paying under accelerated turbo redemptions. As of December 31, 2013 the balance is as follows:

Bonds issued	\$ 14,005,000
Less: Discount on bonds payable	<u>(351,505)</u>
Net Bond Amount	<u>\$ 13,653,495</u>

COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

c. Postclosure Care - Landfill

Postclosure care - Landfill represents the financial obligation related to closure and postclosure care of the landfill. Liquidation of this liability occurs via expenditures in the Refuse and Garbage Fund.

d. Claims and Judgments

Claims and judgments represent the estimated liability for claims for workers' compensation that have been incurred but not reported. This liability is liquidated by the County's Internal Service Fund.

e. Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013 was as follows:

	Balance at 12/31/12	Additions	Decreases	Balance at 12/31/13	Amount Due Within One Year
<u>Governmental Activities</u>					
Serial bonds	\$ 16,935,000	\$	\$ (1,570,000)	\$ 15,365,000	\$ 1,620,000
Amortization of premium on serial bonds	500,564		(62,571)	437,993	62,571
Component unit bonds	14,424,910		(771,415)	13,653,495	4,056,415
Landfill closure and post closure costs	19,960,000		(6,305,429)	13,654,571	
Claims and judgments	6,688,862	2,060,583		8,749,445	
Compensated absences	2,396,648		(93,971)	2,302,677	
Other postemployment benefits	49,548,376	13,443,136	(4,015,202)	58,976,310	
Total Governmental Activities					
Long-term Liabilities	\$ 110,454,360	\$ 15,503,719	\$ (12,818,588)	\$ 113,139,491	\$ 5,738,986

Additions and decreases to claims and judgments are shown net, as it is impractical to separately determine these amounts.

f. Debt Service

Debt service requirements at December 31, 2013 were as follows:

Year	Serial Bonds Principal	Serial Bonds Interest	Component Unit Bonds Principal	Component Unit Bonds Interest	Total Due
2014	\$ 1,620,000	\$ 797,727	\$ 4,115,000	\$ 640,613	\$ 7,173,340
2015	1,705,000	712,773	1,725,000	541,650	4,684,423
2016	1,790,000	623,477	1,855,000	434,250	4,702,727
2017	1,885,000	529,580	2,005,000	318,450	4,738,030
2018	1,980,000	427,503	2,450,000	184,800	5,042,303
2019-2021	6,385,000	578,255	1,855,000	55,650	8,873,905
Total	\$ 15,365,000	\$ 3,669,315	\$ 14,005,000	\$ 2,175,413	\$ 35,214,728

COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

Payments noted above for the component unit are based on optional accelerated payment schedules; the Corporation annually determines the amount of principal and interest paid.

Interest reported in the Statement of Activities is as follows:

Interest paid - Debt Service Fund	\$ 865,494
Interest paid - OTASC	891,968
Add: Amortization of bond discount	19,097
Less: Decrease in accrued interest	(51,615)
Less: Amortization of premium on serial bonds	<u>(62,571)</u>
Total Interest	<u>\$ 1,662,373</u>

g. Landfill Closure and Postclosure Care Cost

The County maintains three landfill sites, two of which are not accepting additional waste. State and Federal laws and regulations require the County to place final covers on its landfill sites when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for 30 years after closure.

East Seneca Street Site: This site is still subject to negotiations between the Department of Environmental Conservation (DEC) and the County. Outside engineers have estimated landfill closure costs on this site to be in the range of \$6.5 to \$7.0 million using contract closure. Future postclosure care costs should be approximately \$50,000 per year for 10 years.

Volney (Silk Road) Landfill: The long-term management of the closed site includes groundwater monitoring, remediation, LFG control, leachate removal, and general site maintenance, which has been estimated at \$40,000 per year for 30 years. These costs are currently budgeted by the County.

Bristol Hill Landfill: This site accepts waste currently and has capped 21 acres of a possible 41 acres. This site has a capacity at current filling rates to last approximately another 5 years. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The liability associated with this site for closure and postclosure care costs is based on the landfill capacity used to date.

Total future closure costs and postclosure expenses are estimated at \$13,654,571.

C. Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The Governmental and Fiduciary Funds financial statements generally reflect such transactions as transfers whereas the Proprietary Fund records such transactions as non-operating revenues or expenses.

COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

Interfund transactions for the year ended December 31, 2013 were as follows:

	Interfund Receivables	Interfund Payables	Interfund Revenue	Interfund Expenditure
<b>Major Funds:</b>				
General Fund	\$ 1,364,364	\$ 16,017,211	\$ 5,000	\$ 32,046,871
OTASC Fund				5,000
Total Major Funds	1,364,364	16,017,211	5,000	32,051,871
<b>Non-Major Governmental Funds:</b>				
<b>Special Revenue Funds:</b>				
County Road Fund	702,316		5,596,008	
Road Machinery Fund	653,991		2,455,922	
Refuse and Garbage Fund	1,226,266		4,500	480,000
Special Grant Fund	17,817			
Debt Service Fund			2,267,869	
Capital Project Funds	5,751,887	1,364,365	6,173,515	
Total Non-Major Governmental Funds	8,352,277	1,364,365	16,497,814	480,000
<b>Proprietary Funds:</b>				
<b>Governmental Activities:</b>				
Internal Service Funds	7,664,935	_____	16,029,057	_____
Totals	\$ 17,381,576	\$ 17,381,576	\$ 32,531,871	\$ 32,531,871

D. Commitments and Contingent Liabilities

1. Claims and Lawsuits

The County or its agencies are named in several lawsuits arising in the ordinary course of the County's operations. These claims and lawsuits, in the opinion of management, are either adequately covered by insurance or will not result in a material impact on the financial position of the County and, therefore, are not reflected in the accompanying financial statements. No claim payments have exceeded insurance coverage in the last three years.

2. Grant Noncompliance

The County participates in a number of federal and state assisted programs which are subject to periodic program compliance audits by the grantors or their representatives. Accordingly, any noncompliance by the County with the applicable programs could be established at some future date and have a material effect on the financial condition of the County. There were no material questioned or disallowed costs which have been communicated by grantors as a result of audits for the year ended December 31, 2013.

3. Other Litigation

The County and/or its agencies are named in several other lawsuits, some of which are for substantial amounts. These claims are either adequately covered by insurance or, in the opinion of County officials, will not result in material judgments against the County or will not be pursued and, therefore, are not expected to have a material effect on the financial statements.

COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

4. Insurance Reserve

In 1988, the County established an Insurance Reserve Fund pursuant to General Municipal Law Section 6-n as a result of its decision to self-insure public officials liability, policy professionals' liability, pollution, and environmental impairment liability, and the \$250,000 deductible for streets and roads liability insurance coverage. In the opinion of County officials, there are no known claims affecting the above self-insurance risk areas which may result in material judgments against the County. This Insurance Reserve is reported in the General Fund.

5. Unemployment Insurance

County employees are entitled to coverage under the 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-for-dollar reimbursement to the Fund for benefits paid from the Fund to former County employees and charged to the County's account.

6. Large Taxpayer

Constellation Power (formerly Niagara Mohawk) paid \$10,186,000 of a pilot agreement on the two Nuclear Power Plants located in the Town of Scriba for their portion of County property taxes recognized in 2013. The amount paid by Constellation represents 16.7% of the recognized real property taxes and payment in lieu of tax agreements.

7. Tobacco Settlement

During 1998, New York State and its localities achieved final approval of the Master Settlement Agreement with the tobacco industry. The settlement represents reimbursement to the State for medical costs incurred, primarily paid by Medicaid, from treating smoking-related illnesses. There are a number of risks associated with the tobacco settlement that may cause the settlement amount to change. These risks include inflating adjustments, adjustments for consumption of cigarettes, bankruptcy by tobacco companies, federal litigation, and individual and class action lawsuits. The County is to receive approximately \$45,000,000 over the next 25 years. The County has already received \$23,578,716 of this amount through December 31, 2013.

8. Tax Assessment

The County has one potential contingent liability. The pending tax certiorari regarding the FitzPatrick Nuclear Power Plant's (Entergy) assessed value of the plant. Entergy has grieved over \$1 billion in assessed value spanning several years; the proceedings were brought on notice to the County. The County has intervened and is participating in the defense of the litigation. Should the company prevail completely and assessed value of the plant is fully lowered to grieved values, the potential maximum tax refund can be estimated up to \$15 million. Should the County prevail, there would be no refund. By law the County cannot maintain a tax certiorari reserve fund and there is no insurance for this type of liability.

E. Deferred Compensation Plan

Employees of the County may elect to participate in a Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.

COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

In October 1997, the GASB issued Statement Number 32, "Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Plans." This statement established accounting and financial reporting standards for Internal Revenue Code Section 457 deferred compensation plans of state and local governments. Because Plan assets are held by an outside trustee, they are reported in a Private Purpose Trust Fund as part of the fiduciary financial statements. As of December 31, 2013, the market value of the assets of the Plan totaled \$27,106,847.

F. Fund Balance

1. Fund Balance Detail

At December 31, 2013, fund balance in the governmental funds was comprised of the following:

	<u>General Fund</u>	<u>OTASC Debt Service Fund</u>	<u>Non-Major Funds</u>
<u>Nonspendable</u>			
Prepaid expenses	\$ 2,365,581	\$	\$
Total Nonspendable Fund Balance	<u>\$ 2,365,581</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Restricted</u>			
Capital reserves	\$ 18,178,891	\$	\$ 4,519
Insurance reserves	581,884		
Reserve for debt		3,408,886	
Unspent grant proceeds			150,827
Unspent debt proceeds			<u>2,215,299</u>
Total Restricted Fund Balance	<u>\$ 18,760,775</u>	<u>\$ 3,408,886</u>	<u>\$ 2,370,645</u>
<u>Assigned</u>			
Appropriated for next year's budget	\$ 2,921,880	\$	\$
Encumbered for:			
General government	36,519		11,162
Public safety	64,740		24,497
Public health	2,789		
Transportation			549,480
Culture and recreation	5,791		
Home and community services			318,104
Assigned for:			
General government			59,855
Public safety			100,503
Transportation			906,084
Culture and recreation			58,566
Home and community services			<u>3,752,969</u>
Total Assigned Fund Balance	<u>\$ 3,031,719</u>	<u>\$ -0-</u>	<u>\$ 5,781,220</u>
<u>Unassigned</u>			
Unassigned fund balance	\$ 20,040,157	\$	\$
Total Unassigned Fund Balance	<u>\$ 20,040,157</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

COUNTY OF OSWEGO  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

a. Reconciliation between Restricted Fund Balance and Restricted Net Position

Restricted fund balances and restricted net position differ because unspent debt proceeds are reported as restricted fund balance in the fund financial statements and as a portion of invested in capital, net of related debt in the Statement of Net Position.

Restricted fund balance in the fund financial statements	\$ 24,540,306
Less unspent debt proceeds	<u>(2,215,299)</u>
 Restricted net position in the Government-wide financial statements	 \$ <u>22,325,007</u>

Note 4 - Restatement of Net Position - OTASC

During the year, the County implemented Governmental Standards Board Statement No. 65, "Items Previously Reported as Assets and Liabilities." As a result, beginning net position was restated in the Governmental Activities by eliminating the beginning balance of bond issue costs of \$134,033 from net position of \$155,885,000 to \$155,750,967.

Note 5 - Subsequent Event - Industrial Development Agency (Agency)

On August 15, 2013, PathFinder Bank assigned all loans owed by Sure-Lock Industries to the Agency for the sum of \$328,000. The Agency purchased the loan in an attempt to retain employment of the 23 employees of Sure-Lock Industries. The Agency already holds financial obligations with Sure-Lock Industries; this purchase will help ensure repayment to the Agency.



COUNTY OF OSWEGO  
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Encumbrances	Variance Fav. (Unfav.)
<b>REVENUES</b>					
Real property taxes	\$ 43,599,698	\$ 40,214,531	\$ 44,399,696	\$	\$ 4,185,165
Real property tax items	21,140,715	21,140,715	16,593,534		(4,547,181)
Nonproperty tax items	41,326,400	41,326,400	42,041,310		714,910
Departmental income	11,394,143	11,407,118	10,641,357		(765,761)
Intergovernmental charges	391,043	419,963	273,171		(146,792)
Use of money and property	428,186	428,186	453,940		25,754
Licenses and permits	37,000	44,000	73,806		29,806
Fines and forfeitures	25,000	25,000	226,322		201,322
Sale of property and compensation for loss			126,429		126,429
Miscellaneous local sources	1,079,420	1,191,567	1,072,277		(119,290)
State sources	25,510,488	26,916,371	24,459,295		(2,457,076)
Federal sources	22,207,012	24,243,736	22,203,387		(2,040,349)
Total Revenues	<u>167,139,105</u>	<u>167,357,587</u>	<u>162,564,524</u>	<u>-0-</u>	<u>(4,793,063)</u>
<b>EXPENDITURES</b>					
Current:					
General governmental support	27,122,087	27,942,492	25,932,841	36,519	1,973,132
Education	11,580,000	12,134,522	11,434,420		700,102
Public safety	20,079,752	21,697,891	20,010,252	64,740	1,622,899
Public health	11,389,686	11,922,272	10,490,189	2,789	1,429,294
Transportation	990,573	1,804,442	1,647,393		157,049
Economic assistance and opportunity	69,427,516	69,483,222	67,734,501		1,748,721
Culture and recreation	1,077,174	1,054,896	907,407	5,791	141,698
Home and community services	1,364,348	2,470,333	1,601,121		869,212
Employee benefits	1,016,870	1,126,943	933,334		193,609
Total Expenditures	<u>144,048,006</u>	<u>149,637,013</u>	<u>140,691,458</u>	<u>109,839</u>	<u>8,835,716</u>
Excess of Revenues	<u>23,091,099</u>	<u>17,720,574</u>	<u>21,873,066</u>	<u>(109,839)</u>	<u>4,042,653</u>
<b>OTHER FINANCING (USES)</b>					
Interfund transfers in		3,385,167	5,000		(3,380,167)
Interfund transfers (out)	(26,595,747)	(36,565,498)	(32,046,871)		4,518,627
Total Other Financing (Uses)	<u>(26,595,747)</u>	<u>(33,180,331)</u>	<u>(32,041,871)</u>	<u>-0-</u>	<u>1,138,460</u>
Excess of (Expenditures) and Other Financing (Uses)	<u>(3,504,648)</u>	<u>(15,459,757)</u>	<u>(10,168,805)</u>	<u>\$ (109,839)</u>	<u>\$ 5,181,113</u>
Appropriated Fund Balances	<u>3,504,648</u>	<u>15,459,757</u>			
Appropriated Reserves	<u></u>	<u></u>			
Net (Decrease)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>(10,168,805)</u>		
Fund Balance, Beginning			<u>54,367,037</u>		
Fund Balance, Ending			<u>\$ 44,198,232</u>		

See Independent Auditor's Report and Notes to Required Supplementary Information

COUNTY OF OSWEGO  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Year End	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2013	1/1/2013	\$ <u>-0-</u>	\$ <u>140,244,847</u>	\$ <u>140,244,847</u>	0.0%	\$ <u>44,397,712</u>	316%
2012	1/1/2011	\$ <u>-0-</u>	\$ <u>132,484,566</u>	\$ <u>132,484,566</u>	0.0%	\$ <u>44,864,433</u>	295%
2011	1/1/2011	\$ <u>-0-</u>	\$ <u>125,176,250</u>	\$ <u>125,176,250</u>	0.0%	\$ <u>44,165,776</u>	283%
2010	1/1/2009	\$ <u>-0-</u>	\$ <u>107,245,149</u>	\$ <u>107,245,149</u>	0.0%	\$ <u>43,832,562</u>	245%

See Independent Auditor's Report and Notes to Required Supplementary Information

COUNTY OF OSWEGO  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2013

Note 1 - Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles for the General Fund. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered a disbursement in the financial plan or an expenditure in the GAAP based financial statement, but reserve a portion of the applicable appropriation, thereby ensuring appropriations are not exceeded. The accompanying Budgetary Comparison Schedule for the General Fund presents comparisons of the legally adopted budget with actual data.

Note 2 - Reconciliation of the General Fund Budget Basis to GAAP

No adjustment is necessary to convert excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis, as there were no encumbrances added to the actual expenditures recorded in the budgetary comparison schedules.

Note 3 - Budget Policies

No later than November 15, the budget officer 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 for all funds except the Capital Projects, Special Grant, and Debt Service Funds.

After public hearings are conducted to obtain taxpayer comments, no later than December 20, the County Legislature adopts the budget.

Budget modifications are authorized by resolution of the County Legislature; the budget officer is authorized to transfer certain budgeted amounts, other than for personal services or equipment.

Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects and remain in effect for the life of the project. Budget controls for the Self-Insurance Fund are established through separate annual resolutions.

Note 4 - Schedule of Funding Progress

The Schedule of Funding Progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

COUNTY OF OSWEGO  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2013

	Special Revenue Funds				
	County Road Fund	Road Machinery Fund	Refuse and Garbage Fund	Special Grant Fund	Debt Service Fund
<b><u>ASSETS</u></b>					
Assets:					
Cash and cash equivalents - Unrestricted	\$ 6,133	\$	\$ 520,307	\$ 11,508	\$
- Restricted				150,827	
Due from other funds	702,316	653,991	1,226,266	17,817	
Due from state and federal governments			99,157	93,837	
Other receivables, net	776,517	33,441	817,411		
 Total Assets	\$ 1,484,966	\$ 687,432	\$ 2,663,141	\$ 273,989	\$ -0-
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Accounts payable	\$ 912,738	\$ 597,305	\$ 197,510	\$ 50,300	\$
Due to other funds					
Compensated absences	255,210	32,041	220,525	72,862	
Unearned revenue			126,335		
Retained percentages					
Total Liabilities	1,167,948	629,346	544,370	123,162	-0-
Fund Balances:					
Restricted				150,827	
Assigned	317,018	58,086	2,118,771		
Total Fund Balances	317,018	58,086	2,118,771	150,827	-0-
 Total Liabilities and Fund Balances	\$ 1,484,966	\$ 687,432	\$ 2,663,141	\$ 273,989	\$ -0-

See Independent Auditors' Report

Capital Projects Funds						Total Non-Major Governmental Funds
General Government Fund	Public Safety Fund	Transportation Fund	Sanitation Fund	Recreation Fund	Permanent Fund	
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ 275	\$ 538,223
<u>106,451</u>	<u>2,356,926</u>	<u>1,273,306</u>	<u>1,956,913</u>	<u>58,291</u>		<u>150,827</u>
<u>1,094,516</u>		<u>308,835</u>				<u>8,352,277</u>
<u>124,048</u>						<u>1,596,345</u>
						<u>1,751,417</u>
<u>\$ 1,325,015</u>	<u>\$ 2,356,926</u>	<u>\$ 1,582,141</u>	<u>\$ 1,956,913</u>	<u>\$ 58,291</u>	<u>\$ 275</u>	<u>\$ 12,389,089</u>
\$ 79,796	\$ 16,627	\$ 176,662	\$ 4,611	\$ _____	\$ _____	\$ 2,035,549
<u>1,174,202</u>		<u>190,163</u>				<u>1,364,365</u>
						<u>580,638</u>
						<u>126,335</u>
		<u>130,337</u>				<u>130,337</u>
<u>1,253,998</u>	<u>16,627</u>	<u>497,162</u>	<u>4,611</u>	<u>-0-</u>	<u>-0-</u>	<u>4,237,224</u>
	<u>2,215,299</u>	<u>4,519</u>				<u>2,370,645</u>
<u>71,017</u>	<u>125,000</u>	<u>1,080,460</u>	<u>1,952,302</u>	<u>58,291</u>	<u>275</u>	<u>5,781,220</u>
<u>71,017</u>	<u>2,340,299</u>	<u>1,084,979</u>	<u>1,952,302</u>	<u>58,291</u>	<u>275</u>	<u>8,151,865</u>
<u>\$ 1,325,015</u>	<u>\$ 2,356,926</u>	<u>\$ 1,582,141</u>	<u>\$ 1,956,913</u>	<u>\$ 58,291</u>	<u>\$ 275</u>	<u>\$ 12,389,089</u>

COUNTY OF OSWEGO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Revenue Funds				Debt Service Fund
	County Road Fund	Road Machinery Fund	Refuse and Garbage Fund	Special Grant Fund	
<b><u>REVENUES</u></b>					
Departmental income	\$ 18,766	\$	\$ 6,819,234	\$	\$
Intergovernmental charges	2,867,981				
Use of money and property		589,226	360	212	
Licenses and permits	10,000				
Sale of property and compensation for loss	1,550,654		408,930		
Miscellaneous local sources			5,257	4,997	
Interfund revenues				857,434	
State sources	3,248,060		529,223		
Federal sources				1,704,033	167,625
Total Revenues	<u>7,695,461</u>	<u>589,226</u>	<u>7,763,004</u>	<u>2,566,676</u>	<u>167,625</u>
<b><u>EXPENDITURES</u></b>					
Current:					
Transportation	13,170,062	2,819,243			
Economic assistance and opportunity				2,619,709	
Home and community services			6,396,082		
Employee benefits		201,030			
Debt service principal and interest					2,435,494
Capital outlay					
Total Expenditures	<u>13,170,062</u>	<u>3,020,273</u>	<u>6,396,082</u>	<u>2,619,709</u>	<u>2,435,494</u>
Excess of (Expenditures) Revenues	<u>(5,474,601)</u>	<u>(2,431,047)</u>	<u>1,366,922</u>	<u>(53,033)</u>	<u>(2,267,869)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Interfund transfers in	5,596,008	2,455,922	4,500		2,267,869
Interfund transfers (out)			(480,000)		
Total Other Financing Sources (Uses)	<u>5,596,008</u>	<u>2,455,922</u>	<u>(475,500)</u>	<u>-0-</u>	<u>2,267,869</u>
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	<u>121,407</u>	<u>24,875</u>	<u>891,422</u>	<u>(53,033)</u>	<u>-0-</u>
Fund Balances, Beginning	195,611	33,211	1,227,349	203,860	
Fund Balances, Ending	<u>\$ 317,018</u>	<u>\$ 58,086</u>	<u>\$ 2,118,771</u>	<u>\$ 150,827</u>	<u>\$ -0-</u>

See Independent Auditor's Report

Capital Projects Funds						Total Non-Major Governmental Funds
General Government Fund	Public Safety Fund	Transportation Fund	Sanitation Fund	Recreation Fund	Permanent Fund	
\$	\$	\$	\$	\$	\$	\$ 6,838,000
						2,867,981
						589,798
						10,000
		4,344				1,963,928
173,198				662,720		846,172
						857,434
		510,079				4,287,362
		2,032,042				3,903,700
173,198	-0-	2,546,465	-0-	662,720	-0-	22,164,375
						15,989,305
						2,619,709
						6,396,082
						201,030
						2,435,494
560,548	2,474,307	7,104,798	600,802	612,051		11,352,506
560,548	2,474,307	7,104,798	600,802	612,051	-0-	38,994,126
(387,350)	(2,474,307)	(4,558,333)	(600,802)	50,669	-0-	(16,829,751)
						16,497,814
278,487	239,034	5,234,895	421,099			(480,000)
278,487	239,034	5,234,895	421,099	-0-	-0-	16,017,814
(108,863)	(2,235,273)	676,562	(179,703)	50,669	-0-	(811,937)
179,880	4,575,572	408,417	2,132,005	7,622	275	8,963,802
\$ 71,017	\$ 2,340,299	\$ 1,084,979	\$ 1,952,302	\$ 58,291	\$ 275	\$ 8,151,865

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Frederick J. Ciaschi, C.P.A.

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

County Legislature  
County of Oswego  
Oswego, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Oswego (the County) as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 23, 2014. Our report includes a reference to other auditors who audited the financial statements of the County of Oswego Industrial Development Agency, as described in our report on the County of Oswego's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

#### **Internal Control Over Financial Reporting**

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

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

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

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### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Cianchi, D'Andrea, Little, Middleman, & Company, LLP*

September 23, 2014  
Ithaca, New York

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John H. Dietershagen, C.P.A.  
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Frederick J. Ciaschi, C.P.A.

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

County Legislature  
County of Oswego  
Oswego, New York

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

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

#### ***Management's Responsibility***

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

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

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

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

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

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

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## Report on Internal Control Over Compliance

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

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

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

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

*Cianchi, D'Intino, Little, McLaughlin, & Company, LLP*

September 23, 2014  
Ithaca, New York

COUNTY OF OSWEGO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA #	Pass-Through/ Grantor ID #	Amount of Expenditures
<u>U.S. Department of Agriculture</u>			
State Administrative Matching Grants for SNAP	10.561	NYS Office of Family Services/(1)	\$ 1,659,465
Summer Food Service Program for Children	10.559	NYS DFY-04000	<u>15,947</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,675,412</u>
<u>U.S. Department of Health and Human Services</u>			
Temporary Assistance to Needy Families	93.558	NYS Office of Family Services/(1)	13,676,276
Special Programs for the Aging (Title III, Part B)	93.044	NYS Office for the Aging/(1)	112,421
Special Programs for the Aging (Title III, Part C - Nutrition)	93.045	NYS Office for the Aging/(1)	205,898
Nutrition Services Incentive Program	93.053	NYS Office for the Aging/(1)	<u>154,589</u>
Total Aging Cluster			472,908
Foster Care (Title IV-E)	93.658	NYS Office of Family Services/(1)	1,759,743
Adoption Assistance	93.659	NYS Office of Family Services/(1)	559,237
Social Services Block Grant	93.667	NYS Office of Family Services/(1)	1,178,225
Child Support Enforcement (Title IV-D)	93.563	NYS Office of Family Services/(1)	683,142
Medical Assistance Program (Title XIX)	93.778	NYS Office of Family Services/(1)	1,785,764
Medical Assistance Program-Administrative Salary Sharing	93.778	NYS Office of Family Services/(1)	115,861
Beach Grant	93.778	NYS Department of Health/C019273	5,570
Low Income Home Energy Assistance	93.568	NYS Office of Family Services/(1)	5,379,629
Children's Insurance	93.767	NYS Office of Family Services/(1)	48,507
Special Programs for the Aging (Title III, Part D - Disease)	93.043	NYS Office for the Aging/(1)	6,654
Special Programs for the Aging (Title III, Part E)	93.052	NYS Office for the Aging/(1)	45,639
Child Care and Development Block Grant	93.575	NYS Office of Family Services/(1)	2,337,539
Block Grants for Preventive and Treatment of Substance Abuse	93.959	NYS OASAS/(1)	274,879
Independent Living Program - Foster Care Children	93.674	NYS Office of Family Services/(1)	33,564
Maternal and Child Health Services Block Grant	93.994	NYS Department of Health/C-026257-2/3	22,116
Maternal and Child Health Services Block Grant	93.994	NYS Department of Health/C-020621	20,034
Child Immunization Grant	93.268	NYS Department of Health/C-018678	23,913
Centers for Disease Control and Prevention and Technical Assistance	93.069	Health Research, Inc. 15-0073-12/15-0687-01	62,484
Centers for Disease Control and Prevention and Technical Assistance	93.069	Health Research, Inc. 15-0687-01/15-0687-02	46,204
Health Care Financing Research, Demonstrations, and Evaluations	93.779	NYS Office for the Aging/(1)	33,298
Voting Access for Individuals with Disabilities	93.617	NYS Board of Elections	<u>19,998</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>28,591,184</u>
<u>U.S. Department of Labor</u>			
Workforce Investment Act - Adult Program	17.258	NYS Department of Labor/(1)	403,521
Workforce Investment Act - Youth Activities	17.259	NYS Department of Labor/(1)	527,789
Workforce Investment Act - Dislocated Workers	17.278	NYS Department of Labor/(1)	<u>427,389</u>
Total Workforce Investment Act Cluster			<u>1,358,699</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>1,358,699</u>

(1) Denotes - Unable to Obtain from Pass-Through Entity

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

COUNTY OF OSWEGO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA #	Pass-Through/ Grantor ID #	Amount of Expenditures
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	20.106	N/A - Direct	\$ 337,096
Highway Planning and Construction	20.205	NYS Department of Transportation	105,120
Formula Grants for Other Than Urbanized Areas	20.509	NYS Department of Transportation	929,163
State and Community Highway Safety Cluster - Selective Traffic Enforcement Program	20.600	NYS Governor's Traffic Safety Committee/(1)	35,821
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	NYS Department of Transportation	15,650
Total State and Community Highway Safety Cluster			<u>51,471</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>1,422,850</u>
<u>U.S. Department of Housing and Urban Development</u>			
Section 8 Housing Choice Vouchers	14.871	N/A - Direct	221,027
Community Development Block Grant - Small Cities	14.219	N/A - Direct	<u>29,500</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>250,527</u>
<u>U.S. Department of Education</u>			
Special Education - Preschool Grants	84.173	NYS Department of Health (1)	840,000
Special Education - Infant Health Assessment	84.181	NYS Department of Health C-017619	<u>64,466</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>904,466</u>
<u>Corporation for National and Community Service</u>			
AmeriCorps Grant	94.006	N/A - Direct	<u>251,985</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<u>251,985</u>
<u>U.S. Department of Justice</u>			
State Criminal Alien Assistance Program	16.606	N/A - Direct	<u>1,620</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>1,620</u>
<u>U.S. Department of Homeland Security</u>			
Emergency Management Performance Grants	97.042	NYS Office of Homeland Security and Emergency Services/(1)	49,606
Local Emergency Management Performance Grants	97.067	NYS Office of Homeland Security and Emergency Services/(1)	255,814
Homeland Security Grant Program	97.073	NYS Office of Homeland Security and Emergency Services/(1)	<u>205,677</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>511,097</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 34,967,840</u>

(1) Denotes - Unable to Obtain from Pass-Through Entity

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

COUNTY OF OSWEGO  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the County, an entity as defined in Note 1 to the County's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 - Basis of Accounting

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the financial statements.

Note 3 - Indirect Costs

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented.

Note 4 - Matching Costs

Matching costs, i.e., the County's share of certain program costs, are not included in the reported expenditures.

Note 5 - Department of Social Services - Administrative Costs

Differences between the amounts reflected in the Schedule of Expenditures of Federal Awards and the Department of Social Services' federal financial reports (RF-2A claims) are due to the allocation of administrative costs to the individual programs.

COUNTY OF OSWEGO  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

**Section I - Summary of Auditor's Results:**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  yes  no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.561	Food Stamp Program (SNAP)
93.659	Adoption Assistance
93.667	Social Service Block Grant
93.558	Temporary Assistance to Needy Families

Type A and Type B Programs: \$ 1,049,035

Auditee qualified as low-risk?  yes  no

**Section II - Financial Statement Findings:** None

**Section III - Federal Awards Findings and Questioned Costs:** None